

Fact Sheet

Pricing Considerations

ROLE OF AGRITOURISM IN WHOLE FARM



What role does your agritourism enterprise play as a part of your entire farm? Do you expect that it will provide a percentage of your farm income, or simply “extra” to fill in the gaps?

Remember that your farm may not make money in it's first year, and neither may your agritourism enterprise.

FINDING THE BALANCE

When considering the price you should charge for your agritourism experiences, you will want to answer the following questions.

- What are your competitors charging? Understanding if others in your region are doing something similar and what they are charging will give you a sense of “what the market will bear”
- Do you know your costs? Do you know how much it cost you to produce this product or experience?

COSTS TO CONSIDER

In order to determine your pricing you will need to consider all your costs. Some of the more common ones are below:

- Buildings &/or Renovations
- Increased Utility Costs
- Legal/Accounting Costs
- Permits
- New Equipment

OTHER COST CONSIDERATIONS

Other potential considerations for your pricing structures include:

- Land & Taxes
- Signage & ADA Compliance
- Restroom Facilities
- Handwashing Stations

Any of these requirements for operating an agritourism operation will increase your costs and must be recouped somehow.

OPPORTUNITIES FOR CHARGING

As you consider setting prices, look at whether you can offer different prices for different experiences or options at your agritourism farm. Can you charge a smaller amount for something more family friendly, but then charge more for a hands-on class or adult-focused opportunity? You don't need to charge the same price for everything, or forever!



FIXED COSTS VERSUS VARIABLE COSTS

Fixed costs and variable costs are also a mechanism to figure out how to determine pricing.

- Fixed Costs: Construction & Repairs, Depreciation, and Taxes & Insurance (these costs stay the same no matter how many farm tours/events you host)
- Variable Costs: Wages, Fuel, Seeds, Machinery, etc... (these costs will change based on how much of something you do)

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PRICING STRATEGIES

There are four pricing strategies to consider:

- Premium Pricing - this short term strategy is valuable if you have a unique product
- Value Pricing - when you only have a few competitors
- Competitive Pricing - track competitor prices and mimic
- Penetration Pricing - when you enter an existing agritourism industry and offer low "introductory" pricing to gain a following



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PRICE = VALUE

For many, the price you charge creates an implied value. If you charge a lesser amount they may not think it is worth "as much" as one that costs more.

Consider also your target audience -- if you want families to come your pricing structure should reflect that accessibility.



CUSTOMER BALANCE

There are four customer characteristics you must balance when considering pricing for your agritourism farm: **Price, Loyalty, Convenience & Value**. A customer who is loyal and values your farm will accept a higher price, as will someone who values convenience. But if someone values price then you will have to consider how that balances with your income goals and what you must charge to cover your costs.



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KEEP GOOD RECORDS

You will want to keep good records! Without good records you won't know how to set your prices because you don't know how much something is costing you. You won't know what your competition is charging for a similar experience. And you won't be able to see the trends of customers purchasing habits! This does not need to be in-depth -- even paper will do!

Additional Resources:

- Cornell Cooperative Extension Agritourism Program Work Team: <https://cals.cornell.edu/cornell-cooperative-extension/work-teams/agritourism>
- Cornell Cooperative Extension Agritourism YouTube Channel: <https://www.youtube.com/@cceagritourism>