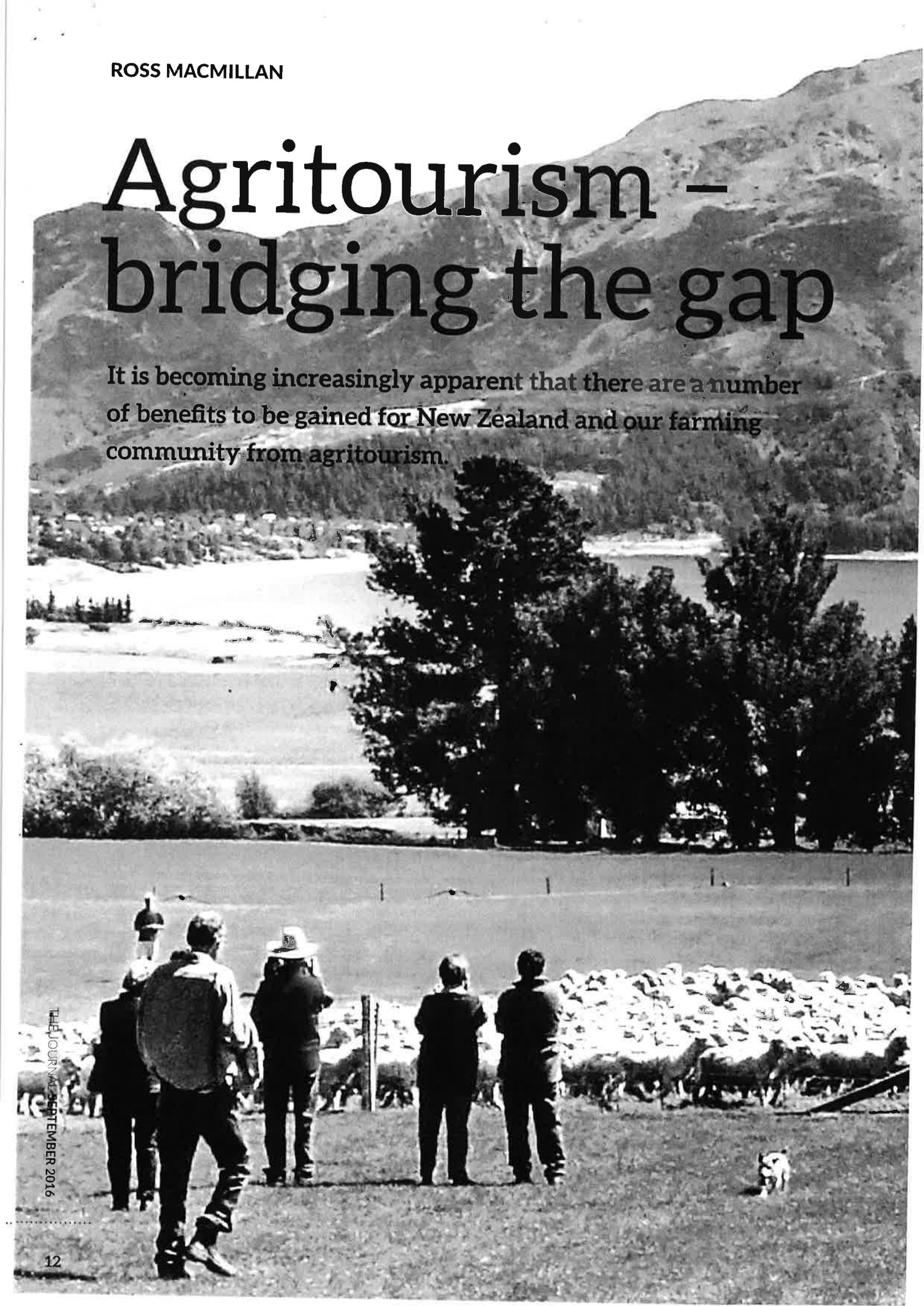
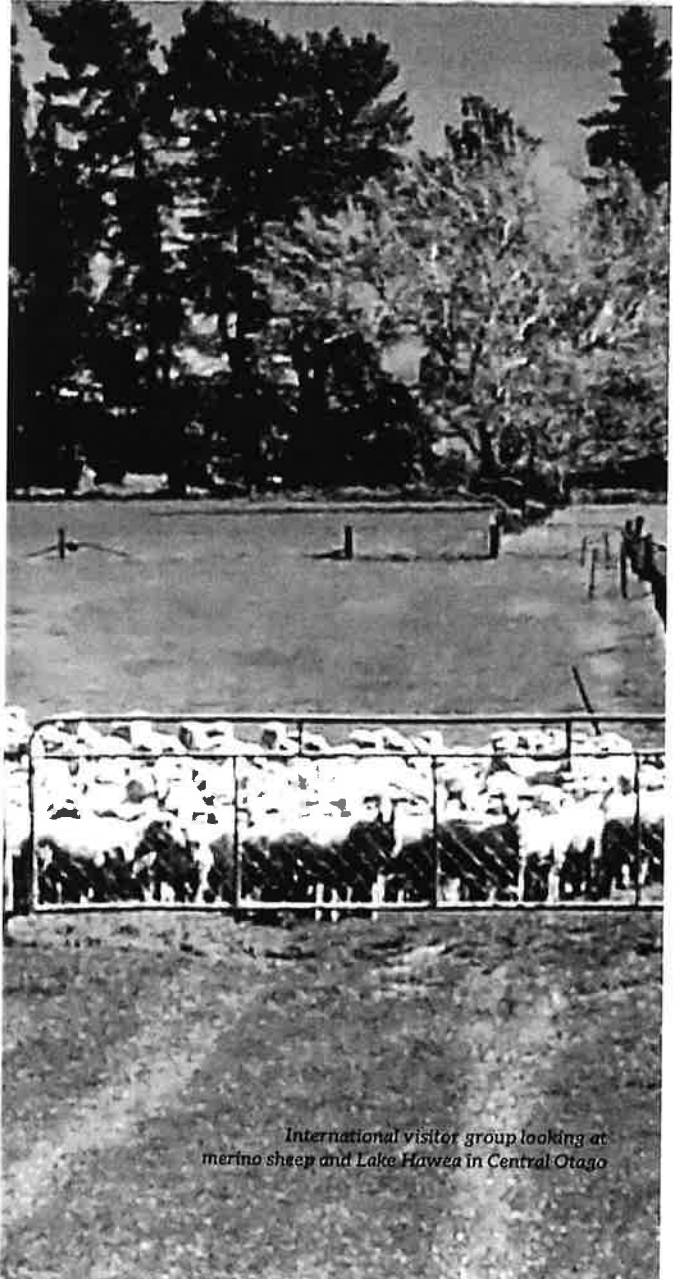


ROSS MACMILLAN

Agritourism – bridging the gap

It is becoming increasingly apparent that there are a number of benefits to be gained for New Zealand and our farming community from agritourism.





International visitor group looking at merino sheep and Lake Hawea in Central Otago

Benefits for New Zealand

Agritourism is a broad term that means different things to different people, but the concept varies in different parts of the world. Generally it is the marrying together of the agricultural and tourism industries, usually with commercial goals in mind. It is becoming increasingly apparent that there are a number of benefits to be gained for New Zealand and our farming community from agritourism. Some of these benefits include:

- An additional income stream for farmers and rural businesses from hosting visitors
- The opportunity for visitors to experience and understand New Zealand farming
- A greater appreciation between involved parties of international cultures
- The chance to promote and sell New Zealand produce
- The opportunity for feedback on a rural experience and the products we produce.

Elements of agritourism, opportunities, further benefits and pitfalls are outlined below.

Rural and urban divide

Throughout the developed world, urban dwellers are now far more numerous than those in rural communities. In China, for example, there has been a significant drift from the country to the cities with urban dwellers having trebled in the last 50 years or so. With this global trend, people have become increasingly distanced from farm life and where their food comes from – not to mention becoming out of touch with related issues such as food safety, animal welfare and environmental impacts.

Although in New Zealand the gulf between town and country may be less pronounced than in other parts of the world, it has increased in recent decades and there appears to be a growing interest in bridging this gap. Agritourism provides a vehicle to do this and, with increasing numbers of mainly urban-based tourists visiting this country, the demand to see, learn and experience country and farm life is likely to increase.

Agritourism operations

Some facets of agritourism are already well established in New Zealand and familiar to most. In addition to farmstay accommodation there are day visits or tours to farms, activities such as A&P shows, the National Fielddays and Southern Field Days, plus places like the Agrodome, farm parks and rural museums which also bring town and country people together.

Corporate events are a less obvious form of agritourism where businesses organise social gatherings, team bonding and strategic meetings in rural settings. Being in a less familiar rural environment can generate a fresh look at relationships and the future direction of a business. These various agritourism activities have been popular for many decades, as are activity-based ventures such as horse or mountain bike riding, walking or hunting.

We need to look for more opportunities to sell our high-quality and added-value farm produce to wealthy, discerning customers at sustainable prices to the producers.

There are many farmers, organisations and rural businesses that have set up very successful agritourism operations in New Zealand to cater for domestic and international visitors alike. However opportunities abound where particular circumstances and the special abilities of the farmer or agribusiness hosts tie in with the potential needs of paying customers, resulting in market opportunities.

Our place in the world

To understand the potential and further develop agritourism we need to think about New Zealand's place in the world: how we are perceived internationally and what we can offer visitors. We are renowned for our scenic beauty, warm hospitality and country way of life – not for bright lights, a bustling nightlife, historic castles or ancient monuments.

We are essentially an isolated country producing meat, dairy products, wool, wine, logs, vegetables, fish and fruit for export. Many of these products are sold internationally as commodities in a relatively undifferentiated form and, as such, attract modest returns on world markets. A small number of New Zealand companies and co-ops handle and control most of our agricultural exports and our farmers' and country's fortunes are largely a reflection of their success or otherwise.

On our international tours, New Zealand meat and dairy companies are sometimes accused by our host farmers of coming in and undercutting the local market prices. It is an argument hard to defend and, as a Kiwi, something I get no pride from.

There is little light ahead for selling low-value commodities to the world. New Zealand farms are generally well stocked and well managed compared to many other countries. There is less opportunity than in many other parts of the world to substantially increase our physical production, certainly

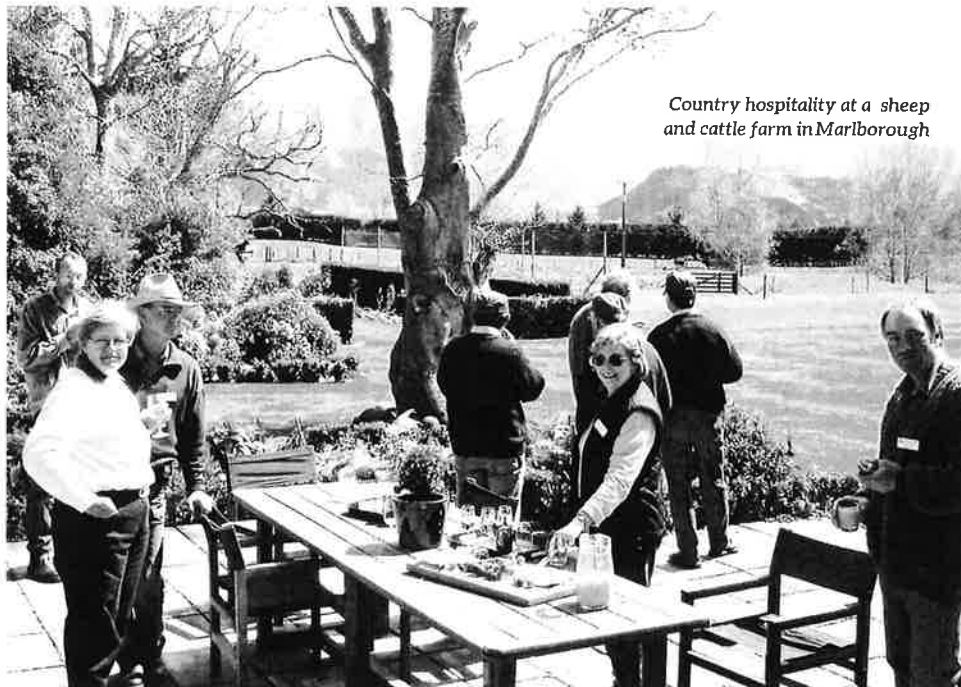
without negative affects on our environment or other sectors of our community. For this reason, and looking to the future, we must become smarter by adding value to our farm products to improve revenues rather than produce more of the same.

Forget about feeding the world – rather we should maximise the opportunity to produce, export and sell more specialised and branded products to those wealthy enough to pay good money for them. Currently there is a disconnect between our farmer producers and consumers and so little, if any, recognition or premium paid for the fact it is quality produce from New Zealand. To do this we need to tell the story behind our products, especially as this country has a great story to tell.

We are relatively clean and green, egalitarian and produce and trade our farm products with integrity. The world needs to recognise this and that is where agritourism – bridging the gap between rural producers and urban consumers – can help us better promote and sell premium products to the world.

Some sectors leading by example

There are many sectors of our rural economy doing well and New Zealand's wine industry is a good example of an industry going places with exports. Our 'bottled sunshine' is strongly branded, easily identified by its origin, and with a great story it is sold to the world at premium prices. There are other exports doing well such as manuka honey, aquaculture and specialty meat and dairy products. However for the most part we need to look for more opportunities to sell our high-quality and added-value farm produce to wealthy, discerning customers at sustainable prices to the producers.



Country hospitality at a sheep and cattle farm in Marlborough

Bridging the gap with agritourism

As well as helping our own urban population better understand where their food comes from, agritourism is a vehicle to help promote our farm products and bring about a closer connection between our farmers and overseas visitors to New Zealand. If visitors have a great agritourism experience they will tell several others and spread the message. If, for example, our three million annual visitors tell 10 others of their positive experience then this could extend to 30 million people around the globe. By the same token, a bad experience travels a long way too so it is crucial that we do it very well.

Farm accommodation

The farmstay business is well established in New Zealand and many farmers are doing an excellent job. The homestead (or perhaps farm cottage) accommodation needs to be well located, well presented and managed to appeal to international visitors. The hosts must be very hospitable ('people people'), well organised, open-minded and able to relate to other cultures. Most visitors prefer to interact with the family and enjoy meals together so they can chat and share a memorable experience, rather than be isolated and expected to fend for themselves. Of course, there are exceptions where people prefer to be completely independent.

Based on international trends, there is scope for rural accommodation facilities to be larger to cope with the ever-increasing number's wanting to spend time in the country. These should be professionally run businesses capable of hosting 20 to 40 visitors in accommodation of comparable quality to good 4 star motels. With the rapid expansion in inbound visitor numbers to New Zealand, there is a current and growing dearth of good-quality, reasonably-priced hotel accommodation. As such, it seems there is the opportunity to develop more farm-based accommodation facilities to help cope with these growing numbers of travellers, especially in key country locations near main tourist routes. Such enterprises will require substantial capital investment and adequate staffing to be run as serious commercial businesses, not just a sideline to farming.

Farm restaurants

Farm restaurants are very popular overseas, especially in Europe. These often go hand-in-hand with accommodation facilities and provide the opportunity to serve quality local and seasonal produce from their farm or other local sources. The farmers are very proud of what they produce and see it as an opportunity to serve and celebrate their farm products, including added-value food products from local co-ops or companies they supply. Likewise, diners enjoy knowing the story behind what is served on the plate and it leaves a positive and lasting impression. If we could develop farm restaurants here, it would be

an opportunity to showcase and promote quality New Zealand produce, especially our lamb, beef, venison, cheeses, fruit, vegetables, wines and beers.

There is a general trend worldwide for buying local and even 'slow food', especially in the United Kingdom, Europe and Scandinavia. The fresher and more natural the product, the closer the consumer feels to the supplier. Unfortunately this goes against the New Zealand situation where we need to export food to reach our markets – so not local food but certainly slow.

Many wineries, orchardists and boutique cheese producers already embrace agritourism by bringing customers to their door. New Zealand could benefit from having more on-farm shops, which may or may not be run in conjunction with farm accommodation or restaurants.

Farm shops and outlets

Many wineries, orchardists and boutique cheese producers already embrace agritourism by bringing customers to their door. New Zealand could benefit from having more on-farm shops, which may or may not be run in conjunction with farm accommodation or restaurants. Such stores can sell local and farm-related foods, beverages and handcrafts genuinely made in New Zealand. Far too many visitors leave our country with cheap souvenirs made offshore and not representative of the true quality products we Kiwis know and enjoy.

It helps for on-farm stores to be near the main tourist routes where it is easier to attract potential customers. Visitors are interested not only in the products on offer, but the story behind them. It gives the farmer producer the opportunity to promote their brand and sell their products directly, usually at a premium price, cash up front, and with less hassle about grading and quality standards.

When in the United Kingdom last year I visited an on-farm butcher shop. While being hosted by the farmers, we saw an endless stream of customers to the shop where they were selling home-produced beef and lamb, pork, home-made meat pies and small goods. There is the opportunity for some well-located New Zealand livestock farmers to look at on-farm shops to take their products direct to the customer. Regulations about health and safety are no doubt potential barriers to such enterprises, especially with perishable products. However if these can be overcome, it is a means of getting close to consumers to sell both the produce and their story while hopefully developing new and regular income streams.



Cow barn and Ku Cafe (cow cafe) in Austria



Added value prosciutto hams air curing in Austria

THE JOURNAL SEPTEMBER 2016

A few years ago, I recall taking a group up a steep mountain in Switzerland to visit a farmer set up for milking his 25 Simmental cows on the mountain pastures. As the winter snow receded, the herd moved further up the hill to graze the fresh grass. He had two or three barns at different altitudes, with a basic mobile milking plant to milk this handful of cows then directly convert the 500 litres daily of milk into around 50 kg of local-styled cheese. This was nicely packaged up and sold at seemingly high prices to the tourists who passed through the village at the bottom of the valley. The returns from this small herd and cheese-making facility were comparable to the returns in New Zealand at the time from a herd of 300 cows supplying the local company.

A recent group touring Austria visited a Ku Cafe (cow cafe) where the farmer housed and milked around 70 Simmental cows with a robot. Attached to and overlooking the barn was a modern cafe. Customers could observe the cows going about their daily business, including trips to the robot that were visible on the cafe's TV screen. They are not only earning additional money from general visitors, but also from coach loads of school children and other interested parties who wanted to get closer to country life. Some were even keen to visit the farm to pick up antibodies to enhance their immunity to disease. Perhaps some New Zealand equivalents to this cafe could be set up.

We also visited a 150 sow pig unit in Europe, which grows out baconer-sized pigs for slaughter. The meat is cured, air-dried and processed on-site with over 6,000 prosciutto hams plus other small goods for sale through their shop. After about a year, when they are fully cured, hams are sold at around €300 each. The farmer commented why would he sell pork to the supermarket at €1.25/kg when he gets €30/kg when processed in this way? He added - why sell barley if you can produce whiskey? Perhaps thought should be given to turning some of our annual lamb crop into a specialty, high-value prosciutto lamb as an export product?

With our population of around four-and-a-half million, and three million annual visitors a year, we have a potential market of seven-and-half million people. Agritourism opportunities should therefore be exploited more.

This multi-million dollar pig business was located on just 12 ha and created employment for 50 people, not the two or three it would normally take to produce this quantity of pork at a more conventional enterprise. A great example of added value and the story being told through agritourism.

There are also examples closer to home such as an astute New Zealand dairy farmer with an on-farm milk vending machine. Selling his regular clientele pasteurised (but not homogenised) milk through this automated system at the farm gate, he obtains 80% of his income from 20% of the milk he produces.

These are just a few examples of agritourism enterprises where the farmers and the customers are closely linked, the story is told and value added. With our population of around four-and-a-half million, and three million annual visitors a year, we have a potential market of seven-and-half million people. Agritourism opportunities should therefore be exploited more.

Farm tours and hosting groups

Farm and agricultural tours usually encompass several days' travel and generally include transportation, accommodation, meals, guiding, translation, farm visits and other arrangements. In recent years there has been a trend away from the large coach loads to smaller groups, often like-minded people with a shared interest. They may be farmers looking at a particular subject, such as dairying, or general visitors wanting a more touristic experience with a rural visit thrown in to meet farmers and better understand country life.

A group farm visit can be something for urban-based visitors, particularly as rural New Zealand represents such a dramatic change from the bright lights of the large cities where they may live or work. Things as simple as touching a sheep, seeing stars or watching a sheep dog at work can intrigue people.

Day visits can be disruptive for working farmers and make no sense if the visitor payment does not cover the opportunity cost of the farmer's time. It is generally uneconomic to host independent travellers for a few hours, but if a group is 20 to 40 strong it may be a more viable business opportunity in relation to the effort involved. If the hosts provide additional services, such as a meal, it can add to the visitor experience and to the potential earnings to the farmers involved. To be successful the hosts must find it an enjoyable, refreshing and profitable experience while satisfying the curiosity and wishes of the visitors.

There are many components to successful farm tours and hosting groups and it boils down to the organisers having a unique set of skills. Paramount is an interest in

people, sound organisational and communication skills, an in-depth knowledge of agriculture, and an understanding and tolerance of international cultural nuances.

Other agritourism opportunities

There are some other interesting trends in agritourism bringing people into the country to experience first hand what it has to offer. Walking, biking, horseriding and hunting experiences represent another avenue for 'getting away from it all' in a rural setting. As previously mentioned, on-farm weddings or corporate events are other avenues being developed. Upmarket camping or 'glamping' in scenic rural locations is on the increase and on-farm campervan parks may represent another opportunity for some. As with any potential business it means looking at what unique resources there are by way of location, facilities or personal attributes to attract paying customers.

Summary

Agritourism provides a window to the world of how things are 'down on the farm'. As outlined above, there are many forms of agritourism and the potential to help rural businesses and the New Zealand economy as a whole. We are fortunate to have a beautiful country, attractive farmland, friendly people and well-developed systems of food production. We are also attracting increasing numbers of visitors who want to experience our country, taste our food, drink our beverages and meet local people, including farmers in a rural environment.

We need more rurally-based accommodation, farm restaurants, farm shops and country-based activities and cultural experiences. We need more science and an entrepreneurial spirit to create diverse, specialised and added-value farm products which attract premium prices from those who can pay us well. We need more people overseas promoting and selling our products relative to those on the farm currently producing mainly lower-value commodities.

The more we showcase rural New Zealand, the more we can exhibit, promote and sell our high-quality farm products to visitors and their families and friends around the globe. We need to develop strong new brands and products to further enhance our unique and globally admired brand, 'New Zealand'.

Agritourism is a way forward to bridge the gap between the farmer and the city dweller; the producer and the consumer. Now is a great time to get out there and take advantage of the opportunities agritourism offers.

ROSS MACMILLAN is a Registered Farm Management Consultant and Managing Director of Farm To Farm Tours Limited based in Rangiora. Email: ross@farmtofarm.co.nz 