

## **OPPORTUNITIES FOR ADDING VALUE TO YOUR PRODUCTS**

*by Douglas Dunn<sup>1</sup>*

It is projected that roughly three-fourths of the retail value of food, fiber and forestry products will be represented by processing, marketing and distribution activities by the beginning of the 21st century. This beyond-the-farm-gate sector of the U.S. economy generates employment and wealth in other localities that could be retained in our rural communities. Rural entrepreneurs look for opportunities to "add value" to the products they sell and thus increase their profit potential. Value can be added through processing, e.g. converting fruit into jams, pies, fruit leather, cider and various bakery goods. Value can also be added by providing various services or experiences with the product, e.g. chuckwagon barbecue, pick your own, pumpkin festival, homemade food, a trail ride, a farm animal petting zoo. Profit potential is increased when an indistinctive raw commodity is converted into a unique product or experience, e.g. apple cured hams, an Old McDonald's farm tour, Willcox apple pie mixes, Dorothy Lynch's salad dressing, gourmet sweet corn, pistachio gift boxes, chile wreaths, prickly pear concentrate, Mama's Menudo, historic bean varieties, apple/chili chutney, special herb mixes and organic bird seed. This involves recognizing and then capitalizing on the unique ideas, skills and homemade products of local residents. Customers are generally willing to pay more for uniquely packaged, high quality, locally-grown products. Experience also indicates that farms which cater to the

produce varieties and food products sought by different ethnic groups have been well rewarded. Another money making opportunity is to expand your product line to include other complementary items or activities, e.g. on-farm camping, bed and breakfast, guided tours, nursery plants, honey, poultry products, local crafts, coffee and other refreshments, a place to eat and "your farm" t-shirts. Particularly good are those goods and services that help the consumer use the products you produce, e.g. canning supplies, local recipes and cook books, special seasonings, demonstrations and displays, ice and cloth bags (with your name and logo on it).

### ***Enhance and Promote the Rural/Farm Experience***

Direct farm marketers need to continually focus on the fact that their customers are coming for an experience as well as a quality product. It is sometimes difficult for people raised on a farm or in a small town to see agriculture as a potential tourist attraction. Urban residents seek opportunities to get out of the hustle-bustle of city life and to leave their workday stresses behind for a relaxing, wholesome, fresh-air experience and respite to the outdoors. They fantasize about what it would be like to live on a farm or in a small town, and to reestablish their roots with the soil. In a recently completed survey of visitors to the fresh farm produce outlets in Cochise County, when visitors were asked what they most like about their visit, 45% indicated "the farm experience." Twenty-nine percent indicated "freshness of the product," 15% said "quality of the produce," and 10% indicated "the drive out here."<sup>1</sup>

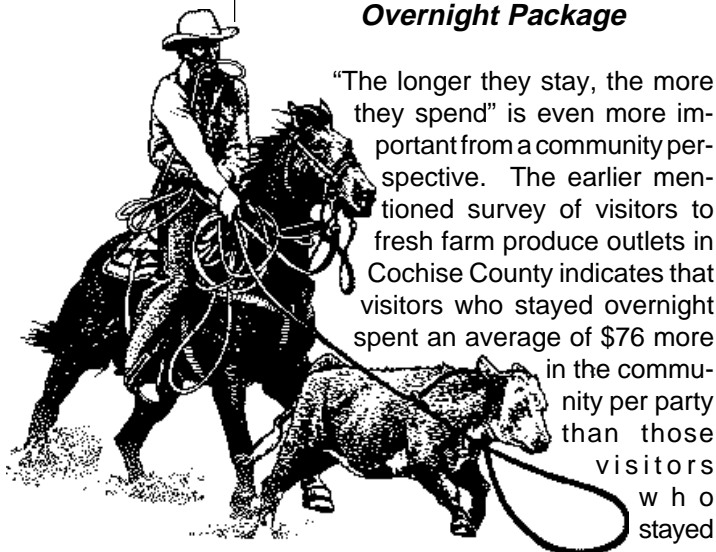
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<sup>1</sup> "Agricultural Tourism in Cochise County, Arizona" by Leones, Dunn, Worden and Call, Arizona Cooperative Extension.

The same study showed that 44% of the visitor parties included children. A strong motivator among those visitors was the opportunity for their children to experience farm life and to learn where food comes from.

Segmentation of the tourist market shows that 30% of all travelers are "knowledge seekers" who want to learn on a vacation. Such visitors want to talk with the farmer about how the crop is grown, and develop a personal relationship. Today's "baby boomers" are increasingly seekers of "immersion experiences," and are willing to pay for quality.<sup>2</sup> They prefer natural experiences over contrived activities. Also, trends indicate that people today are taking shorter, more frequent vacations and are looking for weekend get-aways. For most direct farm marketers, the quality of the experience they provide will be their strongest marketing tool and determinant of success. Care should be taken, however, to insure that the experiences and services provided are cost-effective in increasing sales and profit. The importance of providing visitors with opportunities to experience farm life is simply summarized by one direct farm marketer, "the longer they stay, the more they spend." Today's tourists are willing to pay for these experiences; don't feel you must give them away free.

### ***Develop and Promote an Overnight Package***



"The longer they stay, the more they spend" is even more important from a community perspective. The earlier mentioned survey of visitors to fresh farm produce outlets in Cochise County indicates that visitors who stayed overnight spent an average of \$76 more in the community per party than those visitors who stayed

only for the day.<sup>3</sup> A study of nature-based tourism in the Sierra Vista area of Cochise County showed similar results, with \$7 per person being spent by the average day-trip visitor and \$51 per person being spent by the average overnight visitor.<sup>4</sup> The banding together of direct farm marketers with other businesses in the community to develop and promote an overnight get-away package is one of the greatest opportunities they have for expanding their business and its economic impact on the community. The goal of cooperative promotion is to exchange customers. A summary of the recommendations coming out of the Cochise County study follows:

- a. Identify and promote other (already existing) complementary activities as part of the farm/rural experience. Examples might include:
  - Rex Allen Museum
  - ball games
  - swimming/city park/ramada
  - Saturday night western dances
  - livestock auction
  - historic walking tour
  - calf roping
  - buy cowboy/farmer duds

2 "Agri-Tourism in New York State: Opportunities and Challenges in Farm-Based Recreation and Hospitality," by Duncan Hilchey, Department of Rural Sociology, Cornell University.

3 Overnight visitors spent an average of \$130 per party compared to \$54 spent by the average day tripper.

4 "Nature-Based Tourism and the Economy of Southeastern Arizona," by Crandall, Leones and Colby, Department of Agricultural and Resource Economics, The University of Arizona.

- b. Identify opportunities for local entrepreneurs to develop other money making activities to be offered as part of the farm/rural experience. Examples might include:

- outdoor BBQ/steak fry/chuckwagon
- farm/ranch guided tour
- horse/hay rides
- story teller
- bed and breakfast
- vacation on a working farm
- on-farm camping
- ostrich weekend
- working cowboys rodeo

- c. Market as a “fresh air” activity. Encourage visitors to stay overnight to experience the peaceful solitude of early morning (or early evening) on a farm. Pick in the cool of the morning. Hear the rooster crow and other early morning sounds of the farm. Breathe fresh air at its finest. Have a country breakfast.

- d. Provide for overnight cooling and storage of produce.

- e. Provide visitors with a weekend calendar of events. Plan evening activities. Plan for the special interests and needs of (1) families with children, (2) retirees, (3) group tours. Be open.

- f. Restaurants serve dishes made from local farm fresh produce, e.g., okra, black-eyed peas, apple burgers, desserts.

- g. Host bus tours—garden clubs, retirement communities, etc.

- h. Host several festivals, e.g. water melon seed spitting contest, scare crow contest, ostrich festival.

- i. Develop a targeted, very focused brochure promoting the overnight package, with a clear sequence of activities. People will have trouble getting around unless you make it easy for them.

- j. Find out who your customers are; work at getting them back. Develop the reputation as a tourist-friendly community.

- k. Be willing to also promote the rest of Cochise County.



### ***Stand Out From the Crowd***

You can't be all things to all people. Direct farm marketing is often a day-break to dusk activity. Serving the public is often a challenge. Start small. Find your niche and do it well. Differentiate yourself from other food and recreation establishments.

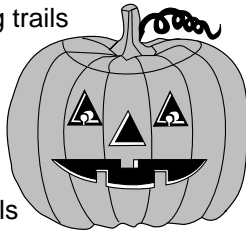
*<sup>1</sup>Prepared by Douglas Dunn, County Director and Extension Agent, Community and Economic Development, Arizona Cooperative Extension (Cochise County, Willcox).*

# 150 IDEAS

## ***FOR ADDING ADDITIONAL VALUE TO YOUR PRODUCT AND EXPANDING YOUR BUSINESS***

### **Add to the visitor's experience**

- On-farm walking trails
- Wagon rides
- Field tours
- Special events
- Contests
- Seasonal festivals
- Bed & breakfast
- On-farm camping
- Farm/ranch tour
- Craft demonstrations
- Farm museum
- Old tools and equipment
- Working farm vacation
- Hay ride
- Horseback riding
- Horse-power farming
- Nature study
- Farm animal petting zoo
- Religious services on the farm
- Weddings
- Pick in the early morning
- Educational exhibits
- Bus tours
- Fishing
- Swimming
- Learn more about farming
- Observe harvesting techniques
- Bird-watching
- Cattle drive
- Bridle paths
- Cut your own Christmas tree
- Things for kids to do
- Pedal tractor rides
- Pony rides
- Train employees
- Menudo cook-off
- Pie baking contest/displays
- Sweet corn roast
- Celebrity tomato pitch



- Pumpkin carving contest/display
- Drawings
- Musicians
- Chuckwagon barbecue
- Pick your own

### **Add value to the product**

- Desserts
- Pies
- Cider/juice
- Apple bread
- Home-made products
- Steamed corn to eat
- Gift baskets
- Bakery goods
- Jams and jellies
- Cured/smoked meats
- Custom slaughter
- Gourmet hog dogs
- Pesticide-free produce
- Syrups
- Dried fruit
- Special seasonings
- Menudo mix
- Apple pie mix
- Salsa
- Chile wreaths

### **Offer other services**

- Picnic facilities
- Newsletter
- Customer mailings
- Calendar of events
- Friendly employees

### **Offer other products**

- Rent-a-tree
- Lunch/farm restaurant
- "Your Farm" T-shirts
- Bird seed

- Mulch
- Pleasant surroundings
- Drinking water
- Produce washing area
- Educational exhibits
- Recipes
- Compost
- Canning supplies
- Flea market
- Antiques
- Crafts
- Gift certificates
- Clean restrooms
- Picking instructions
- Canning demonstrations
- Drying instructions
- Cookbooks
- Snack shop/coffee
- Nursery stock
- Flowers
- Ethnic foods/varieties
- Child care
- Things for kids
- Water fountain
- Mail order
- A place to sit and rest
- Coolers
- Ice machine
- Organic produce
- Farm fresh eggs
- Gourmet vegetables
- More parking
- Provide seasonality information
- U-Pick memberships
- Accept credit cards
- Wheeled carts for produce
- Honey
- Herbs
- Ostrich meat
- Salsa
- Dried fruit
- Bulletin board
- Suggestion box
- Play area for kids
- Provide a receipt
- Wheelchair accessible
- Mushrooms
- Wine
- Fresh meats
- Indian corn
- Sugar cane
- Pay telephone
- Fire wood
- Historic varieties
- Fee fishing
- Dairy products
- Grains



# 150 IDEAS

**FROM:**

Direct Farm Marketing and Tourism Handbook.

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## ***THIS MARKET BOOSTED SALES WITH BAKERY***

*Donuts and other baked goods  
help attract new customers.*

**W**hen Charlene and Dave Strock started baking donuts at their farm market near Defiance, Ohio, they knew the physical structure of their building would have to be improved to meet health and safety standards. They also knew they'd spend more time in the market baking donuts and marketing them.

Ultimately, the benefits outweighed the drawbacks. Even though it took about \$10,000 to set up the bakery, and there are some mornings when Charlene gets up at 3 a.m. to complete orders, the donuts have paid substantial dividends.

"It was expensive, and it did require a big commitment," Charlene says. "But we had the space and the expertise to make it work. We also had enough steady customers to support us. I think the biggest selling point of our donuts is that they are homemade. Customers see us baking donuts in the back, and they know we don't add preservatives. There was never a time when I regretted making the decision to sell donuts."

There are several management decisions that prompted Charlene to include baked goods in her farm market. Charlene was interested in earning additional income. She was also interested in keeping the

Photos: Jerry Rohrs



*Charlene Strock says donuts are a profitable addition to her on-farm retail market in Defiance, Ohio. Charlene and her husband, Dave, own Andrews Fruit Barn. In addition to selling fruits and vegetables grown on their 45-acre farm, donuts now make up about 15% of their total sales.*

farm market open all year instead of only six to eight months. The donuts extended the market's season and provided a steady cash flow.

Charlene also developed a lucrative wholesale market from the donuts, and she picked up new customers who now buy fruits and vegetables when they stop to pick up donuts.

### ***Merchandising Techniques***

Charlene's farm market is earning more because of the donuts, but she had to learn new sales techniques and place a

greater emphasis on merchandising the donuts compared to other products. Charlene says the donuts, as well as other baked goods, are more of an impulse item, which means they have to make samples available to customers to show the quality of the products. Once the customers recognize the quality, they are more apt to return for more donuts and other products. Charlene says another benefit of improving merchandising skills is that they boosted sales of all products.

*"I think the biggest selling point of our donuts is that they are homemade. Customers see us baking donuts in the back, and they know we don't add preservatives."*

Charlene and Dave, along with her children, Marvin and Donald Andrews, operate the 45-acre farm and retail market that's called Andrews Fruit Barn. Marvin and Donald's grandparents, Floyd and Sadie Andrews, started the farm in the 1920s. The farm market was opened in 1971.

The Strock family usually grows about six acres of strawberries; five acres of tomatoes, peppers, cucumbers and green beans; 15 acres of sweet corn; five acres of muskmelon and watermelon; two acres of pumpkins and squash; and they have a 10-acre apple orchard. They also have a small cider press and sell about 3,000 gallons of cider a year. The Strocks have two greenhouses where they start vegetable plants. Charlene buys bedding plants locally and sells them in the spring.

At one time, Charlene says all of their strawberries and some of their other produce were sold on a U-pick basis. Today, she estimates that less than 50% of the produce is sold on a U-pick basis. She says customers are now less interested in picking fruits and vegetables than they were 10 years ago.

As the farm market developed a loyal following, customers began requesting a wider variety of fruits and vegetables as well as other food products. In addition to fruits, vegetables and baked goods, Charlene sells honey, jelly, apple butter,

jams, canned meat and cheese. The success with these specialty foods convinced Charlene that donuts could be popular with her customers.

### **Promotional Events**

The donuts attract many customers, but they are also used by Charlene to promote other products in the farm market. In fact, the first year that she sold donuts, she ran a special promotional event in conjunction with her U-pick apple business that is now held annually.

"During the first year we sold donuts, we gave free donuts to all customers who stopped to pick apples," she says. "We gave away one free donut and a cup of cider or coffee to everyone who went into the orchard. This promotion became successful for several reasons. Customers had a chance to taste how good our donuts taste, which brought many of them back to buy donuts."

"Plus, this became a good public relations event for us. We make it a point to talk with our customers, and we pay close attention to their suggestions. Another important point is that people are stopping for donuts who might not have stopped for the produce."

Charlene uses donuts in promotions when she has bumper crops of fruits and vegetables. She sometimes offers a dozen free donuts to customers who buy large quantities of produce. For example, she has given away donuts to customers who buy 25 pounds of strawberries. She has also given away fruit or vegetables to customers who buy large orders of donuts.

Charlene also uses donuts when there is a crop failure. Several years ago the strawberry crop was almost destroyed by extremely hot temperatures, and she had very few to sell. Charlene promoted a special strawberry-filled donut in advertisements just to remind customers that Andrews Fruit Barn still handles straw-



berries, but they would have to come back another year for the fresh berries.

Charlene mentions donuts in advertisements, but the fruit and vegetables usually get top billing. Of her total farm market income, the fresh fruits and vegetables make up about 75%. The donuts usually bring in between 11 to 16%, and the other specialty foods make up the remaining 9 to 14%.

### ***Branching Out***

In addition to the walk-in trade and impulse purchases, Charlene has developed a wholesale market for donuts. Until recently, she supplied fresh donuts daily to a local supermarket. She now sells donuts to local schools and hospitals. She even has a unique arrangement with local nonprofit organizations to supply donuts for fund-raising events. She works with Cub Scout groups, swim clubs, the YMCA, church choirs and youth groups, and even the high school football team.

She says the advantage of the fund-raising events is that all of the donuts are pre-ordered, and she can schedule workers to fill the orders in advance.

On many merchandising, marketing and packaging matters, Charlene received advice from the company that leased the automatic donut machine to her. The company, called Hol'n One Donut Company of Ohio, sells the donut mix and also trained Charlene and her employees to operate the equipment.

Charlene has a lease-maintenance agreement with Hol'n One Donut Company. She paid \$2,500 to lease the machine which also covers all maintenance and parts.

"The initial payment of \$2,500 covers the cost of using the machine for five years, and if the machine breaks down, even over a weekend, the contract says a repairman has to be here within 24 hours to repair the machine," she says. "The maintenance agreement was one of the



**Top:** Before Charlene and Dave began selling donuts, they offered their customers specialty foods such as jellies, jams and apple butter. Their success with specialty food products encouraged them to sell donuts. **Bottom:** Charlene (middle) and Dave agree that produce sales have increased since they started selling donuts at their market. Many customers who initially only bought donuts are now buying other products.

major selling points on the machine. There have been times we needed service on weekends because we had wholesale orders that had to be filled. The company promptly repaired the machine."

"The only thing we do to honor the contract is buy the company's donut mix. I also buy all of our shortening from Hol'n One. It is a good arrangement because it guarantees that we will have a stan-

dard product that doesn't vary in quality or taste."

After the donuts became an established product at Andrews Fruit Barn, Charlene installed a convection oven that she uses for pies, cinnamon rolls, cookies and turn-overs.

One word of advice that Charlene has for other farm marketers who are considering fresh baked goods is to make sure they meet local or state health regulations. She also says it is important to

make sure you have enough liability insurance. She had to increase the market's liability coverage when she began marketing the baked goods to wholesale markets.

**Editor's note:** For more information on selling donuts and other baked goods at farm markets, you can contact Charlene Strock, Route 6, Defiance, Ohio 43512 or call 419-393-2213; or you can contact Ron Stryker, Hol'n One Donut Company of Ohio, 305 Curtis St., P.O. Box 366, Delaware, Ohio 43015 or call 614-369-4800.

**FROM:**

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## **RESTAURANT ADDS TO DIVERSITY OF HUBERS' FAMILY FARM**

**M**ore people are eating out at restaurants nowadays than they were a few years ago, and this growing trend has caught the attention of some enterprising roadside marketers who operate near large metropolitan areas.

In July 1983, for example, Joe and Bonnie Huber and their family built a restaurant on

their fruit and vegetable farm located near Starlight, Ind. "Although this was entirely new to us, we were still confident that a restaurant featuring country-style dinners, our fresh fruit and vegetables and friendly atmosphere and service would really help draw more customers to our pick-your-own farm," says Joe, who is also president of the Indiana Vegetable Growers Association.

At first, Joe and Bonnie anticipated the restaurant would draw at least 500 people during the weekend. However, when they opened the restaurant, the number of customers rapidly climbed as the word spread around about this unique country restaurant. "The response was overwhelming," says Joe. "Today, we often



*Known for its wholesome, country-style cooking, people come from miles around to eat at the Joe Huber Family Restaurant near Starlight, Ind. Shown here are, from left to right: Beverly Huber; Joe Huber III and his wife, Kathy; Joe Huber, Sr. and his wife, Bonnie; Louie Huber and his wife, Katie; Tracey and her husband, Chuck Huber.*

serve 6,000 meals during the week, and two-thirds of those are served during weekends.”

The Hubers’ family restaurant has been successful for several reasons. First, there are more than one million people within a 30-mile radius of the Joe Huber Family Farm, Orchard and Restaurant, covering such cities as Louisville, Ky. and New Albany, Jeffersonville and Clarksville, Ind. Joe also produces his own radio commercials for the restaurant and farm and airs them during a popular gardening program on a Louisville station.

### ***Country-Style Cooking***

However, the biggest selling point of the restaurant has been its excellent reputation for wholesome, country-style cooking. The restaurant always features country-style fried chicken served with home-grown vegetables, potatoes, dumplings and fried biscuits with Hubers’ home-made apple butter or honey. “The biscuits served with apple butter are very popular,” says Joe. “Sometimes we have served as many as 3,600 biscuits daily during the weekend. Even during the summer, we often serve 6,000 ears of sweet corn in the restaurant during weekends.”

The restaurant menu also features soups, salads, sandwiches and other entrees, such as Amish ham, farm-raised catfish and steaks. The meals can be topped off with the Hubers’ fruit cobblers or fruit of the season or homemade pies.

To minimize construction costs, the restaurant is a 50 by 100 pole-type building. The restaurant, which is kept immaculate inside and out, can seat 270 and has a modern, well-equipped kitchen for cooking food in large volumes. To create a warm feeling, the walls inside are lined with native Yellow-poplar boards. Throughout the restaurant, the walls are also decorated with color paintings from a local artist, and there is a dance floor and

stage area in one corner of the restaurant where customers are treated to live country western music on weekends. Behind the stage is a mural painting of the Hubers’ family farm. Outside, the restaurant is well-landscaped with shrubs and flowers, and there is parking for 800 cars. The restaurant can also be reserved for banquets, parties and family reunions.

Since large crowds flock to the restaurant on weekends, Joe and his sons, Joe III, Louie and Chuck, also added two carry-out windows on the northeast side of the restaurant where customers can order from the full menu. An 18 by 110 patio with an awning was constructed on the east side of the building where people can sit down and eat in the shade. This patio seats 92 people.

But even this wasn’t enough to handle the overflow from the restaurant on weekends. That’s when Joe masterminded the Chuck Wagon Dinner. Using a covered wagon equipped with a 12-foot long, gas-fired grill, people can order hot dogs, bratwursts or the specialty that includes a full, 16-ounce porterhouse steak along with corn on the cob (still in the husk) and a baked potato stuffed with green peppers and sweet onions with a sprinkle of real bacon bits on top. Apple cobblers and soft drinks are also available. A tent, which is leased, is set up for seating another 120 people. “Instead of adding on to the restaurant, the Chuck Wagon Dinner was a low-cost way of serving more people,” Joe says. “But my sons and I are seriously considering building a more permanent structure that is more rustic looking than a tent.”

The girls serving the Chuck Wagon Dinner are dressed up in Indian costumes, and the boys who cook the meals wear cowboy outfits. People can also sit on sun dried logs or straw bales and listen to a live country western band while eating. “We create a super atmosphere,” says Joe. “It’s country, and it really turns people on. I like to call it profit through entertainment farming.”

Many of the planned activities on the Huber farm focus on family entertainment. Square dance clubs often come to perform at the farm. Hay rides are offered, and the children can get some corn to feed the ducks at one of the irrigation ponds on the farm. A shelter with picnic tables is also available by this pond. Special activities are also planned for the children during Halloween season. "Children are our best salespeople because when the kids are having fun, the parents enjoy themselves, too," says Joe.

### **Complementing Enterprises**

According to Joe, the restaurant has been successful because it features the farm's fresh, high quality fruits and vegetables. "Serving real, wholesome food is what makes this restaurant go, and what we feature in the restaurant seems to sell really well in our farm market sales room," he says. "These two enterprises complement each other."

To supply their pick-your-own trade plus the farm market and restaurant, the Hubers farm about 360 acres, raising nearly 48 different types of fruits and vegetables, such as strawberries, raspberries, thornless blackberries, sweet corn, asparagus, green beans, broccoli, cauliflower, pumpkins, lima beans, peppers (sweet and hot), cabbage, cantaloupe, squash, turnip greens, okra, snow peas, Chinese cabbage, grapes and 12 different varieties of apples produced from semi-dwarf trees, to mention a few. This is a dramatic change from 1967 when Joe and Bonnie were raising seven different fruits and vegetables on their 80-acre farm and were working hard to make the switch from wholesale to direct marketing.

With the exception of sweet corn, potatoes and asparagus, all the produce is available on a pick-your-own basis. The produce is also available in bulk or as prepackaged in the farm market sales room.



*The restaurant, which can seat 270 people, always features country-style fried chicken, homegrown vegetables, dumplings and fried biscuits with homemade apple butter. It has also received good reviews from food critics at local newspapers.*

"You need the variety and quality to make it attractive and economical for the customers to drive out to the farm," says Joe. "Although our sales are higher than they've ever been, Bonnie and I have noticed an overall decline in pick-your-own sales since 1981. Then, we were selling about 90% of our crops as pick-your-own with the remaining being sold as prepicked. Today, we sell 70% of our crops as prepicked and 30% as pick-your-own. The market has really changed mainly because the customer is more affluent and because many women are now working and don't have the time to pick it themselves, but they still want high quality, nutritious produce for their families. Consequently, we've geared our farm market sales room to cater to the customers' demand for convenience and variety"

For example, the Hubers offer produce in different sized packages. Apples are available in half pecks. Potatoes are available by the half bushel. Sweet corn is sold by the half dozen. Peas are sold in three-pound packs, and for those who pick their own peas, they can have them shelled right on the spot for 5 cents per pound. The Hubers also cater to those who like to can and freeze produce. Bonnie frequently



*A large variety of high quality fruits and vegetables is what attracts customers to Hubers' farm market sales room, which is located near their restaurant. The sales room and restaurant are open from March through December. Many other items are also offered such as jellies,*



*Some 60,000 people visit the Hubers' farm each year, and many are treated to country music and other family entertainment activities.*

But the biggest reward that Joe and Bonnie have received from years of hard work and from starting the restaurant is knowing that their sons and daughters and in-laws were able to work into the business and keep the farm in the family without any debt hanging over anyone's head.

visits with customers, handing out brochures which offer canning and freezing tips along with her favorite recipes for preparing tasty meals and desserts. "This is the kind of personal touch that a customer can't get at a supermarket," says Joe. "Our family works hard at satisfying the customer, and it's our top priority to provide them the best, wholesome produce possible."

The Huber family is also very committed to working cooperatively with other local roadside marketers. During the mid-1970s, Joe and Bonnie formed a cooperative known as Starlight U-Pick Farms along with Joe's cousins, Gerald and Carl, who own and manage the Huber Winery and Orchard, and with Stumler's Orchard. Each year, the group gets together to discuss prices and a budget for advertising Starlight U-Pick Farms. Some harvesting equipment is even owned and used cooperatively by the group. "We all benefit by cooperating instead of trying to compete with each other," says Joe.

Joe III is fully managing the farm, and his wife, Kathy, handles the bookkeeping for the restaurant and farm. Louie manages the kitchen, and his wife, Katie, manages the dining room in the restaurant. Beverly manages the farm market sales room. Beverly's husband, Kenny, and sister, Kim, work part-time at the farm market. Chuck manages the packing shed for the farm market sales room and restaurant, and his wife, Tracey, is a hostess in the restaurant.

"I love the customers, and I'm just so thrilled to see the family actively involved with the business," says Bonnie. "When Joe and I were younger, we planned on building something for our children so that they could enjoy life a little more. For us, putting in those long, hard hours was well worth it."

**Editor's note.** Joe Huber's address is Huber Family Farm, Orchard and Restaurant, R.R. 1, Box 648, Borden, IN 47106. Phone: (812) 923-5597 (farm) or 923-5255 (restaurant).

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## **BED AND BREAKFAST: HOSTING TRAVELERS FOR EXTRA INCOME**

*By Barbara Koth<sup>1</sup>*

**A**lthough the concept is not new, many rural families are discovering it's possible to earn extra income by opening bed and breakfast businesses and selling the farm experience and rural lifestyle to guests.

Many rural families are considering B and Bs as a supplemental income source

because urban families are looking for new and exciting weekend "getaways."

Bed and breakfast guests are also interested in local culture, history, scenery and other recreational activities. Travelers are looking for the bed and breakfasts that give them the true flavor of the region, and B and Bs are an economical alternative to commercial lodging.

The added appeal of farm B and Bs is the unique opportunity for urban guests to experience farm life firsthand. Other rural residents see an opportunity to share their lifestyle, too. In Minnesota, the most common bed and breakfast operators are retired couples and farm families with large homes. Another common feature of bed and breakfasts is that they are located in very scenic regions or in regions with a rich, historical background.

### ***How to be Successful***

The first thing that people must realize before starting a bed and breakfast is that guests require a lot of personal service and attention. If you are not an active person who truly enjoys meeting and waiting on people, chances are you are not suited to operate a B and B. Hospitality is the major key to success.

"I treat all guests the same way I treat family members who visit for the weekend," says Lois Barrott, who, with her husband, Budd, started one of Minnesota's first farm bed and breakfasts in Shafer. "When guests stop at our Country Bed and Breakfast, I greet them at the door, call them by their first names and let them set the pace for their visit. I've met many good friends, and I often keep in touch with them."



*Last fall, Lois Rissman and her husband, Bill, opened their new, earth-sheltered home to visitors. The Rissmans are beef producers based near Preston, Minn.*

If you have the personality suited for the bed and breakfast business, think about the benefits and trade-offs and then ask yourself why you want to go into the business. Bev and Paul Meyer own Evergreen Knoll Acres near Lake City, Minnesota. Because they are dairy farmers, it's almost impossible for the Meyers to get away for an extended vacation. Bev says one benefit of their bed and breakfast is that they get to make a lot of new friends.

But guests can be demanding. They expect well-kept farmsteads that are visually appealing. They also want comfort. Regardless of bedroom decor, there should be top-quality mattresses for guests. You may need additional items such as a comfortable bedroom chair, reading lamp and new linens and towels. You may also want to spruce up common areas such as entrance ways, the dining room, living room and bathroom.

The host's individual style and creativity come into play at breakfast. A hearty, home-cooked meal will be expected in the heart of farm country. Eating breakfast is often the last thing guests do before they leave, so many hosts try to make it a memorable experience. Use your imagination and serve your specialties. Options range from breakfast delivered in a basket to the door and a breakfast nook in the room to sit-down meals in the dining room.

When you share your home with guests, you have the right to establish rules. To avoid misunderstandings, state your policies ahead of time regarding smoking, alcohol, children, pets, reservation policies, deposits, and meal times. After considering the personal attributes of operating a B and B and what guests expect from you, there are other business details that need attention.



*After Lois and Bill Rissman built a new earth-home on their farm in southeast Minnesota, they also kept their original home open to visitors and travelers. Many vacationers spend weekends on their farm to take advantage of local outdoor activities.*

### ***The Licensing Process***

Many states regulate B and Bs as formal lodging establishments through zoning, food and lodging licensing, fire safety requirements and building codes. The cost of compliance, rather than licensing fees, is important in determining the economic feasibility of your business.

First, you need to determine if B and Bs are acceptable according to existing zoning ordinances. Zoning should not be a problem on farms, although if you are the first operator to seek such approval, you may have to work with the county or township zoning commission to change the ordinances. In small communities, approval may be granted as a "matter of right" if the B and B complies with specific standards for residential neighborhoods. Alternatively, a conditional-use permit involves an administrative process that may include public hearings. Some issues that frequently surface regarding B and B zoning include provisions for guest parking, signs, lighting, length of stay, exterior appearance and number of meals served.

Many state departments of health regulate B and Bs through an annual inspection and licensing process. Regulations are designed to insure safe food handling practices and customer safety. There may be requirements on using household equipment versus a commercial kitchen, depending on the number of guests served.

You also need to find out whether you can serve homegrown fruits, vegetables, jams and jellies, baked goods, eggs and home-slaughtered meats. A limited food license may be available if you only want to serve beverages and prepackaged items. The quality of the water or shallow wells can be a problem on some farms. Lodging rules also deal with the number of bathrooms required, and room and window sizes.

Fire codes refer to smoke detection and fire alarm systems, exits and fire extinguishers. If you expand or renovate your home, building codes come into effect. Apply for a sales tax permit if rates charged for guest accommodations and meals are subject to a state sales tax. Once these business details are handled, you have to establish a business plan.

### ***Preparing a Business Plan***

To estimate your income, you need to determine your prices. The first step in setting rental rates is to estimate your costs carefully to insure the price you charge covers your occupancy costs. Initial investment varies widely, depending on the condition of the home, how elaborate the facilities are, the site of your B and B operation and the type of guests you expect to entertain. Most operators suggest step-by-step improvements rather than going into debt.

Having adequate insurance coverage is also important. The cost of \$500,000 of general insurance coverage could be significant. As the B and B industry establishes a track record, it's becoming possible for farmers to purchase a business



*Paul and Bev Meyer, dairy farmers from Lake City, Minn., receive some of their bookings from Vern Michel's Farm Vacation network, which advertises nationwide and then places families on farms for a percentage of the bed and breakfast fee.*

rider to current liability coverage for several hundred dollars. Rates increase when there's more contact with farm activities and as on-site recreational activities are added.

In rural communities, your homeowner's policy will not cover the risks associated with paying guests. Work with an insurance company that has experience with this special type of hospitality business to create an insurance package.

After you use start-up, operating and variable costs to price your product, then compare your expected rates with other lodging establishments. In Minnesota, 1987 rates for farm or rural B and Bs ranged from \$25 to \$80 for double occupancy.

It may take three years to establish clientele. Friday, Saturday and Sunday nights are easier to fill than weekday nights, and your overall occupancy in early years may be only 30%. For this reason, B and Bs are generally a supplemental income source for rural families, bringing in \$1,000 to \$4,000 per year. Most B and B hosts have another source of income. B and Bs are more often a lifestyle or hobby than a business.

## ***Marketing Strategy***

You do not have to be in a traditional tourist area to attract bed and breakfast trade. The B and B itself can be an attraction that draws visitors. For example, there are successful B and Bs in historic, older homes furnished with antiques. You must assess local resources that will attract tourists. People travel for a variety of reasons, including the availability of outdoor recreation, historic sites and scenic views, shopping, to visit family and friends, and for business purposes. This situation analysis is part of the overall marketing plan. In analyzing market feasibility, you also need to look at your competition and determine your strengths and weaknesses.

Use this information to position your product. Decide what features and benefits your B and B will emphasize. Create an image that distinguishes you from other operations.

Mavis Christensen's brochure for her B and B in Good Thunder, Minnesota, includes the following statement: "Cedar Knoll Farm is the embodiment of many dreams—the hopes and wishes of generations of prairie folk—an entity incorporating the efficacy and challenges of the family farm as a way of life. Ours is a peaceable kingdom. We invite you to share its potential for tranquility." This statement has an emotional appeal, and suggests the quiet, relaxing experience available at her B and B.

Next, you must select a target market. It is more cost-effective to appeal to a very specific market segment that can be reached through specialized publications and organizations than to appeal to a wide audience. For example, a Vermont company organizes bike tours that stay overnight at bed and breakfasts. Just-N-Trails Bed and Breakfast, which is operated by Don and Donna Justin, dairy farmers from Sparta, Wisconsin, offers the outdoor enthusiast 20 kilometers of trails for cross-country skiing, hiking and

mountain biking. Karen Berget operates American House in Morris, Minnesota, and she takes many bookings from a local college.

## ***Advertising Plan***

In other family-owned lodging businesses, it is common to spend a minimum of 4 to 6% of gross sales for advertising. You will need a well-designed brochure that you can mail to potential guests and distribute at visitor information centers. An inexpensive, one-color brochure with line drawings, and a rate card can be effective.

Bed and breakfast operators often advertise cooperatively under a banner headline in newspapers and magazines to create awareness of B and Bs as a lodging option. A bookstore or library can help you find the numerous guidebooks that list B and Bs on a nationwide or regional basis. Your state office of tourism may publish a directory, and there are many community tourism guides where you can place a listing for a minimal fee.

There are also ways to get your business noticed without spending money on advertising. You can cultivate local referrals in your community by holding an open house, joining the Chamber of Commerce, hosting local groups, and speaking to community organizations.

You can't buy the kind of publicity you get from a newspaper or magazine feature story. Invite travel writers or editors to your B and B and develop ongoing contacts that will encourage them to visit. You could also organize a "farm tour" with the local Chambers of Commerce to familiarize travel professionals with area attractions and hospitality services. Incentives such as a week-day discount, lower rates for extended stays, coupons, gift certificates and promotional drawings help introduce guests to your B and B.

If you don't want to do the advertising yourself, there are reservation service organizations that maintain and publicize listings and take bookings. Typically, there is an annual fee and a 15 to 25% surcharge on each reservation.

**Editor's note:** For more information, contact: Minnesota Historic Bed and Breakfast Association, 649 W. Third

Street, Hastings, MN 55033, (612) 437-3297; American Bed and Breakfast Association, P.O. Box 23294, Washington, DC 20026, (703) 237-9777; The National Bed and Breakfast Association, Phyllis Featherstone, President, 148 East Rocks Road, P.O. Box 332, Norwalk, CT 06852, (203) 847-6196; The Bed and Breakfast Society, Kenn Knopp, Coordinator, 330 West Main Street, Fredericksburg, TX 78624, (512) 997-4712.

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**FROM:**

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