

MARKETING THE RECREATION DIFFERENTIAL

Of course, the fundamental issue for the viability of family-scale agriculture¹ is the growing inadequacy of commodity prices. The individual farm or ranch family is essentially powerless to influence their commodity market position, beyond streamlining production costs, enhancing productivity and seeking innovative market niches. The economic big picture is systemic and political, and national/global farm policy is being fought out by various producer advocacy organizations. In the meantime, there is another market force that, at first blush, represents either a problem or an opportunity.

An emerging market reality that compels ranch economic potential is the differential between rural real estate's traditional productivity-based market value (as computed according to its ability to pay for itself by its commodity output), versus its amenity-based (read: recreational) market value. The appetite of urban-bound Americans for solitude, room-to-roam, private fishing and hunting, and the romantic mythology of the Great American West, coupled with unprecedented new wealth, has exploded western land values. Witness a recent study by a realty appraiser operating in the Northern Rockies who concluded that there is far more market demand for "amenity ranches" than there are ranches to sell.²

Call it the *recreation differential*.

The recreation differential expands virtually by the month, putting critical pressure on production ranching vis-a-vis justifiable return on investment. It is no secret that many ranches could sell out to the developers and moneyed hobbyists for a handsome return, and some have succumbed. But there has to be a place in the economy for an honest production operation, and (thankfully) many ranches are

¹ "Family-scale farms and ranches" means agricultural enterprises that are owned and operated by a nuclear family who live on their land and whose primary livelihood is derived from crop or livestock production.

² "Western Montana ranch sale activity doubles in 2002." Bozeman Daily Chronicle, March 24, 2003.

resolute to sustain their role as real ranches. The reality is, however, that ranching has to pay in order to be sustainable.

One way to address return on investment in the context of the land price differential is to market the “value” that drives it: recreation. That pent-up demand for “the ranch experience” is precisely the market opportunity upon which a real production ranch can diversify its income stream. To do so, the rancher must come to think of recreation as another saleable “commodity.”

Clearly, lots of people fantasize about being ‘cowboys,’ but neither are there enough ranches to go around nor, for that matter, can just anybody afford to buy a ranch of their own. Classic dude ranches service a portion of this market, but more and more vacationers want to experience the authenticity of a “working ranch,” as opposed to the contrived activities of a dude operation. (Isn’t it ironic that a real production outfit now has to be delineated as a “working” ranch!)

It would be a real contribution to both the agricultural economy and the consumer public to offer vacationers the option and opportunity to have the ranch experience of their dreams at a pretty reasonable cost, but, frankly, without the price and headache (and market disruption) of actually owning a ranch. Ideally, in this construct even people of ordinary means can afford to develop a fulfilling relationship with a particular ranch as “their ranch” while they vacation here year after year, cultivating the familiarity, sense of place, and belonging for which they yearn.

And the real ranch family gains both a new angle on economic sustainability and a growing circle of consumer-allies. We need both.