



The effect of agritourism experience on consumers' future food purchase patterns



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ABSTRACT

Recent studies on agritourism share a common voice in that the economic benefit of agritourism to farms is significant but rather small. However, the majority of studies examine only the short-term economic impact of agritourism. This suggests that the potential long-run economic impacts of agritourism may not have been empirically investigated yet, leading to underestimation of its net impact. Meanwhile, theories on mere exposure and product familiarity suggest that agritourism may lead tourists to change their agriproduct purchasing patterns after the experience. Thus, this study examines the effect of agritourism experience on consumers' future grocery purchase patterns. Household-level consumer panel data on grocery expenditure is estimated through the Almost Ideal Demand System (AIDS) approach. The results indicate that agritourism experience significantly alters consumers' expenditure patterns in the food categories of grain, vegetable, fruit, meat, and fish. Implications for research and practice are discussed along with the findings of the study.

1. Introduction

As a sustainable development strategy for rural communities, agritourism has been gaining increasing attention from policymakers, researchers, and regional governments alike (Sonnino, 2004). For the past few decades, rural communities have experienced several challenges, including migration, low commodity prices, and general economic decline (Hjalager, 1996; Lane, 1994), while targeted policies to facilitate development such as modernization of agricultural production, development of industrial clusters, or urbanization have demonstrated limited success. For example, studies claim that the modernization paradigm has reached its intellectual and practical limit (Van der Ploeg et al., 2000), that industry cluster strategy is generally not appropriate for rural communities (Barkley & Henry, 1997), or that urbanization often results in significant environmental costs such as climatic changes and habitat loss (Chen, 2007). On the other hand, agritourism is known for its significant ability to generate additional revenues, low investment from utilization of existing assets, and minimal impact on the local environment and heritage (Barbieri, 2013; McGehee, 2007). As a natural consequence, development of agritourism destinations and participation in agritourism have both increased noticeably and are

expected to further grow in the future (Arroyo, Barbieri, & Rich, 2013).

Consistent with theoretical predictions, a number of empirical studies on agritourism have reported that it creates economic as well as non-economic benefits (environmental and sociocultural: Barbieri, 2013) to farms, including sustainable agricultural production, enhancement of farmers' quality of life, and increased market accessibility (Kline, Barbieri, & LaPan, 2016). Nonetheless, a majority of the studies still focus on its economic benefits, attesting to the significance of its primary role in boosting regional, rural economies (Van Sandt & McFadden, 2016). By adding to and diversifying the income sources of traditional farm businesses, a favorable effect on the farm income is usually observed, and in general, empirical findings support that agritourism farms have been found to be more successful in increasing their income (Choo & Petrick, 2014; Joo, Khanal, & Mishra, 2013; Khanal & Mishra, 2014; Nickerson, Black, & McCool, 2001).

Despite the uncontested perspective of several researchers on the favorable economic impact of agritourism, however, variance exists in measurement and/or assessment of the magnitude of such impact to farms. While some believe that agritourism can be the main driver of the regional economy (Wilson, Thilmany, & Sullins, 2006), a more conservative opinion maintains that the financial contribution of

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agritourism to farms is at best moderate (McGehee & Kim, 2004). For example, Busby and Rendle (2000) stated that additional revenues gained by farms through agritourism is minimal, while Bernardo, Valentin, and Leatherman (2004) reported that only 2% of the farms in Kansas reported any agritourism income. The observation of the rather limited role of agritourism for farms can be attributed to the issues of seasonality and inequality, as Yang (2012) finds that agritourists are usually highly concentrated during the vacation and holiday seasons and that only a small fraction of farms financially benefit from hosting guests and on-site purchases.

However, the net economic impacts of agritourism many not necessarily be short-lived. While many studies focus on the immediate increases in farmers' profits (Khanal & Mishra, 2014; Schilling, Attavanich, & Jin, 2014), potential long-term economic effects of agritourism on rural regions have also been suggested. In this regard, Tew and Barbieri (2012) analyze the perceived benefits of agritourism from the providers' side and report that respondents place more importance on agritourism as a marketing tool for product sales (such as increased direct sales) than on its on-site revenue generation ability. According to the mere exposure theory, repeated exposure to an object enhances its affective attitude (Zajonc, 1968). Thus, repeated exposures to agriproducts through agritourism may, in turn, lead to familiarity and even liking of the agriproducts. In this line of reasoning, if agritourism as a marketing tool is successfully implemented (Sonnino, 2004), tourists may shift their purchase patterns after the visit and purchase more agriproducts from the rural destinations they have visited, thus leading to a sustained and more sizable improvement in the financial performance of farms. Naturally, similar questions have been frequently asked in the context of the wine and meat industries (Getz & Brown, 2006; Kline et al., 2016), where such benefit in marketing and distribution has been anticipated albeit the lack of empirical evidence.

Thus, a research gap is identified. The current assessment of agritourism by the academia on its economic impact is moderate at best, as only the direct contributions to farm revenues or profits generated on-site are considered. Such view is inevitable as previous studies often evaluate the impact using immediate, measurable profits that are necessarily short-term in nature (Schilling et al., 2014). Yet, if agritourism influences tourists' post-hoc agriproduct consumption in a prolonged fashion, however, the possibility of an understatement of the economic impact of agritourism exists. To fill this gap, the current study sets the objective of investigating the impact of agritourism on consumer's future agriproduct consumption patterns. By utilizing consumer data rather than provider data, this study addresses the question of whether agritourism experience significantly influences agritourists' future consumption of agriproducts, rather than examining changes in farm revenues. Specifically, the study aims to investigate the difference in agriproduct purchasing patterns between the consumers who participated in agritourism activities in the past and those who did not.

In order to achieve the research objective, data from a unique consumer panel survey conducted by the Rural Development Administration (RDA) was utilized. The dataset includes information related to grocery purchases by consumer panels, which can be used to analyze agriproduct consumption patterns at the household level. Econometric analysis was done through nonlinear estimation of the Almost Ideal Demand System (AIDS), a flexible system of equations approach, which considers interdependence among expenditure categories (Li, Song, & Witt, 2004). As AIDS can also incorporate non-economic demand shifters in the model, this study examines the effect of agritourism jointly with the effects from household size and income levels on consumers' food purchase patterns by using the AIDS model.

2. Literature review

2.1. Economic impact of agritourism

Consistent with the growing academic interest on agritourism,

several studies have examined various aspects of agritourism and agritourists. Several investigations have been conducted to analyze the attitude of stakeholders toward agritourism: Naidoo and Pearce (2016) discussed the economic contributions of agritourism compared to those of enclave tourism in island using a multi-faceted perspective. Using the perspectives of government, rural community, and business, the authors argued that income from tourism, development of tourism scale, and employment are the major impacts of agritourism. Arroyo et al. (2013) confirmed the necessary elements for defining agritourism across stakeholders. In defining agritourism, the authors concluded that agricultural setting and working farm is a vital environment, and its purposes are entertainment and education. Dubois, Cawley, and Schmitz (2017) examined the images perceived by stakeholders related to agritourism and found that realities of agritourism are slightly different from the expectations of stakeholders.

Carpio, Wohlgenant, and Boonsaeng (2008) identified the demographic characteristics of agritourists in America. They argue that the important determinants that influence the number of trips are the location of residence, gender, and race. Park and Yoon (2009) segmented the agritourists according to the motivation to participate in agritourism in Korea. By using a factor-clustering method, they segmented the agritourist into four groups. Norby and Retallick (2012) investigated the interests of agritourists and found that the motivation and preferred activities of agritourists largely focus on purchasing local agriproducts. Choo and Petrick (2014) investigated the effects of social interactions of agritourists with service providers on agritourism evaluation and concluded that the relationships created in agritourism contribute to positive impacts on tourism evaluations. In summary, a review of the literature on agritourism stakeholders largely reveals the general premise on the expected economic effects of agritourism.

Meanwhile, studies that focus on the economic impact of agritourism have a consensus that agritourism has a favorable economic impact. Barbieri (2013) and Khanal and Mishra (2014) pointed out that agritourism as an income diversification strategy increases farms' income. In the same vein, Schilling et al. (2014) found that agritourism had a positive impact on farms as a revenue source after comparing between the farms that operate agritourism and those that do not. Joo et al. (2013) identified the farmers who participate in agritourism activities and assessed the influence of agritourism on farmers' profitability, such as return on assets, household income, and farm income. As a result, small farms that operate agritourism were found to earn the highest household incomes. George, Getz, Hardesty, and Rilla (2011) investigated the overall states of agritourism in California and found that 75% of farms operate agritourism to enhance farm profitability.

Unlike the significance of the economic impact of agritourism on farms, however, the magnitude of agritourism's contribution to farms has been under increasing debate. Bernardo et al. (2004) reported the farms' income of eight United States Department of Agriculture regions to verify the revenue from agritourism. The farms reported that the income was only 2% of the nationwide range. Joo et al. (2013) classified the farms by size in order to assess the financial effect of agritourism, conditional on size. Insignificant results were yielded for all farms and large farms. Small farms had a significant impact but achieved only 0.4% higher return to asset than those who did not participate in agritourism. Wilson et al. (2006) reported that farms in Colorado derived additional profit from recreation that amounted to approximately 13% of the total farm income. George et al. (2011) reported that only 21% of respondents who operate agritourism in California had revenues exceeding 100,000 dollars.

Prior studies have offered two major explanations for this phenomenon: seasonality and concentration of tourists on holidays. Yang (2012) found that most agritourists are concentrated in the summer and holiday seasons, thus yielding an unequal distribution of agritourism benefits across time. Dubois et al. (2017) claimed that due to the seasonality of farming inherent in agriculture, the availability that could be given to agritourists is limited. To sum up, studies commonly report

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