

Review Article



Agrotourism and Value-Added Products: A Business Model Innovation for Farm Retailing

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Abstract

This research paper investigates the structural transformation of traditional farm retailing through the strategic integration of agrotourism and value-added agricultural products. Grounded in the Experience Economy paradigm, Service-Dominant (S-D) Logic, and the Resource-Based View (RBV) of the firm, the study addresses a critical research gap concerning the lack of integrated, scalable business model innovations explicitly designed for small-to-medium enterprise (SME) agripreneurs. Utilizing a rigorous TOWS Matrix analysis and Management by Objectives (MBO) framework, the methodology systematically maps the economic synergies between secondary food processing, tertiary experiential services, and Short Food Supply Chains (SFSCs). The empirical discussion focuses on resource-constrained, semi-arid environments—specifically the Thar Desert in Rajasthan, India—demonstrating how the strategic monetization of endemic, climate-resilient crops (e.g., *Ker Sangri*) through heritage tourism maximizes revenue per drop of water and fosters profound agripreneurial resilience. Key findings indicate that experiential value co-creation directly justifies premium retail pricing, insulates farms from global commodity market volatility, and successfully operationalizes the Triple Bottom Line. The paper concludes with actionable policy implications, emphasizing the necessity of digital integration, targeted legislative support (such as land-conversion waivers and tax reimbursements), and the establishment of robust capacity-building resource centers to secure sustainable rural economic revitalization.

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Statement of Sustainability: Adapt current TOWS Matrix analysis and Management by Objectives (MBO) framework, that systematically maps the economic synergies between secondary food processing, tertiary experiential services, and Short Food Supply Chains (SFSCs) and make enable sustainable agritourism framework for local tourism.

1. Introduction

Overview Global agricultural systems' course has been significantly changed since the second half of the 20th century due to systemic social, economic, and environmental changes (Santeramo & Barbieri, 2020). Rural businesses are now more vulnerable to unstable international markets, serious environmental degradation, and declining profit margins due to the historical reliance on a purely "productionist" agricultural paradigm, which is defined by the unrelenting pursuit of yield maximization, heavy chemical inputs, and economies of scale (Santeramo & Barbieri, 2020; Wilson, 2007). A conceptual and operational shift toward models that meet current needs without jeopardizing the ability of future generations to meet their own needs is required due to the structural effects of ongoing economic growth within traditional agricultural frameworks, which have resulted in high social costs, indiscriminate depletion of natural resources, and a generalized loss of



biological diversity (Santeramo & Barbieri, 2020). Farm diversification strategies have been emphasized in modern agricultural discourse as crucial mechanisms to promote economic viability, environmental sustainability, and rural community resilience in response to these overlapping crises (Havlik *et al.*, 2005). Integrating agrotourism with the creation of value-added agricultural products is one of the most effective diversification strategies resulting from this macro-level paradigm shift (Santeramo & Barbieri, 2020; Pine & Gilmore, 1999). The traditional working farm is transformed into a multifaceted staging ground for consumer experiences and direct retail through agrotourism, a fundamental business model innovation. Farmers can achieve much greater profit margins, localized job opportunities, and direct-to-consumer retail channels that avoid conventional, highly intermediated supply chains by combining recreational, educational, and hospitality services with traditional agricultural production (Havlik *et al.*, 2005; Tom Dieck *et al.*, 2018). Agrotourism creates a closed-loop economic ecosystem that keeps capital in the rural community and reduces the risk of commodity price fluctuations when this tourism component is functionally synergistic with value-added production—the process of transforming raw agricultural commodities into refined, higher-value goods like artisanal cheeses, preserved organics, or heritage-branded local foods (Seckin & Ozdil, 2016; Dukhaykh, S *et al.*, 2026). The “Experience Economy” paradigm is a key theoretical framework that the academic community uses to understand this significant shift. This economic paradigm, which was essentially developed by Pine and Gilmore, asserts that developed capitalist societies have progressively moved from the extraction of commodities to the production of goods, the provision of services, and now, the staging of memorable experiences (Campbell & Kubickova, 2020; Osterwalder & Pigneur, 2010). This theoretical framework indicates that in the agricultural context, a farm’s competitive advantage is no longer exclusively derived from the caloric or nutritional output of its soil, but rather from the intangible, experiential value co-created with the visiting consumer—whether through active, escapist participation in the autumn harvest, educational workshops on sustainable agronomy, or aesthetic immersion in historic rural landscapes (Bhati *et al.*, 2025; Seckin & Ozdil, 2022). According to Havlik *et al.* (2005) and Seckin & Ozdil (2004), the agricultural product is elevated from a fungible commodity to a tangible artifact of a larger, carefully curated rural narrative, commanding a price premium that reflects its experiential provenance. There is still a critical discontinuity in the current scholarly consensus, despite the wealth of literature listing the distinct, isolated benefits of agrotourism, value-added processing, and alternative retail channels (Table 1).

Table 1. The “Experience Economy” paradigm in the agrarian context.

Paradigm Dimension	Traditional Productivist Agriculture	Multifunctional Agrotourism Retail Model	Strategic Implications for SME Agripreneurs
Primary Economic Output	Undifferentiated raw commodities (yield maximization).	Value-added products bundled with highly differentiated experiences.	Shifts focus from volume-driven cost leadership to differentiation and premium pricing strategies.
Concept of “Jointness”	Fixed, technical linkages (e.g., meat and leather from cattle).	Variable, sociotechnical linkages (e.g., crop yield, landscape aesthetics, rural heritage).	Requires dynamic resource allocation to balance competing demands between farming and hospitality.
Farm Architecture & Space	Utilitarian, closed to public, optimized for machinery and extraction.	Repurposed for contemporaneity, open to public, optimized for aesthetic immersion.	Necessitates significant capital investment in infrastructure, safety, and liability mitigation.
Market Interface	Highly intermediated (wholesalers, processors, global distributors).	Direct-to-consumer via short food supply chains and on-farm retail.	Demands the acquisition of entirely new skill sets in marketing, customer relationship management, and retail.

There is still a significant theoretical and practical gap in the operationalization of these ideas into integrated strategic business models created specifically for small-to-medium enterprise (SME) agripreneurs, even though macro-level theoretical frameworks explain the general necessity of this rural transition and micro-level case studies highlight isolated localized successes (Drucker, 1954; Srinidhi *et al.*, 2023). Instead of treating tourism, product processing, and retailing as deeply integrated, mutually reinforcing business functions, current literature often treats them as parallel. Additionally, SME agripreneurs encounter unique structural obstacles that consistently impede the adoption of complex, hybridized business models, such as cognitive biases against service-oriented roles, a severe lack of digital maturity, strict regulatory and liability frameworks, and critically limited access to capital (Amanor-Boadu, 2003). In order to operationalize the synergies between experiential agrotourism, value-added production, and farm retailing, this research paper will methodically develop and validate an integrated strategic business model. This paper aims to bridge the gap between abstract rural

transition theories and practical, scalable enterprise frameworks for the contemporary SME agripreneur by combining the fundamental theoretical principles of Business Model Innovation (BMI), the Resource-Based View (RBV) of the firm, and Service-Dominant (S-D) Logic. The ensuing thorough literature review critically assesses the current scholarly consensus on these related fields, delineating the conceptual limits of the Experience Economy in agriculture, examining the mechanisms of value co-creation, and painstakingly charting the theoretical gaps that require the creation of a comprehensive, integrated business model for farm retailing.

As depicted in Figure 1, the combination of tourism and retail activities on multifunctional farms can be best understood through the lens of the "Experience Economy," which acts as a catalyst for regional eco-innovation. This model illustrates how various supply-side components—such as tourism services, hospitality offerings, and agricultural food products—converge to form a unified "Rural Eco-Innovation System" at the destination level. Rather than merely exchanging commodities, value creation here is driven by three fundamental layers: societal and economic influences (Level 1), institutional collaborators including businesses, academic institutions, government agencies, and research bodies (Level 2), and essential capabilities encompassing knowledge, skills, technology, and human resources (Level 3). This structure effectively links the business-to-business (B2B) service supply chain originating from the rural landscape with the business-to-consumer (B2C) service supply chain that demands immersive experiences for both domestic and international visitors.

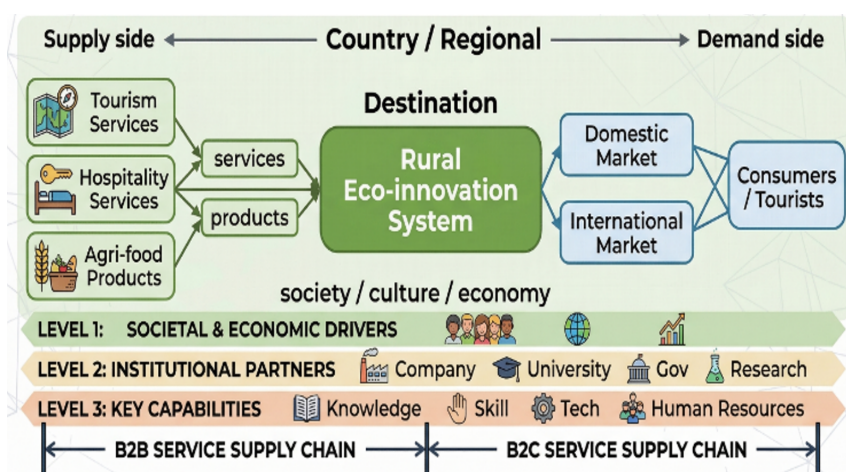


Figure 1. Conceptual framework for agri-food tourism and eco-innovation.

2. Materials and methods

2.1. Strategic positioning: the TOWS matrix application

The shift from a commodity-centered agricultural model with multiple intermediaries to a direct-to-consumer agrotourism and retail operation requires a robust strategic management base. Agripreneurs must thoroughly analyze their complex operational environments to design integrated business models effectively. To achieve this, the TOWS Matrix is employed as a primary methodological tool. This advanced framework extends beyond the traditional SWOT analysis by actively aligning external market factors with internal firm capabilities, thereby generating practical strategic alternatives (Bhati *et al.*, 2025; Seckin & Ozdil, 2022). For SME farms undergoing significant diversification, cost leadership driven by volume is no longer sustainable. Strategic planning must instead focus on maximizing premium value through direct retailing and immersive service experiences (Bhati *et al.*, 2025). By categorizing factors within the TOWS Matrix, agripreneurs can convert external threats into opportunities and match internal strengths with market demand, helping to overcome resource constraints and fully leverage the Experience Economy.

By implementing these interconnected strategies, the TOWS framework provides an actionable blueprint that connects broad rural transition theories with the hands-on operational needs of modern agripreneurs (Bhati *et al.*, 2025).

2.2. Goal alignment and sustainable growth: management by objectives (MBO)

While the TOWS Matrix guides strategic direction, effectively executing an integrated agrotourism and retail model demands rigorous operational management to prevent organizational overload. Adding tertiary hospitality services and

secondary processing activities to primary agricultural production places heavy cognitive and labor demands on SME agripreneurs (Drucker, 1954). To handle this complexity, the study applies Management by Objectives (MBO), a managerial framework introduced by Drucker (1954) that emphasizes participative goal-setting. This method aligns the overall aims of the organization with the daily responsibilities of managers, employees, and external stakeholders. In hybrid agribusinesses, MBO clarifies roles and responsibilities, reducing ambiguity across family members, farm laborers, and local partners. Because diversification introduces new skill requirements—such as customer relationship management, culinary processing, and retail merchandising—clearly defined objectives and delegated roles are essential. Moreover, MBO in agrotourism must extend beyond short-term financial goals to integrate sustainable growth metrics based on the Triple Bottom Line, encompassing economic, environmental, and social dimensions (Drucker, 1954). Key Performance Indicators (KPIs) should track multiple areas, including retail profit margins, digital customer engagement, ecological footprint reduction, and preservation of cultural capital. This structured yet flexible framework facilitates ongoing performance monitoring while empowering farm teams to make adaptive decisions within a dynamic tourism setting (Table 2).

Integrating MBO with the TOWS strategic framework ensures that the transition from commodity farming to direct-to-consumer experiential retail is theoretically sound, operationally sustainable, and scalable for modern rural enterprises (Drucker, 1954).

Table 2. Strategic Positioning: The TOWS Matrix Application.

Strategy Quadrant	Strategic Objective	Application in Agrotourism & Farm Retailing
SO Strategies (Maxi-Maxi)	Capitalize on internal strengths to aggressively pursue external opportunities.	Leverage the authentic heritage and aesthetic landscape of the farm (Strength) to capture premium direct-to-consumer margins and brand loyalty through specialized agrotourism events (Opportunity).
WO Strategies (Mini-Maxi)	Overcome internal weaknesses by aggressively pursuing external opportunities.	Utilize government grants, credit support, and rural development schemes (Opportunity) to build the necessary value-added processing infrastructure and acquire specialized digital marketing training (Weakness).
ST Strategies (Maxi-Mini)	Utilize internal strengths to buffer against or mitigate external threats.	Deploy high-margin, direct-to-consumer sales and diverse tourism revenue streams (Strength) to insulate the enterprise against volatile global commodity prices, climate shocks, and supply chain disruptions (Threat).
WT Strategies (Mini-Mini)	Minimize internal weaknesses to avoid compounding external threats.	Form localized cooperatives or Farmer Producer Companies (FPCs) to pool capital and labor resources (Weakness), thereby mitigating severe regulatory burdens and increasing collective negotiating power against established tourism competitors (Threat).

2.3. Business Model Innovation (BMI) frameworks in agribusiness

To successfully manage the complexities of combining primary agricultural production, secondary value-added processing, tertiary experiential tourism, and retail through Short Food Supply Chains (SFSCs), researchers and practitioners increasingly utilize Business Model Innovation (BMI). A business model articulates how a firm creates, delivers, and captures value; BMI involves deliberately altering one or more core elements to meet evolving market demands, harness new technologies, and maintain a competitive advantage in a turbulent environment (Osterwalder & Pigneur, 2010).

In agriculture, shifting from traditional commodity-centric farming to multifunctional agrotourism enterprises requires significant BMI. Contemporary agribusiness extension services have developed frameworks specifically tailored to farming realities, such as the Agroecological Business Model Canvas (ABMC) (Osterwalder & Pigneur, 2010). This model expands the traditional business framework to incorporate the Triple Bottom Line—People, Planet, and Profit—and introduces socio-institutional dimensions like Responsible Governance (ethical sourcing, transparency) and Co-creation of Knowledge, which emphasize sustainability across health, society, economy, and the environment (Figure 2).

The ABMC framework breaks down local food and agrotourism business models into interlinked core components (Table 3):

1. **Value Proposition:** The specific offerings provided to target customers, such as genuine rural experiences, artisanal products, traceability, and education.
2. **Customer Segments & Relationships:** Moving beyond commodity brokers to engage eco-conscious consumers and culinary tourists through direct participation and value co-creation.
3. **Value Creation and Delivery:** Managing essential resources (such as VRIN assets like social capital and terroir), key activities (hospitality, processing, sustainable farming), distribution channels (direct sales, SFSCs, e-commerce), and partnerships (local artisans, tourism boards, digital influencers) to deliver the value proposition (Osterwalder & Pigneur, 2010).
4. **Value Capture:** Aligning revenue streams (ticket sales, direct retail, accommodation) and operational structures (marketing, infrastructure, labor) with broader ecosystem sustainability goals.

Through these shifts, agribusinesses move from product-focused utility to customer-centered experiential and emotional value, adopting disintermediation and omnichannel strategies that enable direct engagement and niche market development.

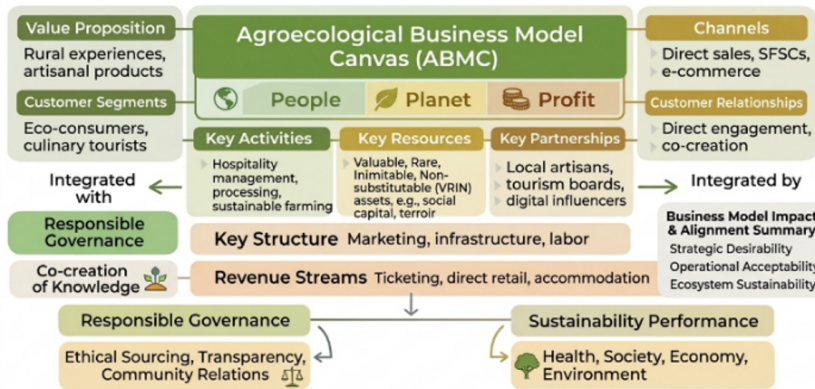


Figure 2. Conceptual framework for business model innovation in agribusiness.

Table 3. Strategic BMI shift: the integrated agrotourism and value-added application.

BMC Component	Traditional Agribusiness Application	Integrated Agrotourism & Value-Added Application	Strategic BMI Shift
Value Proposition	High yield, standard quality commodities at market price.	Authentic rural experiences, artisanal products, traceability, and education.	Shift from product-centric utility to customer-centric experiential and emotional value.
Customer Segments	Wholesalers, commodity brokers, large-scale processors.	Urban tourists, eco-conscious consumers, local food advocates, culinary tourists.	Shift from B2B wholesale dependency to B2C direct engagement and niche market targeting.
Channels	Bulk transport, grain elevators, auction markets.	Farm-gate shops, direct e-commerce, social media, on-site tasting rooms.	Disintermediation; adoption of Short Food Supply Chains (SFSCs) and digital omnichannel strategies.
Key Partnerships	Seed/chemical suppliers, equipment manufacturers.	Tourism boards, local artisans, complementary local farms, digital influencers.	Expansion from purely transactional input suppliers to collaborative service eco-systems and value co-creators.
Key Activities	Planting, harvesting, applying inputs, maintaining machinery.	Hospitality management, product processing, event staging, digital marketing.	Massive diversification of required skill sets; blending agricultural science with retail and hospitality management.

2.4. Synergies between farm diversification, agrotourism, and retailing

The practical integration of Service-Dominant (S-D) Logic, the Resource-Based View (RBV), and advanced Business Model Innovation (BMI) frameworks is most clearly demonstrated through the operational synergies between agrotourism and farm retailing. As illustrated in Figure 3, these synergies form a “Supply Side Diversification Collaboration Chain” aimed at preserving retail margins and supporting rural livelihoods. Research consistently shows that successful agrotourism farms combine several key operational elements: “Hospitality & Experiences” (welcoming guests and creating enjoyable farm visits), “Making Good Food Products” (transforming raw farm outputs like fruits and milk into value-added goods), and “Gentle Farming” (practicing sustainable land stewardship) (Pitrova *et al.*, 2020).

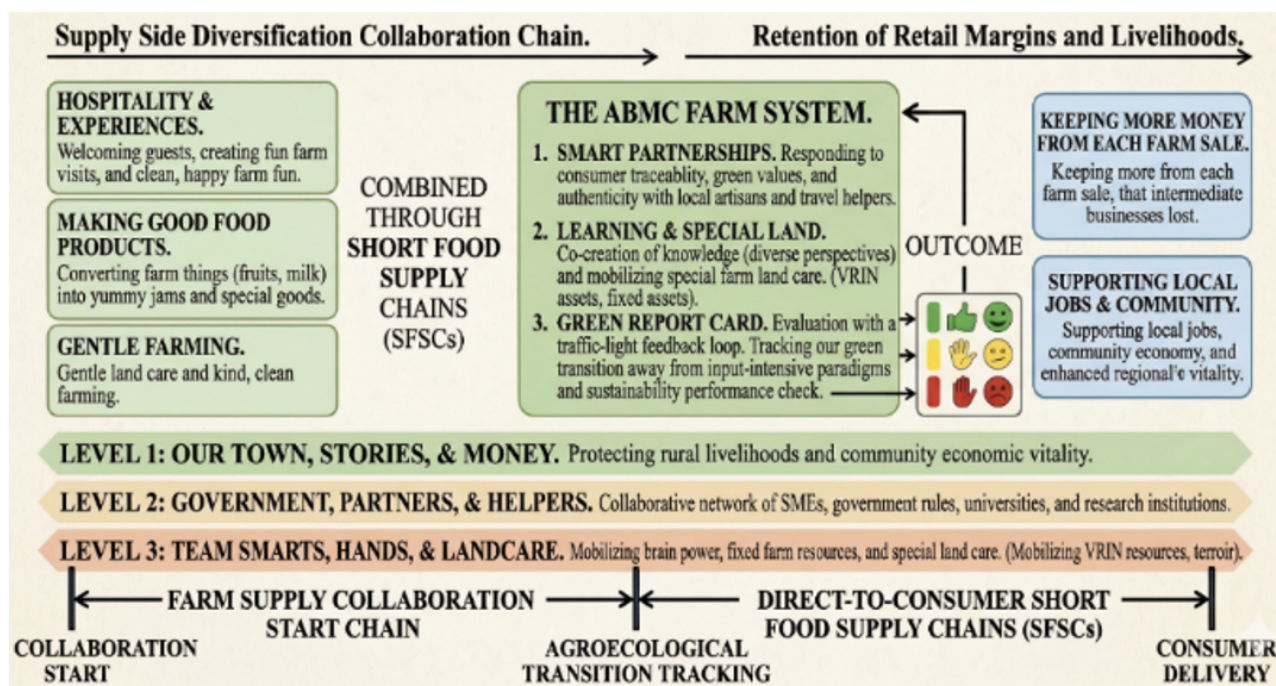


Figure 3. Synergies for our farm business plan.

These activities are interlinked through Short Food Supply Chains (SFSCs) within the ABMC Farm System, generating powerful innovation synergies that drive enterprise success. First, Market Synergies develop by forming “Smart Partnerships” that respond to contemporary consumer demands for traceability, environmental responsibility, and authenticity through collaboration with local artisans and travel facilitators. This establishes a highly differentiated niche market (Pitrova *et al.*, 2020). Second, Multifunctional Synergies promote “Learning & Special Land” management by leveraging VRIN resources such as terroir and fixed assets in combination with knowledge co-creation. This approach creatively connects diverse functions—like local folklore and rural aesthetics—maximizing the utility of existing capital without expanding physical footprint (Pitrova *et al.*, 2020). Third, Resilience Synergies emerge as farms monitor ecological and economic performance through a “Green Report Card” system, employing a traffic-light feedback mechanism. By transitioning away from input-intensive practices toward holistic sustainability, farms enhance their protection against external shocks (Pitrova *et al.*, 2020). These integrated actions operate across three impact levels: Level 1 focuses on protecting local communities, heritage, and financial resources; Level 2 involves collaboration with government agencies and institutional partners; and Level 3 mobilizes collective expertise, labor, and land care. The direct outcome is retaining substantially more revenue from each farm sale—revenue traditionally lost to intermediaries—while simultaneously fostering local employment and regional vitality. Empirical evidence confirms that participation in experiential farming and food education significantly elevates visitors’ ecological and food safety awareness, increasing their willingness to purchase locally made, value-added products at premium prices (Roman and Grudzień, 2021). Thus, the “farm experience” serves not only as a direct revenue source but also as the most effective promotional tool for value-added farm retail, creating a reinforcing cycle of value creation and capture (Pitrova *et al.*, 2020).

2.5. Identifying the research gap: deficit of integrated strategic models for SME agripreneurs

Despite extensive theoretical exploration of multifunctionality, the Experience Economy, S-D Logic, and BMI frameworks, a critical gap remains in the literature concerning the empirical integration and strategic operationalization of these concepts specifically for small-to-medium enterprise (SME) agripreneurs. Several significant voids are evident that this research aims to address systematically. Firstly, there is a pronounced lack of quantitative, empirically tested integrated business models. While existing qualitative research often focuses on incremental changes to individual business components—such as adding a farm shop or launching a seasonal attraction—there is insufficient understanding of the mechanisms enabling radical, comprehensive transformation. The literature does not adequately explain how SMEs can holistically combine primary production, secondary processing, and tertiary experiential tourism into a unified, scalable enterprise without risking operational collapse (Osterwalder & Pigneur, 2010). Although some innovation strategies emphasize co-operation with tourism institutions or diversification through cooperatives, they fail to offer detailed, phased blueprints for resource-constrained producers to effectively implement and scale complex models without exhausting limited labor and capital (Osterwalder & Pigneur, 2010). The intricate interrelations and trade-offs between value proposition, creation, and capture in hybrid models also remain poorly understood (Osterwalder & Pigneur, 2010). Secondly, the literature identifies a significant “digitalization gap” threatening modern farm retailing viability. Digital technologies, e-commerce platforms, and location-based analytics are widely acknowledged as crucial for contemporary BMI, providing opportunities for rapid adaptation, omnichannel distribution, and resilience during external shocks (Osterwalder & Pigneur, 2010). Yet, systematic reviews reveal that few SME producers currently possess the digital maturity necessary to leverage these tools fully. Existing business models often lack actionable strategies to foster digital integration in rural, technologically isolated, and resource-limited settings, leaving a fundamental aspect of the modern retail experience unaddressed (Osterwalder & Pigneur, 2010). Thirdly, current research disproportionately focuses on the dyadic relationship between the individual farmer and the end consumer, overlooking the critical roles of broader stakeholder networks and institutional collaboration (Osterwalder & Pigneur, 2010). There is an urgent theoretical need to expand actor perspectives to include intermediaries outside the direct food chain, cultural organizations, food hubs, and local tourism networks (Osterwalder & Pigneur, 2010). Understanding how these complex institutional arrangements facilitate mutual value co-creation and alleviate the labor bottlenecks inherent in direct-to-consumer retailing remains underexplored (Osterwalder & Pigneur, 2010). Finally, translating supportive legislative policies into practical operation presents substantial structural challenges insufficiently addressed by existing models. Policies aimed at promoting agrotourism—such as liability protections and agricultural property tax exemptions—often impose administrative burdens and legal ambiguities rather than easing financial and operational obstacles for farm operators (Osterwalder & Pigneur, 2010). Combined with entrenched barriers—such as limited entrepreneurial mentorship, rigid asset configurations, resistance to adopting service roles among aging farm managers, and chronic rural labor shortages—SMEs frequently struggle to implement complex agrotourism models despite their willingness (Osterwalder & Pigneur, 2010; Campbell and Kubickova, 2020). In summary, although the macro-theoretical necessity for farm diversification through the Experience Economy, value-added processing, and Short Food Supply Chains is well established, micro-level strategic execution remains fragmented and disjointed. The absence of a comprehensive, digitally inclusive business model tailored to SME agripreneurs’ unique resource constraints, labor challenges, and institutional realities represents a fundamental research gap. This paper aims to address this void by developing an integrated strategic business model that empirically maps synergies between agrotourism, value-added products, and farm retailing, contributing both theoretical advancement and practical guidance for rural entrepreneurial resilience.

3. Results and discussion

3.1. Economic imperative in resource-constrained environments

While the theoretical frameworks of the Experience Economy and Service-Dominant Logic provide a broad foundation for farm diversification, their practical relevance is especially critical in resource-limited and ecologically harsh settings (Srinidhi *et al.*, 2023). This integrated business model finds a compelling application in the arid and semi-arid agricultural regions of India, particularly the Thar Desert area in Rajasthan. Characterized by extremely low and unpredictable annual rainfall—often below 300 mm—high temperatures, and acute water scarcity, these environments pose existential challenges to the traditional productionist agricultural model (Srinidhi *et al.*, 2023). For smallholder farmers in these zones, conventional economic approaches focused on maximizing raw crop yield are neither biologically feasible nor financially sustainable. Water-intensive crops such as wheat or hybrid bajra (pearl millet) consistently underperform in the Thar Desert compared to national averages, resulting in reduced incomes and heightened vulnerability during drought cycles.



Consequently, it is essential to shift from maximizing volume per acre to maximizing revenue per drop of water and margin per unit of land. This geographic reality transforms agrotourism and value-added retail from optional diversification strategies into vital imperatives for economic survival and climate resilience (Srinidhi *et al.*, 2023).

3.2. Operationalizing the framework: desert organics and heritage tourism

Applying the TOWS matrix to arid-zone farming exposes distinctive strengths and opportunities shaped by path dependence. Water scarcity represents an external threat, while vulnerability in traditional crops is an internal weakness (Figure 4). However, the arid ecology naturally supports resilient native perennial plants with significant inherent value. Agripreneurs in Rajasthan increasingly recognize drought-tolerant indigenous crops—such as Ker (*Capparis decidua*), Sangri (pods of the Khejri tree, *Prosopis cineraria*), and Ber (*Ziziphus mauritiana*)—as potent strategic assets aligned with the Resource-Based View (RBV) framework. These crops require neither chemical inputs nor irrigation, meeting modern consumer demands for organic and environmentally sustainable foods. Through value addition processes—such as drying, grading, and transforming Ker Sangri into traditional pickles, spice blends, and ready-to-eat gourmet products—SME agripreneurs can convert freely available desert resources into premium retail commodities (Amanor-Boadu, 2003). Research from the Central Arid Zone Research Institute (CAZRI) shows that integrating perennial orchards (improved Ber varieties) with post-harvest processing considerably increases farm income and stabilizes earnings even during severe droughts when annual crops fail. Nevertheless, under Service-Dominant Logic, these products' value is maximized only when combined with tertiary agrotourism services (Pitrova *et al.*, 2020). The seemingly austere desert landscape offers substantial "Esthetic" and "Escapist" potential within the Experience Economy (Pine and Gilmore, 1999). By offering authentic rural experiences—where urban visitors participate in traditional Sangri harvesting, stay in heritage desert lodgings, and enjoy ancestral cooking methods—the farm becomes a stage for an unforgettable cultural narrative (Pine and Gilmore, 1999). The value-added Ker Sangri pickle sold at the farm shop transcends mere food, becoming a tangible souvenir of a premium cultural encounter (Pitrova *et al.*, 2020). This synthesis exemplifies "industrial integration," merging primary production, secondary processing, and tertiary service delivery to optimize profitability without enlarging the ecological footprint (Pitrova *et al.*, 2020).



Figure 4. Business model innovations in farm retailing.

3.3. Cultivating agripreneurial resilience

Successfully implementing this hybrid model in arid zones demands exceptional "agripreneurial resilience" (Srinidhi *et al.*, 2023). Resilience here extends beyond surviving droughts to include the dynamic capability to continuously reconfigure assets and proactively respond to climatic and economic disruptions (Srinidhi *et al.*, 2023). Frameworks like the Climate Resilience In Semi-arid India (CRISI) assessment emphasize that resilience strengthens significantly when agricultural interventions are paired with alternative livelihood diversification and direct-to-consumer value chains (Srinidhi *et al.*, 2023). Agripreneurs must utilize Management by Objectives (MBO) to establish sustainable growth targets that balance economic aspirations with ecological constraints (Drucker, 1954). For example, setting KPIs to conserve water by relying solely on rainwater harvesting systems such as traditional Khadins, alongside KPIs tracking retail revenues, ensures that

agrotourism ventures do not deplete the very resources they depend upon (Srinidhi *et al.*, 2023). Moreover, fostering resilience requires moving beyond individual farms. In regions like Rajasthan, local food supply chains rely heavily on community organizations such as Farmer Producer Companies (FPCs) and Women's Self-Help Groups (SHGs) (Bhati *et al.*, 2025). These collective entities overcome individual constraints by pooling capital for processing facilities, standardizing product quality, and establishing digital footprints necessary to access modern retail markets (Bhati *et al.*, 2025). Ultimately, the successful application of agrotourism and value-added retailing in arid zones demonstrates that rigorous strategic management can transform environmental limitations into formidable economic advantages (Bhati *et al.*, 2025).

3.4 Economic mechanics of value-added agricultural products

A fundamental step toward innovating business models for rural retail lies in shifting operations from focusing on high-volume, low-margin raw commodities to strategically creating value-added products (Amanor-Boadu, 2003). In traditional agribusiness, production tends to be confined to the farm sector, exposing producers to fierce price competition and exploitation by intermediaries (Amanor-Boadu, 2003). Value addition changes this dynamic by increasing the difference between the processed goods' market value and the cost of intermediate inputs used in their production (Amanor-Boadu, 2003). For SME agripreneurs, adopting value-added processes requires a fundamental change in production practices. Rather than merely increasing raw agricultural yield efficiency, the business intentionally alters the physical form, functional utility, or unique characteristics of the output to significantly enhance the margin between gross output value and input costs (Amanor-Boadu, 2003). This involves integrating activities such as secondary processing, packaging, and heritage branding directly within the farm operations (Amanor-Boadu, 2003). For example, instead of selling raw milk or fruit wholesale, enterprises convert these products into artisanal cheeses, specialty preserves, jams, and pickles (Amanor-Boadu, 2003). Through these deliberate modifications and specialized branding efforts, farms internalize processing profits that would otherwise be lost to highly intermediated downstream corporate actors (Amanor-Boadu, 2003).

4. Conclusion

The fusion of agrotourism with the production and direct retail of value-added agricultural products constitutes a significant structural innovation in contemporary farm business models. This study confirms that by moving away from traditional, high-volume commodity production, small-to-medium enterprise (SME) agripreneurs can achieve enhanced profitability and operational sustainability. Grounded in the principles of the "Experience Economy," this integrated model demonstrates that when secondary processing is effectively combined with tertiary experiential services—such as heritage farm tours and interactive workshops—farms can successfully bypass intermediaries in their supply chains. Utilizing Short Food Supply Chains (SFSCs), these farms can justify premium pricing strategies that reclaim retail margins historically lost to corporate distributors. The application of the TOWS Matrix in semi-arid regions such as Rajasthan illustrates that this hybrid model is particularly effective in building climate resilience. By shifting focus from maximizing sheer crop yield per acre to maximizing revenue generated per drop of water, resource-limited farms can thrive economically through the valorization of indigenous, drought-resistant plants like Ker Sangri. Overall, transitioning from fragmented farm diversification to an integrated, digitally mature agrotourism and value-added retail approach offers a clear blueprint for revitalizing agriculture. By aligning economic success with ecological conservation and cultural preservation, this model secures the long-term viability of family farming in the twenty-first century.

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Author Contributions

Conceptualization, Methodology, Data curation, writing original draft, BioRender Software: Mr. Vaibhav Yadav; Conceptualization, Reviewing, editing and Supervision: Dr. Prankur Shukla. All authors reviewed, edited, and approved the final version of the manuscript.

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Conflicts of Interest

The authors declare no conflict of interest.

Institutional/Ethical Approval

Not applicable

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