



**THE WAY  
FORWARD FOR  
FARM TOURISM  
IN THE NORTH  
WEST**

**FINAL REPORT**

**TO**

**NORTH WEST FARM  
TOURISM  
INITIATIVE**

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## EXECUTIVE SUMMARY

### Why Farm Tourism – Rationale for Support

Rural tourism features in the Tourism Strategy for England's Northwest and its significance to the sector is reinforced in NWDA's *Marketing the Natural Environment of the Northwest*, 2006, which states:

*'The Northwest has an outstanding natural environment with a justifiable claim to be the best in England. It also became apparent that there is considerable under utilization of the majority of natural assets for tourism and so scope for attracting more visitors, with appropriate visitor management'.*

Rural tourism also features strongly in the tourism strategies for Lancashire & Blackpool, Cheshire & Warrington and for Cumbria.

Outside of market towns and a small number of large land owners such as the National Trust, Forestry Commission and United Utilities, there are few commercial tourism businesses in the countryside other than farms.

Farms are custodians of the natural heritage and environment; the raw material that attracts visitors to the countryside. The rural 'public realm' is part of creating a sense of place. This includes development and management of footpaths, bridleways and trails. They have a key role to play in the visitor economy and delivering sense of place.

If the northwest wants to utilise the tourism potential of its natural assets and grow the rural visitor economy it requires product to do so. Visitors to the countryside need places to stay and things to see and do including all weather attractions. Farms are an essential part of delivering that countryside visitor experience though it is important they deliver what the visitor wants and that farm tourism businesses are integrated with the wider rural tourism support network and strategic thinking on rural matters.

Sustainability of rural tourism businesses is often marginal because of strong seasonality and the nature of visitor activity. Farms use tourism as one strand to their business so are able to run smaller scale tourism operations because they have other income sources. Equally, some mainstream farming activity is no longer profitable and so farmers are seeking new business opportunities. Tourism helps farms stay in business.

The work of the North West Farm Tourism Initiative (NWFTI) illustrates that farms need a support network to help develop their tourism potential. So support for farm tourism enables countryside tourism to flourish.

However farm tourism should not be supported in isolation of other countryside initiatives, rather specific needs of farm tourism businesses should be recognised and met within future structures. The recommendations of this report suggest how this might be achieved.

## **Achievements of the North West Farm Tourism Initiative**

The review identified several strengths in the NWFTI activities and in its approach, that add value to other initiatives, projects and programmes. These strengths influence priorities for the future and are:

- Delivery of specialist in-depth business advice by advisors with an understanding of the particular needs of the tourism and farming sectors.
- The NWFTI has been strongly underpinned by quality of service to businesses, marketing activity and in supporting quality in the business
- Developing networks between strategic partners and between businesses. Business clusters strengthen the farm contribution to rural tourism – clusters are particularly important for business confidence and sustainability because of the frequently remote location of farms and the nature of the farming industry.

Underpinning the approach of the Initiative has been a recognition that farm tourism businesses are not start-ups, they already run complex business operations. As such, their business needs are largely about developing tourism related skills not about generic business skills.

## **Recommendations**

Three main areas of activity are recommended specifically working with farm tourism businesses. All three areas can be linked up with other rural tourism work and partners should consider how they achieve this. At a minimum activity must link strategically and operationally with the tourism brands and priorities of the Regional Tourism Strategy and with the priorities and programmes of the RDPE. The three areas of activity are:

1. **Customised Business Advice for Farm Tourism Businesses** – including marketing and skills development and via workshops directed through business clusters. Delivery should be integrated within existing sub-regional rural business service provision.
2. **Cluster development** – building on success to date with product development and marketing activity and specifically:
  - developing the supply chain aspect of the clusters and making links with the food and drink sector cluster in particular
  - building stronger links between farm tourism clusters and wider rural tourism clusters, e.g. equine tourism, gardens, including exchanging best practice and involving farm tourism businesses in capacity building and better integrating them within the wider rural tourism economy
  - consolidating marketing activity with an emphasis on CRM and use of IT to increase marketing skills and encourage self reliance.

3. **Research** – this is a cross-cutting activity to inform the way forward and refine priorities. Two areas are recommended:
- *Market segmentation* – linked to regional activity
  - *Monitoring and evaluation* – of specific farm tourism projects with an emphasis on the qualitative aspects.

Within these activities there should be continued support and development of the NWFTI business website and investigation of methods of business support through electronic media. The Initiative should continue with a meeting forum of tourist boards and other partners to ensure ongoing exchange of ideas and identification of opportunities for collaborative working.

### **Delivery Model**

The initiative will remain opportunity led, so will not be restricted to particular rural geographical locations within the northwest.

The recommendation is for sub regional delivery (operational) set within a regional framework (strategic).

The framework for the initiative needs to be consistent across the northwest to ensure a joined up approach at a strategic level. This is a tourism initiative in a rural area. Therefore it is recommended that the Tourist Boards should be responsible for the co-ordination of the delivery of farm tourism business support. The tourist boards are best placed to perform this role because, as the organisations charged with delivering tourism services in each sub-region they have a holistic picture of the sector. They benefit from formal mechanisms of communication with each other and with other regional partners. They are well placed to forge links between farm tourism and natural tourism.

The work of the tourist boards is increasingly driven by the concept of the visitor economy and quality of place. This will help ensure that links are made between farm tourism, the RES, the northwest regional tourism strategy and the work of local authorities and national parks. Aligned to this is that it will also help ensure that the programmes and support offered to farmers is led by visitor economy needs and markets, which is critical to business sustainability.

Tourist boards may choose to sub-contract specific projects and businesses services to other bodies and to establish other partnership working delivery arrangements. Further consideration is needed on people resources required for delivery and how that will be achieved in each sub-region.

## SECTION ONE : BRIEF AND APPROACH

### 101 Brief

The North West Farm Tourism Initiative (NWFTI) commissioned L&R Consulting in July 2006 to undertake a review of the initiative over the four years of its operation and to determine a clear way forward for farm tourism in the northwest region from 2007.

Farm tourism comprises a significant part of rural tourism because farmers are stewards of the countryside, they manage the public footpaths and cycleways that pass across their land and provide much of the visitor product in rural areas including visitor accommodation, visitor attractions, cafés and farm shops. Outside of market towns, they comprise a significant proportion of small businesses that make up the rural visitor economy.

This is a strategic review and its main objectives are:

- To undertake an objective and comprehensive assessment of all the activities undertaken by NWFTI
- To inform discussion on the potential future focus and role of NWFTI
- Build a case for links with the Regional Economic Strategy (RES) and the Regional Tourism Strategy
- Explore the optimum delivery mechanism for the initiative and build a case for the preferred option
- To identify the need for an rural tourism initiative and obtain support from the sub-regional partners
- Identify the timescale, resource requirements and a clear exit strategy for the current initiative.

### 102 Our Approach

Northwest Regional Development Agency (NWDA) set numerical outputs for the Initiative and the majority of these targets have been achieved. Therefore our approach has been to undertake a more in-depth review of achievement and future opportunity from the perspective of stakeholders and businesses. We have analysed this in the context of the tourism and rural economy and organisational structures at the time the Initiative began, where they are today and what future trends and stakeholder priorities tell us about the future. So, our approach has been:

- First, to look at what has been achieved by the NWFTI and its operations to inform future priorities

- Secondly, to consider the achievements and lessons learned from the planning and delivery of the NWFTI in the context of future policy, rural and tourism priorities and likely needs of businesses
- Finally, to use this process to advise on future support for farm tourism in the northwest.

### **103 Approach to the Study**

We concentrated on understanding the achievements of the NWFTI from the perspective of:

- meeting outputs
- delivering value added to the business
- understanding which elements (projects and processes) have worked best and why and where aspects have been less successful what are the barriers to success.

The study was informed by:

- a review of tourism and rural contextual papers and studies
- a review of the NWFTI delivery structure and processes
- a review of the NWFTI database and spend – to provide a snapshot of the activity of the initiative
- a review of how the NWFTI operates in relation to other rural business advice networks and grant schemes
- face-to-face and telephone consultations with the key stakeholders
- an in-depth telephone survey with 23 businesses that have been involved with the Initiative in some way
- liaison with consultants developing the legacy document and with QA Research who have been benchmarking the performance of the farm tourism sector during the lifetime of the NWFTI.

### **104 About This Report**

This draft final report builds on the Interim Report by incorporating the comments of the Working Group and setting out draft recommendations for consideration and approval by the Steering Group. Recommendations for the way forward are set out at Section Six.

## SECTION TWO : CONTEXT

### 201 Background

The NWFTI is a five year project that started in October 2002, is funded by NWDA and delivered by a partnership of the five sub-regional tourist boards in the North West, Cumbria Rural Enterprise Agency (CREA) and NWDA. The initiative grew out of the Northern Upland Farm Tourism Initiative, which was a farm tourism project partnership between the then North West Tourist Board and the tourist boards for Cumbria, Yorkshire and Northumbria.

The NWFTI was developed to:

- Stimulate innovative farm diversification into tourism projects
- Drive up excellence
- Strengthen existing farm tourism businesses
- Create employment on farms, support employment opportunities for women in remote rural area.

These objectives were influenced by the experience of the Northern Upland Farm Tourism Initiative. Over the length of the NWFTI they have remained largely relevant though the emphasis on supporting employment for women has not proved to be as an important factor. However because of the way in which some traditional farms operate there has been a tendency for tourism aspects of the business to be run by the farmer's wife.

The Initiative was established prior to the restructure of the regional and sub-regional delivery of tourism services; so the delivery mechanism for the Initiative was designed to fit within the North West Tourist Board (NWTB) and Cumbria Tourist Board (CTB) structure. The demise of the NWTB meant that alternative arrangements had to be made for the advisor covering Lancashire and Cheshire and for the management of the accounts. These arrangements resulted in two office moves in a relatively short space of time, which though well managed, inevitably created operational challenges. The demise of NWTB meant that CTB was in a position to progress an additional farm tourism marketing funding application, which was successful. As a result more resources have been available for marketing farm tourism in Cumbria than in the remainder of the northwest.

### 202 Other Funding and Business Support Networks

The NWFTI was developed at the time of foot and mouth disease (FMD) which had a huge impact on rural tourism in 2001, in particular for Cumbria, where the Lake District, as a major tourism brand for UK and overseas visitors was severely affected by loss of tourism trade. FMD took place against a backdrop of continuing decline in agricultural incomes. The Rural Recovery Programme (RRP) was established to tackle the rural crisis that was created by FMD and funded a variety of rural programmes across the northwest. These programmes and the organisations set up to deliver

them came into being in the early stages of the development of NWFTI. As a result there was a sharp rise in support for the farming community including for farm diversification and for tourism related initiatives. Therefore the NWFTI has had to establish its position within a new business support and grant scheme framework. However, the RRP framework of support is not the same across the northwest, so business grants and support networks available to farms differ in each county.

### **203 Differences in Agriculture and Rural Tourism in the Northwest**

Agricultural activity varies across the northwest in relation to the size of farms and the type of farming activity. There is a diverse range of small farms in Lancashire, of remote hill farming in Cumbria and East Lancashire and of larger dairy farms in Cheshire. 'Farming life' differs dramatically across the region as a result and this influences the prosperity of farming and the attitude of farmers to their business. Land values in certain areas can also influence whether a farmer chooses to diversify or to cease farming. Lancashire and Cumbria continue to have a significant number of tenant farms.

What is agreed by organisations working with farms is that farmers are highly professional and hard working businessmen and women, who over the years in the face of huge adversity, changes to farming practices and EC subsidies have become flexible and creative entrepreneurs. For them tourism is another potential business opportunity. However, they are businesses that frequently operate in isolation from business, tourism and social networks.

Rural tourism is equally diverse. In Cumbria, rural tourism is a strong and mature sector. The Lake District is the attack brand for the county and the only rural attack brand in the northwest. Conversely, in Lancashire and Cheshire rural tourism is in the early stages of the destination lifecycle and is developing along side long-established heritage and coastal brands. In recognition of its growth potential, rural tourism has always been supported in Cheshire and Lancashire but the national profile of these counties as countryside short break and holiday destinations is not yet as high as that of others, in particular those that include a National Park. Clearly in Merseyside and Manchester farm tourism has a lower profile.

This means the opportunities for farm tourism, the contribution it makes to rural tourism and the needs of farm businesses differ significantly across the northwest. A 'one size fits all approach' is not appropriate.

### **204 The Impact of Organisational Change Over the Last Five Years**

The restructuring of the tourism delivery services in the northwest took place during the early stages of the Initiative. This has presented some practical challenges for NWFTI in relation to reporting structures for staff, office bases, accounting procedures and recordkeeping.

Cumbria Tourism (previously Cumbria Tourist Board) and CREA are established and mature organisations. Rural tourism is central to their activity and farms have always been a central part of the business mix. Conversely, the new tourist boards for Lancashire & Blackpool and for Cheshire & Warrington have been set up relatively

recently and within the lifetime of the NWFTI. The business advice infrastructure in these counties also differs from Cumbria. These sub-regional differences have had an impact on delivery of the NWFTI and its profile within the farming and tourism communities.

## 205 Strategic Context

The NWFTI programme was agreed at the beginning of a period of change in the region and prior to the development of the Regional Economic Strategy (RES) and the Tourism Strategy for the Northwest. So the NWFTI has needed to consider its relationship with the main relevant themes in these two documents retrospectively. We note that the RES has recently been updated and that the Northwest Tourism Strategy is currently under review, part of this tourism review is to align tourism activity more closely to the RES.

The rural emphasis of the RES is on implementation of plans to ensure ongoing growth in the rural economy as part of the Regional Rural Delivery Framework. Significantly, sub-regional partnerships will play a critical decision making and delivery role in their area.

Moving into the future, rural tourism will need to reflect the priorities of these documents and also align itself with other major initiatives, most significantly the new Rural Development Programme for England (RDPE), which will have a major impact on the countryside because it will be the main funding programme for the rural economy. This will be managed by the Rural Development Agency. RDPE will replace the current ERDP, which includes the Rural Enterprise Scheme. To date this scheme has been an important grant funding source for farm diversification. The RDPE places a strong emphasis on natural habitats, conservation and the environment and while there will be new business support schemes these will change in emphasis and probably in scale to those available through the earlier scheme.

The establishment of Natural England as a new integrated agency, comprising all of English Nature, the landscape, access and recreation elements of the Countryside Agency, and the environmental land management functions of the Rural Development Service is a significant change in provision of land based services for rural areas.

Natural England will champion integrated resource management, nature conservation, biodiversity, landscape, access and recreation. These areas of activity are directly relevant to farming but unlikely to deliver new funding resource in the immediate future.

The RES recognises that the rural economy is undergoing many changes and support is needed to manage this change. ICT and digital development are seen as key tools along with appropriate skills development delivered by sub-regional partnerships.

Diversification of the economic base into sectors with growth potential in the rural economy is recognised as an important dimension to achieving a thriving rural economy. The RES highlights the need to focus on the lagging rural areas of Allerdale, Copeland, Lancaster and West Lancashire.

The activities of the NWFTI lock into some of these objectives but the links are not explicit and will need to be so in the future. The emphasis in the RES on prioritisation including for specific geographical areas that are under-performing needs to be taken into account in considering the future for rural tourism. However, it is not the only consideration e.g. DEFRA has defined different under-performing areas. Under performance is an important consideration but should not be the only factor to trigger support for farm tourism.

Another consideration is the proposed changes to the Business Link service, which are not yet agreed.

## **206 The Significance of Farm Tourism within the Region**

Rural businesses account for 40% of the business stock in the northwest, 23% of regional GVA and 25% of employment. Agriculture accounts for just 3% of rural GVA compared with the service sector which stands at 63%<sup>1</sup>.

Within that context there are approximately 23,295 farms in the northwest of which 34% are in Cumbria, 29% in Lancashire and 24% in Cheshire. The remaining 13% are within Greater Manchester, Merseyside and the High Peak.<sup>2</sup>

The NWFTI has engaged with a total of 2,885 businesses, some 12% of the total base of farms in the northwest. Clearly, in some instances the advice will have been not to diversify into tourism. Taking that into account, it would be reasonable to assume that somewhere between 8-10% of all farms in the northwest have some tourism or tourism-related activity taking place on the farm. Sometimes it is difficult to separate out tourism from other diversification e.g. a fishing lake might attract local users and visitors; a special farm shop might attract visitors because of its location, marketing and products.

## **207 Added Value of Farm Tourism to the Visitor Experience**

Farms also make a contribution to the visitor experience. They can offer diversity, e.g. unusual or special accommodation in rural locations, create sense of place e.g. use of character rural buildings and; contribute to local distinctiveness e.g. by providing an opportunity for visitors to experience being on a working farm, meeting with farming families and/or purchasing local produce. It is difficult to measure this contribution but it undoubtedly enriches the rural tourism experience and contributes to the identity of the rural northwest.

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<sup>1</sup> Northwest Regional Economic Strategy, 2006

<sup>2</sup> DEFRA, June 2004

## **208 Farming and Tourism Activity Support Each Other**

The intertwining of tourism and farming is also an important consideration. Tourism either generates an important share of the overall business income or contributes a growing share. In the sample of businesses we have surveyed in some depth (see Appendix A), we show that the average farm tourism gross profit is circa £10,800. This level would be insufficient to support a stand alone business. However as part of a larger enterprise it represents an important input and in some cases is now the sole provider of profit. The blending of farms and tourism therefore enables the rural economy to benefit from both activities, neither of which might survive in isolation of the other.

## SECTION THREE : OPERATIONS AND OUTPUTS

### 301 Core Activities

There are five main elements of activity to NWFTI:

- Research – principally an annual farm tourism business survey in the northwest to provide a snapshot of business performance in the sector.
- A grant scheme – capital and marketing
- Business advice – by telephone and face-to-face on the farm for pre-diversification into tourism and existing farm tourism enterprises
- Marketing
- Business development – training workshops and networking events

### 302 Research

The main emphasis of the research work undertaken by the Initiative has been the annual survey of farm tourism businesses in the northwest undertaken by QA Research. This project has created a base line study database to broadly reflect the geographic mix of farms in the northwest. It contained 2,413 farms in 2005 and now has a total of 2,788 (2006).

The purpose of the baseline study is to enable the NWFTI to track the progress of farm tourism business in the region. QA Research then target a number of businesses annually to monitor their progress. In 2004 this numbered 600 farms of which 161 were involved in farm tourism. In 2005 the numbers were 1,165 and 280 respectively. The results are presented as measured increases or decreases in trading levels compared to the previous year.

However, because the base of businesses used each year varies, it is not possible to measure one year against another. In effect, each provides a 'snapshot' of performance. Because the survey has been carried out over a period of three years, some trends emerge. Key factors relevant for the future of rural tourism in the northwest are:

- There is still a need to extend the season – rural tourism remains concentrated in the peak season and shoulder months
- 16% of businesses do not know how much of their income is derived from tourism, suggesting they do not keep separate business records
- Tourism is a supplementary income to farming in terms of turnover (on average it represents 26% of turnover) though our business survey shows that in terms of profit to the farm, tourism can be critical. As always, averages can be misleading. Some farmers involved in tourism may let out an occasional room thereby generating a very small level of revenue. Others however state that

tourism generates almost all of their revenue, thereby rendering them tourism businesses with a little agriculture.

- Profit margins for the farm business appear not to have increased in line with the increase in tourism income and turnover. This suggests that, either there is more tourism activity but per head profit is less or, that farming income is declining as a proportion of total income to the business. Comments received from some farmers indicate that as the single farm payment declines, other revenues such as those generated by tourism will become more important
- Farm businesses recognise the importance of local produce but few market it
- Craft activity is not regarded as relevant or as offering added value to the farm tourism operation. This finding reflects the view of a recent study looking at natural environment tourism in the northwest.<sup>3</sup>

### 303 Grant Schemes

From the data provided it appears that 118 grants have been made to 92 businesses. Total payments made to date equal £926,544. £738,976 (79.8%) of this amount has gone to farms in Cumbria and £600,643 (64.8%) has been for capital grants as shown below. The average grant received to date is for £7,852.

These figures need to be read in the context of the different funding parameters of the Initiative for Cumbria and for Lancashire/Cheshire. The criteria are as follows:

- Cumbria – capital grants are up to 75% of costs of the project on the first £10,000 and up to 50% on subsequent £10,000. (Therefore, the maximum grant is £12,500). Marketing grants are available for up to 75% of the total costs for schemes of a value up to £10,000 and not less than £3,000.
- Lancashire & Cheshire – capital grants are 30% of total costs to a maximum of £10,000 and marketing grants are 75% of the total up to £5,000.

These differences primarily reflect a need to spread the benefit and the numbers of businesses in each county.

<b>Grants</b>	<b>Cumbria</b>	<b>Lancs &amp; Cheshire</b>	<b>Total</b>	<b>Budget</b>	<b>Balance</b>
	£	£	£	£	£
Capital	491,566	109,057	600,643	777,900	177,277
Marketing	247,410	78,511	325,921	437,500	111,579
<b>Total</b>	<b>738,976</b>	<b>187,568</b>	<b>926,544</b>	<b>1,215,400</b>	<b>288,856</b>

<sup>3</sup> TEAM, 2006, *Marketing the Natural Environment of the Northwest* for NWDA

From the data provided we have identified 56 capital and 62 marketing grants. This indicates that marketing grants have averaged £5,257, whilst capital grants have been almost twice as high, averaging £10,725.

Grant recipients have praised the scheme as one of the easier to apply for, especially as a result of the level of support provided by the advisors during the process. There is also a view that the level of grant provided is relatively low and therefore is viewed by some as a top up rather than a significant investment in a large capital development. Such needs are met through other funding sources.

The NWFTI grant scheme is one of many available in the region for farm diversification and farm tourism business development support. These schemes vary between counties and many are funded through RRP and therefore will come to an end in 2008. Common across the northwest is England's Rural Development Programme (ERDP), which is shortly to be replaced by the RDPE. This includes the Rural Enterprise Scheme (RES), a capital grant scheme and is suitable for farm tourism diversification projects that require larger grants than the NWFTI can offer, though NWFTI monies can often provide additional revenue support for the project as it develops. The plethora of schemes, each with its own criteria and eligibility can be confusing to the farm business. NWFTI advisors play an important role in 'making sense' of these schemes and helping the business maximise the funding support available including through helping them develop business plans. (see Appendix B for diagrams illustrating how farm tourism business support works within Cumbria, Lancashire and Cheshire).

### **304 Marketing and PR**

Marketing activity can be divided into three areas:

- Internal - marketing the initiative to farms and communicating news and progress to stakeholders
- Business to consumer - marketing farms to visitors
- Business to business – a hybrid of the above two marketing activities, this has involved encouraging businesses to work together, share best practice and includes the development of farm tourism clusters.

The NWFTI Marketing Plan links actions to key themes and priorities in the Tourism Strategy for the Northwest to ensure good strategic fit.

Cumbria Tourism piloted the marketing of farm tourism to visitors and had a specific budget allocated to do that. As the Initiative has progressed, various opportunities have been identified for northwest wide marketing collaboration, including for specific future initiatives e.g. for equine tourism.

#### *Internal marketing*

Promotion of the scheme to farms has been undertaken by utilising the existing database of farm contacts built up during the lifetime of the Northern Upland Farm Tourism Initiative, via production and distribution of leaflets explaining the Initiative

and the grant scheme available, and through representation at appropriate shows and exhibitions in the region. This has been an ongoing process through the life of the Initiative and taken place across the northwest.

#### *Business to consumer marketing*

Marketing to visitors has included media campaigns and competitions, advertisements in targeted publications e.g. Caravan & Camping Guide. In many instances marketing activity to visitors has been about featuring farm tourism businesses in existing publications.

Two professional PR companies have undertaken the PR for the Initiative. Both of the PR companies looked at marketing the scheme to farms and to consumers. They have achieved national coverage for specific projects and also provided PR support and advice to individual farm businesses. This latter role is an example of the Initiative's key strength as a deliverer of ongoing advice and guidance that builds up the skills in the business as it evolves. It has delivered a resource that is unlikely to have been available elsewhere had the Initiative not been in place and importantly has enhanced business understanding of quality.

#### *Business to business marketing*

One of the key strengths of the marketing activity has been about developing and building **networks and clusters** using joint marketing and promotional activity as a driver for business involvement. Clusters are often most successful where businesses are brought together initially by opportunities for joint promotions. These networks respond to the northwest tourism strategy objective to create effective business clusters. Within NWFTI they have frequently been built around themes that link with those in the regional and sub-regional tourism strategies e.g. equine tourism. Unusually and because they are marketing led some have been pan regional in their membership. In Cheshire, the Rural Enterprise Gateway (REG) <sup>4</sup> and NWFTI have worked closely together on this activity. REG offers small support grants for clusters through the CREATE grant scheme. In Lancashire clusters are supported through LRTi (Lancashire Rural Tourism Initiative), which is delivered by Lancashire and Blackpool Tourist Board and provides funding to businesses only if the application is related to cluster tourism activity.

The profile of NWFTI campaigns such as the Tea Trail and Luxury in a Farm are of particular note, (both are Cumbria focused). The Cheshire Farm Stay has also developed as a strong cluster. It has benefited from marketing support and taken part in training projects. However, it is difficult to evaluate whether those businesses involved would continue and grow the momentum of these clusters without the support and encouragement of the Initiative as there is a difference between the enthusiasm and good will to do so and making the commitment. However, we note positively that the camping and caravan network is now established as a group in its own right and is operating independently from the NWFTI.

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<sup>4</sup> the business advice element of the rural tourism cluster, which is led by the Cheshire & Warrington Tourism Board and is a priority theme in their tourism strategy

**Business to business marketing** has included an annual conference and various business networking events and familiarisation days. Such activities blur the lines between marketing and business development. Events have targeted farmers considering diversifying into tourism and those already in business (see 305 below). They provide an important source of inspiration, sharing of experience and mutual support networks.

The **NWFTI website** is generally an excellent communication tool and information source. Most of the material on the site is relevant, informative and easy to access. Some however dates back to 2003 and should be removed. Information is clearly presented. The site is designed to engage and involve the business in an ongoing way; in effect to become part of an e-family of farm tourism businesses. Case studies include the pitfalls farms have faced in diversification. The business toolkit is particularly useful for farms that are geographically remote from training venues and tied to the farm timetable of activities. The toolkit could go further as currently it targets pre-start ups rather than existing businesses.

We are not aware of any research commissioned to measure the effectiveness of marketing activity specifically in relation to its delivery of visitors to businesses, though each marketing campaign has been carefully monitored in relation to numbers of responses, media coverage etc. It is notoriously difficult to measure the impact of a particular marketing campaign in isolation as typically visitors are influenced by exposure to a variety of marketing initiatives. Numbers of participants and visitors to events and response rates to competitions and offers all suggest the campaigns and activities have done well and clearly have been well targeted. In the future, it will be important to develop Customer Relationship Marketing (CRM) to build on success and help measure it.

### 305 Training

The NWFTI has delivered training and conference days as part of its overall package. The Initiative set targets for training outputs, though there was no specific budget allocated to this activity. The target was for 1500 people to have been involved with a farm tourism specific training course; as at June 2006, 1190 farmers have taken part in marketing, ICT and other tourism skills training courses. So the Initiative is on track to meet those targets.

There is a wide range and large number of tourism and mainstream business training courses available in the marketplace. This volume increased post FMD. So, NWFTI advisors have focused on signposting and developing bespoke courses responding to need and demand and frequently using clusters e.g. Cheshire Stay on a Farm, as a focus. This has ensured that training events have been well attended and are relevant to the businesses involved. The main areas of business need in farm tourism are in relation to image and branding, tourism sector knowledge, marketing and development of sophisticated ICT skills. Core business skills are less likely to be required because farmers are already running businesses, so are familiar with the process of business planning and have the skills to deliver it.

Many of the businesses contacted by telephone, particularly in Lancashire and Cheshire were unaware of any training courses that were available to support their entry into tourism. However, this lack of awareness may well reflect that many of

the courses were delivered via other organisations e.g. Stay on a Farm UK, and therefore businesses do not make a direct link with the NWFTI. Businesses with whom we spoke in Cumbria were more aware of training events (it is unclear why), though the geographical spread of the businesses made the training inaccessible for some.

Businesses have been signposted to the Welcome Family of seminars where appropriate, though the location and timing of these courses are sometimes unsuited to farmers running a tourism business and a farm.

Examples of courses run as part of the Initiative includes tourism diversification seminars for National Trust tenant farms, business development days, image improvement and IT.

### 306 Outputs

The target outcomes for the Initiative and how they have performed against these are summarised in the table below.

<b>Output Targets for the NWFTI 2002-2007 and Achievements at August 2006</b>	
<b>Target</b>	<b>Achievement</b>
500 new members joined the farm based tourism network*	548
50 new farm based tourism/leisure business start ups**	62
500 farm businesses advised through diversification	1,248 helped with diversification
2000 farms received advice	1,637 received advice
1500 individuals benefited from training	1,191

\* number of client businesses that are involved in some way with a networking meeting

\*\* counted as number of new businesses getting a grant. What is excluded are the many businesses that are new businesses advised by NWFTI but who went elsewhere for a grant or self funded the project.

## SECTION FOUR : KEY FINDINGS

### 401 Introduction

Here we set out some of the main findings from our research and consultation process. We have looked at the Initiative from the following viewpoints:

- The farm businesses
- The partners of the Initiative
- The strategic positioning of farm tourism alongside other tourism and rural policies and imperatives
- The delivery approach used and the management of the project.

One of the most challenging aspects of the review is that there is plenty of information about the NWFTI, but there is little incisive research about the success of the Initiative specifically. The QA Research represents an in-depth picture of the performance of the farm tourism sector in the northwest but it does not show how the NWFTI has contributed to that picture specifically. As part of the primary research for this study QA Research segmented out businesses who had benefited from NWFTI support from their universal sample for comparison. However, because the sample was relatively small, the findings did not reveal any strong trends.

Overall it is difficult for anyone not closely engaged with the Initiative to easily access information beyond that recorded in the quarterly reports, which specifically relates predominantly to progress on achieving numerical targets.

### 402 A Regional Initiative with a Sub-regional Delivery Approach

NWFTI covers the northwest but activity has largely focused in the three main rural sub-regions of Lancashire, Cheshire and Cumbria. There has been some interest by farms located in Greater Manchester and Merseyside too.

The people resource provided to deliver the Initiative has been thinly and unevenly spread, comprising two people in Cumbria and one person to cover Lancashire and Cheshire. While each of these individuals has been provided with support and back up by other partners and organisations, it has been these three people who have undertaken all site visits. Site visits are time consuming given the location of some farms and the geographical areas covered. Each individual has brought their own style, knowledge and skills to the Initiative. This means that the way businesses have been supported has varied. This reflects that the success of all initiatives, is largely reliant on the people delivering it. The success of the NWFTI to a degree reflects the commitment and skills of its advisors.

Since the establishment of REG in Cheshire some farm tourism site visits have been undertaken by tourism-specialist REG advisors, helping to increase the specialist business support capacity and develop an integrated response to delivery. REG offers rural businesses a full diversification service, though 1.5 of its staff (50% of

total) are focused on tourism and seconded from the Cheshire & Warrington Tourism Board.

In Cumbria, the approach appears to have been more diversification-led rather than tourism led at the business start-up level. Namely, a farm is looking to diversify and tourism may be suggested as one option usually as part of an initial visit by a Cumbria Farm Link advisor. This has not been universally the case but is undoubtedly an approach in Cumbria not reflected in Lancashire/Cheshire. This difference of approach has generated different types of business needs and expectations. In Lancashire and Cheshire farms have already decided they want to diversify into tourism, so they are focused on what they need or think they need. In Cumbria, Familiarisation Days and exposure to business ideas are arguably more important.

Farmers in Cumbria interviewed in our business survey spoke of high levels of support both before and after grant advice, including on-going, almost hand held, marketing support. In Lancashire and Cheshire the impression was different. Here farmers had usually been introduced to the programme by a third party and the NWFTI's representative had mainly focussed on business development and grants. Clearly, this reflects the differences in the way the Initiative has been funded. Cumbria benefited from marketing funds not available to Lancashire and Cheshire.

In Cumbria the support has been wider involving marketing as well as development. There is a sense that businesses have built up a relationship with the two staff of the NWFTI and go back to them, using them as a sounding block for ideas and as a resource to help them develop different aspects of their business.

NWFTI was set up to cover all of the northwest but the initiative has not engaged with Manchester or Merseyside. Both these sub-regions have farm diversification opportunities and the network of tourism support is unlikely to be as well placed as more rural sub-regions to deliver the specialist business support. However the people resources for the NWFTI have not allowed a more pro-active approach. As a consequence a very small number of businesses have come forward requesting support from Merseyside or Greater Manchester. This has been perhaps a missed opportunity that needs to be re-addressed in the future.

#### **403 Added Value is the Specialist Business Advice**

NWFTI has gone deep though not particularly wide in terms of the numbers of businesses supported. However, the numerical outputs are not what is important here; it is the added value to the farm of moving forward their business and building business capacity and confidence.

In all sub-regions, one of the benefits is that the NWFTI business advisors have made sense of the complex grant schemes available to farmers. The advisors have meant that in Cumbria, Cheshire and Lancashire there is an experienced specialist at hand to signpost farm diversification requests coming to the tourist board and other organisations. Nearly everyone we have spoken with are keen to retain the business

advice aspect of the initiative in some form to meet known demand. This is especially important in Lancashire and Cheshire where farm tourism is at an earlier stage of its development and there is a less well-developed and experienced network of rural advisors.

#### **404 Advice and Support is as Important as Grants**

Businesses surveyed were more enthusiastic about the support and advice they received than about the grants. This is not to say the grants were not important to them but that the value was not just about money. However, the agencies and organisations involved do not tend to recognise this. Grants are seen as a 'hook' to attract farmers who can then be introduced to a range of services. To a degree this may be true but the business survey highlighted that farmers are experienced business people but not experienced marketers, neither do they know about the tourism industry and as a result sometimes lack the confidence to develop the business or realise its full potential. The following quotes highlight the importance of specialist informed business advice and support.

*We don't have holidays so do not know what tourists want. The NWFTI makes us aware of tourists' needs. (Cumbria)*

*Would not be in tourism now if we had not had the advice from NWFTI and tourism now generates all of our profit. (Cheshire)*

*NWFTI is more focussed on the reason for their existence, namely helping businesses to be viable (Cumbria)*

#### **405 The Downside to a Hand Holding Approach to Business Support**

The difficulty with providing in depth and ongoing support is that businesses rely on it and their business confidence is developed only so far. Speaking with a small sample of people involved with marketing networks, they all doubted whether the network could survive without the professional input and enthusiasm the NWFTI generated.

So any future scheme and support must 'wean' businesses off support and into self sufficiency.

#### **406 Quality has Underpinned the Initiative**

One of the consistent themes that is notable in the NWFTI is quality. Quality underpins the marketing and promotional activity, events and significantly the business advice. Across the region almost all the businesses we spoke with noted that they had been dealt with extremely effectively and most also commented on the empathy that the advisor had for their business.

This quality reflects the commitment and knowledge of the staff involved in it. As often typical with many such schemes, it is the people involved that make it work.

#### **407 Marketing Support is Important**

Access to marketing support was highly regarded by businesses surveyed. Many had little or no understanding of markets or promotion and the support provided gave the operators ideas and confidence. This support has predominantly been available in Cumbria, though is now also available in Cheshire through REG.

#### **408 Rural Tourism Funding is at a Crossroads**

In 2007, the NWFTI will come to an end. It is one of many grant and business support schemes, so it has not got a strong identity in its own right. This is not necessarily an issue but does call into question the need for a scheme specially targeting farm tourism.

In 2008 Rural Recovery Programme funding comes to an end, so schemes such as LRTi and REG may disappear unless new funding streams can be secured, potentially leaving gaps in provision. The ERDP will have been phased out during this timescale and the new RDPE offers some potential for funding but has a much stronger emphasis on conservation and rural development. It is estimated that 80% of its funds will be allocated to conservation related projects. There will be opportunities to support diversification into farm tourism through the new scheme and there will be new opportunities to fund trails and signing in the countryside. Other aspects of the scheme that will be beneficial to farm tourism include help for micro businesses including accommodation operators, and for marketing.

So future support for farm tourism must be considered within this wider context.

## SECTION FIVE : LOOKING TO THE FUTURE

### 501 Why Farm Tourism?

Rural tourism features in the *Tourism Strategy for England's Northwest* and also features strongly in the tourism strategies for Lancashire & Blackpool, Cheshire & Warrington and for Cumbria. Visitors to the countryside need places to stay and things to see and do including all weather attractions.

If the northwest wants to grow the rural visitor economy it requires product to do so. Farms are an essential part of delivering that countryside visitor experience though it is important they deliver what the visitor wants, so business ideas and propositions need to be tied into strategy objectives and projects e.g. equine tourism, cycling and walking tourism, food and drink and must meet the quality and service level requirements of target markets.

Outside of market towns and villages and a small number of large land owners such as the National Trust, Forestry Commission and United Utilities, there are few commercial businesses in the countryside other than farms. This is particularly true of Lancashire and Cumbria. Farms are also custodians of the natural heritage and environment, the raw material that attracts visitors to the countryside. The rural 'public realm' that is part of creating a sense of place in the countryside. This includes development and management of footpaths, bridleways and trails. So they have a key role to play in the visitor economy and delivering sense of place.

Sustainability of countryside tourism enterprises is often marginal because of strong seasonality and the nature of visitor activity. Farms use tourism as one strand to their business so are able to run smaller scale tourism operations because they have another income source. Equally, mainstream farming activity is no longer profitable and so farmers are seeking new business opportunities. Tourism helps farms stay in business.

However, NWFTI illustrates that farms need a support network to develop and survive in tourism. So support for farm tourism enables countryside tourism to flourish.

However this does not imply that farm tourism should be supported in isolation of other countryside initiatives but rather that the specific needs of farm tourism businesses are recognised and met within future structures. Indeed the plethora of existing initiatives suggest that a more streamlined approach would be beneficial but this must not be at the cost of the specialist support that has proved to be the most valuable part of the NWFTI.

### 502 What Should Drive Rural Tourism Support – An Opportunity or Needs Led Approach?

The emerging Natural England, the RDPE and the RES all point towards a policy that is conservation led and/or which spotlights rural areas lagging in economic performance. In tourism terms we need to ask whether this is the right approach.

Lagging economic areas are often remote, lack much of the physical and skills infrastructure that supports inward investment and may suffer from rural social deprivation. Such areas need to address these issues first to generate civic pride from which a visitor economy can develop subsequently. In the immediate future, they are likely to struggle to deliver a rounded visitor experience or to have the entrepreneurs to develop tourism enterprises in sufficient numbers to create a destination. This is not universally the case but it remains important to continue to support existing rural destinations and those emerging, irrespective of whether their wider economic fortunes are flagging or not.

The recent report *Marketing the Natural Environment of the Northwest*<sup>5</sup> states that 'the Northwest has an outstanding natural environment with a justifiable claim to be the best in England. It also became apparent that there is considerable under utilization of the majority of natural assets for tourism and so scope for attracting more visitors, with appropriate visitor management'. As such it will be important to ensure that farm tourism is incorporated within that sphere of activity. The report recommends:

'the establishment of A Natural Tourism Product Development Manager to support practical business-focused collaboration among tourism and environmental interests; to promote and disseminate new ideas; encourage collaboration on marketing and new product development; and to support business development'.

NWDA are currently acting on this recommendation and future delivery structures for farm tourism needs to relate to this proposed approach.

However, while nature based tourism may offer potential for growth from a strategic perspective, there is a need to consider how farm tourism sits within that. Farms recognise their role as stewards for the countryside and there are various funding initiatives to encourage environmentally friendly land management. However, the commercial tourism opportunities for farms lie more within the areas of accommodation, food and drink and visitor attractions than access to land to observe wildlife for example. Of course visitors coming to enjoy the natural landscape will require the same tourism support infrastructure as other visitors but if grant regimes favour environmental and conservation projects, farms may struggle to get the grant support to deliver these other aspects of the visitor experience that are critical to enabling natural tourism to be developed and sustained.

### 503 What Do Trends Tell Us?

The focus of this review has been on the farm businesses and on the public sector organisations providing the business and grant support. It is critical to understand from a market perspective whether farm tourism has a long term future. A review of headline lifestyle trends and future forecasts are:

- Cities and urban areas are increasingly where people live, work and spend their leisure time. Cities are associated with culture, choice, excitement and 24–7

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<sup>5</sup> TEAM, 2006 for NWDA

living. These assets drive the city break market. They are also associated with stress. So **the coast and countryside will become the 'recharge and revitalise' destinations of the future** and the experiences they deliver and the way in which they are presented in the marketplace must reflect these visitor aspirations

- Recharge and revitalise mean different things to different people and at different times. **Niche markets will continue to lead the way forward for tourism.** Mass marketing will become increasingly irrelevant as IT allows people to precisely access customised information at the first call or hit. So a distinctive offer that presents a clear proposition is crucial to compete in an overcrowded market of websites and marketing propositions
- **An aging yet active and theoretically healthier active population** – more people have more leisure time and disposable income but need to be persuaded of real value for money. This trend will continue for at least another 15 years at which point the impact of pension shortfalls and longer working lives will kick in
- **Health, environmental and ethical considerations are taking a higher priority in consumer choice** – where greater disposable income allows for selection of organic and fair-trade products, foods with local and/or known provenance, holidays with green credentials and “authentic” experiences. These products are statement of lifestyle values so are important to consider in the context of target markets for countryside visitors
- **An interest in self-development** – physical well-being to enhance health and fitness into old age and self-fulfilment through education, lifelong learning, spiritual enrichment and relaxation as an antidote to what is perceived as more stressful lifestyles – leisure activities need to offer opportunities to try out new interests or develop existing ones, in the company of others who have similar aims and values. The sales proposition must be targeted and specific and emphasise the range of experiences visitors can enjoy.
- A growing number of people living alone, whether by choice or through circumstances, brings **a need to provide for people travelling alone and using leisure activities as a way to meet new people**, to relax in safety and in comfortable environments. Demographics tell us that a higher percentage of these ‘singletons’ are female, businesses need to respond to female requirements for safety and comfort. There is also evidence to suggest that some business travellers are moving away from the reliable though impersonal brand business hotel product and beginning to seek out distinctive places to stay overnight. This trend is again stronger among women business travellers.

These trends indicate that the countryside will remain an important part of the tourism offer and that activity tourism, authentic and environmentally packaged offers will be important. Farm tourism as a specific product within the mix is one approach but there may be more merit in looking at farm tourism experiences as an integral part of the total countryside tourism offer. This would suggest a more integrated approach to marketing farm tourism businesses, though it is important to make a distinction between presentation of the product to the consumer and delivering a business service to the farmer.

## 504 Conclusions

Farm tourism is an essential part of the countryside tourism visitor experience. The visitor economy enables farms to remain operational and they contribute to it by delivering product and managing the countryside. Farmers are often remote from support networks, so need support to develop and sustain their tourism businesses. This support needs to be delivered in a way that is appropriate to meet their particular circumstances. Farm tourism businesses represent a significant proportion of rural tourism SMEs and enabling this sub-sector is an important part of supporting the sustainability of rural tourism.

However, it does not necessarily follow that a sectoral approach to business support also means that farm tourism should be presented as a specific proposition to visitors that is separate to the main marketing themes of the region and sub-region. Stay on a Farm (previously Farm Holiday Bureau) has been in operation for many years and promotes the farm accommodation sector to people who have already made a choice to stay on a farm for a holiday or short break. The marketing undertaken as part of this Initiative has taken a thematic led approach that responds to recognised ways in which the sophisticated consumer of today responds to marketing propositions and which links up with strategic priorities. It has tested out new ideas and themes. It has also encouraged farm tourism businesses to take part in mainstream rural marketing and promotional activity as appropriate.

Visitors are better traveled and more demanding in their needs. Marketing is responding by becoming increasingly sophisticated and customer focused. Customer Relationship Management (CRM), brand loyalty, local distinctiveness and the use of the internet for consumers to research, book and share their holiday experiences has changed the marketplace dramatically. Farm tourism businesses need to understand and be part of a forward looking approach to marketing to ensure they are part of the mainstream rural visitor experience. Nonetheless, there may be occasions when it makes market sense to present farm tourism experiences together for a specific promotion. The NWFTI has already begun to move towards an inclusive direction but there is a need to be clear agreement that this is the way forward and ensure farm tourism businesses are equipped with the skills and support to enable it.

## SECTION SIX : RECOMMENDATIONS

### 601 A Difficult Time To Determine A Way Forward

This review and its recommendations are taking place at a time when decisions about major rural programmes and small business advice are not yet finalised.

The experience of the NWFTI shows that the need to modify an initiative retrospectively to fit with new structures and funding programmes, brings challenges that can take up considerable time to accommodate and resolve. Therefore, the recommendations set out below are firm where it is possible to be so but present options in other cases for further consideration by the partners. In some cases, these considerations may need to be ongoing until other external factors are clarified.

What is significantly different now to when the previous Initiative was established is that there is a new tourism delivery structure in place and it is firmly established. This provides an appropriate and strong structure within which to develop farm tourism.

### 602 Recommendations for Farm Tourism Support in the Future

We consider that, on balance, there is a case to provide ongoing support specifically to farm tourism businesses, both start up and existing. This recommendation is based on the recognition of the significant contribution farms make to the natural environment and their particular rural tourism development potential and needs. However, we strongly recommend that this support is closely aligned with wider rural tourism objectives and seen as one means of achieving those wider rural tourism objectives. This change in emphasis will influence how support is delivered.

Farm tourism business support in the future must be tightly focused on tourism specific added value services that will not be delivered through other programmes and which also link closely with the tourism brands and priorities of the Regional Tourism Strategy. As the priorities and programmes of the RDPE become clearer, it will be important to identify links with it as well.

We recommend three main areas of activity specifically working with farm tourism businesses. All three areas can be linked up with other rural tourism work and partners should consider how they achieve this. The three areas of activity are:

1. **Customised Business Advice for Farm Tourism Businesses** is retained in recognition of the particular needs of the sector but that the delivery of this should be integrated within existing sub-regional rural business service provision. This should include skills development workshops directed through the business clusters. Developing marketing skills and providing marketing support should be included within this.
2. **Cluster development** – building on success to date with product development and marketing activity and specifically:

- developing the supply chain aspect of the clusters and making links with the food and drink sector cluster
  - building stronger links between farm tourism clusters and wider rural tourism clusters, e.g. equine tourism, gardens, including exchanging best practice and involving farm tourism businesses in capacity building and better integrating them within the wider rural tourism economy
  - consolidating marketing activity with an emphasis on CRM and use of IT to increase marketing skills and encourage self reliance.
3. **Research** – this is a cross-cutting activity to inform the way forward and refine priorities. Two areas are recommended:
- *Market segmentation* - NWDA is currently working with the regional tourist boards undertaking primary research with consumers, using the ArkLeisure market system to look at market segmentation. There is a need to look specifically at the farm tourism experience in the context of the findings of this work and to undertake additional specific research that will help identify more precisely who the target markets are for farms and how best to market it within the context of the priorities and themes of the Regional Tourism Strategy and the sub-regional visitor economy strategies.
  - *Monitoring and evaluation* – of specific farm tourism projects should be set up at the start and be quite specific in their remit, with an emphasis on the qualitative aspects. These should include monitoring impact of specific promotions over time in the marketplace and measuring progress of cluster activity including moving towards the self-sufficiency of clusters.
  - It would also be desirable to be able to support research into new innovative project ideas coming forward, to ensure entrepreneurial opportunities are maximised.

In addition, we recommend:

- Continued support and development of the NWFTI business website and investigation of methods of business support through electronic media. This could include teleseminars/business support and a shared experience forum. The website should continue to be clearly hyperlinked to other appropriate industry websites including the tourist boards, rural enterprise agencies/organisations and the new Natural England
- IT training and business development packages are developed and made available through the NWFTI business website.
- The Initiative should continue with a meeting forum of tourist boards and other partners to ensure ongoing exchange of ideas and identification of opportunities for collaborative working.

We note that partners may choose to rename the website in due course.

Once the RDPE funding is clear and post RRP schemes, it may be appropriate to re-look at the total grant support available within rural tourism to ensure the needs of farm tourism businesses are adequately and appropriately addressed.

### **603 Prioritisation of Resources**

At this stage it is recommended that support for farm tourism businesses is made available to all comers irrespective of geographical location. Clearly, it will be important to prioritise human resource to ensure the Initiative continues to support those businesses with the greatest growth potential and business sustainability.

It is therefore suggested that all businesses are eligible for an initial business advice meeting but thereafter the delivery agencies will prioritise more detailed advice according to business opportunity and sustainability. Working with clusters clearly provides the opportunity to work with a larger number of businesses on shared issues and opportunities.

This approach ensures all businesses have an opportunity to benefit from the advisory service, cluster development work and marketing opportunities

### **604 Delivery Models**

NWDA is moving towards a sub-regional delivery approach. There is agreement between all the stakeholders that future farm tourism business support should be delivered at a sub-regional level. This approach will facilitate better integration of farm tourism with other rural projects, will allow flexibility on delivery and allows sub regions to meet their specific needs and opportunities. It also enables sub-regions to undertake pilots on behalf of the northwest.

Therefore we recommend a sub regional delivery (operational) set within a regional framework (strategic).

The framework for the initiative needs to be consistent across the northwest to ensure a joined up approach at a strategic level. This is a tourism initiative in a rural area. Therefore we recommend that the Tourist Boards should be responsible for the co-ordination of the delivery of farm tourism business support. There are several reasons why we recommend this approach:

- The tourist boards are best placed to perform this coordination role because as the bodies charged with delivering tourism services in each sub-region they have a holistic picture of the sector.
- They have established and formal mechanisms of communication with each other and with the Regional Tourism Forum and with NWDA which will help exchange of experience and identification of cross-sectoral and cross-boundary opportunities.
- They have three year funding programmes providing some continuity of operations.

- The work of the tourist boards is increasingly being driven by the concept of the visitor economy and quality of place. This will help ensure that links are made between farm tourism, the RES, the northwest regional tourism strategy and the work of local authorities and national parks.
- Aligned to this is that it will also help ensure that the programmes and support offered to farmers is led by visitor economy needs and markets, which is critical to business sustainability.
- Tourist boards are best placed to develop and maintain strategic links between the proposed Natural Tourism Product Development Manager and farm tourism, ensuring meaningful and fruitful links are made between farm tourism and natural tourism.
- Farm tourism businesses particularly value tourism specific advice because this is the area in which they are least experienced.

Tourist boards may choose to sub-contract specific projects and services for farm tourism to other bodies or to establish other partnership working delivery arrangements. Partnership is key. Currently, there are good working relationships between REG/CWTB, Lancashire Rural Futures/LBTB and Cumbria Tourism/CREA. Each partnership model varies and each sub-region will need to examine their own circumstances and the appropriateness and effectiveness of current arrangements. A new phase in the Initiative creates an opportunity to fine tune arrangements in the light of experience about what works well and why.

The tourist boards should also ensure they represent rural tourism, including the interests of farm tourism, within the RDPE and take a lead role in representing the sector's interest in sub-regional consultations in collaboration with rural business advice organisations.

## **605 Staff Implications**

5.5 f.t.e staff have been employed to deliver the NWFTI during its lifetime. There are three f.t.e. posts that will be lost when the current Initiative comes to an end in March 2007. This is a potential loss to the collective resource pool for rural tourism support. This needs to be taken into account when forward planning all rural tourism business support programmes. Future staff requirements specifically for the Initiative will be driven by capacity within existing specialist rural and tourism business advice agencies and within the tourist boards. Farm tourism is a wider part of the rural and natural tourism offer, so there are overlaps of business needs, marketing activity and clusters work. Much might be achieved through partnership and good use of existing expertise. However, if three posts are lost, the gap in resource will be visible. If a grant scheme for the Initiative was agreed in the future this would have specific additional staffing implications. What is critical to success is that farm tourism business projects should be delivered by people who understand the specific needs of this sub-sector. Current staff have considerable expertise and an established track record with farms in the region. It is desirable to try to retain that expertise within the rural tourism economy of the northwest.

We recommend that partners undertake further discussions with relevant agencies to agree how to effectively meet staff resource needs for farm tourism in the northwest.

## APPENDIX A

Annual research by QA Research has provided a valuable insight into the development of farm tourism throughout the northwest. The developing sample they created includes some, but not all, of those farmers who have benefited from the NWFTI programme. As a result the QA sample does not accurately reflect the impact of the scheme on those businesses that it supported.

To address this balance, we requested QA to compare the annual trading data of those farmers who provided trading information in both 2004 and 2005 and who stated that they had received business advice from the NWFTI in the last 12 months. This produced a sample of just 42 businesses.

This sample included most forms of farm tourism businesses, including both serviced and self catering accommodation such as caravan sites, camping and cottage lets, farm and craft shops, activity providers such as cycling, walking and riding, and food and drink providers. In 2005 these 42 businesses between them offered 59 types of service. As a result of this broad cross section of operators and the small size of the sample, the number of businesses offering similar services was small thereby limiting the value of the data provided.

The impact of the NWFTI scheme on these businesses was further limited by timescale as the support had only been received during the past 12 months. The true value of such support, especially where grants and longer term planning are involved, cannot be fully accessed over such a short period.

The main characteristics and factors shown by this additional analysis were:

- The 42 farms included in the sample offered 59 services in 2005, 5, or almost 10% more than in the previous year. The additional activities were one farm shop, two food services and three attractions such as animal petting.
- There were no changes in the supply of serviced or un-serviced accommodation but average occupancy levels in serviced accommodation rose by 6% from 47.3% to 50.1%. Further analysis showed that this increase was due to growth in those operations that had been trading at the lowest levels in the previous year. A similar trend was noted in caravan occupancy levels but occupancy in cottage operators declined due to the poorer performance of just one operator. This could have been due to a variety of reasons, including non-trading issues, and is not significant.
- The percentage of revenue generated by tourism within the total farm turnover rose by almost 5% in 2005, indicating that for these farms tourism is becoming more important. At an average of almost 40% of total income, and with an average monetary value of £27,600 in 2005, it is evident that tourism for some is a significant part of their business. For four of the sample, tourism generated 80% or more of total income. In terms of gross profit, the average sample level was £10,783 in 2005.

- For those businesses serving food, the share of local produce used rose from 61.5% in 2004 to 65% in 2005, an increase of 5.7%.
- The marketing methods employed by the businesses were fairly limited in 2004, being largely restricted to producing leaflets and relying on word of mouth. There was little change in 2005, with just three more businesses producing leaflets, making 37 in total, and a further five, up to 35, trying electronic marketing.

As stated at the outside of the above review, the sample is small and the time period probably too short to enable the full benefits of the NWFTI to become apparent. However, as the only analysis of comparable data available, it does show that businesses that have been 'touched' by the programme are continuing to grow. Perhaps even more important however is the conclusion that tourism revenue, and profit, is becoming an increasingly important income stream for farmers.

To explore the results achieved by the NWFTI further, we conducted 20 telephone interviews with farmers who received grants from the NWFTI. The objective of these interviews was to identify the impact that the programme had had on their businesses and whether the scheme had any specific features that, in the view of the recipients, would be lost should the scheme not continue in future. The interviews were equally split between farms in Cumbria and others in Lancashire and Cheshire.

The first point noted was the different way in which the programme appears to have been enacted in the two areas. Farmers in Cumbria spoke of high levels of support both before and after grant advice, including on-going, almost hand held, marketing support. In Lancashire and Cheshire the impression was different. Here farmers had usually been introduced to the programme by a third party and the NWFTI's representative had mainly focussed on business development and grants. In both areas almost all respondents noted that they had been dealt with extremely effectively and most also commented on the empathy that the advisor had for their business.

A further feature of note was the relatively ease with which grants could be applied for. Several farmers commented that the process seemed simpler than that used by other agencies. This comment only related to the process, it did not imply the grants were any easier to obtain.

It seems that this empathy and understanding set apart the advisors on this programme from other government agencies. Several farmers stated that whilst they are extremely experienced business people, their strength lies in farming and not tourism, a people business. As a result they felt uncomfortable making the partial transition. The enthusiasm and confidence displayed by the NWFTI advisors was therefore a crucial factor in encouraging them to diversify. Other general comments received included a fairly popular view that the advisors understood the farmers' objectives and end products, giving a real impression of wanting to help.

Several respondents, particularly in Cumbria, stated the knowledge gleaned from their advisor on an on-going basis was extremely useful in the further development of their business. One particularly comment was that as farmers they never take a holiday. As a result they do not know what a tourist wants or expects. Their advisor had therefore been particularly helpful in assisting them to first recognise and then serve the needs of their new market.

It became evident that several of the farmers created tourism enterprises out of economic necessity. One postulated that as farm incomes continue to decline, more farmers will need to turn to different forms of enterprise and therefore further assistance from a scheme similar to the current NWFTI programme would be needed.

Interestingly the clear impression, particularly outside of Cumbria but also within it, is that the support of the programme is most needed prior and during development and immediately after commencement of trading. As experienced business people the farmers appear to adjust quite quickly to the demands and trends of their new business. It is the development confidence and start-up assistance that is most crucial and appreciated. The value of this confidence also became evident in other ways. For example one farmer had already developed self catering cottages and used an external agency to market them. Due to the advice received from their NWFTI advisor they became sufficiently confident to cancel the marketing contract and manage their own business, thus boosting profit.

Very few of the grant recipients stated that they would have been deterred from undertaking their developments had the grants not been available. Several further stated that if the development wasn't viable without a grant, it was too risky a venture with one. However the grants were appreciated and often led to an improved product and business because they enabled the farmers to either create higher quality products or increase the level of marketing activity undertaken at the outset or both. Without a grant for example, one farmer would not have created self catering cottages that are now greatly appreciated by the disabled. Others would have invested less on fitting out their facilities. The grants therefore have led to higher letting prices as well as a wider range of markets.

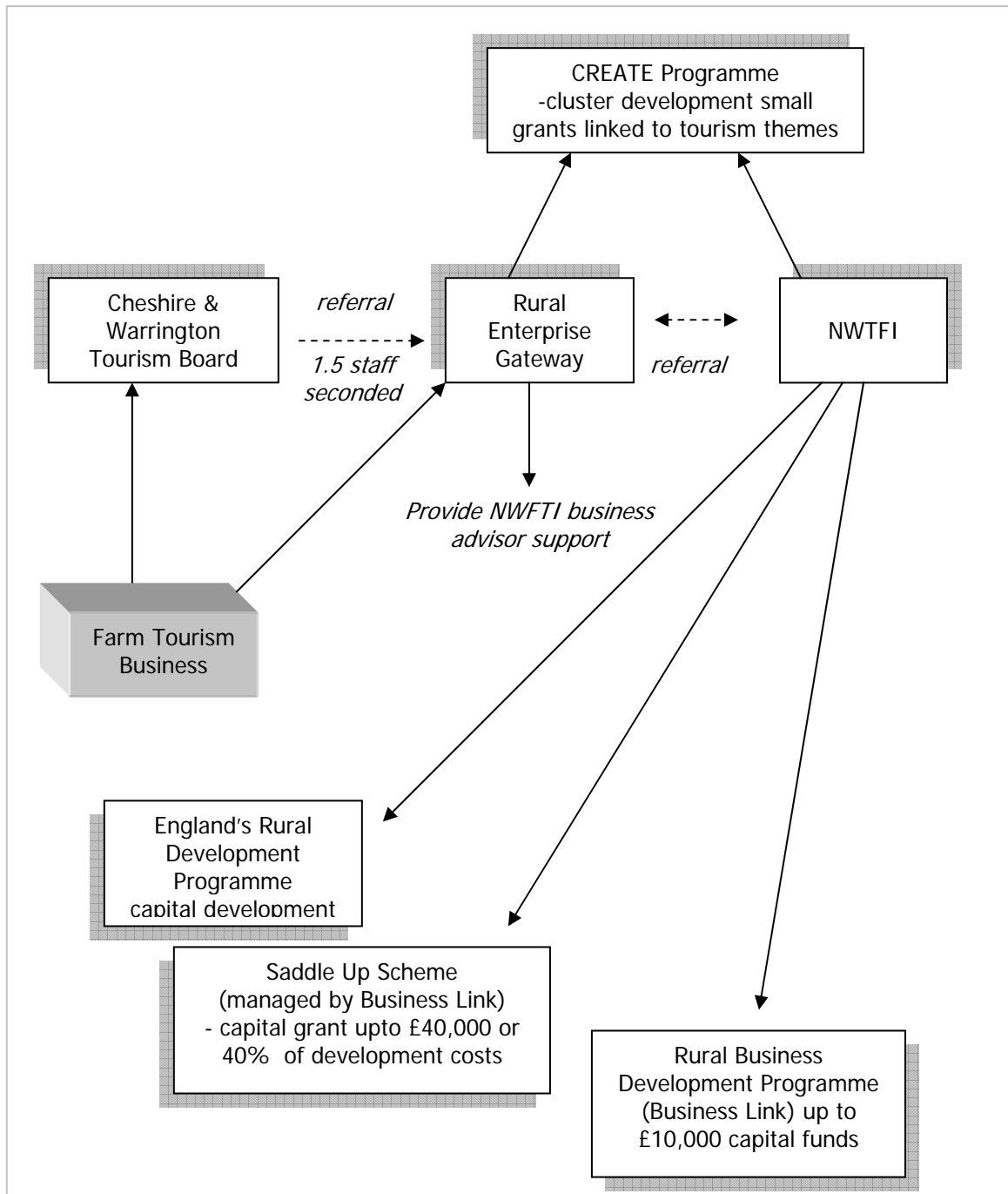
Several operators stated that it was impossible to measure the impact of the grants because there was nothing to compare their results with. However one of these then commented that his business had tripled during the last three years since the NWFTI had been involved. He was certain that part of this growth was due to the knowledge of his advisor even though he was less certain of the full impact.

In Lancashire and Cheshire most of the interviewees were unaware that training programmes existed. In Cumbria awareness was higher, though participation rates seemed to be low. The reasons were not that the courses were un-interesting or unnecessary. The geography of the area, travel times and the demands of running two businesses at the same time made attendance difficult if not impossible.

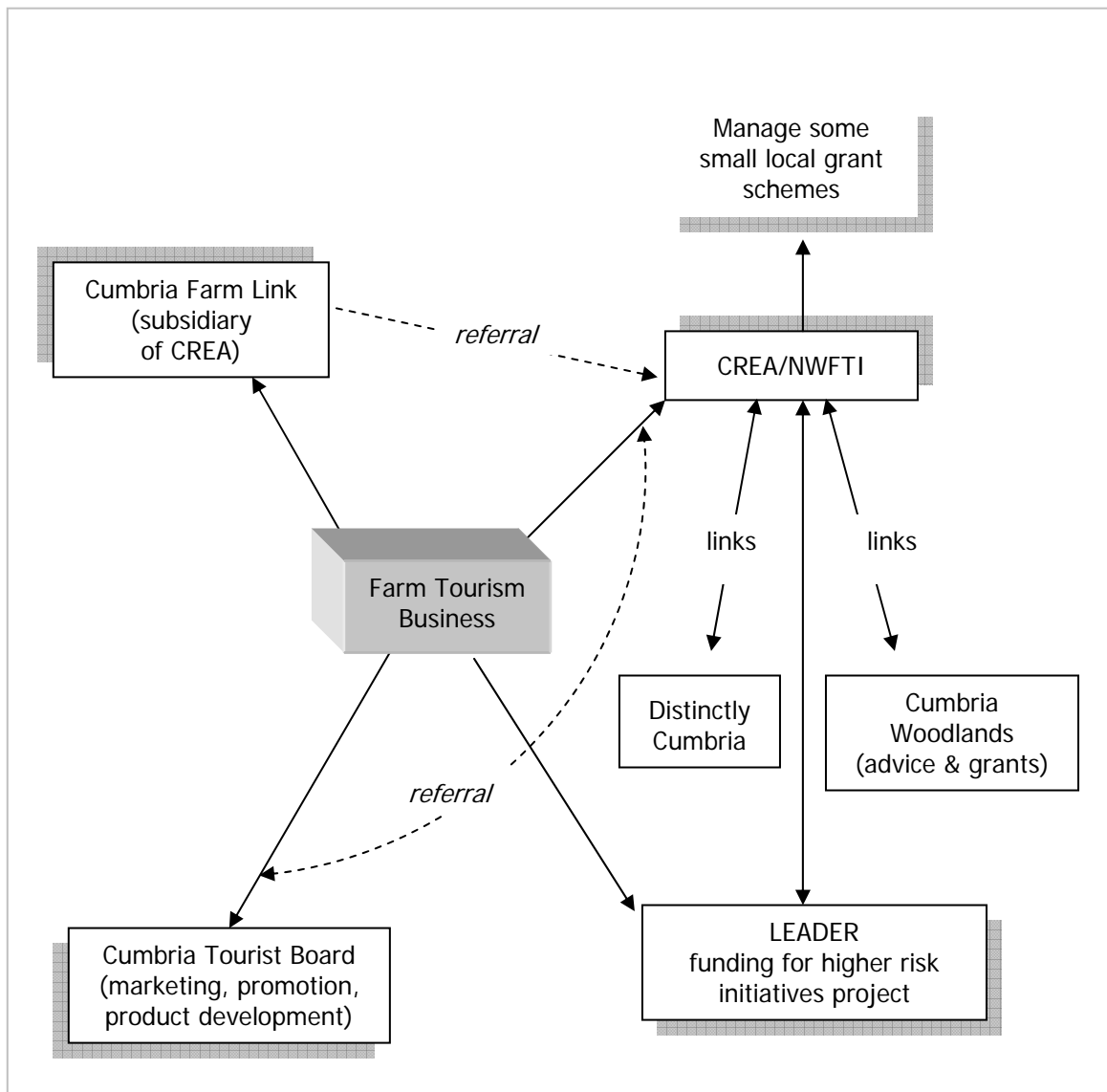
## **APPENDIX B**

In the following pages we attempt to diagrammatically portray how a farm business might access the funding and business support networks through the NWFTI. They also illustrate the central role NWFTI plays in signposting and connecting organisations with each other.

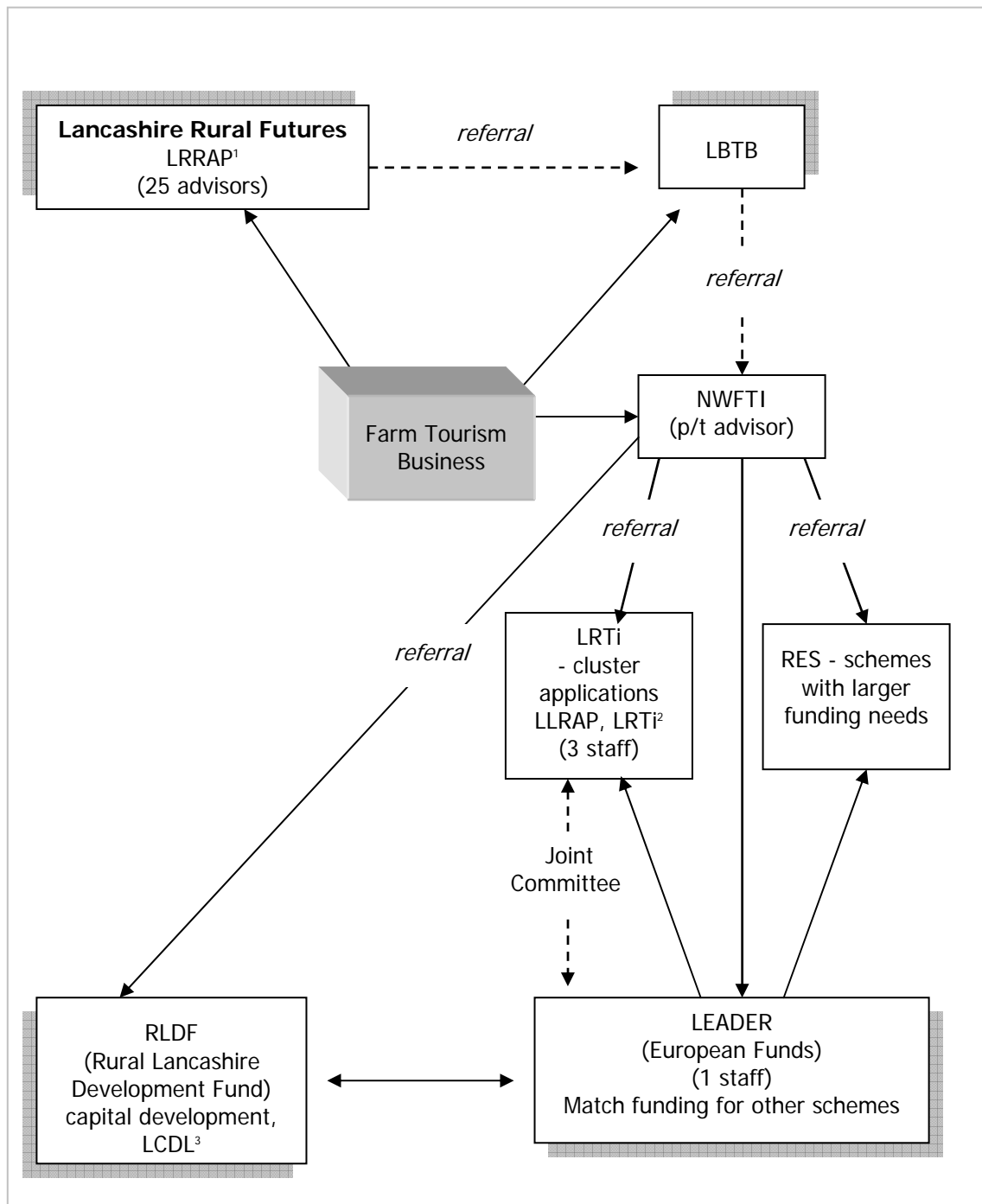
## CHESHIRE



## CUMBRIA



## LANCASHIRE



<sup>1</sup> Lancashire Rural Recovery Action Programme

<sup>2</sup> Lancashire Rural Tourism Initiative

<sup>3</sup> Lancashire County Development Ltd

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