# Scottish Agritourism Growth Tracker

2022 Report

Covering the period: April 2020 – March 2021

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**Cover image**, Lennox of Lomond Farm

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# Executive Summary

## Strategic Direction to 2030

Scotland's Agritourism Strategy was launched in November 2021 and aims to ensure the sector has 'a long-term sustainable future that delivers a high quality, authentic visitor experience with agriculture and food and drink at its core, sustaining the future of family farms in Scotland contributing to the rural economy and positioning Scotland as a key player in global agritourism'.

It is known that there are around 500 businesses currently operating in the sector. The 'ambition for the sector is to have 1,000 Scottish farming and crofting enterprises offering an agritourism experience with at least 50% providing a food and drink element by 2030.'

## Growth Tracker

Scotland's Agritourism Growth Tracker supports the sustainable development of Scottish agritourism[1] and farm retail[2] activity by providing the evidence base that informs the sector's development strategy.

## Engagement

Sector engagement was 23% higher[3] than the inaugural Growth Tracker conducted in 2021. This report is therefore a more comprehensive baseline to measure future progress against.

## COVID-19

Significantly the main assessment timescale (April 2020 – March 2021) covers the time period that travel, tourism and hospitality were most negatively affected by COVID-19 restrictions.

Actual financial performance information is contained in this report while estimated impacts and information on the trading environment for agritourism and farm retail (e.g., business closures and subsequent partial trading conditions) is contained in the inaugural Growth Tracker report.[4] Agritourism businesses, especially accommodation providers were either forced to close or were subject to partial training conditions for the vast majority of the main assessment period. Farm retail was in the main able to trade with capacity limitations.

## Value

This Growth Tracker demonstrates Scotland's agritourism sector and farm retail activities provide significant value and opportunity for Scotland's farms, rural communities and visitor economy.

Agritourism is currently worth around £60million to the Scottish economy. This value is encouragingly similar to pre-pandemic levels and demonstrates the resilience and the strong appeal of the sector especially to a local/ domestic market during a period adversely affected by COVID-19 restrictions. Looking forward notable post COVID-19 turnover growth has been projected by agritourism operators.

Farm retail revenues were significantly boosted by increased demand for buying local/ direct from a farmer public messaging and communications. Known farm retail revenues subsequently increased from £62m to over £110million.

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1   The Scottish definition of agritourism is ''tourism or leisure on a working farm, croft or estate which produces food.'' (Source: https://scottishagritourism.co.uk)
2   Farm retail refers to selling produce directly from the farm via a farm shop, farmers market, local food hub or equivalent retail outlet
3   221/ 179 = 23% increase in responses
4   https://www.visitscotland.org/news/2022/agritourism-growth-tracker (Tables 5.1 to 5.4)

Assuming Strategy targets are achieved, the combined value of agritourism and farm retail in 2030 based on known information and average values would be around a £330million and would support almost 5,300 FTE jobs.[5]

These figures should also be viewed in the context of rural economy impacts where revenue and employment opportunities can have a disproportionately higher impact than in urban economies.

## Contribution to National Policy Objectives

The evidence in this report demonstrates agritourism is an important contributor to national and regional inclusion, diversity and economic development objectives by providing:

- Equal and inclusive employment opportunities for men and women which are available to all age profiles and skill levels
- Vital family and external employment opportunities in rural areas
- A sustainable core domestic based visitor market
- New revenue streams to cross fund and support agricultural activities
- Strong growth expectations and profitability levels
- Commercial and entrepreneurial opportunities to strengthen rural communities
- High levels of historic and planned investment to support other rural businesses and supply chain rural jobs

## Barriers Inhibiting Growth

The inherent value of Scotland's agritourism sector lies in maximising the synergies and added value that arise from combining agriculture, tourism and food and drink.

Central to this ambition is expediting the selling of onsite farm produce direct to visitors. This maximises the value chain and operator profits while delivering enhanced visitor experiences. Importantly it also accords with sustainable food and drink and economic development principles and contributes to Scotland Outlook 2030 responsible tourism objectives.

Around a third of agritourism businesses currently offer food and drink consumption onsite. Therefore, the remaining two thirds do not currently offer the consumption of farm produce onsite. More significantly however, one in four have no plans to develop this important value-added element.[6]

A major barrier is the availability or cost efficiency of onsite or local processing facilities. Cost and time resource associated with food hygiene requirements, operation and training staff were also identified along with uncertainty regarding commercial returns and the need to prioritise other competing agritourism development priorities.

Failure to capitalise or overcome the barriers to develop this vital value-added element of Scotland's agritourism strategy limits the sector's growth potential. Work to promote the appeal and potential value of selling onsite produce while seeking possible solutions to some of the barriers is required to fully capitalise on agritourism's full growth potential.

## Support Measures

Improvements to the planning system, perceived high VAT levels, concerns with the introduction of short-term lets licensing scheme and the availability of finance and grant support were the most frequently identified policies and support measures where changes would make the greatest difference.

The cost-of-living crisis, Brexit and the availability of skilled trades people were also identified as factors that were curtailing demand and negatively affecting investment decisions and operating conditions.

## Reporting Timeline Clarifications

The Inaugural Growth Tracker was published in March 2022 and reflects survey data collected in 2021 for the financial period April 2019 to March 2020.  This Growth Tracker reflects survey data collected in 2022 relating the financial period April 2020 to March 2021.

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5    The estimated FTE jobs figure was revised from the Inaugural Growth Tracker estimate following a significant increase in farm retail responses which decreased average employment levels per farm business
6    This was a higher share than reported in the inaugural Growth Tracker (15%)

## Key Performance Indicators

Key Performance Indicators (KPIs) have been identified to help articulate the value and importance of agritourism, monitor performance and project the scale of future impacts.

The list of indicators provided in Table EX.1 will be developed in future Growth Tracker reports.

## EX.1: Key Performance Indicators

| KPI Area | Baseline Value[7] | |
| --- | --- | --- |
| | %/ No./ £ | No. Responses |
| **Visitor Numbers** | | |
| Total agritourism visitors | 629,213 | 126 |
| Average visitor numbers per agritourism business p.a. | 4,994 | 126 |
| **Turnover** | | |
| Average turnover per agritourism business p.a. | £111,317 | 83 |
| **Employment** | | |
| Average FTE jobs per agritourism business | 3.2 | 153 |
| **Food & Drink (Key Strategy Aspiration)** | | |
| % of farms that sell produce direct to customers | 39% | 87 |
| % of farms that process produce on their farm | 17% | 37 |
| % of agritourism business that cater for produce being eaten onsite | 35% | 54 |

*Note: Sector value estimates and 2030 forecast value is provided in Table 3.1*

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7   Respondents were asked to provide performance information for a 'normal year'. If they started their agritourism activities or farm retail post March 2020 they were asked to provide any relevant performance information.

# Introduction

The inaugural Agritourism Growth Tracker informed the development of the 2021 Agritourism Growth Strategy. This report strengthens the findings in the inaugural baseline report and will help to measure progress in the sector in the coming years.

## Response Rate

The findings are based on the responses of 221 farms[8] and represents a 23% increase in responses from the previous year.[9] Around seven in ten respondents are actively involved in agritourism activities[10] and around four in ten have farm retail[11] operations.

There is thought to be between 500 to 700 active agritourism operators in Scotland.[12] Scottish Agritourism and VisitScotland are actively encouraging agritourism businesses to take up a free business listing on VistScotland.com[13] to help establish a robust baseline figure for active operations.

The Growth Tracker reflects the profile and performance of businesses that take part in the survey. Caution should therefore be used when interpreting some of the regional results or analysis that is based on relatively small samples.

## Report Structure

The analysis broadly follows the structure of the survey questionnaire:

- Section 1: Profile

- Section 2: Nature of Activities

- Section 3: Business Performance

- Section 4: Impact & Value

- Section 5: Forecast Business Performance

- Section 6: Future Plans

- Section 7: Government Policies to Support Sector Development

- Section 8: Sustainability Practices

- Section 9: Other (Marketing; Memberships; Certifications; Key Meeting attendance)

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8    The survey was open to all farm businesses and received responses from farm businesses that currently operate, are considering operating or have previously operated an agritourism or farm retail business.
9    The 2021 Growth Tracker received 179 responses
10   The Scottish definition of agritourism is ''tourism or leisure on a working farm, croft or estate which produces food.'' (Source: https://scottishagritourism.co.uk)
11   Farm retail refers to selling produce directly from the farm via a farm shop, farmers market, local food hub or equivalent retail outlet
12   Based on active listings on visitscotland.com and Scottish Agritourism knowledge
13   https://www.visitscotland.org/supporting-your-business/marketing/opportunities/national-tourism-website

# Section 1: Profile

The location of business respondents has been split into those actively involved in agritourism and farm retail activities[14] and then grouped into Scottish Enterprise Agency geographies and Scottish Agritourism regions (Table 1.1).

The results are slightly skewed by the size of each enterprise area (south of Scotland for example only has two local authority areas). However, there is relatively broad coverage for agritourism and farm retail activities across all three enterprise areas and each Scottish agritourism region.

Table 1.2 provides the same breakdown by Scottish local authority area. Agritourism and farm businesses are unsurprisingly more prominent in rural geographies that are traditionally characterised by agricultural activity.

The top eight local authority areas[15] while accounting for only a quarter of Scottish local authority areas account for over two thirds of agritourism businesses (64%) and farm retail businesses (68%). Most agritourism businesses also provide farm retail services (57%[16]).

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14    Please note all 61 respondees not actively involved are considering agritourism in the future. There were no responses from businesses not considering agritourism to skew the analysis
15    Top 8 by share of agritourism operations: Highland (10%), Scottish Borders (10%), Aberdeenshire (8%), Angus (8%), Fife (8%), Perth & Kinross (8%), Dumfries & Galloway (6%) & Stirling (6%).
16    87/153 = 57%

## 1.1: Location of Agritourism & Farm Retail Businesses

| Location of Current Businesses Area | Agritourism | | Farm Retail | | Total responses | |
|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % |
| **Scotland Enterprise Agency Level** | | | | | | |
| Scottish Enterprise | 88 | 58% | 45 | 52% | 120 | 54% |
| Highlands & Islands Enterprise | 40 | 26% | 29 | 33% | 66 | 30% |
| South of Scotland Enterprise | 25 | 16% | 13 | 15% | 35 | 16% |
| Total | 153 | 100% | 87 | 100% | 221 | 100% |
| **Scottish Agritourism Regions** | | | | | | |
| North *(Aberdeen; Aberdeenshire; Highland; Moray; Orkney; Shetland; Na h-Eileanan Siar)* | 46 | 30% | 35 | 40% | 78 | 35% |
| East Central *(Angus; Dundee; Fife; Perth & Kinross)* | 36 | 24% | 19 | 22% | 52 | 24% |
| South-East *(City of Edinburgh; East Lothian; Midlothian; Scottish Borders; West Lothian)* | 27 | 18% | 10 | 11% | 32 | 14% |
| South-West *(Dumfries & Galloway; East Ayrshire; North Ayrshire; South Ayrshire)* | 16 | 10% | 8 | 9% | 22 | 10% |
| West Central *(Argyll & Bute; Clackmannanshire; East Dunbartonshire; East Renfrewshire; Falkirk; Glasgow; Inverclyde; Renfrewshire; South Lanarkshire; Stirling; West Dunbartonshire, North Lanarkshire)* | 28 | 18% | 15 | 17% | 37 | 17% |
| Total | 153 | 100% | 87 | 100% | 221 | 100 % |

## 1.2: Location of Agritourism & Farm Retail Businesses[17]

| Local Authority Area | Agritourism | | Farm Retail | | Total responses | |
|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % |
| Aberdeenshire | 13 | 8% | 9 | 10% | 21 | 10% |
| Angus | 12 | 8% | 6 | 7% | 17 | 8% |
| Argyll & Bute | 7 | 5% | 3 | 3% | 9 | 4% |
| City of Edinburgh | 1 | 1% | 1 | 1% | 1 | 0% |
| Dumfries & Galloway | 9 | 6% | 5 | 6% | 14 | 6% |
| East Ayrshire | 2 | 1% | 1 | 1% | 3 | 1% |
| East Dunbartonshire | 1 | 1% | 0 | 0% | 1 | 0% |
| East Lothian | 6 | 4% | 1 | 1% | 6 | 3% |
| East Renfrewshire | 1 | 1% | 1 | 1% | 1 | 0% |
| Falkirk | 1 | 1% | 0 | 0% | 1 | 0% |
| Fife | 12 | 8% | 5 | 6% | 18 | 8% |
| Highland | 15 | 10% | 13 | 15% | 30 | 14% |
| Inverclyde | 1 | 1% | 0 | 0% | 1 | 0% |
| Midlothian | 3 | 2% | 0 | 0% | 3 | 1% |
| Moray | 6 | 4% | 6 | 7% | 8 | 4% |
| Na h-Eileanan Siar *(Western Isles)* | 4 | 3% | 3 | 3% | 9 | 4% |
| North Ayrshire | 3 | 2% | 2 | 2% | 3 | 1% |
| North Lanarkshire | 3 | 2% | 2 | 2% | 4 | 2% |
| Orkney Islands | 4 | 3% | 2 | 2% | 5 | 2% |
| Perth & Kinross | 12 | 8% | 8 | 9% | 17 | 8% |
| Renfrewshire | 0 | 0% | 0 | 0% | 1 | 0% |
| Scottish Borders | 16 | 10% | 8 | 9% | 21 | 10% |
| Shetland Islands | 4 | 3% | 2 | 2% | 5 | 2% |
| South Ayrshire | 2 | 1% | 0 | 0% | 2 | 1% |
| South Lanarkshire | 4 | 3% | 3 | 3% | 7 | 3% |
| Stirling | 9 | 6% | 5 | 6% | 11 | 5% |
| West Dunbartonshire | 1 | 1% | 1 | 1% | 1 | >1% |
| West Lothian | 1 | 1% | 0 | 0% | 1 | >1% |
| Total | 153 | 100% | 87 | 100% | 221 | 100% |

17  Derived from: Q1 - Firstly, can you please tell us where your business is located? Q5 - Do you sell any of your produce direct to consumers, for example via a farm shop, farmers market, local food hub, etc.? Q10 - Do you offer any tourism or leisure activities to visitors (general public) on your farm or elsewhere (referred hereon as agritourism)?

*Notes:*

1. *No survey responses received from: Aberdeen, Dundee, Glasgow or Clackmannanshire local authority areas in 2022.*

2. *Total responses include some farms that are not involved in agritourism or farm retail. Total responses are to the Growth Tracker Survey and do not necessarily equal Agritourism responses + Farm Retail responses in Table 1.2*

3. *Overall*
   - *69% (153) of total respondents offer agritourism*
   - *39% (87) of total respondents offer farm retail*
   - *28% (62) of total respondents offer both*
   - *19% (41) don't offer either*
   - *Total responses therefore denote the total number of survey respondents by LA area for each of the possibilities above*

## Nature of Agritourism Activities

Tables 1.3; 1.4 and 1.5 show the availability of agritourism activities and product offer by enterprise area, Scottish Agritourism Region and Scottish local authority area. Dark green shading identifies high concentrations, and the lighter green identifies low concentrations of agritourism activities across the various geographies.

### Enterprise Agency

The Scottish Enterprise Agency area has the highest concentration of agritourism activities (Table 1.3). This reflects the number of local authority areas contained within this geography and the relatively closer proximity to major cities and available markets.

### Scottish Agritourism Region

Analysis by Scottish Agritourism region shows the North and East Central regions have the highest concentration of agritourism activity (Table 1.4).

### Local Authority Area

Local authority analysis shows Aberdeenshire and Scottish Borders have the highest concentration of agritourism businesses across most activity categories (Table 1.5).

This fairly disaggregated local authority analysis also identifies pockets of activity e.g., festivals and events in Fife and Perth and Kinross. It also shows agritourism activities such as glamping are more evenly distributed throughout Scotland.

Clearly the area analysis in Tables 1.3; 1.4 and 1.5 will become more relevant and provide opportunities for more detailed granular analysis as a greater proportion of agritourism businesses submit completed Growth Tracker questionnaires.

## 1.3: Nature of Agritourism Activities by Enterprise Agency Area (dark green: high concentration / light green: low concentration)

| | On farm cafes and restaurants, pop up food | Farm tours/ experiences, including wildlife tours | Children's farm parks or children themed events | On farm events space for weddings, conferences, etc. | Action and adventure sports hosted by farmer/ farm employees | Festivals and events | Glamping, huts, yurts, wigwams, teepees, etc. | Farmhouse B&B | Self-catering accommodation in farm cottages or farmhouse | Self-catering in lodges or other larger new build | Caravan site/ camping | Other accommodation (please specify) | Other (please specify) | Farm Retail |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scottish Enterprise | 69% | 64% | 40% | 59% | 57% | 75% | 53% | 60% | 63% | 60% | 50% | 67% | 42% | 52% |
| Highland & Islands Enterprise | 23% | 22% | 40% | 12% | 14% | 17% | 22% | 40% | 18% | 28% | 0% | 22% | 42% | 33% |
| South of Scotland Enterprise | 8% | 14% | 20% | 29% | 29% | 8% | 25% | 0% | 18% | 12% | 50% | 11% | 16% | 15% |
| Total % | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Total No. | 26 | 50 | 15 | 17 | 7 | 12 | 32 | 5 | 71 | 25 | 8 | 9 | 19 | 87 |

## 1.4: Nature of Agritourism Activities by Scottish Agritourism Regions (Dark green: high concentration/ light green: low concentration)

| | On farm cafes and restaurants, pop up food | Farm tours/ experiences, including wildlife tours | Children's farm parks or children themed events | On farm events space for weddings, conferences, etc. | Action and adventure sports hosted by farmer/ farm employees | Festivals and events | Glamping, huts, yurts, wigwams, teepees, etc. | Farmhouse B&B | Self-catering accommodation in farm cottages or farmhouse | Self-catering in lodges or other larger new build | Caravan site/ camping | Other accommodation (please specify) | Other (please specify) | Farm Retail |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| North | 42% | 32% | 47% | 12% | 14% | 25% | 22% | 40% | 23% | 24% | 0% | 22% | 26% | 40% |
| East Central | 35% | 26% | 13% | 18% | 14% | 33% | 19% | 40% | 30% | 36% | 13% | 22% | 21% | 22% |
| South East | 15% | 10% | 20% | 41% | 14% | 8% | 22% | 0% | 20% | 4% | 38% | 33% | 11% | 11% |
| South West | 0% | 14% | 13% | 6% | 29% | 25% | 13% | 0% | 11% | 12% | 13% | 0% | 21% | 9% |
| West Central | 8% | 18% | 7% | 24% | 29% | 8% | 25% | 20% | 17% | 24% | 38% | 22% | 21% | 17% |
| Total % | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Total No. | 26 | 50 | 15 | 17 | 7 | 12 | 32 | 5 | 71 | 25 | 8 | 9 | 19 | 87 |

## 1.5: Nature of Agritourism Activities by Local Authority Area (Dark green: high concentration/ light green: low concentration)

| | On farm cafes and restaurants, pop up food | Farm tours/ experiences, including wildlife tours | Children's farm parks or children themed events | On farm events space for weddings, conferences, etc. | Action and adventure sports hosted by farmer/farm employees | Festivals and events | Glamping, huts, yurts, wigwams, teepees, etc. | Farmhouse B&B | Self-catering accommodation in farm cottages or farmhouse | Self-catering in lodges or other larger new build | Caravan site/ camping | Other accommodation (please specify) | Other (please specify) | Farm Retail |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Aberdeenshire | 19% | 12% | 13% | 6% | 0% | 17% | 3% | 0% | 10% | 4% | 0% | 11% | 0% | 10% |
| Angus | 15% | 10% | 7% | 0% | 0% | 0% | 3% | 20% | 11% | 8% | 0% | 11% | 11% | 7% |
| Argyll & Bute | 0% | 2% | 7% | 6% | 0% | 8% | 3% | 0% | 6% | 8% | 0% | 11% | 16% | 3% |
| City of Edinburgh | 4% | 2% | 7% | 6% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 1% |
| Dumfries & Galloway | 0% | 8% | 7% | 6% | 14% | 8% | 6% | 0% | 7% | 8% | 13% | 0% | 11% | 6% |
| East Ayrshire | 0% | 4% | 0% | 0% | 14% | 0% | 3% | 0% | 1% | 0% | 0% | 0% | 0% | 1% |
| East Dunbartonshire | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 4% | 0% | 0% | 0% | 0% |
| East Lothian | 4% | 2% | 0% | 6% | 0% | 8% | 3% | 0% | 4% | 0% | 0% | 11% | 0% | 1% |
| East Renfrewshire | 0% | 0% | 0% | 6% | 14% | 0% | 0% | 0% | 1% | 0% | 0% | 0% | 0% | 1% |
| Falkirk | 0% | 0% | 0% | 0% | 0% | 0% | 3% | 0% | 1% | 0% | 13% | 0% | 0% | 0% |
| Fife | 8% | 4% | 0% | 0% | 0% | 8% | 6% | 0% | 7% | 28% | 0% | 0% | 5% | 6% |
| Highland | 8% | 2% | 13% | 0% | 0% | 0% | 9% | 0% | 10% | 16% | 0% | 11% | 5% | 15% |
| Inverclyde | 0% | 2% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Midlothian | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 4% | 0% | 0% | 0% | 5% | 0% |
| Moray | 12% | 4% | 13% | 6% | 0% | 8% | 3% | 20% | 0% | 0% | 0% | 0% | 5% | 7% |
| Na h-Eileanan Siar (Western Isles) | 0% | 4% | 7% | 0% | 0% | 0% | 3% | 0% | 0% | 4% | 0% | 0% | 5% | 3% |
| North Ayrshire | 0% | 2% | 7% | 0% | 0% | 17% | 0% | 0% | 3% | 0% | 0% | 0% | 11% | 2% |
| North Lanarkshire | 4% | 0% | 0% | 0% | 0% | 0% | 3% | 0% | 0% | 4% | 0% | 0% | 0% | 2% |
| Orkney Islands | 0% | 4% | 0% | 0% | 14% | 0% | 3% | 20% | 3% | 0% | 0% | 0% | 5% | 2% |
| Perth & Kinross | 12% | 12% | 7% | 18% | 14% | 25% | 9% | 20% | 11% | 0% | 13% | 11% | 5% | 9% |
| Renfrewshire | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Scottish Borders | 8% | 6% | 13% | 24% | 14% | 0% | 19% | 0% | 11% | 4% | 38% | 11% | 5% | 9% |
| Shetland Islands | 4% | 6% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 5% | 2% |
| South Ayrshire | 0% | 0% | 0% | 0% | 0% | 0% | 3% | 0% | 0% | 4% | 0% | 0% | 0% | 0% |
| South Lanarkshire | 4% | 2% | 0% | 0% | 0% | 0% | 0% | 0% | 1% | 4% | 13% | 0% | 0% | 3% |
| Stirling | 0% | 10% | 0% | 12% | 0% | 0% | 13% | 20% | 6% | 4% | 13% | 11% | 5% | 6% |
| West Dunbartonshire | 0% | 2% | 0% | 0% | 14% | 0% | 3% | 0% | 1% | 0% | 0% | 0% | 0% | 1% |
| West Lothian | 0% | 0% | 0% | 6% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 11% | 0% | 0% |
| Total % | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Total No. | 26 | 50 | 15 | 17 | 7 | 12 | 32 | 5 | 71 | 25 | 8 | 9 | 19 | 87 |

## Type of Business

Three quarters of businesses involved in agritourism are farm businesses (76%), while crofts and estates account for a smaller share of agritourism activity (10% and 7% respectively). Crofts do however account for a comparatively higher overall share of farm retail activity (18%).



## Farm Size

There is a relatively broad distribution of farm sizes for businesses involved in agritourism and farm retail. Smaller farms with less than 50 hectares are however more likely to be involved in agritourism and/or farms retail activities.



## 1.6: Type of Business

| Type of Business | Agritourism | | Farm Retail | | Total responses | |
|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % |
| Farm | 116 | 76% | 61 | 70% | 164 | 74% |
| Croft | 16 | 10% | 16 | 18% | 32 | 14% |
| Estate | 11 | 7% | 4 | 5% | 12 | 5% |
| Other[18] | 10 | 7% | 6 | 7% | 13 | 6% |
| Total | 153 | 100% | 87 | 100% | 221 | 100% |

18 Those answering 'Other' responding with the following: Smallholding (6 respondents); Farm Shop Business; Small Agricultural Holding; Land; Small farm; Self-Catering holiday cottages and Farm Steading and Professional services located on a farm and woodland.

## 1.7: Farm Size

| Size | Agritourism | | Farm Retail | | Total responses | |
|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % |
| 0-50 hectares | 37 | 24% | 35 | 40% | 60 | 27% |
| 51-100 hectares | 23 | 15% | 16 | 18% | 33 | 15% |
| 101-200 hectares | 28 | 18% | 12 | 14% | 44 | 20% |
| 201-500 hectares | 37 | 24% | 13 | 15% | 52 | 24% |
| 501 hectares plus | 27 | 18% | 11 | 13% | 31 | 14% |
| Unsure | 1 | 1% | 0 | 0% | 1 | 0% |
| Total | 153 | 100% | 87 | 100% | 221 | 100% |

## Main Agricultural Activities

Meat related farms are the most prevalent type of farm involved in agritourism and farm retail activity (Table 1.8). A broader range of farm activity was also recorded on farms offering farm retail.

### 1.8: Grouped Main Agricultural Activities

| Type of product | Agritourism | | Farm Retail | | Total responses | |
|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % |
| Meat* | 112 | 73% | 61 | 70% | 165 | 75% |
| Dairy** | 7 | 5% | 5 | 6% | 10 | 5% |
| Eggs | 16 | 10% | 25 | 29% | 28 | 13% |
| Fruit | 14 | 9% | 18 | 21% | 23 | 10% |
| Vegetables | 15 | 10% | 19 | 22% | 29 | 13% |
| Cereals | 49 | 32% | 25 | 29% | 74 | 33% |
| Other (please specify)[19] | 34 | 22% | 24 | 28% | 39 | 18% |
| Total*** | 153 | - | 87 | - | 221 | - |

\*      Scotch Beef/ Scotch Lamb/ Scotch Pork /Chicken/Goat /Turkey
\*\*     Cows/Sheep/Goats
\*\*\*    Total percentage not relevant as respondent could provide multiple answers

Table 1.9 disaggregates the various types of meat production and shows the main activities to be Scotch beef and Scotch lamb production. Cereal activity is the second most common activity.

### 1.9: Main Agricultural Products*

| Type of product | Agritourism | | Farm Retail | | Total responses | |
|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % |
| Meat - Beef | 81 | 53% | 44 | 51% | 118 | 53% |
| Meat - Sheep | 83 | 54% | 42 | 48% | 127 | 57% |
| Meat - Chicken | 1 | 1% | 1 | 1% | 2 | 1% |
| Meat - Goat | 3 | 2% | 3 | 3% | 3 | 1% |
| Meat - Turkey | 2 | 1% | 2 | 2% | 3 | 1% |
| Dairy - Cows | 5 | 3% | 3 | 3% | 7 | 3% |
| Dairy - Sheep | 2 | 1% | 3 | 3% | 3 | 1% |
| Dairy - Goats | 1 | 1% | 1 | 1% | 2 | 1% |
| Eggs | 16 | 10% | 25 | 29% | 28 | 13% |
| Fruit | 14 | 9% | 18 | 21% | 23 | 10% |
| Vegetables | 15 | 10% | 19 | 22% | 29 | 13% |
| Cereals | 49 | 32% | 25 | 29% | 74 | 33% |
| Other (please specify)[20] | 34 | 22% | 24 | 28% | 39 | 18% |
| None | 0 | 0% | 0 | 0% | 2 | 1% |
| Total** | 153 | - | 87 | - | 221 | - |

*Meat - Pork – accidently omitted from survey (available in Inaugural Growth Tracker)
*Total percentage not relevant as respondent could provide multiple answers

## Sales of produce onsite

Growing the sales of produce onsite and providing a more comprehensive food experience is a major ambition of Scotland's Agritourism Strategy.

### Sales of Produce Direct to Consumer (all farms)

Four in ten agritourism businesses reported they currently sell their produce direct to consumers. Understandably all farm retail businesses sell their produce direct to customers (100%).

### 1.10: Sales of Produce Direct to Consumer

|  | Agritourism | | Farm Retail | | Total responses | |
|---|---|---|---|---|---|---|
|  | No. | % | No. | % | No. | % |
| No | 87 | 57% | 0 | 0% | 127 | 57% |
| Not applicable | 4 | 3% | 0 | 0% | 7 | 3% |
| Yes | 62 | 41% | 87 | 100% | 87 | 39% |
| Total | 153 | 100% | 87 | 100% | 221 | 100% |



## Method of Sales of Produce Direct to Consumer (all farms)

The most commonly reported method for selling produce direct to customers was via 'own website/social media channels' (55%) followed by 'an on-farm shop' (36%) and then via 'an on-farm honesty box' (29%).

### 1.11: Method of Sales of Produce Direct to Consumer (all farms)

|  | % | No. |
|---|---|---|
| Via our own website/social media channels | 55% | 48 |
| Via on-farm shop | 36% | 31 |
| Via on-farm honesty box | 29% | 25 |
| Other | 25% | 22 |
| Only to guests who are staying or visiting for agritourism | 20% | 17 |
| Via farmers market | 14% | 12 |
| Via local food hub | 11% | 10 |
| Total* | - | 87 |

*Total percentage not relevant as respondent could provide multiple answers*

A quarter of respondents (25%) identified other methods including:

- Local residents through online service, home delivery service; food hubs and word of mouth
- Local retailers, restaurants and caterers; by vending machines and farm gate by prior arrangements
- Vegetable/ meat/ diary produce box subscription schemes
- Customer visits to see produce/ animals and then subscription scheme
- Pop up shops and seasonal pitches (e.g., pumpkin patches)

## Future Plans - Selling Produce Directly to Consumers (all farms)

Over a third of businesses (35%) not currently selling produce direct plan to start selling direct (11% within the next year and 24% one year from now). Over half (58%) have no intention of selling direct in the near future.

### 1.12: Future Plans - Selling Produce Directly to Consumers

| Process Produce on farm | % | No. |
|---|---|---|
| Yes, planning to start selling directly to consumers in next 12 months | 11% | 14 |
| Yes, considering selling directly to consumers more than a year from now | 24% | 31 |
| No, not currently considering selling directly to consumers | 58% | 74 |
| Unsure | 4% | 5 |
| Other (please specify)[21] | 2% | 3 |
| Total | 100% | 127 |



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21   Those answering other provided the following responses: "We process our produce and sell that direct"; 'Fruit is available to our agritourism accommodation guests' and ''Possibly. We already give our hens' eggs to our self-catering customers as part of their welcome pack. We may further diversify into fruit growing for self-pick market. No plans to slaughter grazing animals as they are used as conservation grazing and attractions for our guests."

## Currently Process Produce on the farm (all farms)

Only a small proportion (17%) currently process produce on their farm. The majority (58%) have no immediate plans to process produce, however around one in five (19%) stated the are currently considering it.

### 1.13: Currently Process Produce on the farm (all farms)

| Process Produce on farm | % | No. |
|---|---|---|
| No, and are not currently considering this | 58% | 129 |
| No, but we are considering this | 19% | 42 |
| Not applicable | 6% | 13 |
| Yes | 17% | 37 |
| Total | 100% | 221 |

Examples of food and drink currently being processed or being considered include:

- Alcohol (e.g., potatoes, wheat, barley & peas for spirits)
- Botanical spirits and malting for beer
- Charcuteries and crisps
- Cheese, cream, ice cream, milkshakes and pasteurised milk
- Fibre for needle felting & crafting
- Home farm bakes (e.g., steak pies, mince and steak rounds, sausage rolls, scotch eggs, quiche)
- Homemade cakes, traybakes, scones, puddings, meringues
- Honey
- Juices, teas, cider, jam, preserves, purees and soft fruit production
- Meals for self-catering, breakfast packs, BBQ packs and food hampers
- Non-food added value products including leather, fleece-based products, yarns, vegetarian sheepskins, woven and knitted goods
- Organic beef, lamb and game
- Pickles/preserved vegetables and salads
- Processed seasonal fruit (for instant freezing)
- Sausages, burgers, koftas, biltong, pastrami, smoked meat (lamb and pork)
- Seasonal produce (e.g., pumpkin chutney and pumpkin soup)
- Soups, stocks, beef dripping, croutons, breadcrumbs

## Agritourism Businesses - Eating Produce on Site

Some farm produce can't be eaten directly and needs to be processed into something else that can then be consumed onsite.

Around a third (35%) of agritourism businesses have the facilities to offer food consumption on the farm. Around one in four (24%) stated they are also considering developing facilities to do this in the future while one in five (20%) provide local food and drink to guests.

However, one in four (24%) also have no plans to allow food consumption of farm produce onsite. This was a higher share than reported in the inaugural Growth Tracker (15%).

### 1.14: Agritourism Businesses - Eating Produce Onsite

|  | % | No. |
|---|---|---|
| Yes | 35% | 54 |
| No, and **do not** intend to in the future | 24% | 36 |
| • No, but we supply food and drink from the local area to guests | 20% | 30 |
| • No, but we would like to be able to do this in the future | 24% | 36 |
| Total | - | 153 |



## Agritourism Businesses – Reasons Produce Cannot Be Eaten Onsite

The reasons provided for why farm produce cannot be eaten onsite included 'it's not possible as we do not produce food or drink that can be directly consumed on the farm' (35%) and 'It's not possible as there are no local processing facilities to allow us to provide food to guests' (18%).

### 1.15: Why Can't you Eat Produce Onsite

|  | % | No |
|---|---|---|
| It's not possible as we do not produce food or drink that can be directly consumed on the farm | 35% | 35 |
| It's not possible as there are no local processing facilities to allow us to provide food to guests | 18% | 18 |
| Not possible for another reason | 35% | 35 |
| Unsure | 15% | 15 |
| Total* | 100% | 99 |

*Total percentage not relevant as respondent could provide multiple answers*

Additional barriers to eating produce onsite included:

- Excessive distance to closest processor
- Uncertainty surrounding local abattoir
- Personal and physical resource
- Not registered with Environmental Health
- Cost associated with food hygiene, staff training and operating facilities
- Too many rules and regulations associated with food processing onsite
- Insufficient resource (size of flock and grazing to finish livestock on the croft)
- Own produce does not fit with adopted business model (event management company being used for all aspects of venue management including sales, marketing and delivery)
- Lack of understanding about commercial potential and possible footfall/ customer base
- Busy establishing other agritourism related ventures
- Balance between economies of scale and selling small quantities may not be cost effective
- Other visitor facilities and services need to be developed first

## Agritourism Business Birth Year

Just less than a third (30%) of respondents started their agritourism business over the past two years. This demonstrates a somewhat recent entrepreneurial spirit within the sector and also potentially highlights the growing necessity to generate further income to cross fund traditional agricultural operations.

Around one in ten (11%) respondents started before 1999 which shows the longevity of the sector and demonstrates the broad coverage achieved by the Growth Tracker.

### 1.16: Agritourism Business Birth Year



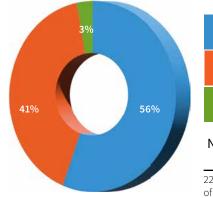| Before 1990 | 1990 – 1999 | 2000 – 2009 | 2010 – 2019 | 2020 – 2022 |
|---|---|---|---|---|
| 7% | 6% | 16% | 41% | 30% |

N=153

## Availability Throughout the Year

Agritourism facilities were widely reported to be open throughout the year. At least three quarters of facilities were available during the traditional off-season months.

Agritourism therefore contributes to the Scottish Tourism 2030 objective of extending seasonality by providing accommodation and tourism and leisure activities in low season.

## Agritourism Business Relationship with Farm Business

The majority (56%) of agritourism businesses were legally part of the farm business. However, a large proportion (41%) were a separate business entity to the farm business.

### 1.18: Agritourism Business Relationship with Farm Business



- A part of the farming business
- A separate business from the farming enterprise
- Other[22]

3% / 41% / 56%

N=153

22    'Other' responses included:  Accommodation is part of farm and retail separate; Part of estate business; Cafe business run by a separate individual; Agritourism business separate from the main family farm, however small amount of livestock is run as a small farm in its own right; Crofting cannot be considered a 'business'. Not possible to make a profit.  Parcels of land too small and/or unsuitable for agriculture.

### 1.17: Agritourism Operational Months



| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 75% | 75% | 81% | 92% | 96% | 96% | 96% | 96% | 95% | 92% | 78% | 80% |

# Section 2: Nature of Activities

## Involved in Agritourism Activity

Over two thirds of respondents (69%) were actively involved in agritourism activities. The reminder were either not involved (19%) or used to be involved (11%).

## 2.1: Involved in Agritourism Activity

| | % | No. |
|---|---|---|
| Yes, on our farm | 61% | 135 |
| Yes, on our farm and elsewhere | 7% | 15 |
| Yes, elsewhere only, not on our farm | 1% | 3 |
| *Yes (sub-total)* | *69%* | *153* |
| No, we have never offered agritourism activities | 19% | 43 |
| No, we used to offer agritourism activities but no longer do | 11% | 25 |
| *No (sub-total)* | *31%* | *68* |
| Total | 100% | 221 |

## Nature of Activities

Self-catering accommodation and farm tours are the most common activities by those involved in agritourism. Farm tours and glamping style accommodation where the most frequently identified by those planning to be involved.

The profile of activities offered by those planning to be involved (although based on a smaller number of responses) is markedly different. This shows how the sector has changed and demonstrates the range of new opportunities.



## 2.2: Nature of Activities

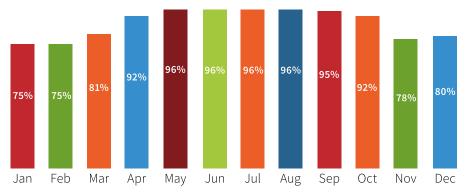| Activity | Currently involved | | Planning to be involved | |
|---|---|---|---|---|
| | % | No. | % | No. |
| Self-catering accommodation in farm cottages or farmhouse | 46% | 71 | 26% | 12 |
| Farm tours/experiences, including wildlife tours | 33% | 50 | 39% | 18 |
| Glamping, huts, yurts, wigwams, teepees, etc. | 21% | 32 | 39% | 18 |
| On farm cafes and restaurants, pop up food | 17% | 26 | 17% | 8 |
| Self-catering in lodges or other larger new build | 16% | 25 | 37% | 17 |
| Other (currently involved[23] & planning to be involved[24]) | 12% | 19 | 11% | 5 |
| On farm events space for weddings, conferences, etc. | 11% | 17 | 20% | 9 |
| Children's farm parks or children themed events | 10% | 15 | 9% | 4 |
| Festivals and events | 8% | 12 | 4% | 2 |
| Other accommodation (please specify) | 6% | 9 | 2% | 1 |
| Caravan site/camping | 5% | 8 | 17% | 8 |
| Action and adventure sports hosted by farmer/farm employees | 5% | 7 | 4% | 2 |
| Farmhouse B&B | 3% | 5 | 9% | 4 |
| Unsure | 0% | 0 | 2% | 1 |
| Total | - | 153 | - | 46 |

23   'Other' responses included: Accommodation is part of farm and retail separate; Part of estate business; Cafe business run by a separate individual; Agritourism business separate from the main family farm; Crofting cannot be considered a 'business'. Not possible to make a profit. Parcels of land too small and/or unsuitable for agriculture
24   Other responses included: Outdoor Activity; Smoking / BBQ school; Gaelic interpretation; Distillery

## Operators of Agritourism Business

The vast majority of agritourism businesses operate their tourism/leisure activities by themselves (90%). A very small proportion rent/sub-contract to others (1%) while some do both (8%).

### 2.3: Operators of Agritourism Business

|  | % | No. |
|---|---|---|
| We operate all tourism/leisure activities ourselves | 90 | 137 |
| We operate some tourism/leisure activities ourselves and rent/sub-contract some to others | 8 | 13 |
| We rent/sub-contract all tourism/leisure activities to others | 1 | 1 |
| No | 1 | 2 |
| Total | 100% | 153 |

## Future Operators of Agritourism Business

The majority of future agritourism business operators intend to operate the business by themselves (63%). A small proportion do not intend to operate by themselves (16%) or are unsure (16%).

### 2.4: Future Operators of Agritourism Business*

|  | % | No. |
|---|---|---|
| Yes – operating ourselves | 63% | 43 |
| Yes – renting land/facilities or sub-contracting others to run agritourism activities | 4% | 3 |
| Yes | 6% | 4 |
| No | 16% | 11 |
| Unsure | 16% | 11 |
| Total | - | 68 |

*Multiple choice question to pick up intentions for more than one future business*

## Timeframe of Planned Activities

Accommodation projects, particularly glamping style accommodation were the most frequently mentioned future projects that are likely to be advanced in the short to medium term. Farm tours, farm cafes and restaurants and the development of farm event space were also identified as short to medium term projects.

Table 2.5 can be viewed alongside Table 1.13 which provides a timeline of future plans to sell produce direct to consumers.



## 2.5: Timeframe of Planned Activities

| | Within the next 12 months | | 1 to 3 years from now | | 4 to 6 years from now | | Unsure | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | % | No. | % | No. | % | No. | % | No. | % | No. |
| On farm cafes and restaurants, pop up food | 16% | 3 | 22% | 5 | 0% | 0 | 0% | 0 | 17% | 8 |
| Farm tours/experiences, including wildlife tours | 37% | 7 | 39% | 9 | 50% | 1 | 50% | 1 | 39% | 18 |
| Children's farm parks or children themed events | 11% | 2 | 9% | 2 | 0% | 0 | 0% | 0 | 9% | 4 |
| On farm events space for weddings, conferences, etc. | 26% | 5 | 13% | 3 | 0% | 0 | 50% | 1 | 20% | 9 |
| Action and adventure sports hosted by farmer/farm employees | 0% | 0 | 9% | 2 | 0% | 0 | 0% | 0 | 4% | 2 |
| Festivals and events | 0% | 0 | 9% | 2 | 0% | 0 | 0% | 0 | 4% | 2 |
| Glamping, huts, yurts, wigwams, teepees, etc. | 37% | 7 | 43% | 10 | 50% | 1 | 0% | 0 | 39% | 18 |
| Farmhouse B&B | 0% | 0 | 13% | 3 | 50% | 1 | 0% | 0 | 9% | 4 |
| Self-catering accommodation in farm cottages or farmhouse | 32% | 6 | 26% | 6 | 0% | 0 | 0% | 0 | 26% | 12 |
| Self-catering in lodges or other larger new build | 37% | 7 | 39% | 9 | 50% | 1 | 0% | 0 | 37% | 17 |
| Caravan site/camping | 0% | 0 | 26% | 6 | 100% | 2 | 0% | 0 | 17% | 8 |
| Other accommodation (please specify) | 5% | 1 | 0% | 0 | 0% | 0 | 0% | 0 | 2% | 1 |
| Other (please specify) | 16% | 3 | 9% | 2 | 0% | 0 | 0% | 0 | 11% | 5 |
| Unsure | 0% | 0 | 4% | 1 | 0% | 0 | 0% | 0 | 2% | 1 |
| Total | 100% | 19 | 100% | 23 | 100% | 2 | 100% | 2 | 100% | 46 |

## Barriers - Reasons Not in Currently in Agritourism

Over half of business respondents considering agritourism stated 'costs and funding' barriers and 'time and resources required' as the main factors that were limiting business development. .

## Table 2.6: Barriers to Agritourism - Reasons Not Currently in Agritourism

| Barriers | % | No. |
|---|---|---|
| Time and resource required | 57% | 39 |
| Cost and funding | 49% | 33 |
| Lack of knowledge | 19% | 13 |
| Don't want to have the public on the farm | 10% | 7 |
| I don't want to be consumer facing / dealing directly with the public | 10% | 7 |
| I don't think my farm lends itself to agritourism | 10% | 7 |
| Want to concentrate on core farming | 9% | 6 |
| *Other (please specify) | 25% | 17 |
| Total | - | 68 |

*Total percentage not relevant as respondent could provide multiple answers*

Around a quarter also stated a 'lack of knowledge' as a restrictive barrier. 'Other' responses included

available resource and existing personal and business commitments

advice of getting started

health risks

delays with planning

delays and costs with inputs (trades & supplies)

regulation and building works

uncertainty related to landlord's influence and objections

uncertainty with policy support for agritourism developments

## Examples of Best Practice or Business Models from Other Countries

Respondents were asked to provide examples of agritourism best practice or agritourism business models that could be adopted in Scotland.

The majority of respondents felt they were unable to identify specific exemplar countries. Of those that were, Italy was the most frequently identified exemplar followed by Canada, France, Scandinavian and USA. Argentina, Australia, Cyprus, Demark, Holland, Iceland, Ireland, New Zealand, Norway and Slovenia were also mentioned.



## Country Specific Examples (Summarised)

- Italy and America were considered to be particularly good at developing food trails to highlight produce

- Scandinavia was identified for setting clean, clear expectations of visitor behaviour and a 'common sense' approach to agritourism

- Italy and France were considered to benefit from greater levels of appreciation for farmers and the value of agriculture and agritourism

- Cyprus was identified for having a visionary approach to developing agritourism 'several decades ago' by 'opening up' and encouraging 'rustic' accommodation and agritourism on small farms that helped 'established a brand on the island' and attracted visitors.

- Italy, Canada and USA for acknowledging that agritourism can help alleviate some of the problems associated with modern farming by developing sustainable food and drink opportunities and providing employment for all age groups. This was seen to sustain farm profitability and reduce rural population decline

- Demark in relation to promoting mental health benefits, specifically by adopting the Hygge[25] effect. The respondent provided valuable marketing advice:
  - ''In our present climate of mental wellbeing this is an area that this country could well market with its beautiful scenery. Rural retreats, seeing the actual sky, and the stars all align with a sense of calm and relaxation.''

- New Zealand was considered to be 'more applicable to Scotland than Europe.' However, there was also caution of a 'one size fits all' due to the unique differences between countries.

- Netherlands for 'impressive circular economies'

- Norway for an overall approach

- 'Several European countries' generally for 'seamlessly' combining accommodation, food and learning.

- Western Australia for their continuous open discussion from pre planning to council approval alongside direct phone access to a personal local government planner.

- USA for its plentiful 'farm parks'

- USA was also identified as an exemplar in relation to land permission and trespassing legislation as opposed to Scotland's 'right to roam laws.'
  - Please see Scottish Government website for Right to Responsible Access information and Scotland's Outdoor Access Code

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25   Hygge is a word in Danish and Norwegian that describes a mood of cosiness and comfortable conviviality with feelings of wellness and contentment.

## Business Model & General

- Agritourism monitor farm was considered to be 'an outstanding way for businesses to learn from each other and enable businesses to learn from each other.'
- Attendance and sharing the findings of international agritourism conferences was considered to be an important source of international best practice.
- 'Too much legislation' was considered to hamper progress and growth and deter investment or start ups
- 'More freedom, less limiting regulations'
- Improved customer service and all year opening
- The 'danger of diversifying away from core food production' was highlight as a concern but also a necessity.
- 'Diverse regenerative agriculture systems' were considered to be a part of more valuable future agritourism business models
- Improved support for storytelling and developing food experiences
  » 'We need to get better a telling the story. Going into a restaurant to find exactly which farm the food came from. Try and work out a way for a non-cooking farm like ours to work more with bringing a chef/cooking farmer to us to offer experiences.'
  » ''Scotland is getting there with farm education I'm amazed on how people don't understand how the countryside/ farming works. Some other countries people are more connected to farming because they get involved in some way.''
- Serval respondents also mentioned Scotland's strong and growing contribution to international agritourism development. This sentiment was most encapsulated by the following respondent 'I think Scotland is probably leading the way, but we can always learn from others.'
- Finally, there was a relevant general comment on learning from others to address potential value and quality concerns with agricultural products:
  » ''No experience of agritourism in other countries, but feel we have a lot to learn from others as the value of what we produce is decreasing whilst the supermarkets flood the shelves with cheap, arguably poorer welfare, meat and produce.''

# Section 3: Business Performance

## Turnover

Table 3.1 provides a high-level indicative estimate of the current and future value of agritourism and farm retail businesses. The estimates have been based on the Growth Tracker survey responses, average turnover levels and the Agritourism Strategy target to develop at least 1,000 active agritourism businesses by 2030.

Agritourism is worth at around £60million to the Scottish economy, while farm retail is worth over £110million. Businesses were also asked to estimate business performance for 2022/23. Turnover growth was forecast for agritourism over the current year however there was a slight contraction forecast for farm retail also when considered on an average turnover per business base.

Assuming Strategy targets are achieved, the combined value of agritourism and farm retail in 2030 based on known information and average values would be around a £330million and would support almost 5,300 FTE jobs.[26]

These figures should also be viewed in the context of rural economy impacts where revenue and employment opportunities can have a disproportionately higher impact than in urban economies.

## 3.1: Turnover & Estimated Current & Future Value

| | 2020/21 Reported | | 2021/22 Business Estimate | |
|---|---|---|---|---|
| | Agritourism | Farm Retail | Agritourism | Farm Retail |
| **Existing Business Base Value** | | | | |
| Turnover from responses (£m) | £9.2 | £15.1 | £11.1 | £12.5 |
| No. of responses | 83 | 39 | 88 | 37 |
| Turnover per business | £111,317 | £388,434 | £125,667 | £338,688 |
| Estimated no. of current businesses | 500 | 284 | 500 | 284 |
| Sector Value (£m) | £55.7 | £110.4 | £62.8 | £96.3 |
| Employment (FTEs)** | 1,600 | 1,080 | 1,600 | 1,080 |
| **Future Business Base Value (based on 2030 Strategy Target)** | | | | |
| Businesses (based 2030 target) | 1,000 | 569 | 1,000 | 569 |
| Turnover (£m) | £111.3 | £220.9 | £125.7 | £192.6 |
| Employment (FTEs)** | 3,200 | 2,161 | 3,200 | 2,161 |

*\* Based on known ratio of farm retail to agritourism businesses (87/153 = 57%)*

*\*\* Based on known average FTEs per business per activity (see Table 4.3)*

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26 Average Farm Retail FTEs converged to similar levels to agritourism 2021/22 and was much lower than reported in the Inaugural Growth Tracker. Please see Farm Retail Employment section for a more detailed explanation

## Profitability

The profitability associated with agritourism and each specific agritourism activity far exceeded that reported for farm activities. Farm retail profit also exceeded farm profit without farm subsidies.

Table 3.2 shows the profit levels when turnover and net profits are totalled for each type of business operation.

| 3.2: Profit (turnover/net profit[27]) | Profit | |
|---|---|---|
| | Reported 2020/21 | Forecast 2021/22 |
| Farm (excluding subsidy) | 7% | 6% |
| Farm Retail | 9% | 6% |
| Agritourism* | 20% | 26% |
| • Caravan site/camping | 51% | 41% |
| • Farm tours/experiences, including wildlife tours | 38% | 33% |
| • Festivals and events | 36% | 23% |
| • Self-catering accommodation on farm | 33% | 42% |
| • Glamping, huts, yurts, wigwams, teepees, etc. | 30% | 40% |
| • On farm cafes and restaurants, pop up food | 15% | 17% |
| • Other (please specify) | 20% | 23% |
| • Action and adventure sports hosted by farmer | 13% | 15% |
| • Farmhouse B&B | 6% | 0% |
| • On farm events space for weddings, conferences | 2% | 17% |
| • Children's farm parks or children themed events | -11% | 8% |
| • Hotel / restaurant with rooms | - | - |
| • *Agritourism average based on sub-activity responses above* ** | 23% | 25% |

*\* Based on a single question*
*\*\* Based on the average of from follow up question on particular agritourism activities (Note: Not all respondents provided disaggregated values for their agritourism activities hence the slight difference between the two agritourism totals).*

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27   Respondents were asked to provide their Turnover and Net Profit (after all costs).

## Agritourism Assets

A wide range of assets are being utilised for agritourism activities ranging from land (63%) and panoramic views (56%) to historic buildings (13%). Farm/estate buildings (27%) along with Countryside walking routes (25%) where the most frequently mentioned assets that could be used in the future.

### 3.3: Current & Potential Agritourism Assets

| | Currently being used for agritourism | | Not being used but could be used in future | |
|---|---|---|---|---|
| | % | No. | % | No. |
| Land | 63% | 140 | 24% | 52 |
| Farm/estate buildings (non-residential) | 31% | 69 | 27% | 59 |
| Farm/estate buildings (residential) | 38% | 83 | 13% | 28 |
| Historic buildings | 13% | 29 | 9% | 20 |
| Family member/s / staff with specific skills | 49% | 109 | 13% | 29 |
| Livestock | 48% | 105 | 19% | 41 |
| Crops | 19% | 42 | 11% | 25 |
| Countryside walks (on farm/estate) | 44% | 98 | 25% | 56 |
| Panoramic views | 56% | 124 | 19% | 41 |
| Environmental features – green tourism | 41% | 90 | 21% | 47 |
| Wildlife | 49% | 109 | 24% | 52 |
| Historic connection to famous point in history | 19% | 43 | 11% | 24 |
| Other (please specify)[28] | 4% | 8 | 10% | 21 |
| None | 17% | 38 | 23% | 51 |
| Total | - | 221 | - | 221 |

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28   'Other' assets currently being used included: B&B; Digital and travel solutions; A SUV vehicle; part of Flanders Moss NNR; purpose-built properties; river, ponds and woods. Other assets 'not being used but could be used in future' include: ancient monuments; butterflies, mosses, birds; caves; charcuterie and butchery; Craft / croft / growing workshops; Farm buildings - for a museum; Farm produce; National walks on boundary; Natural capital/ dark skies; off road tracks for tours; old redundant buildings; orchard fruit; Polytunnel/run courses; renewable energy sites; smaller properties; wall garden and ancillary buildings; wild pond and Glen

# Section 4: Impact & Value

## Covid Tourism Context

Tourism is widely regarded as one of the sector's most negatively affected by COVID-19 restrictions.[29]

This Growth Tracker covers the period April 2020 – March 2021 when COVID-19 related health restrictions curtailed travel and tourism activity. Factors that impacted tourism and event businesses performance included:

- Enforced closures and cancellations
- Restricted travel
- Indoor capacity restrictions on reopening
- Significantly reduced inbound arrivals and dampened visitor demand
- Limited events & festivals activity and
- Extensive labour shortages throughout Scotland.

The COVID-19 timeline provides a reminder of the severity of travel restrictions and provides the context for tourism and agritourism performance during this time.



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29 This is recognised in Scotland's new Economic Strategy (released March 2022) ''the pandemic has also highlighted underlying weaknesses in parts of our economy and exacerbated change in others. Customer-facing sectors of the economy, such as hospitality, tourism and the culture sector, have been most affected by Covid restrictions.''

## COVID-19 Tourism Timeline

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| January | | **Second national lockdown (January to March)**<br>• New legal requirement forbidding anyone from leaving their home except for essential purposes. Closure of non-essential retail and hospitality<br>• Rollout of the Oxford/Astrazeneca vaccine<br>• Passengers travelling to Scotland from outside the Common Travel Area must have a valid negative COVID-19 test result | **Restrictions lifted from mid-January onwards**<br>• Restrictions including one metre physical distancing in hospitality and leisure settings, table service and attendance limits at indoor events removed<br>• Fully vaccinated arrivals into Scotland no longer require a negative test result |
| February | | **Suspension of all travel corridors**<br>• All passengers travelling into Scotland from outside the Common Travel Area required to self-isolate for ten days and provide a valid negative test<br><br>**Hotel quarantine introduced**<br>• All passengers travelling into Scotland from outside the Common Travel Area must book and pay for managed isolation in quarantine hotels | **Vaccine certification no longer legally required** |
| March | **First Minister announces first national lockdown** | **Furlough scheme extended until the end of September** | **All international travel restrictions scheduled to end (Friday 18 March)** |
| April | | **Restrictions start to ease**<br>• Non-essential journeys within local authority area permitted<br>• A requirement to Stay Local replaces the Stay-at-Home rule<br>• Travel permitted within Scotland for outdoor socialising, recreation and exercise<br>• Outdoor meetings in groups of up to six adults from up to six households permitted<br>• Hospitality venues (cafés, pubs and restaurants) and tourist accommodation reopen with capacity and mobility restrictions<br>• Pupils return to full-time school post Easter holidays | **Legal requirement to wear a face covering on public transport and most indoor public settings removed** |
| May | **Route map out of lockdown begins** | **Regional variations begin**<br>• Most of mainland Scotland (with the exception of Glasgow and Moray[30]) move to level 2, with eased restrictions on hospitality, entertainment, education and sport<br>• Most islands to move to level 1<br>• Visitors on new international travel 'Green List' are not required to quarantine | |
| June | | **Continued progress**<br>• Glasgow moves to level 2 and all islands move to Level 0<br>• Indicative date for the whole of Scotland to move to level 0 on 19 July<br>• A further indicative date of 9 August for the lifting of all major COVID-19 restrictions | |

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30    Correct as of 14 May 2021. Moray subsequently moved to Level 2 at midnight, 21 May 2021

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| July | | **National improvements**<br>• Scotland moves to protection level 0[31]<br>• Scotland lifts its five-mile travel restriction, and also allows the use of self-contained holiday accommodation | |
| August | Eat out to Help Out launches & Local restrictions introduced in Aberdeen | **All activities able to reopen and EU and US visitors welcomed**<br>• Scotland moves beyond level 0<br>• Legal requirement for physical distancing and limits on gatherings removed<br>• Fully vaccinated EU and US visitors can travel to Scotland without quarantining | |
| September | Local restrictions introduced in Glasgow | **Vaccine certification for international travel**<br>• Digital vaccination certificates introduced for international travel | |
| October | Restrictions on hospitality introduced (closing times and indoor alcohol sales) | **Vaccine certification required for high-risk venues introduced**<br>• Vaccination certificates required for entry to certain events and higher risk venues, such as nightclubs, music festivals and some football grounds.<br>• Visitors from non-red list countries who have been fully vaccinated in a country that meets recognised standards of certifications no longer required to provide evidence of a negative test result before they can travel to Scotland | |
| November | **Local levels system implemented**<br>• Five-tier local lockdown levels system based on the prevalence of the virus, including the number of positive cases and the capacity of local hospitals).<br>• Most areas in Scotland initially placed in Level 3, while more rural places, including the island communities, enter Level 2 and 1 | **Removal of remaining quarantine restriction for International Visitors & Omicron**<br>• Early November - Final seven countries removed from international travel red list Travellers to the UK no longer have to stay in hotel quarantine for 10 days on arrival<br>• Late November<br>  » New travel restrictions as a result of the Omicron variant<br>  » First cases of the COVID-19 Omicron variant are identified in Scotland | |
| December | First vaccinations administered in Scotland and all of Scotland moves into Level 4. | **Omicron restrictions**<br>• Scottish Government advice to defer work Christmas parties followed by the return of one metre physical distancing in indoor hospitality and leisure settings<br>• Attendance at large events limited[32] | |

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31    Physical distancing in will reduce to 1 metre in all indoor public settings and outdoors, and informal social gatherings of up to 15 people from 15 households will be permitted outdoors without physical distancing. Mandatory face coverings will remain in place.

32    100 people for indoor standing events, to 200 for indoor seated events, and to 500 for all outdoor events

## Visitor Numbers

Agritourism businesses recorded around 630,000 visitors during 2020/21 while arm retail businesses recorded close to one million visitors.[33] Table 4.1. converts this into average annual and weekly visitor numbers to show a relatively high level of visitation/ customer base.

### 4.1: Visitor Numbers

| Visitor Numbers | Total | Responses | Average Visitors per business per annum | Average Visitors per business per week |
|---|---|---|---|---|
| Agritourism | 629,213 | 126 | 4,994 | 96 |
| Farm Retail | 922,324 | 44 | 20,962 | 403 |



## Visitor Origin

The majority of agritourism visitors and farm retail customers were from Scotland. Both activities have similar customer bases and rely heavily on the domestic market. International markets make up a small share of visitors and customers however this will have been negatively impacted by COVID-19 travel restrictions.

### 4.2: Visitor Origin Pre & During Covid-19



**Agritourism**
- International: 5%
- Rest of the UK: 17%
- Scotland: 78%

**Farm retail**
- International: 8%
- Rest of the UK: 15%
- Scotland: 77%

Legend:
- International
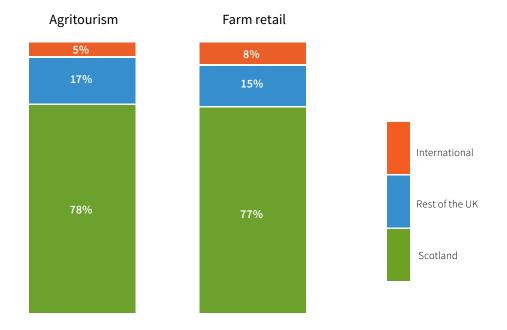- Rest of the UK
- Scotland

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33   Respondents were asked to provide 'a high-level estimate for overall visitor numbers in a normal year' related to agritourism and farm retail operations. If they started their agritourism activities or farm retail post March 2020 they were asked to provide any relevant visitor number information.

## Employment

Table 4.3 shows the level of employment associated with agritourism and farm retail almost matches the level of employment associated with traditional farm operations.[34]

Importantly this shows how agritourism and farm retail can increase employment densities associated with large farmland areas in Scotland. The average level of employment associated with an agritourism business and farm retail businesses are comparable to a farm business.

Significantly agritourism and retail businesses provide important 'external' employment opportunities in rural areas. Agritourism and farm retail businesses also provide additional seasonal employment opportunities and provide an outlet to upskill existing staff, expand capabilities and enhance productivity.

## Farm Retail Employment

There was a sizable increase in responses from farm retail business.[35] This has significantly improved the understanding of the scale of farm retail operations and the range of employment levels supported.

Importantly known average employment levels have declined from 11.4 jobs per farm retail business to 5.0. This is a direct result of an increase in known farm retail businesses that do not have a physical farm shop and have very low or indeed no staff levels (i.e., honesty boxes).[36] This revision has affected projected future levels of farm retail employment if average values were maintained. It has resulted in a downward revision of combined agritourism and farm retail employment assuming 2030 growth targets are achieved.[37]

This revision serves as a reminder that the Growth Tracker reflects the profile and performance of businesses that take part in the survey. It is also a reminder that caution must be used when interpreting some of the regional results or analysis that is based on relatively small samples.

## 4.3: Employment Level by Nature of Employment

| Employment Level by Nature of Employment | Employment | | | Employment per business | | |
|---|---|---|---|---|---|---|
| | Farm | Agritourism | Farm Retail | Farm | Agritourism | Farm Retail |
| **Family members** | | | | | | |
| Management level - FT | 246 | 103 | 42 | 1.1 | 0.7 | 0.5 |
| Management level - PT | 140 | 121 | 32 | 0.6 | 0.8 | 0.4 |
| Non-management level - FT | 42 | 5 | 4 | 0.2 | 0.0 | 0.0 |
| Non-management level - PT | 100 | 57 | 15 | 0.5 | 0.4 | 0.2 |
| **External employees** | | | | | | |
| Management level - FT | 52 | 27 | 27 | 0.2 | 0.2 | 0.3 |
| Management level - PT | 25 | 16 | 3 | 0.1 | 0.1 | 0.0 |
| Non-management level - FT | 309 | 95 | 144 | 1.4 | 0.6 | 1.7 |
| Non-management level - PT | 487 | 277 | 170 | 2.2 | 1.8 | 2.0 |
| **Other** | | | | | | |
| Not covered above - FT | 7 | 3 | 0 | 0.0 | 0.0 | 0.0 |
| Not covered above - PT | 53 | 34 | 0 | 0.2 | 0.2 | 0.0 |
| Total employment | 1,461 | 738 | 437 | 6.6 | 4.8 | 5.0 |
| Total employment in FTEs | 1,059 | 486 | 327 | 4.8 | 3.2 | 3.8 |

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34    Indicative point. Based on survey responses only
35    From 26 to 87 (235% increase).
36    Please see Table 1.11 in both Growth Tracker reports. Comparison shows an overall increase in the number of farms that sell produce direct to customers. However, there was a decrease in the overall share that did so 'via a farm shop' and an increase the share of sales 'via an honesty box
37    Strategy ambition is: 'To have 1,000 Scottish farming and crofting enterprises offering an agritourism experience with at least 50% providing a food and drink element by 2030.'

## Family Members Pay

The majority of family members are paid for their work in the business. However only a small proportion are paid at industry rates (18%) while over a third are paid at a 'lower than equivalent employee rate for the role' (35%). One in four (40%) were not paid for their contribution to the business.

### 4.4: Are Family Members Paid for their Work?

| | % | No. |
|---|---|---|
| No, not paid | 35% | 77 |
| Not applicable – no family members work in the business | 5% | 10 |
| Yes, but at lower than equivalent employee rates for that role | 35% | 77 |
| Yes, at industry rates | 18% | 40 |
| Other (please specify)[38] | 8% | 17 |
| Total | 100% | 221 |

Comments received to the 'other' question provide some additional detail on the complexity of family farm workers pay and an explanation why a high proportion of workers (seven in ten) are either not paid or paid below industry rates. These include:

Family pay was either occasional or the level was determined by the activity, skills required or duration. Payment was also considered to be a share of profits or future ownership.

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38    'Other' responses included: Yes for farm business, no for agritourism business; Family members are partners in the business payment is share of profits; some family members at industry rate, some below; self-employed; rarely paid as covered in payments to partners; partner in business; Owners have never taken a salary, some family paid occasionally; Mixture of both industry and lower than employee rates; management level not paid, lower level paid at industry rates from personal income; paid for some (skills dependent) but may become directors in the future.

## Capital Investment

Agritourism and farm retail activities have provided high levels of historic and planned investment. Agritourism businesses that have invested have on average invested £373,000 per business since their launch and plan a further £173,000 per business over the next two years. Farm retail businesses have invested £265,000 per business since their launch and plan to invest £34,000 per business over the next two years.

### 4.5: Capital Investment

| Capital Investment | Agritourism | | | Farm Retail | | |
|---|---|---|---|---|---|---|
| | £ m | No. | Average per business | £ m | No. | Average per business |
| Total capital investment since you started in business | £43.3 | 116 | £372,969 | £11.7 | 44 | £264,876 |
| Total capital investment in the past 2 years | £18.0 | 111 | £162,592 | £2.7 | 38 | £71,713 |
| Capital investment planned in the next 12 months | £19.5 | 113 | £172,549 | £1.5 | 43 | £33,930 |

## Directors & Partners

Farm businesses have a higher number of male directors and partners under 40 years of age and over 40 years of age compared to agritourism businesses and farm retail businesses. This pattern is notably reversed for agritourism businesses and farm retail businesses. Agritourism and farm businesses have more female directors and partners. Agritourism can therefore play an important role in addressing the gender imbalance in farm ownership and the decision-making process.

### 4.6: Businesses with more than one Director or Partner

| | Farm | Agritourism | Farm Retail |
|---|---|---|---|
| **Over 40 years of age** | | | |
| Male | 92% | 77% | 38% |
| Female | 83% | 83% | 46% |
| **Under 40 years of age** | | | |
| Male | 42% | 37% | 10% |
| Female | 35% | 42% | 14% |

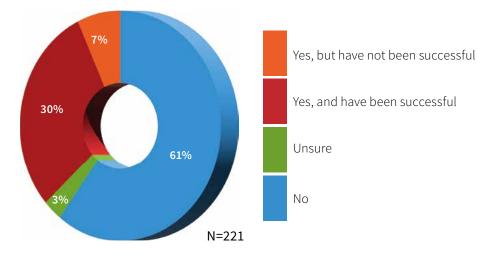## Links Between Agritourism Business & Farm Ownership

Respondents were asked ''If you are the main manager or driver of the agritourism business, but do not have any ownership role in the business, can you provide some explanation/ comment on why this is the case please.''

The majority of the respondents stated they were the owners of their agritourism business, with only 20 out of 118 respondents stating they are the agritourism business managers but don't have any ownership role in their agritourism business. This is largely due to the fact that those business are operated in a format of family partnership or joint ownership - while some family members are responsible for the day-to-day running of the business, the capital assets (land, buildings, fixtures fittings etc.) are registered under the names of their parents or spouses, or adult children who work full time elsewhere. This is also because some businesses operate agritourism by having part-time employees.

## Capital Grants for Agritourism

Over a third of respondents have applied for a capital grant over the past 20 years. Only a small proportion (7%) have applied but have been unsuccessful.

## 4.7: Applied for Capital Grants (past 20 years)



- Yes, but have not been successful
- Yes, and have been successful
- Unsure
- No

N=221

## Capital Grants Received to Develop Agritourism

Scottish Rural Development Programme and Leader grants were the most common capital grants received to develop agritourism. Farm Business Development Scheme; Digital Boost and Local Authority Grants were also particularly prominent among the remainder.

The grants were used for a variety of purposes including developing new buildings; converting and refitting redundant buildings; construction of visitor facilities and the purchase of leisure equipment (e.g. hot tubs) and the purchase of livestock. The most commonly refused grants were from the Scottish Rural Development Programme and Local Authority Grants.

## 4.8: Capital Grants Received to Develop Agritourism

|  | Accepted | | Value | | Refused | |
|---|---|---|---|---|---|---|
|  | % | No. | Total | Average* | % | No. |
| Farm Business Development Scheme | 7% | 16 | £362,000 | £25,857 | 2% | 4 |
| Scottish Rural Development Programme | 10% | 23 | £2,600,000 | £123,810 | 1% | 2 |
| Food processing and marketing grant | 1% | 3 | £70,000 | £35,000 | 0% | 0 |
| Leader grant | 11% | 24 | £1,016,928 | £48,425 | 2% | 5 |
| Grants from your local authority | 5% | 12 | £113,000 | £10,273 | 3% | 6 |
| Digital boost | 9% | 20 | £118,700 | £5,935 | 1% | 2 |
| Other | 3% | 6 | £2,198,656 | £366,443 | 1% | 3 |

*Average value is only based on respondents that provided values*

## Grant Application Experience

Growth Tracker participants were asked to provide an account of their experience applying for grants. Positive and negative comments are provided below.



## Positive:

- "Onerous but worth it"

- "Scottish Rural Development Programme (SRDP) was pretty straight forward"

- "Long process but rewarding since we were successfu"

- "Great support but very bureaucratic and cumbersome"

- "Hard work in the case of Energy Saving Trust (EST). Very straight forward for Digital boost and Farming Investment Fund (FIF)."

- "Both Comhairle nan Eilean Siar (CNES) and Highlands & Islands Enterprise (HIE) have been incredibly supportive from the outset and made the application process as straight forward and flexible as possible".

- "LEADER very worthwhile, very hard mentally"

- "Not too bad. Leader was unsuccessful and very, very complicated - has been onerous to apply and to provide evidence for many people in the sector"

- "It was hard work but well worth it, we were lucky the staff in Fife LEADER were very helpful. Planning department were a nightmare to deal with and very unhelpful, they always took the full 3 months to come back to us, you very rarely managed to speak to them"

- "We work closely with HIE from concept through to delivery and they have been supportive throughout"

- "A very lengthy process, but worthwhile. Wouldn't have been possible to open our distillery tours without this"

- "Good, the application process consolidated and focused our vision. A very well worth application we were just very disappointed we were not successful and no follow up to apply again or for another grant as it would have been a great incentive/ boost forward"

## Negative:

- "A total waste of many hours for zero gain"

- "Very hard work to complete and get nothing from it"

- "Planning issues and errors affected funding"

- "It was a hassle and not straight forward"

- "A lot of paperwork needs repeating, a very long process"

- "Absolutely awful. The lack of vision and ambition was terrible. We were advised to do the same as everyone else as that clearly worked. No thought for innovation or risking market saturation."

- "Food Processing, Marketing and Co-operation (FMPC) following submission very long assessment period, assumed we were unsuccessful and then surprised many months later to hear we were successful."

- "LEADER was very difficult to apply for and the administration of it was extremely difficult to follow. Would not apply again to similar scheme."

- "LEADER was complicated and difficult to follow"

- "SRDP and FBDS no problem, Leader very onerous"

- "FBDS was ok LEADER was terrible"

- "LEADER awful, local LA great"

- "LEADER was very complex and difficult"

- "Would never apply for a leader grant again"

- "Tried to apply for Leader but very complicated and put off by the very complex paperwork. Don't mind some paperwork of course as it is public money but not if it is to become a full-time job - this is the general feedback of Leader."

- "Always difficult to complete the forms, particularly Leader. Rightly a lot of information and statistics required as well as the correct 'form' language."

- "It took about 2weeks to complete paperwork on 4 occasions and no help with anything financially"

- "A complete waste of time. I spent many hours on applications for absolutely no gain. The man hours spent attempting to jump through hoops were ludicrous for absolutely no gain. It appeared these grant schemes were set up in such away it was and still is impossible for anyone to gain access to them."

- "Easy enough. Not so easy, actually impossible, to spend it within timeframe specified by council due to delays with trades and supplies. Grant awarded January and realistically we won't be ready until autumn or maybe even next year"

- "SRDP was complicated and time consuming but think it reflects due diligence for greater value we were lucky with digital boost as had already scoped our project and managed to apply very quickly. Local authority grants for COVID-19 were very welcome. Small scale grants through our food and drink network have been very handy and easy to access"

- "HIE application process was extremely time consuming and a huge waste of management time as no businesses outside of Inverness were actually successful for this grant. Also, no explanation was given despite requesting this."

- "Highly bureaucratic process, and I wouldn't take it on lightly. However, it was essential for us to develop the business - we could never have done it without this funding."

- "Farm business development was great. Only for my business all other applications have been complicated by the ridiculous requirement to collaborate with other business community groups etc which have no interest or relevance in a family business"

- "Didn't get it the first time we applied and after we got it had a real struggle to hold the grant whilst we fought our way through the Planning process. Our project didn't "fit the boxes" with the grant guidelines and we had to "negotiate" for them to look at us as a special because we were building something totally unique"

- "The first grant application was easier as the person dealing with it was very helpful. The second one was extremely difficult as it went through the local department office, and they made everything complicated. They did not like the fact that we did the application ourselves instead of using an agent."

- "Took a long time, longer than the specified limit set (too long) and then the payments were months late which meant we could not progress with a poly tunnel"

# Section 5: Forecast Business Performance

## Turnover Expectations

Agritourism and farm retail businesses reported strong future growth potential. 59% of agritourism businesses and 43% of farm retail businesses anticipate an increase in turnover compared to only 37% of farm businesses.

These turnover performance estimates provide useful insight into post COVID-19 recovery patterns and emphasises the positive contribution agritourism makes to economic recovery in rural areas.



## 5.1: Turnover Expectations

| | Turnover Expectations | | |
| --- | --- | --- | --- |
| | Farm | Agritourism | Farm Retail |
| **Decrease** | | | |
| Up to 10% decrease | 11% | 11% | 15% |
| 11% to 25% decrease | 14% | 8% | 3% |
| 26% to 50% decrease | 5% | 3% | 1% |
| Over 51% decrease | 2% | 1% | 2% |
| *Sub-total decrease* | *32%* | *24%* | *22%* |
| **Increase** | | | |
| Up to 10% increase | 24% | 22% | 21% |
| 11% to 25% increase | 10% | 16% | 10% |
| 26% to 50% increase | 3% | 10% | 6% |
| Over 51% increase | 1% | 12% | 6% |
| *Sub-total increase* | *37%* | *59%* | *43%* |
| **No change to previous year** | **31%** | **17%** | **36%** |
| Total responses | 221 | 153 | 87 |

# Section 6: Future Plans

## Future Plans

Accommodation, specifically glamping style and self-catering lodges along with farm tours were the most frequently identified future developments. Most planned agritourism projects are expected to be developed within the next 1-3 years. (24%).



## 6.1: Nature of Activities - Planning to be involved

| Nature of Activities - Planning to be involved | Within the next 12 months | Within the next 12 months | 1 to 3 years from now | 1 to 3 years from now | 4 to 6 years from now | 4 to 6 years from now |
|---|---|---|---|---|---|---|
| Activity | % | No. | % | No. | % | No. |
| On farm cafes and restaurants, pop up food | 16% | 3 | 22% | 5 | 0% | 0 |
| Farm tours/experiences, including wildlife tours | 37% | 7 | 39% | 9 | 50% | 1 |
| Children's farm parks or children themed events | 11% | 2 | 9% | 2 | 0% | 0 |
| On farm events space for weddings, conferences, etc. | 26% | 5 | 13% | 3 | 0% | 0 |
| Action and adventure sports hosted by farmer/farm employees | 0% | 0 | 9% | 2 | 0% | 0 |
| Festivals and events | 0% | 0 | 9% | 2 | 0% | 0 |
| Glamping, huts, yurts, wigwams, teepees, etc. | 37% | 7 | 43% | 10 | 50% | 1 |
| Farmhouse B&B | 0% | 0 | 13% | 3 | 50% | 1 |
| Self-catering accommodation in farm cottages or farmhouse | 32% | 6 | 26% | 6 | 0% | 0 |
| Self-catering in lodges or other larger new build | 37% | 7 | 39% | 9 | 50% | 1 |
| Caravan site/camping | 0% | 0 | 26% | 6 | 100% | 2 |
| Other accommodation (please specify) | 5% | 1 | 0% | 0 | 0% | 0 |
| Other (please specify) [39] | 16% | 3 | 9% | 2 | 0% | 0 |
| Unsure | 0% | 0 | 4% | 1 | 0% | 0 |
| Total | 100% | 19 | 100% | 23 | 100% | 2 |

39   Other responses included: Distillery; Gaelic interpretation and language teaching; Outdoor Activity; Smoking / BBQ school

**Barriers to Development** A range of barriers were identified in the verbatim comments including:

- Cost/available capital
- Time constraints
- The planning system
- Lack of staff/available labour and tradesmen

- Local/regional competition
- Economic uncertainty
- Infrastructure (internet and road access)

- Overall general and specific advice (available funding; loans; planning; market potential)

# Section 7: Suggested Government Policies for Sector Development

Respondents were asked to identify government policies that could improve the performance of agritourism businesses and stimulate sector development.[40]

This section contains combined feedback obtained from the inaugural Growth Tracker and the 2022 survey to ensure this section is a valuable as possible.

The planning system, short-term lets licensing scheme; value-added tax (VAT); finance and grant support were the most frequently identified policies and support measures.

The cost-of-living crisis, Brexit and the availability skilled trade people were also identified as factors that were curtailing demand and negatively affecting investment decisions and operating conditions.



## Planning System

Several aspects of the planning system appear to be impeding investment, growth and enthusiasm for new agritourism projects or the redevelopment of existing properties for agritourism use.

Feedback related to existing regulations and restrictions, related expenses, efficiency and complexity of the planning system and the speed of the decision-making process. Specific feedback on regulations related to change of use and also conditions related to the height of new buildings.

Encouragement for eco-friendly development was called for while others identified the limitations of geographic differences in the application of planning rules and a 'Post Code lottery with planning.'

It was also felt that planning could be 'simpler and less expensive for genuine low impact developments' and that planning for development and agritourism could be more relevant to the region and scale of development.

There was a general sense that the planning system could be more supportive of agritourism projects and wider development and investment in rural areas. One respondent stated 'the rural economy in general would hugely benefit from an overhaul of archaic planning policy in the countryside.'

Greater levels of engagement with planning departments was called for to help improve understanding, reduce costs and improve the overall experience of the planning process.

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40    'What government policies (e.g. planning rules, VAT/tax, etc.) could best help you develop an agritourism business?'

Some respondents referred to a 'sense of anti-development with local objectors given too much clout' and that the planning system should be more 'welcoming to rural diversification.'

Other more specific comments/ recommendations related to:

- "Relaxation of planning laws and abolition of short-term lets licensing scheme"
- "Reduce planning requirements for accommodation (e.g., huts and bothies) in places with no near neighbours"
- "Planning rules surrounding change of use of redundant buildings could be improved with less scope for individual planning officers' interpretation"
- "Less developer contribution when reusing existing buildings as already more expensive than new build"
- "Better planning support for small/ start up agritourism businesses"
- "A designated point of contact for initial discussions prior to committing large sums on consultants, especially for start-up or small agritourism businesses"
- "A relaxing of planning rules for glamping/ motorhomes and temporary campsites and structures"
- "Improved planning rules for campervan parking (a particular problem on one island)"
- "Agritourism not being classed as agriculture which provides associated tax/ change of use consequences"
- "Scottish Environment Protection Agency (SEPA) regulations including wastewater management and the cost of disposal"
- "A more supportive planning system with a better 'balance for the need for rural community vibrancy alongside the recreational users of the countryside.'"

## VAT

The importance of lowering VAT levels was considered to be an essential requirement to ensure short term business survival and to encourage new entrants. UK's VAT levels for leisure and tourism related activities was also mentioned in the context of equivalent VAT levels in Europe (e.g. 'VAT reduction to 5% as in many other countries!')

Other specific VAT comments included:

- "Reduced VAT as a starter incentive for new businesses to enable entry level charging structure as business develops and gains traction"
- "VAT is a large part and is not paid by all self-catering businesses. This affects pricing"
- "VAT paid on all the cafe food 'which is crippling - it would be good if we could have a rural VAT rate as per COVID times'"
- "Reduction in VAT for rural hospitality"
- "VAT should only kick in once you get over £100,000"
- "Most other countries have a much lower VAT rate and having a 20% VAT for tourism is definitely hindering Tourism Growth"
- "Refunding VAT on conversions to help offset costs of developing old buildings in rural areas with no infrastructure. 'Alternative is to let historic farm building go derelict.'"
- "New start-up VAT / tax relief to assist new business survival rates"
- "Reduced VAT on new build/ new business innovation and development that provide economic growth to rural areas"
- "Increased VAT threshold to help rebuild cash reserves"
- "Clearer VAT rules that are accessible to all operators (without accounting advice)"
- "VAT rules that favour preservation rather than new builds"
- "Consideration and sensitivity to the effects of returning to pre-pandemic VAT levels"

## Funding

A range of ways to finance new agritourism projects were identified ranging from capital grants to loans with low interest rates or favourable repayment terms. Grants linked to environmental agritourism and educational agritourism were also mentioned.

Problems accessing funding were identified. This was linked to agritourism projects 'not ticking the right boxes' for lenders.

A meaningful replacement for Rural Leader was urgently called for 'we have lost Rural Leader and the replacement development funds look smaller and more difficult to access.' 'You don't have agritourism without the agri part.'

The relationship between hospitality based agricultural projects and the traditional agricultural sector led to confusion among some lenders and business development organisations. This was exacerbated when new projects and potential financial support were considered alongside farming subsides.

Funding support was also requested to assist renewable energy development whilst incorporating 'less red tape generally.'

## Infrastructure

The availability and reliability of broadband internet is a crucial component of any modern business. Availability and reliability in rural areas was identified as a significant constraint on operations. One rather pertinent respondent on this constraining factor commented 'Broadband - actually deliver it to remote rural areas!!! Every business in the country is being told to 'Go Digital', cattle records digital, VAT digital, marketing for everything digital!.'

Investment in the rural road network was identified as a major infrastructure requirement to facilitate visitors and improve the appeal of agritourism 'the terrible state of the road network making travelling to rural areas more difficult.' There was also a reminder of the cost of modernising onsite farm infrastructure 'a lot of the infrastructure around the property has needed major re-development......old electrics / water systems, this has helped to stretch the budget out.'

## Other Suggested Government Policies & Actions

A range of other policy interventions and suggestions to encourage and promote agriculture and tourism were identified including:

- "Re-evaluation or abolition of 'Right to Roam'[41] (due to damage and vandalism)"

- "Specific support for small rural businesses 'an enabling culture and policy framework. It feels that everything is stacked against micro business and rural entrepreneurship.'"

- "Policy to specifically support development of commercial agritourism projects"

- "Replace Rural Leader with rural development funding. Incorporate learnings from the Leader scheme to develop a new scheme which is more efficient for applicants and administrators"

- "Further support of the Scottish Enterprise Agritourism Monitor Farm Programme[42] to extend its reach throughout Scotland. The work by this Group was considered to inspire development and change"

- "Policy to support education and understanding of the countryside and Scottish Outdoor Access Code (SOAC)"[43]

- "Advice to new entrants relating to Department for Environment, Food and Rural Affairs (DEFRA) and rural payments"

- "Continued, accessible training and support for marketing and management skills This was considered essential for maximising profitability and growth potential"

- "The Scottish Government prioritising Land Reform and the Absolute Right to Buy"

- "Greater control of Land Management and less government imposed additional financial obligations 'without compensation'"

- "Re-joining the EU to access a flexible and appropriately skilled workforce"

- "Reducing regulation of short-term letting and holiday accommodation"

- "Reduced rates for non-domestic buildings"

- "Support for the installation of smaller scale renewables / energy saving initiatives"

- "Policies and support to help keep countryside free of wild camping/mess"

- "Assistance obtaining Brown Tourist Signs"

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41    Please see Scottish Government Website for Right to Responsible Access information and Scotland's Outdoor Access Code
42    https://agritourism-monitorfarm.com/
43    https://www.outdooraccess-scotland.scot/

# Section 8: Sustainability Practices

Four in five businesses actively aim to minimise waste (81%). A large proportion also actively improve the energy efficiency of their premise (76%) and systems and processes (49%). Over half have invested in renewable energy (58%). Constantly reviewing routes to market (22%) and the uses of transport for travel and transport for supplies and distribution (28%) were also identified as common sustainability practices.

## 8.1: Sustainability Practices

|  | % | No. |
|---|---|---|
| Looking to minimise our waste | 81% | 178 |
| Improving the energy efficiency of our premises | 76% | 169 |
| Investing in renewable energy on farm | 58% | 128 |
| Improving the energy efficiency of our systems and processes | 49% | 108 |
| Investigating or investing in ways to offset our carbon emissions | 43% | 95 |
| Reviewing our use of transport for travel | 28% | 61 |
| Reviewing our routes to market | 22% | 48 |
| Reviewing our use of transport for supplies and distribution | 15% | 33 |
| Other (please specify)[44] | 10% | 23 |
| None | 3% | 6 |
| Unsure | 4% | 8 |
| Total* | - | 221 |

*Total percentage not relevant as respondent could provide multiple answers*

A wide range of additional detail on sustainable working practices were identified in the verbatim comments. These comments have been combined with the responses gathered in the inaugural Growth Tracker to demonstrate the breadth and range of sustainable practices in operation in Scotland's farms.

44 'Other' responses included: Green Tourism Business Scheme Gold Award holders for last 20 years; Recycling; Supporting and promoting other local businesses with similar ethics; reuse, recycle, repair wherever possible; Electric vehicle; Green Tourism Award was too expensive to continue with no increase in visitor numbers; Food forests, diverse woodland, building soils, education; woodland creation; Use local suppliers for materials and feed. Maximise use of ground for grazing and winter fodder. No use of agri-chemicals; Thinking of Sustainability as common-sense business practice; Environmental accounting; locally sourced purchases; plant more trees; Agroecology & regenerative pasture management; Organic farming; growing hemp; becoming B-Corp certified.

## Energy Usage

- "Monitoring and managing the use of energy and fuels"
- "Improved insulation and energy efficient products (e.g. energy efficient washing machines) and more effect use of agricultural machinery"
- "Reduction in red diesel"

## Transport

- "Food meters, rather than food miles adopted"
- "Carpool system for staff"
- "Electric vehicle charge points for the small but growing number of guests who need to charge their cars during their stay"
- "Encourage use of public transport routes (buses, trains and bikes)"
- "Investigating production of hydrogen for tractor use"



## Memberships, Guidance & Best Practice

- "Membership of the Renewable Heating Initiative"
- "Membership of the Agri-Environment Climate Scheme (AECS)"
  - » The AECS promotes land management practices to protect and enhance Scotland's natural heritage, improve water quality, manage flood risk and mitigate and adapt to climate change.[45]
- "Green Tourism[46] practices and awards for the agritourism activities side of the business"
- "Organic Farm Certification"[47]
- "Zero Waste Scotland – loan and extensive report on business and steps to achieve carbon neutral status"
- "B Corp accreditations (B Corps meet the highest standards of social and environmental performance)"[48]
- "Active waste reduction programs"
- "Full sustainability policies for agritourism activities (including procurement, energy usage etc.)"
- "Sustainability policy written into event/ wedding contracts"

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45   https://www.ruralpayments.org/topics/all-schemes/agri-environment-climate-scheme/
46   https://www.green-tourism.com/pages/home
47   https://www.soilassociation.org/certification/farming/what-is-organic-certification/
48   https://bcorporation.uk/?gclid=EAIaIQobChMI_7S3mcvR9AIVC-3tCh3WjwVcEAAYASAAEgIPd_D_BwE

## Carbon Audits/ Reduction/ Offsetting

- "Installation of a biomechanical sewage waste system"
- "Carbon footprint and carbon audits"
- "Carbon soil testing"
- "Following advice to incrementally reducing emissions"
- "Carbon offset with tree planting"
- "Planting trees (with and without grants), greening and hedgerow planting"
- "Hedges and wetland restoration"
- "Reduced livestock numbers"
- "Buildings upgrades and new insulation"
- "Actively informing guest of green farm credentials and sustainability projects"
- "Efficient use of materials, using less plastic, recycling"
- "Reduced livestock numbers/ reducing cow size"
- "Reusable or recyclable, "make do and mend" wherever possible, considered to be an 'overlooked sustainability practice'"
- "Electric bike charging points"
- "One respondent was carbon negative (electricity from renewable sources, mainly generated from onsite solar panels stored in onsite batteries)"

## Food Miles

- "Shortest route to market possible, promotion of local produce"
- "Supply chain inputs with low carbon footprint"
- "Honesty box for vegetables to help reduce food miles"
- "Retaining more farm produce for agritourism offering"
- "Educating guests on food to encourage sustainable choices"

## Waste

- "Plastic reduction"
- "Organic & waste recycling"
- "Eco toilets & bucket showers"
- "Waste Not policy upheld along with best practice"
- "Actively investigating ways to use waste products (e.g. coffee)"
- "Sustainable grazing practices and increased attention to soil, insect life, ponds, wildlife meadows"
- "Water management and water bore holes"
- "Biodegradable where possible (e.g. compostable takeaway boxes etc.)"
- "Bio digesting sewage treatment"

## Biodiversity & Habitats

- "Hedgerows to increase biodiversity"
- "Wildflower meadow"
- "Ecologically friendly detergents and cleaning products"
- "Safe Cattle Handling equipment for the benefit of our animal welfare"
- "Agroforestry[49] (the practice of combining agricultural crops or livestock with trees and shrubs to provided healthier soil, higher yields and vital homes for wildlife)"
- "Increasing biodiversity rewilding regime to encourage a resurgence of nature and biodiversity (e.g. beaver translocation and beetle banks)"
- "Wetland, woodland and grassland habitat management and sustainable woodland management plan for whole farm"
- "Peatland restoration; river conservation; taking livestock off land"
- "Conservation management and monitoring with RSPB"

## Renewable Projects

- "Renewable projects including wind turbines; solar panels; biomass systems and district heating biomass boilers"
- "Investment in Ground Source Heat Pumps and Air Source Heat Pumps"
- "Interest was expressed in pursing renewable energy projects utilising surplus energy from other industries however the costs of the equipment are prohibitively expensive at present"
- "Hydro schemes were considered prohibitively expensive and there was also reference made to wind turbine failures and operators going out of business."

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49   https://www.soilassociation.org/causes-campaigns/agroforestry?gclid=EAIaIQobChMI28C338zR9AIVi-vtCh2eIgIfEAAYASAAEgIi5_D_BwE

# Section 9: Marketing; Memberships; Certifications; Key Meetings

The tables below provide information on marketing and promotion, memberships, certifications and attendance at Scottish Enterprise Agritourism Monitor Farm meetings.

## Business Promotion

Four in ten (41%) farm businesses do not promote their business. This is in contrast with 95% of agritourism businesses that promote their business in some way. A relatively high proportion (68%) of farm retail businesses also promote their business.

The most prevalent promotion methods for agritourism and farm retail businesses include a personalised dedicated website, Facebook and Instagram. Overall agritourism businesses engage in active marketing more than farm retail for each method of promotion.

## Online – Sales & Bookings

Almost all (86%) of agritourism businesses provide online sales and bookings. This figure is less than half for farm retail (43%) and understandably relatively low for farm businesses (14%).
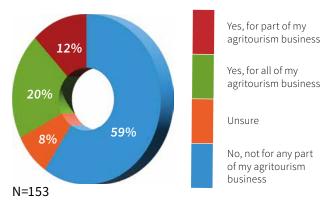
### 9.1: Business Promotion

| | Farm | | Agritourism | | Farm Retail | |
|---|---|---|---|---|---|---|
| | % | No. | % | No. | % | No. |
| Our website | 36% | 80 | 85% | 130 | 63% | 55 |
| Facebook | 46% | 101 | 83% | 127 | 67% | 58 |
| Instagram | 32% | 70 | 72% | 110 | 52% | 45 |
| Twitter | 15% | 34 | 24% | 37 | 20% | 17 |
| TikTok | 2% | 5 | 8% | 12 | 7% | 6 |
| Other (please specify) | 5% | 10 | 24% | 36 | 9% | 8 |
| None | 41% | 90 | 5% | 7 | 22% | 19 |
| Total* | - | 221 | - | 153 | - | 87 |

*Total percentage not relevant as respondent could provide multiple answers*

### 9.2: Online – Sales & Bookings

| | Farm | Agritourism | Farm Retail |
|---|---|---|---|
| No | 84% | 12% | 54% |
| Unsure | 3% | 2% | 3% |
| Yes | 14% | 86% | 43% |
| Total % | 100% | 100% | 100% |
| Total No. | 221 | 153 | 87 |

## Quality Assurance

Research for the Agritourism Strategy shows successful global leaders in agritourism provide a strong focus on Quality Assurance for accommodation along with experiences and food and drink.

The majority (59%) of operational agritourism businesses are not quality assured by VisitScotland. A third (32%) are either quality assured for every component of their agritourism business or part of their agritourism business (representing 20% and 12% respectively).

Sector feedback indicates merit in developing Quality Assurance for glamping accommodation to capitalise on the sectors popularity and future growth projections.

### 9.3: Quality Assurance (Agritourism only)



- 12% Yes, for part of my agritourism business
- 20% Yes, for all of my agritourism business
- 8% Unsure
- 59% No, not for any part of my agritourism business
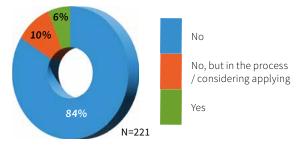
N=153

More information on VisitScotland's Quality Assurance Scheme and the range of benefits is provided in the following link: https://www.visitscotland.org/supporting-your-business/visitor-experience/quality-assurance-ratings.

## Organic Certification

Only a small proportion of farms hold an organic farm certification (6%). The vast majority do not have organic farm status (84%) and only a minority are considering applying in the future (10%).
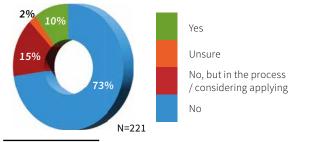
### 9.4: Organic Certification



- 6% (green)
- 10% (orange)
- 84% (blue)
- No
- No, but in the process / considering applying
- Yes

N=221

## Green Tourism Scheme[50]

Green Tourism promotes greener ways for businesses and organisations to operate.[51]

One in ten farms stated they were part of the Green Tourism Scheme. Almost three quarters (73%) stated they are not part of the Scheme while 15% were not part but were either in the process of applying or considering applying. A small minority were unsure (2%).

### 9.5: Part of the Green Tourism Scheme



- 2% / 10%
- 15%
- 73%
- Yes
- Unsure
- No, but in the process / considering applying
- No

N=221

50    https://www.green-tourism.com/about-us
51    Advice is provided on: Reducing energy use; Saving water; Efficient & eco-friendly waste disposal; Ethical buying; Staying local & seasonal; Minimising food miles; Promoting biodiversity; and Adopting a smart, sustainable outlook from top to bottom.

## Attendance at Scottish Enterprise Agritourism Monitor Farm Meetings

The most recent Agritourism Monitor Farm meetings ran for a three-year period until March 2022. The objective was to 'drive economic growth of the agritourism sector in Scotland.' Around a third (32%) of farm respondents typically attended Scottish Enterprise Agritourism Monitor Farm meetings.

### 9.6: Attendance at Scottish Enterprise Agritourism Monitor Farm Meetings



- 32% (green)
- 68% (blue)
- No
- Yes

N=221