

# **The Economic Contribution of Agri-Tourism to the Maine Economy**

Thomas G. Allen  
Todd M. Gabe  
James C. McConnon<sup>1</sup>

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Department of Resource Economics and Policy  
University of Maine  
Orono, ME 04469-5782

*<sup>1</sup>The authors, respectively, are Senior Research Analyst for the Center for Tourism Research and Outreach, Associate Professor in Resource Economics and Policy, and Associate Professor in Resource Economics and Policy and Extension Specialist, all at the University of Maine. The authors gratefully acknowledge the valuable assistance provided by Deanne Herman of the Maine Department of Agriculture. Funding for this research was provided by the Maine Agricultural Center.*

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The purpose of this report is to provide a brief overview of agri-tourism in Maine. Our analysis focuses on the types of agri-tourism activities offered on Maine farms and the contribution of agri-tourism to the Maine economy. These findings represent only a small amount of information gathered in a survey of agri-tourism farms in Maine. We expect to conduct additional research on aspects of agri-tourism including the reported needs of agri-tourism farmers and interaction among agri-tourism operations and other tourism based businesses.

Agri-tourism typically is defined as any commercial farm enterprise that brings consumers onto the farm to purchase agricultural products or to engage in a farm-based activity for enjoyment. In this study, we also include farmers markets as a form of agri-tourism activity. The results are based on a survey conducted in January and February of 2006 involving 766 farms that voluntarily include themselves in a database of agri-tourism farms maintained by the Maine Department of Agriculture.

The 766 farms in our survey represent 10.8% of the total 7,100 farms in Maine. The estimated sales and employment from agri-tourism reported below are based on the total of 766 known agri-tourism farms in Maine. Because we did not survey every farm in Maine, we do not know the number of agri-tourism farms that are not included in the Department of Agriculture database. There are likely other agri-tourism farms operating in Maine in addition to the 766 known farms, thus, our economic figures should be viewed as conservative estimates.

Our analysis, based on 456 completed surveys, shows that roadside stands are the most common type of agri-tourism activity on Maine farms, followed by on-farm retail stores, pick-your-own enterprises, and farmers markets. At least one-fourth of Maine agri-tourism farms engage in one or more of these types of activities. Bed-and-breakfasts are found on only one percent of agri-tourism farms in Maine (Table 1).

Agri-tourism activities are found on all sizes and types of farms. These operations are located in all parts of Maine. However, for smaller agri-tourism farms, agri-tourism activities account for a greater share of their total farm income. On agri-tourism farms with less than \$5,000 in total annual farm revenue, agri-tourism provides nearly two-thirds of that total revenue. On agri-tourism farms with between \$50,000 and \$249,999 of total income, agri-tourism activities account for slightly more

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than one-half of farm revenue. And on agri-tourism farms with more than \$1 million of annual sales, agri-tourism provides less than 15% of their total sales.

**Table 1. Distribution of Maine agri-tourism farms and income by type of activity.**

	<b>Percent of all agri-tourism farms*</b>	<b>Percent of all agri-tourism income</b>
<b>Roadside stands</b>	36.9%	15.1%
<b>On-farm retail store</b>	33.6%	54.8%
<b>Pick-your-own</b>	28.7%	12.4%
<b>Farmers markets</b>	26.8%	14.4%
<b>On-farm recreation sales</b>	7.0%	1.7%
<b>On-farm restaurant or snack bar</b>	2.9%	1.5%
<b>Lodging and accommodations</b>	1.3%	0.0%
		100.0%

*\*Column does not sum to 100% because farms may engage in more than one agri-tourism activity.*

Based on the results of the study, we estimate that agri-tourism farms in Maine (i.e., farms that provide at least some form of agri-tourism activity) generated total farm sales of \$65.6 million dollars from all farm sources in 2005. Agri-tourism activities accounted for 43.1% of total sales on those farms, or \$28.3 million of sales. This represents 5.1% of total sales on all farms in Maine. These sales supported 1,762 full- and part-time jobs, or 39% of all hired workers on agri-tourism farms.

With the direct sales and employment from agri-tourism in hand, we next examine the statewide multiplier (i.e., indirect and induced) effects associated with this activity. The multiplier effects, estimated using the IMPLAN input-output model of the Maine economy, account for the additional economic activity associated with the spending by businesses, including farms, and workers that can be traced to the agri-tourism activity. The IMPLAN model tracks the flows of expenditures that occur among businesses in Maine, the purchases made by Maine workers, and the payments made to buy goods and services imported from out of state. Taking into account the multiplier effect, agri-tourism was responsible for \$40.8 million of economic activity in Maine including 1,927 jobs that provided \$7.4 million of income (Table 2).

**Table 2. Economic contributions of agri-tourism in Maine, 2005.**

	<b>Direct On-Farm Activity</b>	<b>Indirect Economic Effects</b>	<b>Total Economic Contribution</b>
<b>Output</b>	\$ 28,282,175	\$ 12,561,409	\$ 40,843,584
<b>Employment</b>	1,762	165	1,927

The relatively small number of jobs indirectly related to agri-tourism (165) compared to direct jobs (1,762) reflects the high proportion of part-time and seasonal employment on farms, relative to the higher rate of full-time employment found in the

economic sectors that are impacted indirectly by the agri-tourism activity. According to the survey, 78% of all hired workers on Maine agri-tourism farms are employed part-time or seasonally. In the national workforce, fewer than 24% of workers are employed part-time.

In summary, agri-tourism is an important component of Maine's agricultural industry and a significant source of revenue for Maine farmers, especially on smaller farms. It also represents a strategy with growth potential. One-fourth of agri-tourism farmers established their agri-tourism activity within the past five years and nearly one-half of them have a long-term interest in developing a new agri-tourism enterprise. This high level of interest in non-traditional types of on-farm activities suggests the need for a clear understanding of issues that confront these farmers and the types of assistance that can be most effective in helping them to succeed.