

teaching note

Agritourism in Indonesia: A goat farm option

Summary of the Case

This case study describes a situation in eastern Indonesia where a sustainable tourism company that conducts cultural and ecotours is considering working with a local agricultural and animal husbandry business to provide agritours. There is also the possibility for food and beverage, overnight lodging, and other types of ecotourism near or at a milk goat farm. The administrative and legal requirements for expanding operations in this way would be minimal, but the important thing would be good relations with the employees of the goat farm and the residents of the surrounding community. Managing expectations regarding the potential for income for the farm as a result of this partnership would also be important, as well as setting things up in a sustainable manner.

Definitions

"Agritourism: Simply stated, agritourism could be thought of as the crossroads of tourism and agriculture. Stated more technically, agritourism can be defined as a form of commercial enterprise that links agricultural production and/or processing with tourism in order to attract visitors onto a farm, ranch, or other agricultural business for the purposes of entertaining and/or educating the visitors and generating income for the farm, ranch, or business owner (<https://nationalaglaw-center.org/overview/agritourism/>, 2019).

Ecotourism: All nature-based forms of tourism in which the main motivation of the tourists is the observation and appreciation of nature as well as the traditional cultures prevailing in natural areas (UNWTO, 2019)."

Sources and Methods of Collecting Information for the Case

Information for this case was collected via observations and personal communication with employees of both businesses by one of the authors. Additionally, secondary research materials were assembled from website materials, books, and refereed journal articles related to the topics presented in the case study.

Suitability for Use

This case is suitable for use by instructors and students in undergraduate and graduate courses related to tourism, ecotourism, agritourism, international business, specifically Indonesia, and food and beverage management. More specifically in courses where the instructor's goal is to provide students with opportunities to expand their knowledge of tourism and hospitality in another culture and how they can be involved with community development and CSR.

Overview Analysis

Most farmers in Indonesia know they live in a beautiful place that guests from other countries come to visit, but they don't know exactly what global travelers want to see and experience. These farmers are typically not formally educated and have a limited understanding of how tourism works on a practical level. It may be even harder to understand how explaining and showing how their farm operates could be something that generates income from foreign tourists.

Tourism companies have a role in exploring what agritourists are willing to pay to participate in and learn about agriculture in the tropics, and how to work with local farmers in organizing their farms to meet these demands (Doh, 2017) The task is finding the best way to convince farmers to organize their farms as agritourism businesses and identify and forecast potential revenue. This effort will require relationships in which there is mutual trust between tourism businesses and agriculture.

For Chase and Howard and others that move to Indonesia, there will need to be a balance between the priorities of generating profit for the business and helping contribute to the development of other businesses in the area, i.e. sustainability. A mutual dependence between agriculture and tourism businesses creates trust, which facilitates the type of cooperation needed for culturally different people to work together.

International tourists would potentially be the source for most income for agritourism activities and knowing the best way to package these activities and make them optimally profitable will take time. Some ideas to consider might be:

- Whether packages would include tourists staying on the farm. Or:
- Whether visitors take part in farm activities and have a meal from the produce of the farm. Or:
- Visitors visit, have a tour and learn about the agriculture business.

Teaching and Learning Objectives

1. **Teaching Goal:** Provide students with the opportunity to learn how different types of tourism are often integrated in remote locations.

Learning Objectives: Students will understand and be able to clarify the differences between ecotourism, agritourism, and rural tourism.

The case achieves this objective by:

- Providing theoretical information about agritourism along with some practical examples.
- Providing theoretical information about ecotourism along with some practical examples.

2. Teaching Goal: Offer students some insight on unique characteristics of the business environment and culture in eastern Indonesia.

Learning Objectives: Students will understand the flexible nature of business in Indonesia in the farming community.

The case achieves this objective by:

- Providing some background information on farmers and their activities in eastern Indonesia.
 - Providing some examples of business practices in eastern Indonesia.
3. Teaching Goal: Students can develop a detailed plan for how to integrate ecotourism and agritourism into the operations of a milk goat farm in Indonesia.

Learning Objective: Students will understand how to integrate a variety of alternative tourism operations with the land and operations of a farm in a developing tourism area of eastern Indonesia.

The case achieves this objective via an assignment and or project:

- The case provides the scenario and the basic information required to begin to develop a plan.
- Tie the assignments project to tourism planning for the region.

Teaching Approach and Suggested Sequence of Timeframe

Instructors may use this case in various ways. These involve using the case as: an individual assignment, a group assignment, a combination of individual and group activity and or a class discussion.

1. As an individual assignment, the case study can be read in class and the discussion questions answered. During class, students could discuss and compare their answers.
1. For a group assignment, students can read the case study and answer the discussion questions. Groups could be asked to find another example of agritourism and write their own case study. A class discussion can be facilitated through assigning the students to read the case study and answer the discussion questions. Over one or more class sessions, students could discuss and dissect the case.
1. Students can also research Indonesia in general and Bali in particular to:
 - Identify any and all competition for the agritourism business
 - Identify additional agritourism activities that could be related to the farm
 - Identify potential target markets for the farm.
1. This could also be completed in a class exercise where the case study is one of two or three examples of ecotourism or agritourism, read by the class for discussion.

The following questions might be asked to generate interest in the general topics related to the case.

Topics and Questions for Discussion

1. *What is the best way for tourism companies to connect international and domestic tourists to agricultural businesses in eastern Indonesia in a way that is mutually beneficial for both the tourism business and the farmers?*

There are some programs where Westerners can volunteer their time at farms around the world, as long as the farm can provide lodging and food for the volunteer. Getting into a network like this could possibly build some awareness of the farm and allow the farmers to get used to working with foreigners. Whether this could be a way to generate income is unclear, and there would probably need to be at least some cooperation from the tourism company if a translator was required. Other than this, the tourism company could start to market agritourism as part of their services, or just include some time at the farm as part of a tour package. This would allow the tourism company to which agritourism activities guests are most interested in, as well as provide some practical experience for the farm in handling guests. An agreement could be worked out between the tourism business and the farm for a portion of the tour income to be paid to the farm for their services, especially if the tourist specifically requested a tour of the farm. Agritourism could also bring in another type of tourist than one that is just interested in ecotourism.

2. *How can Indonesian farmers set up their farms so that they would be interesting for foreign tourists to come visit?*

Since this farm is located on the coast, it would be possible to set up a facility like a gazebo next to the coast where guests could relax, enjoy the view, and drink some coconuts or have some milk, and possibly eat some grilled fish. This would need to be in a location far enough from the farm that there was no goat smell. It would also be possible for guests to spend the night out at the farm, possibly in a gazebo hanging hammocks, but meals would need to be provided because there are no restaurants in the immediate area. Any construction of guest lodging facilities could be possible but might be cost prohibitive. That would also require maintenance and more work from the farmers which they might not be prepared to do. The tourism company could help with operating something like this if it had reasonable hope of success.

3. *Should agritourists be able to participate in farming activities and sample the products at the farm, whether that be goat milk or fruits, nuts, and vegetables?*

This would depend on the type of guests that came to visit and their interests. For those that wanted to be involved in some type of manual labor on the farm, they could probably take part in the farm activities, but would at least initially need to be accompanied by a translator. This would also include

those that came to volunteer at the farm. If someone spent a significant amount of time at the farm it would be natural for them to eat some of the produce of the farm. For trying goat milk, it would need to be right after milking, either early in the morning or late in the afternoon, and there would need to be someone to heat up the milk, and probably serve it warm. Cold goat milk would need to be served in the city of Baubau, 30 minutes away, until electricity made it out to the farm. Electricity will change the level of service they can provide, but many Indonesians are used to living without electricity on small islands, especially during the day.

4. *What is the best way to incorporate food and beverage services into the operations of a farm where the food and beverages are produced?*

In order to provide food and beverages at the farm there would probably need to be some food safety procedures put in place as well as a very simple menu with prices, as well as a place to eat. This would require some work for those at the farm, as well as a cook available to prepare items like this when guests came to visit. If it was a restaurant for the general public, then it would require someone to be available for posted hours for the restaurant and some marketing would need to take place. There might also be some restaurant registration requirements with the government to operate things in this way, which might be too much work especially if there was not much demand. It might be best to limit these F&B services to time that there were guests of the tourism company that had planned tour packages, of which this was part of the tour and the farm would be compensated.

5. *How can tourism companies and farmers ensure these agritourism efforts are being conducted in a sustainable manner?*

This is an ongoing challenge in any business located in a remote location that is not a usual tourist destination. Operating the business sustainably environmentally and socially is easier to do in a place that tourism is just starting to touch. It is still new and exciting to the residents in most cases, though there are some challenges with introducing new activities for those that are not familiar with foreigners. There is also a great amount of opportunity. The financial sustainability piece is the most difficult, and it is important to try and open as many distribution channels as possible in order to find guests. Some of these could be Airbnb or Agoda.com if there is a lodging activity associated with the business. Social media is also very popular in Indonesia for spreading information about new areas. Websites that cater specifically to agritourists and environmental conservationists could also generate guests. An important consideration when working these different channels is institutional sustainability, ensuring that the Indonesian

owners and managers can maintain them long term in the absence of outside help.

6. *Should a rural tourism development plan be driven by small businesses like those in the case study or by the local government's tourism department?*

It would be beneficial if the government tourism departments in Indonesia did a good job of leading the cities and regencies, they represent in tourism development. However, currently, this usually is not the case. There are government officials doing good work throughout Indonesia, but most private businesses never see any tangible leadership at their level. Government employees are usually trying to look for their own guests in conjunction with tourism events and site infrastructure projects they are developing. This allows them to have some control over funds that flow through the tourism department and reap some personal benefit. There is typically not much room in their schedules to help businesses that may even be seen as competition unless it will personally benefit the government employee in some way. The private sector needs to ensure they are obtaining the required licenses and permits, but living and active rural tourism development plans will probably depend on them.

7. *Finally, what role should Indonesian tourism play in the economic development of agritourism opportunities?*

In most cases farmers will not know how to market their farm for agritourism purposes without the help of those in the tourism industry, especially farmers in remote areas. Tour guides and tourism company operators would be the most likely to identify potential agritourism sites, possibly through comments made by tourists as they pass by farms or by learning of successful agritourism projects in other parts of the world. It would be important to develop these agritourism sites with a variety of activities so that the trip to the farm would be worth the trip and explore the different aspects of an operating farm and the unique agricultural characteristics of islands in Indonesia. The more that guests can learn and experience through their visit to the farm, the more likely these agritourism efforts will be successful. This will most likely require knowledge of popular ecotourism and cultural tourism activities to supplement the agritourism opportunities at the farm.

References

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Suggestions for Additional Reading Material

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