

Developing a Model for Entrepreneurs: Niche Tourism and Consumer Typologies

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Abstract

Tourism is a catalyst for economic development (Fundeanu 2015), as one of the fastest growing industries worldwide. Fundeanu identifies the term tourism cluster as a group of resources and attractions, business and institutions either directly or indirectly involved in tourism, that are concentrated in a particular geographic area. Fundeanu further identifies four major components that determine the competitiveness of a tourist destination. These are: 1) determining factors that consist of location, safety and cost; 2) destination management which includes the administration, marketing management and information services of the location; 3) basic resources and attractions such as physical geography, culture and history, activities and special events; 4) supporting factors and resources including infrastructure, accessibility, resources and support services of the destination. Using this basic consideration of tourism and its potential economic impact, let us examine some different niche tourism perspectives. Growth in tourism can positively impact GDP, and tourism development should be a strategic economic pillar (Purwomarwanto and Ramachandran 2015). Thus, local and regional tourism efforts should be considered for both economic and entrepreneurial efforts.

This sets the stage for entrepreneurial opportunities in tourism, and provides the groundwork for identifying ways in which individuals and small businesses might capture revenue from tourism. Jovo and Stepen provided examples of entrepreneurial endeavors in the hospitality and tourism industry (as cited in Nikraftar and Hosseini 2016) including the Walt Disney theme parks, and Marriott and Hilton hotel chains that began with recognition of an entrepreneurial opportunity. Beeton and Graetz (as cited in Nikraftar and Hosseini 2016) noted that small and medium-sized companies comprise 80% of the tourism industry. Chen and Yang (2009) identify two dimensions: opportunity recognition and entrepreneurial creativity in their model. They define opportunity recognition as a process to perceive market potential, or the demand for a new product, and meeting market or customer needs. They point out that entrepreneurship involves the study of sources of opportunities, and define opportunity recognition as perceiving potential customers for a company product and discovering a fit between potential customer needs or recognizing gaps in existing demands. When pursuing opportunities, entrepreneurs view sources differently and use their creativity to recognize potential opportunities from the view of potential customers. Ardichvili and Cardozo (2000) determined that entrepreneurial opportunities are discovered through recognition, not intentional search. One purpose of this paper is to assist entrepreneurs in recognizing the entrepreneurial opportunities in tourism. By identifying potential consumers and the services they might desire to engage with nature, culture, food and drink, as well as special events and activities, individual entrepreneurs will be better prepared to offer services and supportive activities to Kentucky tourists. Thus we present this proposed model as a means to assist entrepreneurs in planning and developing such endeavors.

This paper presents a model to assist entrepreneurs to identify niche markets in the tourism industry (tourism niches), and to identify segments of tourists (typologies) based upon the type of activities and motivations in which they engage. The major goal/purpose of this paper is to adapt a model of sustainable entrepreneurship developed by Belz and Binder (2017) and provide a foundation for entrepreneurs in development of regional tourism endeavors.

The United Nations declared 2017 as the International Year of Sustainable Tourism for Development (United Nations 2017). This proclamation is an effort to reduce the negative climate impact of tourism activities, while recognizing the economic impact tourism has worldwide. Other online resources also address sustainable tourism, including the The International Ecotourism Society (TIES) (www.ecotourism.org) and the Sustaining Tourism blog (www.sustainabletourism.net). The attractiveness of ecotourism and sport tourism (EST) has potential to provide economic benefits to local communities, while resulting in low impact on local resources. Several countries have developed certification plans for sustainable or ecotourism, including Australia, Costa Rica and

Sweden (Singh, Dash & Vashko 2016). An examination of definitions regarding tourism niches appropriately begins with ecotourism and is followed by an examination of sustainable tourism.

While many tourists engage a professional agency or packaged tour operator to plan a trip or excursion, less “McDonaldized” and more individualized options for travel experiences are becoming popular (Arnegger 2010). Arnegger identified four categories of tourists, based upon their travel purpose. Existential tourists look for something completely outside their own culture, while experimental tourists try to find meaning in the cultures of others. Recreational tourists are looking for way to regain their physical and mental strength, while diversionary tourists are merely looking for entertainment, in an effort to escape boredom. Finally, Arnegger cites Pearce (2008) who distinguishes between packaged, independent and customized tourists.

Research by Srihadi, Hartoyo and Soehadi (2016) investigated visitors’ lifestyle as a potential influencer in selection of a holiday destination. The purpose of this study was to identify underlying lifestyle dimensions that would help understand segments of foreign visitors to Jakarta, which could be used for tourism marketing strategies. The following discussion will attempt to identify typologies of consumers, based upon the tourism niche patronized.

Terry, Pjesky and De’Armond (2013) posit entrepreneurship can provide prosperity for rural communities, but there is a need to identify niche products. Specialized agricultural offerings, food products, and specialized services may provide the means for unique tourism opportunities, specific to a region or location. The authors suggest that leaders and members of local communities find and exploit means of competitive advantage to develop economic niches that align regional strengths with market opportunities. They further suggest the use of entrepreneurship to exploit competitive advantage. Consideration to developing one or more niche areas such as the local history and amenities, as well as typology that includes recreational communities, lakes, rivers, forests, wildlife habitats.

Their research investigated using case study and analysis of five small companies in an economically depressed area of Maine, where businesses were struggling to survive. This region/area was a destination for outdoor activities, and tourism was a significant sector of economic development/impact. While the local region was not being sufficiently exploited, as major travel tools and organizations, such as Trip Advisor, Google, AAA as well as the state of Maine tourism websites promoted the coastal areas and destination spots. Simkova (2014) states that the bulk of research applies psychology and sociology to understanding tourists’ motivation to visit destinations, identifying tourists’ needs and delivering a high level of satisfaction. This approach is really not practical for entrepreneurs and SMEs. It becomes more important that entrepreneurs understand motivations and expectations from a practical perspective, to meet consumers’ expectations.

Based upon the review of literature presented here, the discussion of tourism niche segments, and typologies for niche tourism activities, we posit that an Entrepreneurial Model for Niche Tourism can be developed, applying the sustainable entrepreneurship model to the unique characteristics of an individual location/region and relatable tourism niches. After identifying each of the four variables in the model, an entrepreneur will then be better prepared to determine what services or activities he/she might provide to tourists visiting Kentucky. Examples could include providing equipment and/or permits for special activities, guide services for trail walking and hiking, or transportation to special events and activities, sightseeing and showcasing local attractions based upon the tourism niche and tourist typology. While we have positioned this model from the perspective of Kentucky tourism, it could be applied to any state, region, or international location. However, the most important component of this paper is not to identify a specific entrepreneurial endeavor, but rather to stimulate the recognition of entrepreneurial opportunities tourism provides in any location.

Keywords: *consumer typologies, entrepreneurial opportunities, niche marketing, tourism*

Relevance to Marketing Educators, Researchers and Practitioners: This paper presents a model which can be

used to stimulate recognition of tourism opportunities for entrepreneurs and small businesses; it can be adapted and used in any location where there is a potential for tourism activities.

TRACK: Entrepreneurship / Small Business Marketing