

**Micro Tourism and Sustainability-**  
**How to Get Micro Tourism Enterprises to Market**

Research into Micro Tourism Enterprises and their role in  
wide scale adoption of sustainable tourism.

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September, 2005

Master of Business Administration Management Project  
Management project submitted to Universiteit NIMBAS in  
accordance with the rules of the University of Bradford Management  
Centre in partial fulfilment of the requirements for the degree of  
Master Business Administration

## **Preface**

This report was written to fulfil academic requirements. However it was designed and written to provide practical, implementable steps based on the authors extensive industry experience and theoretically sound research to assist Micro Tourism Enterprises get their products to the market effectively.

This thesis received the highest mark of the year at Universiteit NIMBAS, one of Europe's leading business schools due to the combination of theory and practice and extent of research undertaken.

## Key Words and Abstract

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Micro Tourism and Sustainability- How to get Micro Tourism Enterprises to Market

### Key Words and Phrases used in this document include:

- Business failure
- Capability and Capacity Development in micro businesses
- Experience Driven Travel
- Impact of tourism on the environment and societies
- Marketing
- Micro Tourism Enterprises
- Sustainability
- Tourism
- Tourism Boards

### Abstract

Micro Tourism Enterprises are businesses in the tourism sector employing less than 10 people and are the predominant business form in one of the worlds largest industries. This type of business typically has less impact on environment and societies than mass tourism and the income and wealth generated by visitors is more widely dispersed through the entire population in a destination.

The literary review provides a background to the subject. However as the topic of getting Micro Tourism Enterprises to market has, to the authors knowledge, never

been written about before, a significant quantity of primary research specific to the topic was undertaken. This comprised interviewing or surveying four key stakeholder groups involving 40 interviews and almost 550 surveys.

This revealed that travellers use different booking methods depending on whether they are booking short or long haul travel, with long-haul travel still mostly being booked via an agent. Thus Micro Tourism Enterprises need different marketing strategies for different source markets. This involves not only local advertising and an internet site but such elements as co-operation and clustering, hosting journalists/media and working with successful agents throughout the world. Developing such strategies requires a certain level of professionalism and industry knowledge. Unfortunately, as many Micro Tourism Enterprises are operated by people entering the industry from a lifestyle perspective, this professionalism is often lacking. Despite advice being available from tourism boards, industry sources and specialised consultants, Micro Tourism Enterprises too seldom seek this information and thus often fail to maximise their business potential, and often subsequently failing as business enterprises. As a result the micro business sector is failing to capture its' full share of potential visitors, despite the superior and more authentic travel experiences provided and the demand for these products.

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# 1 Introduction

This report discusses a subject that surprisingly little has been written about: How Micro Tourism Enterprises Get to Market. As tourism is the largest industry in the world and as 90% of the companies in it are regarded as “micro” (WTO 2004), it could be expected that this subject would have been written about extensively. It hasn't.

To tackle this subject a significant quantity of primary research has been undertaken with four key stakeholder groups including 40 interviews and almost 550 surveys. As such, this report represents an original and innovative contribution to knowledge. Please note that due to commercial and personal sensitivities arising from many of the comments made and data gathered, all interviews and surveys remain anonymous.

This report considers the service product deliverer, specifically those products that are typically booked days, weeks or months in advance. Examples include small-scale accommodation such as Bed & Breakfasts, Farm-stays, Lodges, Boutique Hotels and Retreats, as well as overnight activities and excursions.

As we answer our main question, several sub-issues will be raised. These include the role of the distribution and sales chain and the requirements of those in it, including an outline of how certain types of distribution chains are more likely to be able to support MTE's than others. We will consider the balance between advertising, agent bookings and word of mouth or recommended business. We will consider capability building with the assistance of professional service providers and consultants, and tourism boards. We will consider the opportunities for clustering and co-operation between MTE's and the benefits and possible pitfalls of this. We will discuss critical success factors and identify critical failure factors including the entrepreneur's skill set and expectations.

The report aims to provide MTE's with an understanding of the industry and forces working on it, to assist them in their marketing efforts to create a successful and sustainable tourism enterprise.

With a limited word count we cannot hold an exhaustive discussion, however we can create a worthy discussion and draw some suitable conclusions with corresponding recommendations.

## **1.1 Project Background and Motivation**

Tourism is widely acknowledged as being both detrimental and beneficial to the environment and societies. It is estimated by the World Wide Fund (2002) that a 2-week holiday accounts for between 20%-50% of a consumer's annual 'earthshare'. This clearly highlights the risks of tourism but also the commercial opportunities for businesses fulfilling this. With the industry forecast to grow more than 100% in the coming 15 years (World Tourism Organisation, hereafter WTO, 2003), how the growth is managed and in what sectors it occurs will have significant impact, positive or negative, on many regions around the world.

Should tourism's growth be channelled towards resort style holidays, we can expect to see extensive building and development in many forest and coastal locations, with extensive implications for the environment and societies (Conservation International, 2003). Contraire to mass developments, small-scale tourism developments run by local entrepreneurs provide a viable alternative. These developments tend to be low impact, are more widely dispersed, and profits typically remain in the destination. As a means to ensure more travellers utilise the services offered by MTE's it is vital that MTE's have their product in front of the traveller at the right time in the traveller's decision-making process. Yet, our

preliminary research reveals that while 64% of respondents prefer smaller, more characterful accommodation, only 13% actually stay in this type of accommodation. This points to break down either at the customer level, somewhere in the distribution chain or at a supplier level.

The importance of getting sustainable MTE's to market is highlighted by John Elkington, an innovator in the sustainable business debate:

*“In steering the sustainable business debate into the mainstream, we will also need to recognise that it is often much more effective to get a 20% solution to a problem into 20 million homes than to get an 80% solution into 100,000... Only if people used the more sustainable technology and systems instead of the less sustainable alternatives will the promised advantages be realised”*  
(John Elkington, 2001).

## 1.2 Project Methodology

The report discussion is based around the four key tourism industry stakeholders, namely: Travellers, Resellers, Marketers and Micro Tourism Enterprises and the research findings are presented in this order. The report is a combination of the necessary academic elements that are required for an academically sound piece of research that will withstand rigorous review, and practical information, advice and perspectives from a wide range of industry participants and experts. As such this combination results in an academically sound and practical report that draws valid conclusions and provides solutions that can realistically be implemented.

The report commences with a macro perspective and narrows down as we progress to become very focused on Micro Tourism Enterprises and how they achieve long-term sustainability.

In Chapter 2, the literature is reviewed to provide a background to the subjects discussed. This involves introducing several topics and discussing the findings of the literary search. We will also consider emerging trends and consider how these may relate to MTE's. This industry background aims to provide the reader with an understanding of the industry and it's machinations, as well the relationship between tourism, micro entrepreneurship and sustainability.

In Chapter 3, we present the research findings. This research included interviewing and/or surveying four key-stakeholder groups.

- Consumers- 520 Dutch consumers were surveyed. The Dutch market, when considering expenditure per head of population is the largest outbound travel market in the world. Visitor numbers from the Netherlands to many counties are disproportionably high compared with other source markets, average spend per person has risen significantly in recent years,

dispersion out of main tourism centres is wide, and length of stay is long. This makes the Dutch market an ideal market to conduct a survey around the subject of assessing demand for Micro Tourism Enterprises.

- Agents- 22 agents have been reviewed for sustainability policies, 7 have responded to a survey and 4 have been extensively interviewed.
- Tourism Boards- 9 national tourism boards have been reviewed for sustainability policies, 7 tourism boards have replied to a survey and 4 have been extensively interviewed.
- Micro Tourism Enterprises- 30 MTE's were extensively interviewed

In Chapter 4, we form the conclusions and recommendations that will outline critical success and failure factors. At this point we hope to outline ways in which the MTE can differentiate and market their business to compete effectively against mass tourism products and build a truly sustainable enterprise.

The appendices, methodology and bibliography follow at the end of the report.

## **2 The Tourism Industry: The Literary Review and Background**

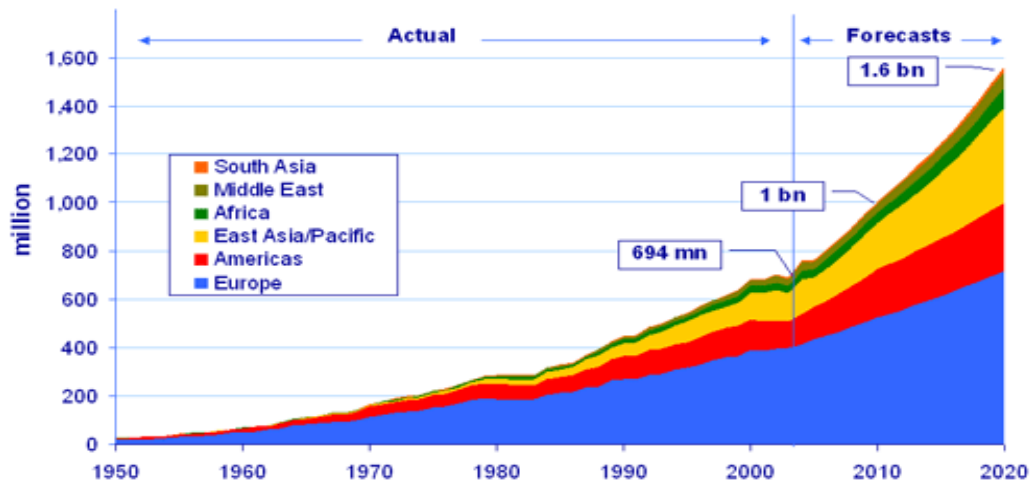
This chapter provides an industry background, discusses the industry's importance to global trade and development, and considers current trends and practices.

### **2.1 The Tourism Industry- an Overview**

Travel is one of the world's largest industries, generating a significant proportion of GDP for many countries, especially those in the third world and small island nations (WTO, 2003). In 2003, tourism receipts amounted to US\$523 billion and international visitation was almost 700 million people. This accounts for 6% of total worldwide exports and 30% of all service exports (WTO, 2005). The industry currently employs circa 200 million people (World Travel and Tourism Council, hereafter WTTC, 2004).

Since 1975, travel has grown by a factor of four. This is forecast to continue with numbers more than doubling again by 2020 (WTO, 2003). Since 1990, the industry has grown at an average of 4.6% per year, however, this growth has not been equal across all destinations (WTTC, 2004). According to the WTO (2005) forecast growth will be strongest to the Asia/Pacific region, with this region's share of international arrivals increasing from under 15% in 1995 to over 27% by 2020, thus experiencing more than four-fold growth in only 25 years.

## Historical and Forecast Visitor Arrivals – By Region



	Base Year*	Forecasts*		Average Annual	Share	
	1995	2010	2020	Growth Rate%	1995	2020
Total	565.4	1006.4	1561.1	4.1	100.0	100.0
Africa	20.2	47.0	77.3	5.5	3.6	5.0
Americas	108.9	190.4	282.3	3.9	19.3	18.1
East Asia/Pacific	81.4	195.2	397.2	6.5	14.1	25.4
Europe	338.4	527.3	717.0	3.0	59.8	45.9
Middle East	12.4	35.9	68.5	7.1	2.2	4.4
South Asia	4.2	10.6	18.8	6.2	0.7	1.2
Intraregional (a)	464.1	790.9	1183.3	3.8	82.1	75.8
Long-Haul (b)	101.3	215.5	377.9	5.4	17.9	24.2

a) Intraregional includes arrivals where country of origin is not specified  
b) Long-Haul is defined as everything except intraregional travel.

\* in millions of people

Figure 2-1: Historical and Forecast Visitor Arrivals - by region (source: WTO, 2003)

Tourism is faced with many macro influences beyond its control. According to the WTO, as travel is, for most people, a discretionary purchase, industry growth is highly dependent on economic growth. They have measured that when GDP growth in source markets exceeds 4%, tourism spending increases at a greater rate, while GDP growth of less than 2% results in tourism growth beneath this level. Economic contraction produces a decrease in travel spending.

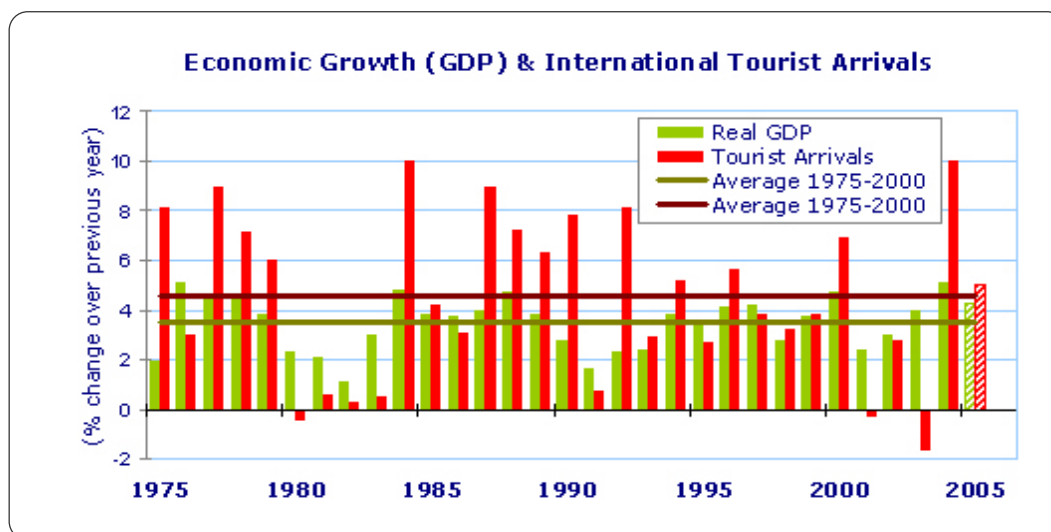


Figure 2-2: The correlation between GDP growth and Tourism Growth (source: WTO, 2005).

Aside from economic factors, other macro influencers include outbreaks of disease, terrorism, war, oil prices, natural disasters and currency fluctuations. This creates an industry with fluctuating demand, which has major effects for tourism suppliers and employees around the world- be they large or small. The effects of SARS, the Iraq war and the continued fallout from 9/11 have been reflected in tourism arrival and expenditure figures for 2003 (WTO, 2003). These effects are felt right through the industry supply chains:

*“Airlines are working hard to contain or reduce their costs. Reducing frequency, compulsory uncompensated leave and redundancies are among the emergency measures being put in place. In these difficult times, airlines are looking to their suppliers and partners to join these efforts.” (IATA, 2003)*

While the forecast industry growth and the trend towards visitation to more developing countries is potentially beneficial for MTE’s around the world, the macro influences can create unstable short-term visitor flows, with implications for businesses with high borrowing costs and other cash-flow requirements.

## 2.2 Why Tourism is Vital to the Global Economy

Uniquely tourism does not succumb to the many trading rules relevant to goods and services, nor is it an industry where national concerns and champions argue over tariffs or quotas (flag carrying airlines aside...). As such tourism is the most prolific and globalised of all industries. Tourism is especially vital to many developing countries as it is often the only industry allowing these countries free access to generating trade and thus securing vital major currency exchange.

Aside from the massive size of the industry, it is the dispersion of income that makes tourism so vital. Figure 2-3 ranks the 10 largest spenders on tourism by country. Six of the top ten spenders produce net outflows of over US\$95 billion/year. Unsurprisingly eight of the ten biggest spenders are developed countries and 7 can be classified as western.

Rank	International Tourism Expenditure (US\$ billion)		International Tourism Receipts (US\$ billion)		Net Outflow (US\$ billion)	
	2002	2003	2002	2003	2003	
World	480.0	523.0	480.0	523.0		
1	Germany	52.5	64.7	19.0	23.0	41.7
2	United States	58.0	56.6	66.7	64.5	-7.9
3	United Kingdom	41.7	48.5	20.5	22.8	25.7
4	Japan	26.7	20.0	3.5	8.8	11.2
5	France	19.7	23.6	32.7	37.0	-13.4
6	Italy	16.9	20.5	26.9	31.2	-10.7
7	China	15.4	15.2	20.4	17.4	-2.2
8	Netherlands	13.1	14.6	7.7	9.2	5.4
9	Canada	11.7	13.3	10.7	10.6	2.7
10	Russian Federation	11.3	12.9	4.2	4.5	8.4
Top10 Expenditure Total		267.0	289.9	212.3	229.0	60.9

Figure 2-3: The Top 10 Spenders on Tourism by country (adapted from: WTO, 2005)

Since 1990 tourism to developing countries has grown annually by an average of almost 10%, to the point that developing countries now receive almost 30% of all international travellers (WTTC, 2004). Whilst this does not equate to 30% of revenue due to lower prices in developing country destinations, it equated to US\$148.4 billion in 2003 (WTO, 2004). The WTO (2003) calculates that tourism represents the largest foreign exchange earner for almost 40% of all countries and represents 66% of the trade of commercial services in the developing world. Consider that 15% of employment in the Caribbean is directly tourism related, while 25% of Jamaica's GDP is generated by tourism (Conservation International, 2003).

For those fortunate enough to live in tourist resort areas, tourism income can be very beneficial. An increase in tourism to Phuket, Thailand between 1995 and 2000 has helped local families to become the third richest among Thailand's 73 provinces, with average household income of 20,700 baht/ month. This equates to 70% more than the national average (Bloomberg Asia, 2003).

However, tourism can create great disparity between those in the industry and those who are not. Consider that a Cuban doctor has a monthly salary of about US\$13, yet a travel guide can make this in one day in tips<sup>1</sup>. This is likely to draw large numbers of people and resources to the industry where these resources may be necessary elsewhere. Access to fresh water and coastal areas are two prime examples of this. (Conservation International, 2003)

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<sup>1</sup> Morten, A. (2004). *Cuba and insomnia*.

## 2.3 Tourism and Sustainability- Why This Discussion is Important

Before going further, we need to consider the term ‘Sustainability’ in a tourism context. The WTO (2004) states sustainable tourism should:

1. Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
2. Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
3. Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Figure 2-4: World Tourism Organisation key sustainability concepts for suppliers and tourism industry operators. (Source: WTO, 2004)

Aside from this description, the WTO offers an easily comprehensible Global Code of Ethics, outlining sustainability in a tourism context and other information that is suitable for suppliers, resellers and any person undertaking any form of travel. For further information visit- [www.worldtourism.org/code\\_ethics/eng.html](http://www.worldtourism.org/code_ethics/eng.html).

Tourism has a massive environmental impact, positive and negative, on many regions around the world. Before considering greenhouse gas emissions from aircraft, destinations such as the Costa del Sol in Spain or Cancun in Mexico show the negative impact of unabated discounted mass-tourism (UNEP, 2002).

From a social perspective, Butler (1975) points out that the wider the cultural gap between visitors and hosts, the more likely the host community will be affected by tourism. The ‘normal’ habits of western visitors while on holiday are often regarded as a cultural intrusion by those in the destination (www.IIED.org, 2005). With travel becoming ever more normal for western consumers, we can expect more remote cultures to be influenced by tourism. The effect of this cultural gap will be

emphasised as saturation increases, with the local inhabitants becoming outnumbered by tourists and their home town converted into a mini Vegas.

The effect of globalisation on mass-tourism brings the wealthy and places them right next to the poor in many countries all around the world. When visitors are fenced in, spending their money within the confines of a resort, the economic advantages to the local population is minimal. Local people are often employed in remedial work, while internationally trained managers operate immense tourism facilities such as hotels, fun parks and golf courses. With the realisation that resorts and hotels operated by foreign management companies, run by foreign managers, with local workers only used for low-skilled tasks, no longer represents the state-of-the-art tourism model (Roe and Urquhart, 2005). With this realisation stems Pro-Poor Tourism and how to spread the benefits of tourism to all local people, including the poor. As part of this is the implication that micro-entrepreneurship and MTE's provide the opportunity to encourage real participation in the tourism industry to a wider group of the community, leaving the benefits spread wider locally. Roe and Urquhart also highlight that the tourism industry is one that more readily encourages female participation. This is especially true of small accommodation providers where women often operate and run the business. This creates further dispersion of income into families and provides opportunity to many households throughout the world. Further, tourism provides many endangered areas with an economic value through their preservation versus exploitation, essentially replacing loggers and fishermen with nature tourism guides (Conservation International, 2003). According to Honey (2002), eco-tourism represents a change in the travellers philosophy and behaviour to make a positive contribution to societies and the environment.

The WTTC (2005) maintains that, although Travel & Tourism cannot solve the problems of the world, the industry can play a part in alleviating poverty and helping protect the environment, rather than destroy it. The new realisation

appreciates that tourism relies on natural tourism assets including the local environment and people and that these unique and special assets attract Eco and Experience Driven Travellers (Conservation International, 2003).

## **2.4 Sustainable Tourism to the Masses- An emerging trend?**

Encouraging travellers to become more aware and thoughtful while on holiday is a key component to driving travellers towards sustainable tourism practices and, by implication, MTE's.

As part of the research for the project an examination of 22 Dutch travel resellers and 9 tourism destinations websites revealed that, in general, too few parties actively encourage visitors to demand sustainable tourism practices or highlight to the traveller how to conduct themselves in the host's society and environment. Instead there was often a focus on price versus the experience and a general lack of emphasis on how to preserve and protect natural tourism assets.

It would appear that these stakeholders believe travel is a purchase made by Rational Economic Man- a stereotypical 'person' already discredited in many economic and social circles, who thinks purely from self-interest. Yet, as has been seen in other industries, consumers will not always select a product or service based purely on price or self-interest, but will consider the wider implications of the product they are buying (Lewis, 2002).

If tourism boards and industry stakeholders fail to encourage visitors, or tourism businesses, to conduct themselves sustainably, the question needs to be asked- how long will visiting areas frequented by large amounts of 'tourists' remain attractive? Here mass destinations or destinations that have yielded to the mass

commercialisation of tourism may find themselves on the back foot as consumer demand and expectations change towards a more considerate tourism model.

## **2.5 The Growth of ‘Experience Driven Travel’ and the Role of MTE’s**

In developed markets many indicators are pointing to a shift towards ‘Experience Driven Tourism’. This is caused by several factors:

- Many travellers are cash rich and time poor, placing extra emphasis on leisure activities and the quality and individuality demanded of these. (Continu Holiday Survey, 2003)
- The population is aging, the number of people per household is reducing, more women are working, and the consumer is becoming more hedonistic. (CBS.nl). This is changing demand from low cost family holidays to unique experiences for couples/singles.
- Travellers want real experiences versus sightseeing- in essence a change from being a tourist to being a traveller. They are also more independent. (Travel MAP, 2005)
- Ease of communication enables the traveller to research a wider range of options and allows more MTE’s to communicate to the traveller at the right time in the booking process.
- Some travel resellers are seeking to separate themselves from the ‘race to the bottom’ and are using unique products to provide differentiation.
- The manifestation of two poles of tourism: price focused packages sold on a transaction basis versus unique travel sold on an interactive basis. (Lovelock and Wirtz, 2004)
- The type of traveller utilising MTE’s is typically more experienced and less afraid to incorporate small-scale products into their itinerary.

Across the industry, recognition of the ‘Experience’ is rising. Large hotels are discovering the limitations of their Customer Relationship Management systems to deliver on their promise of customer understanding that enables the hotel to deliver an experience exactly how the customer wants it. Some are looking to augment CRM systems by adding further science and computer power by using Customer Experience Management systems (Rush, 2005). This approach fails to recognise the fact that ‘Experiences’ are delivered by people, not computers.

MTE’s have a natural advantage when it comes to delivering ‘Experiences’ by offering small-scale activities, personalised service and sharing their experiences and knowledge of their location. MTE’s are typically operated by entrepreneurs with a stake in the local area. MTE’s often develop unique small-scale facilities or redevelop rundown facilities, such as converting old farmhouses into guest accommodation.

In the Dutch market, cultural discovery is a key travel experience and this is more likely to be delivered by MTE’s than mass tourism products (Travel MAP, 2005). Hosting a guest and delivering a ‘slice-of-life’ provides the visitor with a real memory of a destination and its’ culture. This works to de-couple the direct association between price and the core product and adds value to the experience by providing the guest with something unique and special, and often unrepeatable. This makes each experience a ‘one-off’. As Soo Hee Lee (2005) stated:

*“Inviting someone to your home to show them how you live always works... It is something precious.”*

Additionally, as the MTE themselves are often the deliverer and host(ess) of the ‘Experience’, they have the ability to directly influence and change the ‘Experience’ depending on the guests needs. This indicates that the host’s knowledge and people skills play a key role in assuring quality, while providing a

real opportunity for differentiation. Carlson and Getz (2004) concur with this opinion from the aspect of family run tourism businesses- a typical form of MTE:

*“Tourism offers many opportunities for family businesses, often embodying direct host-guest interactions in the family home or property. They are often vital to customer experiences and satisfaction, and to destination or community development.”*

Additionally, Lowe et al., (1995) state that:

*“The close-knit nature of many rural communities in a region suggests that personal knowledge and trust relationships are significant in shaping the quality of the tourism product”*

Twining-Ward and Baum (1998) concluded that where there is high local ownership of tourism operators, as typified by MTE's, this also gives more control over cultural and environmental protection. Contrast this to large luxury hotels located next door to poor urban areas.

*“luxury hotels are considered a tasteless embarrassment in the midst of surrounding poverty.”* (PATA, 2005)

However, to be successful the MTE operator must have the required skill set to understand and interact with the guest, run the business and establish and grow the business. Unfortunately, many do not.

To attract a wider audience clear standards and quality definitions could be used to help reduce buyer caution and encourage more travellers to incorporate MTE's into their itineraries. In New Zealand, the organisation Qualmark has developed a special rating system for small-hosted accommodation, yet how does an organisation accurately rate the small nuances that define a host's ability to deliver a differentiated and quality travel experience.

When considering widely applicable quality and sustainability standards almost all rating systems suffer from the same problem; too many local standards and not enough international sector-wide standards. Due to the international nature of the

industry, this makes it hard for travellers to identify local standards or fully understand their criteria. Thus while the MTE may feel good about offering high standards of quality or implementing sustainability measures in their business, until internationally accepted and promoted standards exist, MTE's are failing to maximise the potential positive benefits in terms of marketing and differentiating their product based on sustainability measures.

## 2.6 MTE's and Economic Sustainability

With 90% of all tourism businesses employing fewer than 10 people (source: WTO, 2004), the model of the MTE is an established and accepted business form. This fact makes the tourism industry rather unique. If we consider any other large industry, is there another where 90% of the companies in that industry employ less than 10 people? This divested control must provide an opportunity for the MTE sector to grow further, in part due to the current levels of professionalism witnessed in the sector (McKercher and Robbins, 1998).

As identified and classified by Shaw and Williams (1998), and supported by our research, three predominant types of tourism operators have been identified:

**The Real Entrepreneur-** are risk takers, profit seekers and professional about the way they run their operation. They treat their MTE as a business and are likely to seek an economic return from the business and on capital employed, and quite possibly capital gain in the longer term.

**The Non-Entrepreneurs-** enter the industry from a lifestyle perspective and are often (semi-)retired. These operators engage in limited product development and marketing. Accordingly, these businesses often stop growing after the owner/operator has reached their own personal capacity. They may also fail to meet the expectations of visitors (Barron and Morten, 2001).

**The Constrained Entrepreneur-** is professional and wants the business to grow, but lacks sufficient resources to quickly develop the operation. The risk factor here is generating an economically viable business before the Constrained Entrepreneur runs out of capital or becomes disillusioned with the business. To these categories we will add a fourth - the Established Entrepreneur.

**The Established Entrepreneur-** is already successful in another industry and is usually financially independent. They develop a purpose built operation, often on a grand scale, have the capital to remain in the business while it becomes established, may not expect a return on capital but desire that the business covers its running costs. They appoint tourism professionals to run the daily operations, and develop and market the business as professionals would. The products they establish may be regarded as 'Jewellery' for the owners. In our research, this type of business was encountered frequently.

The very definition of a Micro Tourism Enterprise- meaning a tourism enterprise employing less than 10 people- leads us to consider the direct relationship between staff numbers and the associated capacity to handle visitors to generate revenue and profit. For those with an existing property with spare capacity, offering hosted accommodation is relatively easy and any income generated is supplementary to other income sources. This approach appeals to individual operators and couples, and often these businesses have as much or more to do with lifestyle and meeting 'interesting' people, versus being operated as serious economic enterprises (Ateljevic and Doorne 2000; Getz and Carlsen 2000). This is further supported by McKercher and Robbins (1998) after studying eco operators in Australia, when they concluded that most

*“...are run by owner/operators who have no formal business or marketing background and no prior experience in the tourism industry.”*

As such, many MTE's cannot be regarded as professional enterprises.

One of the key success factors for entrepreneurs as identified by Lordkipanidze, *et al*, (2005) are skills and expertise. This includes the entrepreneur having the confidence to know when these attributes are lacking and, in turn, seeking to enhance them. While many MTE's may seek advice, they need to seek the right advice as the wrong advice can be worse than no advice as the MTE may mistakenly believe they are doing the right thing when in fact they are not. This is linked with a supportive business environment that contains suitable training programmes to provide tourism entrepreneurs with the ability to gain the right, market based skills.

## **2.7 MTE's- Innovation, Clustering and Co-operating**

A study by PriceWaterhouse Coopers (2002), revealed that only 20% of tourism companies view innovation as a priority and for MTE's this was even less. Thus when it comes to innovating the marketing process to maximise opportunities, MTE's are falling further behind their mass tourism counterparts, and tourism may not be evolving at pace with consumer trends and demands.

Nilsson, *et al* (n.d.), identified that where MTE's dominate the industry they can act as a barrier to improving tourism product. This may ultimately result in the underdevelopment of a region and divert visitors to the areas where professional tourism products are operating and marketing more strongly. This was encountered in our research.

Innovation can be considered in the context of developing less reliance on seasonality, as many destinations are either season or weekend dependent. Getz and Carlson (2000) undertook a survey of operators in Australia and identified that 61% agreed or strongly agreed that their business was highly seasonal, while

17% were uncertain. Seasonality effects earning potential because it shortens the maximum earning period, while fixed costs continue year round. Developing a strategy to combat seasonality requires the operator to have both the skill set and the need to develop less reliance on high season and weekends. This requires innovation in pricing and packaging policy and becomes the realm of the professional operator- something that, as identified, many MTE's are not. This is another reason why MTE's fail to maximise their potential.

Nykiel, (2003) advocates co-operating in marketing activities with complimentary tourism businesses to generate custom in difficult times and/or enhance value from marketing investments. Nykiel and Makens (2005) undertook interviews with (chain) hotel operators concerning marketing co-operation and clustering and discovered that many professional tourism businesses understood the economies of scale from undertaking joint-marketing activities. This was especially effective when marketing budgets were limited as co-operation enabled businesses to extend their marketing reach and effectiveness.

Clustering by definition requires an element of geographical proximity as described by Porter (1990) when he says that clusters are

*“Geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions... in particular fields that compete but also co-operate.”*

By contrast, according to the Compact Oxford Dictionary, co-operation is not defined or limited by any geographic location:

***Cooperate** /kooprayt/ (also **co-operate**) • **verb** **1** work jointly towards the same end.*

Thus, co-operation, whilst an element of clustering, can occur independent of a cluster and may span countries or the globe in terms of geographical scale. As such, the competition element of a cluster is greatly reduced by this geographic

scale, and often, in a tourism context, companies that would be regarded as competitors or substitutes if located together in a cluster, become complimentary when spread by the distance of a days travel.

Clustering and co-operation, in the context of marketing tourism destinations, while different in definition, share much in terms of the basic concept and objectives, namely; combining resources and knowledge to achieve results that ultimately would be unachievable if pursued independently. According to Gocher (2005), clusters or co-operation between business can provide significant advantages:

*“Clusters, when successful, become unstoppable motors of economic growth and social advancement via a virtuous circle of enterprise and innovation.”*

Whilst it would be beneficial for MTE's to co-operate or cluster together in a similar way, our research reveals that this opportunity is too seldom taken advantage of because of the identified unprofessional approach of many MTE's. When considering MTE's, we need to consider the motivation of a micro-entrepreneur for entering the business. For those with a purely lifestyle perspective or the 'non-entrepreneurs', co-operating with complimentary or competing products may be perceived as too risky as another party may "learn the secrets" of the others business or it may involve the MTE taking a more professional approach to the whole business. This failure to understand that co-operation tends to build strength and knowledge amongst all partners can be linked to the level of professionalism of the MTE- the more professional they are the more they understand the advantages of co-operating with other similar or same businesses.

Yet informal arrangements often exist between local MTE's to promote certain accommodation types or attractions in any given locality (Palmer, 1998). This informal co-operation may produce some results, yet for clusters and co-operation to be truly effective they need a level of organisation and leadership and clearly

measurable objectives. Huggins (1998) states:

*“Many groupings are fragile and the benefits are not always obvious in the early stages”.*

Commitment to the cluster is vital from all participants as the time and effort required to get the cluster to the point of producing results can be long and may result in partners pulling out before they experience the benefits. Thus any co-operation should include some ‘early wins’ to generate confidence in the co-operation process. Another concern is one or two members hijacking the process for their own ends which will result in the cluster disintegrating. Here the cluster can also benefit from having clearly laid out objectives.

## **2.8 The Role of the Distribution Chain**

By distributing through a range of channels beyond advertising and their own internet site the MTE can reduce reliance in individual marketing activities or promotion types and generate sales from a number of sources. To achieve this the MTE must have the marketing capabilities to identify their target customers, understand how and when these people are booking their travel and then the ability to deliver the expected standard of product and service based on their product type and image and price point. Understanding the distribution chain and the distribution chains requirements plays a key role in this.

Many MTE’s make the mistake of thinking that the terms ‘advertising’ and ‘marketing’ are interchangeable. They believe that provided they are advertising then they are marketing their business. Many fail to realise that advertising is merely a component of marketing. They thus invest heavily in short-term advertising and neglect to establish clear understanding of their customer’s expectations, needs and habits. Nor do they undertake the cheaper but more long-

lasting act of establishing relationships in the distribution chain and encouraging third parties such as agents to sell their products. While these parties usually charge a commission from 10% to 30% for selling the product, agents can provide significant quantities of business, especially higher paying international visitors. Too many MTE's consider the 'cost' of paying commission without considering the fact that the MTE receives 70%-90% of the benefits from all sales generated by agents.

According to Cooper, et al, (1998, p248), intermediaries benefit suppliers by reducing marketing costs by allowing the supplier to focus marketing efforts on travel resellers instead of trying to reach consumers, while travellers can save time and money by purchasing a complete itinerary from one sales point. PATA (2005) argues that, empowered by the internet, the process of disintermediation has enabled MTE's to get direct bookings, reducing dependence on the erstwhile distribution chain and avoiding the need to pay agents commission. Our survey supports this opinion, especially concerning short-haul travel. Yet, the fact remains, large numbers of travellers continue to book via an agent (ANVR.nl). Accordingly, resellers have significant amounts of power due to the share of reservations they continue to generate and their ability to pick and choose their suppliers. Budeanu (2005) agrees with the influence the agent has due to the control over the products contained in a travel package.

### 2.8.1 Pre-Packaged Holidays

Pre-packaged holidays are typically presented along the lines of '10 days and flights for €X'.

Price is the order winning criteria for this type of holiday offer. Schmenner's Service Matrix (1986) would classify this process as a Service Factory where the production and reservation processes are performed using a line process. Imagine a

long assembly line where a worker at the start of the line has no control or influence over the final product. This has many negative aspects due to the long production and supply lines: customisation is almost impossible; expertise is spread through intermediaries making them interdependent; earnings are low for intermediaries and suppliers; it can be in excess of 90 days before the supplier is paid; reservation staff perform broken down, repetitive functions; and innovation is reduced. It is very difficult for MTE's to get their products into this type of distribution chain due to the long supply lines and reliance on low price which is usually only delivered through high capacity and corresponding economies of scale. It may also be undesirable to try to utilise this distribution system because of the long terms of payment and the impact this may have on the MTE's cash flow.

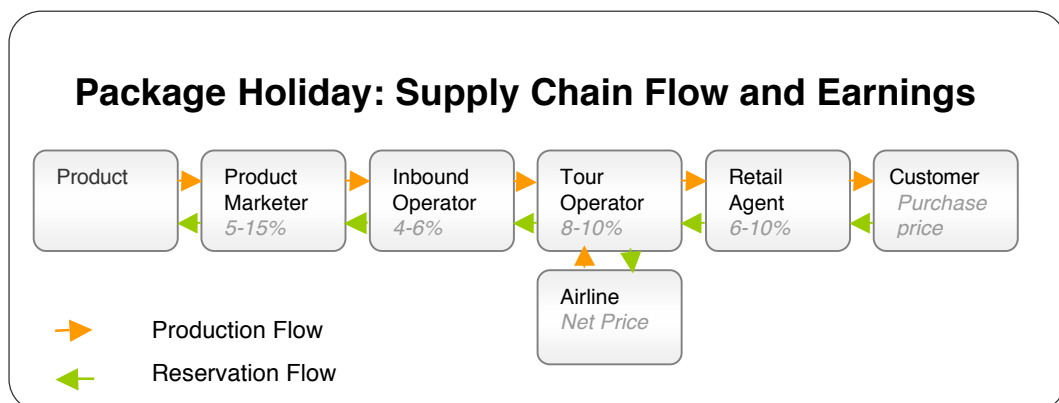


Figure 2-5: Intermediaries in the package holiday process, approximate earnings and flow of the process

## 2.8.2 Customised Itineraries

Customised Itineraries involve the customer and the agent planning a customised individual itinerary based on the clients wishes. Schmenner's Service Matrix (1986) would classify this process as a Professional Service due to the time spent with the customer, the level of customisation provided and the labour time required to create the itinerary. Other types of businesses classified as Professional Services include architects, lawyers or plastic surgeons.

In this instance, knowledge and quality of service are order-winning criteria and provide opportunities for differentiation. This is a customer centric approach and a ‘Pull’ form of production that could be likened to ‘Just in Time’ production where customer demand leads to the creation of a product, in this case a travel package.

Agents offering customised itineraries are capable of incorporating products operated by MTE’s. The short supply lines allow direct contact between reseller and supplier; the agent can more easily introduce new products; customisation is encouraged; less intermediaries often results in higher net rates for suppliers and higher earnings for the agent; expertise is focused within the agency and, as a result, staff are key to the process.

A key consideration is that sales staff must have in-depth knowledge and experience of the destinations and products offered to sell from a personal perspective (Barron and Morten, 2001). This requires the agent to enable their consultants to undertake familiarisation visits and for the MTE to offer to host sales staff to ensure that they gain this first hand knowledge.

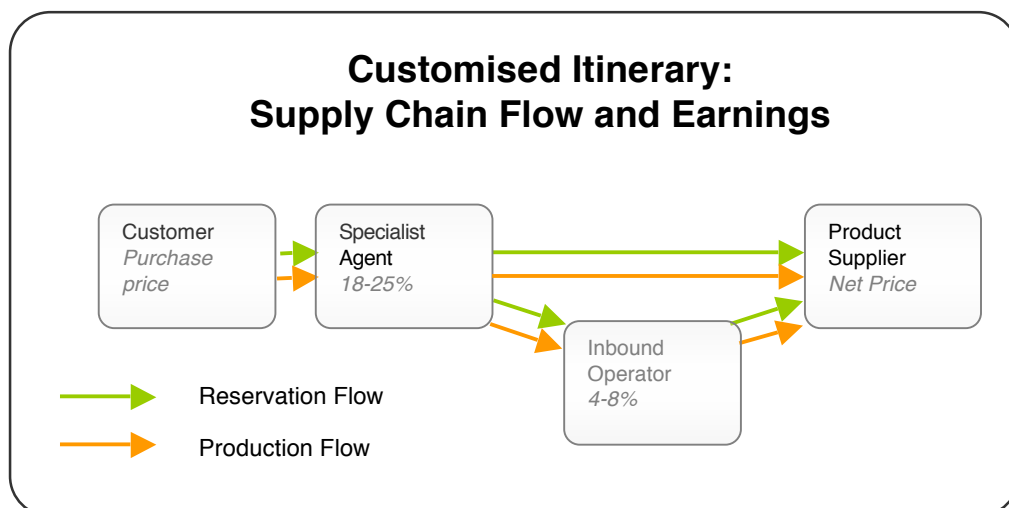


Figure 2-6: Customised Itinerary Supply Chain Flow and Earnings

### 3 The Research Findings

In Chapter 3 we present our research findings. The chapter is divided into the four stakeholder groups and moves from demand through to supply starting with the traveller and concluding with the MTE's.

#### 3.1 The Consumer/Traveller

We will use the Consumer Decision Making Process as outlined by Blackwell, *et al*, (2000) as a framework for progressing through the consumer survey results. This framework represents the purchasing process that consumers move through as they make their purchase decisions regardless of the speed at which they move through the process. When considering experiential service products such as travel, it is very important to consider the last phase when the traveller assesses the quality of the holiday they have just had. As MTE's should rely heavily on word-of-mouth or repeat custom, having mechanisms to gauge and monitor customer feedback would enable the MTE to enhance quality standards and measure whether they are providing the right product and experiences.

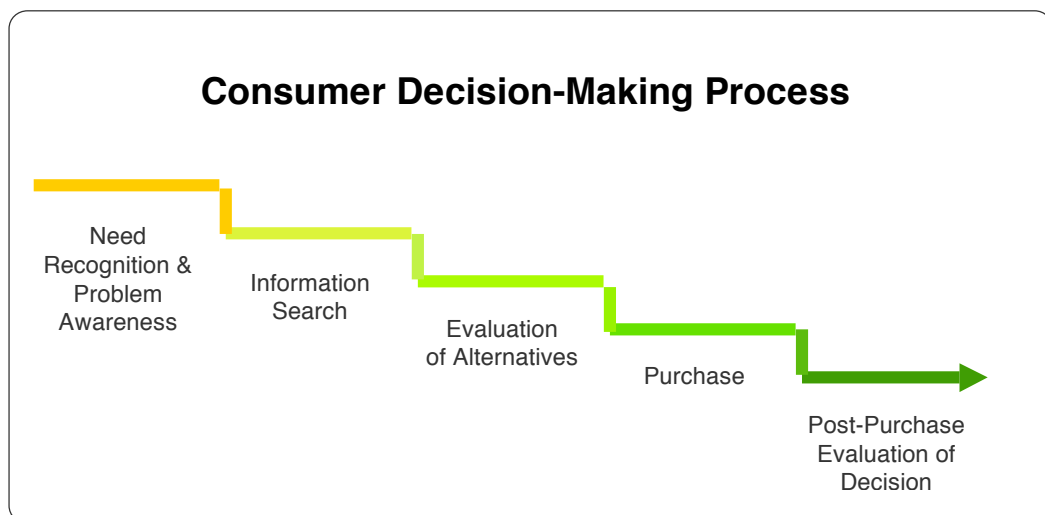


Figure 3-1: Consumer Decision Making Process (adapted from Blackwell, *et al*, 2000)

Demographically our sample was more highly educated, more middle aged (versus age extremes) and earned a higher income than the Dutch average. Based on the NOM Print Monitor survey 60% of Elsevier readers are in socio-economic groups 1 and 2, 54% earn above average incomes compared with 34% of the Dutch population and 43% have a technical or university level education (Elsevier Media, 2005). This skew is suitable for our purposes as ‘Experience Driven Travellers’ are more interested in the experience versus the price and thus require a suitable income to realise this type of travel. Additionally our sample may be more aware of sustainability issues and can more easily afford to change their buying habits to accommodate these issues.

<b>Traveller Survey- Socio Economic Demographics</b>			
<b>Annual Household Income</b>		<b>Dutch Population</b>	
< 20,000 Euro	59	16.3%	19%
20,000 - 40,000 Euro	106	29.4%	35%
40,000 - 60,000 Euro	96	26.6%	27%
60,000 - 80,000 Euro	51	14.1%	15%
> 80,000 Euro	22	6.1%	4%
Prefer not to say	27	7.5%	
No Response*	160		
<b>Total Responses</b>	<b>361</b>		<b>100%</b>
<b>What is your education level?</b>		<b>Dutch Population</b>	
Lower trade education or lower	8	2.2%	30%
Middle level high school	50	13.9%	14%
Middle trade education	94	26.0%	24%
Higher level high school or trade	57	15.8%	10%
Technical College or University	152	42.1%	22%
No Response*	160		
<b>Total Responses</b>	<b>361</b>		
<b>What is your age?</b>		<b>Dutch Population</b>	
13 - 20	16	4.4%	8%
20 - 35	116	32.1%	26%
35 - 50	90	24.9%	29%
50 - 65	123	34.1%	22%
> 65	16	4.4%	15%
No Response*	160		
<b>Total Responses</b>	<b>361</b>		<b>100%</b>

Figure 3-2: Traveller Survey Socio Economic Demographics

### 3.1.1 The Need to Travel

To assess the consumers need to travel we asked how important travel is to the respondent and how often they travel. As can be seen, travel is important to 98% of respondents, while 95% of respondents holiday at least once per year, compared with 81% of the Dutch population. Our sample, rather ideally, can be regarded as frequent and experienced travellers.

<b>Travel is Important to our Sample</b>		
<b>How important are holidays for you?</b>		
Very important	369	102.2%
Important	140	38.8%
Not that important	12	3.3%
Not important	0	0.0%
<hr/>		
Total	521	144.3%
<b>How often do you holiday within Europe?</b>		
Less than Once per Year	26	5.0%
Once per Year	116	22.3%
2-3x per Year	296	56.9%
4x per Year or More	82	15.8%
<hr/>		
	520	
<b>How often do you holiday outside Europe?</b>		
Less than Once per Year	196	37.7%
Once per Year	210	40.4%
2-3x per Year	105	20.2%
4x per Year or More	9	1.7%
<hr/>		
	520	

Figure 3-3: Holiday travel is important and our sample are frequent travellers.

### 3.1.2 The Information Search

Over 90% of our respondents use the internet to research holidays and rate the internet as an important research tool. Travel guidebooks and the experiences of friends and family are also important. These three channels could, to a great degree, be considered unbiased; the internet possibly because of the sheer wealth of opinions and information, and travel guidebooks and friends because they are almost certainly independent in their recommendations and opinions.

## The Internet is the Dominant Information Channel

### Which of the following sources of information do you use when researching your holidays?

Internet	479	91.9%
Travel Guide Books	314	60.3%
Experiences of friends and family	244	46.8%
Magazines	225	43.2%
Travel Programmes	202	38.8%
National Tourism Board	184	35.3%
Other (travel fairs, agents, etc.)	121	23.2%
<b>Total Respondents</b>	<b>521</b>	

### How important is the internet for you when gathering information about your holidays?

Very important	311	59.7%
Important	167	32.1%
Not so important	30	5.8%
Not at all important	13	2.5%
<b>Total Respondents</b>	<b>521</b>	

### When gathering information via the internet, what specific information are you looking for?

General information on the destination	426	81.8%
Experiences and advice from other travellers	64	12.3%
Research itinerary or route	263	50.5%
Finding accommodation, tours, transport, etc.	298	57.2%
Compare travel packages or offers	224	43.0%
Book accommodation, tours, transport, etc.	202	38.8%
<b>Total Respondents</b>	<b>521</b>	

Figure 3-4: The Internet is the Dominant Information Channel

When considering the information people are looking for on the internet, general destination information is clearly the most sought after. This connects to the reliance on guidebooks as an information source as they too contain significant amounts of general information. Mass media is not an information source for the majority. Tourism boards, the national champions of tourism promotion, are used by just one third of all respondents. These preferences may emphasise that ‘story telling’ is an important element of the information process and that our sample group are looking to avoid commercial or biased information in an endeavour to

form independent decisions. This is supported by Jobber (2001) in the context that word-of-mouth stories and recommendations are a vital element for the promotion of intangible or ‘experiential’ service products, such as travel.

### 3.1.3 Evaluation of Alternatives

Over 90% of people start researching their travel less than a year before departure. Information gathering occurs earlier than destination selection, allowing travellers to compare a range of destinations and offers, and thus make an informed choice. A vital consideration is that travel is a discretionary purchase, thus an MTE is not only competing against the supplier next door or the mass tourism product but also with electronics, fashion, fast cars or new furniture. This places extra emphasis on industry co-operation to ensure that travel industry is able to market itself as well as, or better than, any other discretionary products and services.

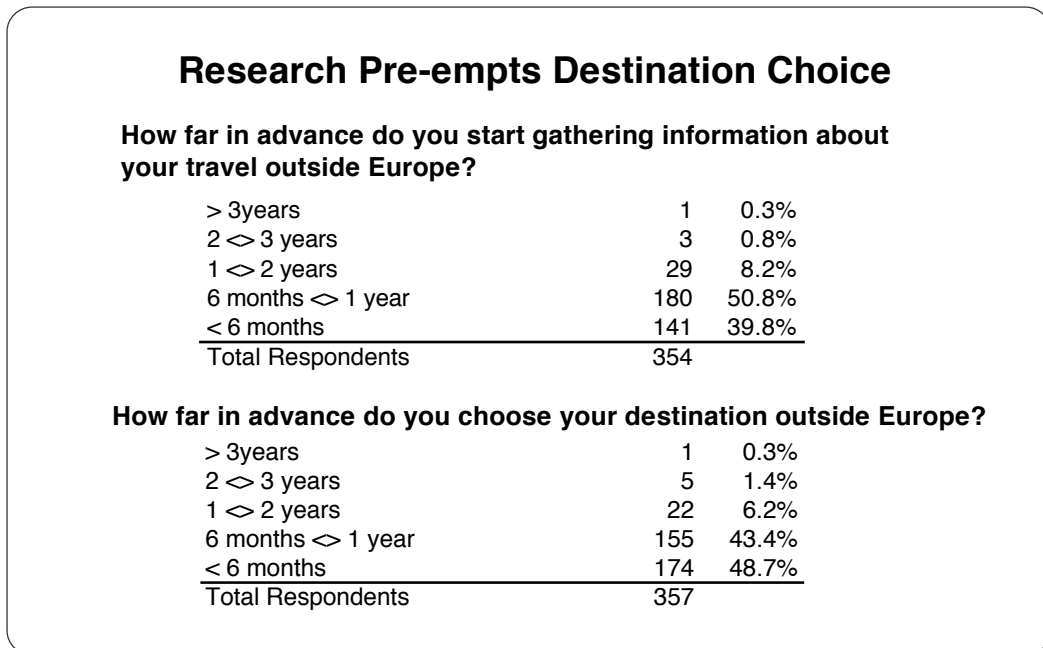


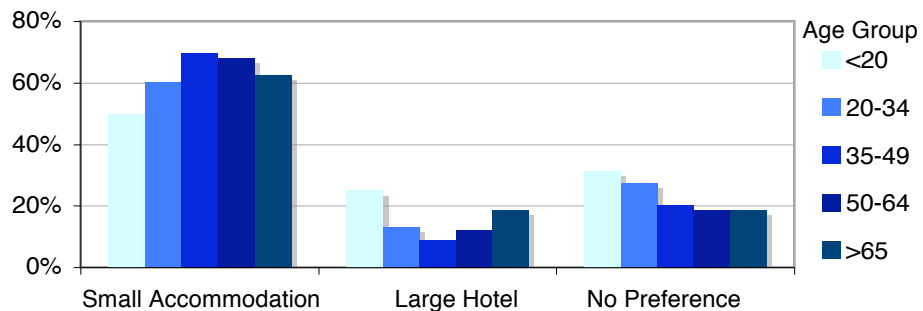
Figure 3-5: Research Pre-empt Destination Choice

When considering what type of accommodation the respondents prefer, this revealed a strong preference for small characterful accommodation with fewer facilities, versus large hotels with more facilities. This reveals a clear demand for MTE's, especially amongst middle-aged people. However, there is a breakdown between what people say they would like to book and what they actually book. Only 17% actually stay in small or unique accommodation. This is a strong signal that MTE's are failing to capture the latent demand for their product.

### Small Accommodation is preferred by All Age Groups Yet Mass Products are What People Buy!

#### What type of accommodation do you prefer?

Small Characterful Accommodation	230	64.0%
Hotel with More Facilities	47	13.0%
No Set Preference	83	23.0%
<b>360</b>		



#### What type of accommodation do you mostly stay in when holidaying outside Europe?

B&B / homestay	49	13.6%
Camping	18	5.0%
Middle class hotel	231	64.0%
Motel	35	9.7%
Lodge/ small resort	68	18.8%
Luxury hotel/	80	22.2%
Unique or boutique accommodation	11	3.0%
Youth hostel/ backpackers	13	3.6%
<b>361</b>		

Figure 3-6: Small Characterful Accommodation is the preference of all age groups, yet mass products are what they buy!

### 3.1.4 The Purchase Phase

With the delay between destination selection and booking we could assume that the evaluation of alternatives continues up until the time of booking, except now, instead of considering which destination, they are now considering the actual components of their itinerary.

Our survey shows a distinct difference in the pre-booking period between short-haul and long-haul travel. This produces a clear distinction for MTE's targeting certain markets based on the distance between the source market and destination. Short-haul travel is often booked within two weeks prior to departure, possibly indicating that these travellers are bargain hunting and almost 65% of all short-haul travel is booked less than 3 months before departure. By contrast only 35% of long-haul travel is booked less than 3 months in advance. However, at least 70% of people plan to book closer to departure in the future. Here on going research can help provide a rolling picture of these trends.

#### Long-Haul Travel is Booked Further in Advance than Short-Haul Travel

##### How far in advance do you book your travel inside Europe?

< 6 months	28	7.8%
3 <> 6 months	111	30.8%
< 3 months	172	47.8%
< 2 weeks	61	16.9%
<b>Total</b>	<b>361</b>	<b>100%</b>

##### How far in advance do you book your travel outside Europe?

> 6 months	84	23.3%
3 <> 6 months	149	41.4%
< 3 months	98	27.2%
< 2 weeks	29	8.1%
<b>Total</b>	<b>360</b>	<b>100.0%</b>

##### In the future, do you expect to book further away or closer to departure?

Further in advance	148	28.9%
Closer to departure	364	71.1%
<b>Total</b>	<b>512</b>	

Figure 3-7: Long-haul travel is booked earlier than short-haul and over 70% plan to book closer to departure.

## Short-Haul Travel is often Booked by the Traveller while Long-Haul is More Likely to be Booked by an Agent

### How do you book your accommodation, tours, transport, etc when holiday inside Europe?

Travel Fair Respondents:		
Package tour or arrangement	100	27.7%
Customised itinerary by a travel specialist	46	12.7%
Organised it in advance myself	220	60.9%
Organise it when we are there ourselves	50	13.9%
	361	
Internet Respondents:		
Package tour or arrangement	15	9.3%
Customised itinerary by a travel specialist	10	6.2%
Organised it myself in advance	115	71.4%
Organise it when we are there ourselves	11	6.8%
Last minute	10	6.2%
	161	

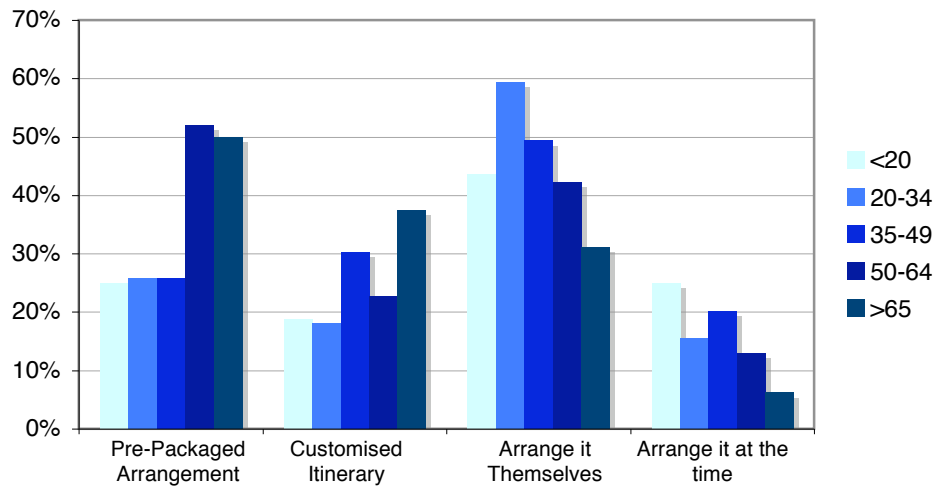
### How do you book your accommodation, tours, transport, etc when holidaying outside Europe?

Travel Fair Respondents:		
Package tour or arrangement	130	36.0%
Customised itinerary by a travel specialist	85	23.5%
Organised it in advance myself	177	49.0%
Organise it myself when we are there	57	15.8%
	361	
Internet Respondents:		
Package tour or arrangement	40	24.8%
Customised itinerary by a travel specialist	42	26.1%
Organised it myself in advance	63	39.1%
Organise it when we are there ourselves	10	6.2%
Last minute	6	3.7%
	161	

Figure 3-8: Booking method differs depending on whether the travel is short or long-haul.

Having identified different behaviour in the pre-booking period between short and long-haul travel, this differentiation reappears when considering how people book their travel. Short-haul travel is more highly likely to be booked directly with the supplier, while long-haul travel is more likely to be booked through an agent. This was confirmed by one tourism board, which had launched a consumer campaign direct to short-haul consumers while focusing on agents in long-haul markets.

### Younger People Prefer to Book Travel Themselves Older People Less So



### High Income Earners Like to be Involved in Planning Their Holiday

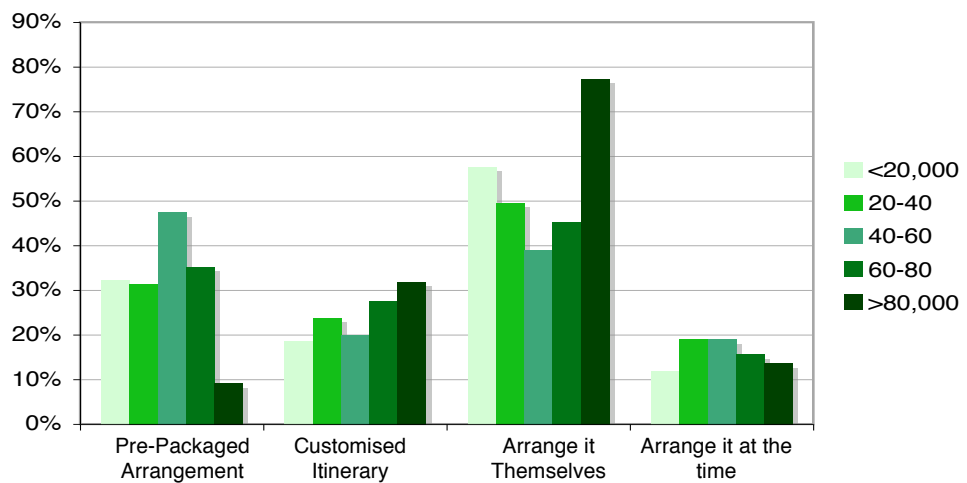
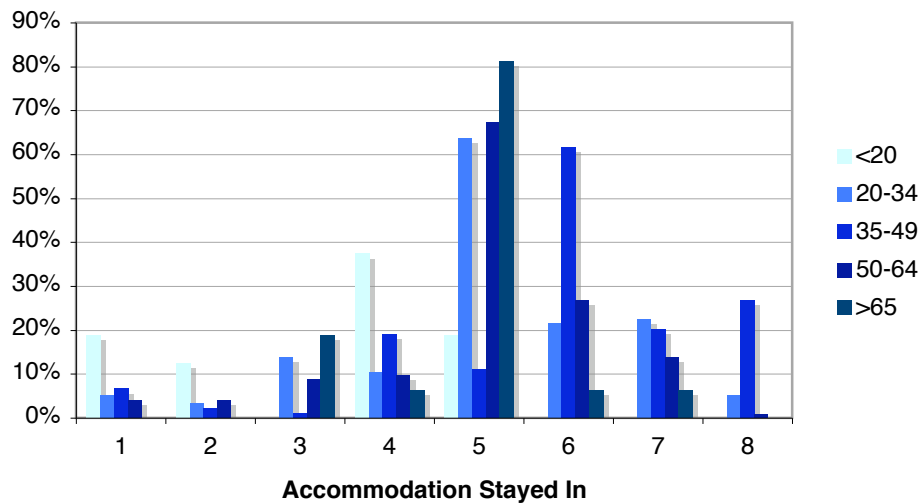


Figure 3-9: Age and income affect how the traveller arranges their travel itinerary

Age and income also influence how the traveller books their travel with younger and wealthier people more likely to book their own travel and wealthier people most likely to book a customised itinerary. Older people and middle-income earners are more likely to book a pre-arranged package.

### Middleclass and Luxury Hotels are the Dominant Accommodation Categories Booked



### Highest & Lowest Income Earners are most likely to stay in a B&B or Unique Accommodation

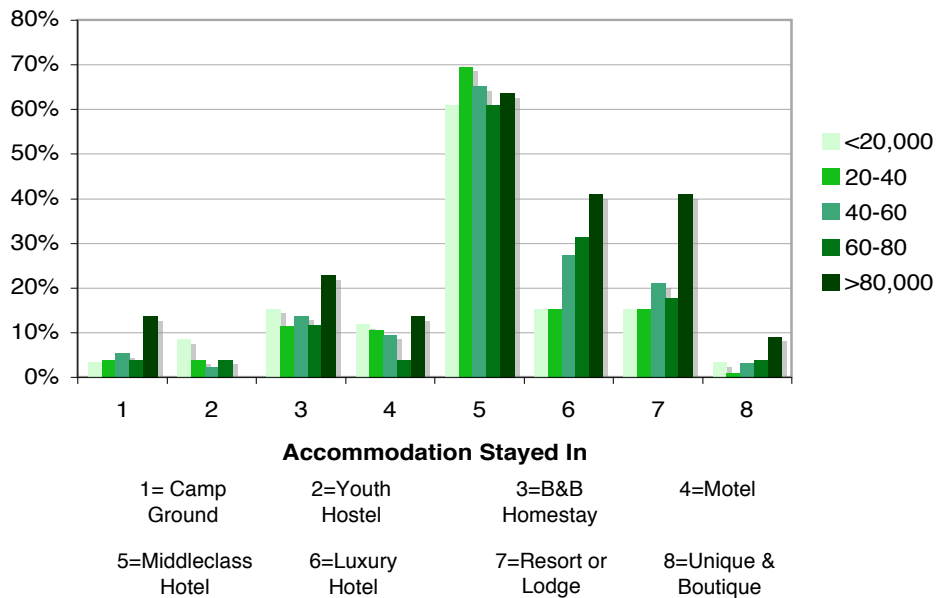


Figure 3-10: Age and income influence the type of accommodation booked

Older people are most likely to stay in middle-class hotels, possibly because this type of accommodation is an easy, known and risk free option. People aged 20-34 and 65+ are the most frequent users of B&B's or home-stays, but overall this

category was not widely popular. Luxury hotels and Unique & Boutique accommodation are more likely to be booked by middle aged and wealthier people. Wealthier people also use a wider range of accommodation, possibly indicating a less risk-adverse nature.

When pre-booking via an agent, staff knowledge is most important for the traveller. This highlights the role of training, including ensuring sales staff experience the products they are selling. The next most important characteristic is the balance between price and quality- or the value offered by an agent.

<b>Agent Knowledge is Key for the Traveller</b>		
<b>What do you regard as important characteristics from the reseller/specialist where you book your travel?</b>		
Consolidated Results		
Knowledge of staff	367	70.3%
Balance between price and quality	230	44.1%
Destination Choices	227	43.5%
Known name of organisation	203	38.9%
Selection of organised packages	193	37.0%
Online booking possibility	185	35.4%
Location of the agency	147	28.2%
Opening times	141	27.0%
	<hr/>	
	522	
Travel Fair Only		
Possibility for Customised Itineraries	129	35.7%
Selection of Individual Products	98	27.1%
	<hr/>	
	361	

Figure 3-11: Knowledge is the key quality sought in an agent.

For those people who make arrangements while on holiday, flexibility is the largest motivating factor. This is interconnected to two other key factors: the possibility of finding something new and getting accommodation cheaper than if it was pre-booked in advance. Here advertising in local guidebooks and directories can help the MTE capture some of these undecided travellers. Yet, as will be identified when considering the results from the research of the MTE's, haphazard advertising, or the 'shotgun' approach, can be both expensive and unsuccessful.

## Flexibility is why People Book Travel Whilst on Holiday

**If booking your accommodation, activities, etc whilst on holiday, why is this?**

Could be cheaper	120	39.5%
I can see what I am getting	91	29.9%
It is flexible	207	68.1%
<u>Maybe I discover something new</u>	<u>131</u>	<u>43.1%</u>
	304	

Figure 3-12: Flexibility Motivates People to Book While on Holiday

As highlighted in the literary review, encouraging travellers to demand sustainable practices is a key element in suppliers implementing sustainable practices.

Encouragingly, 57% of travellers consider the environmental and social performance of accommodation suppliers and 70% consider the environmental and social policy of the resellers. What is less encouraging is that over 20% of respondents don't even think of these issues when selecting and booking travel. Concern for the environment was not dependent on age, income or accommodation type preference.

Figure 3-13: Environmental and Social Performance is Important to Travellers

## Environmental and Social Performance is Important to Travellers

**When Selecting Accommodation do You Consider the Particular Suppliers Environmental and Social Impact?**

Yes	207	57.3%
No	71	19.7%
<u>Don't Think About It</u>	<u>83</u>	<u>23.0%</u>
	361	

**When Selecting an Agent or Reseller do You Consider their Environmental and Social Policy?**

Yes	253	70.1%
No	29	8.0%
<u>Don't Think About It</u>	<u>77</u>	<u>21.3%</u>
	359	

### 3.1.5 Post Decision Assessment

Once a traveller has returned from their travels, 92% like to share their experiences with friends and family. Of concern is the fact that only 20% see the importance of sharing their experiences with the agent, indicating that valuable, and possibly essential, feedback is not making it as far as the frontline agents. For the reseller and supplier this is an opportunity to generate word-of-mouth recommendations or for dissatisfied customers to highlight deficiencies in the products and/or services provided. With such a low participation figure, MTE's and agents may remain unaware of problems or disappointments that the traveller has experienced. This can have a significant effect on quality and is likely to reduce repeat custom, resulting in increased marketing costs to attract new clients for both the supplier and agent. Suppliers and agents are also likely to remain unaware of exceptional experiences a client may have had and this knowledge almost certainly influences an agents recommendations and sales of a product. The issue of generating customer feedback, both positive and negative, is vital to the MTE as it allows the MTE to accentuate what it is doing well, amend what it is doing badly and adjust the product offering to meet evolving demand. The issue of feedback and is raised further when considering agents/ resellers and MTE's.

#### **Sharing Travel Experiences with Friends and Family is Important, Sharing with Agents is not.**

<b>When Returning from Holiday How Important is it for You to Share Your Experiences with-</b>	<b>Important</b>	<b>Not Important</b>
Friends and Family	92.0%	8.0%
Colleagues	66.0%	34.0%
With others Interested in Travel	50.0%	50.0%
With Your Travel Agent	20.0%	80.0%
<u>On an Internet Forum</u>	<u>6.0%</u>	<u>94.0%</u>

Figure 3-14: Sharing Travel Experiences with Friends and Family is Important, Sharing with Agents is not.

### 3.1.6 In Conclusion of Travellers

Based on the way that our sample informs themselves, assesses alternatives and books travel, our traveller sample conforms to the Consumer Decision Making Process as provided by Blackwell, *et al*, (2000).

Using this framework it can be summarised that the need for leisure travel is high and annual holiday participation amongst our sample group is very high at 95% compared with 81% of the Dutch population. The internet has become the most important information source with over 90% of our sample using the internet to research their holidays. Unbiased information sources are also very important.

Having gathered information on a range of destinations, the traveller selects a destination but does not yet make a booking. Between the time from deciding on a destination to making the booking, it can be concluded that the traveller is considering the actual travel itinerary and components.

There are different booking patterns for short-haul and long-haul travel. Long-haul travel is usually booked further in advance via an agent. Short-haul is usually booked closer to departure by the traveller, directly with the supplier. There are also differences in what people purchase based on income and age. In the future, over 70% of travellers expect to book closer to departure. Those booking as they travel are seeking flexibility, lower prices and something new. This has implications for an MTE's marketing strategy.

Having returned from holiday, our sample like to share experiences with friends and families, but crucially not with their travel agent or suppliers.

Our sample says that environmental and social impacts of tourism are important and they consider these when making purchase decisions. There is a competitive advantage for MTE's with strong environmental and sustainability performance to communicate this to travellers and agents.

## 3.2 The Agents

As identified in the literary review and our traveller survey, the agent plays a significant role in selling travel. In our literary review we identified two types of itinerary and subsequently two types of agent, accordingly we have focused on agents offering customised itineraries. Because of the sample size we will not attempt to statistically analyse the findings. What is more important is to consider the comments and take them in the context in which they were made.

**Agent 1** is a New Zealand based Inbound Agent offering customised itineraries for offshore retail agents. The product range is predominately MTE's and some city hotels and country resorts/lodges.

**Agent 2** is a New Zealand based Inbound Agent offering general tourism products in catalogue form for offshore retail agents to build customised itineraries using the components offered. They also offer customisation for agents.

**Agent 3** is a Dutch based direct seller. They buy product directly from suppliers or occasionally via an inbound agent. They offer customised travel and some tours. The focus is on small to mid size suppliers.

**Agent 4** is a Dutch based direct seller. They buy product directly from suppliers or occasionally via an inbound agent. They offer customised travel and some tours. They on-sell to other agents and focus on MTE type suppliers.

We asked the agents to identify the core product and service they expect from a supplier. Quality and value for money were identified as being important. Understanding the expectations of the traveller and delivering on these is important. Three agents sought unique products operated by genuine hosts. There is evidence that products offering 'an experience' are highly sought after.

## Key Product Characteristics Looked for by Agents

### Agent 1

- Value for Money.
- Personality- the MTE must be a “great New Zealander” with local knowledge and history.
- Deliver an excellent product. This includes service, style and quality. Style includes décor.
- Understand the expected customer and have the ability of all components - physical and service - to create a holistic product that exceeds expectations.

### Agent 2

- Sales support, reservation systems, ease of transaction.
- Rates compared with competing products.
- Value for money.
- Qualmark quality control- shows professionalism.

### Agent 3

- Unique, special and quality product.
- Genuine host or hostess with a generous nature.
- Value for Money.
- The supplier must love their product and be enthusiastic about it.
- The product should offer an experience that reflects the local way of life.

### Agent 4

- Uniqueness.
- Different from what competitors offer.
- Able to deliver on travellers fantasies.
- Product ‘tells a story’.
- Product Integrity- this referred to the depth of the product quality.
- ‘Love and Care’.
- Delivers an experience.

Figure 3-15: Key product characteristics sought by agents.

The following section concerns the business side of dealing with MTE’s.

### 3.2.1 Agent 1

Agent 1 commented that many new MTE's are naïve about the industry, do not understand the commission structure and are inconsistent with their pricing. This refers to MTE's who do not build sufficient commission of up to 25% into their rates. Some MTE's offer no commission at all, requiring the agent to add on to the rack rate, thus the customer is paying more than if they booked directly with the supplier. The agent will not work this way and does not support any MTE's with this policy. Understanding the business and industry are vital.

The agent commented that smart businesses are already approaching them during product development or design and ask opinions on how to improve the product and décor to fully meet agent and customer expectations. This indicates that the MTE is serious about the business and are not just utilising a deserted bedroom after the children have left home. The agent commented that businesses looking for a return on investment were more professional and often better managed and thus more likely to deliver a quality experience of international standards.

When selecting new product the agent has a member of staff visit products and hosts. Each product is inspected annually. Agent 1 commented that they will not feature a product they cannot guarantee and to guarantee a product they need to provide consistently high quality.

*“We are responsible for ensuring that our clients have a seamless travel experience. This guarantees the ongoing business relationship between us and the supplying incoming agent.”*

### 3.2.2 Agent 2

For agent 2, sales of accommodation hosted by MTE's has grown by a factor of 10 in 4 years. When looking for new products the agent contacts regional tourism organisations for product suggestions. This is a key method to find new products. Later a member of staff visits the products.

Agent 2 identifies good MTE's by asking two questions: who are their competitors and who are they co-operating with. A good MTE often names the same businesses in both cases, indicating that the businesses are working together in co-operative competition to share ideas and room inventory. This tended to raise the quality of these products as they were sharing ideas and innovations and increased total room stock for the agent as if one property was full the client could be booked into one of the other products offered by the supplier.

Commission structure is critical. The agent cannot work on 10% commission as they are on-selling to other agents who must also make a margin. Agent 2 requires a minimum of 20% and up to 30% where possible. Agent 2 refers to suppliers "who don't know the rules" and change pricing in the middle of the season. This is more typical behaviour of new owners who take a product over. This requires the agent to re-inform all their on-selling agents. The agent explains the situation and asks suppliers to keep the old pricing in place. If they don't then the agent may stop working with the supplier.

*"You can't expect everybody to view distribution in the same light as you do... You work off the premise that everybody understands your view of distribution."*

### **Key Problems that STOP Agent 2 Supporting a Supplier**

- A supplier who requires pre-payment at time of booking. Many wholesalers are on credit so this creates cash-flow issues and problems in case of cancellations. This has become more acute due to unexpected events.
- Low commission rates- 20% is the minimum. The higher the commission the more motivation to sell the product.
- New owners that change the rates mid season or drop commission rates.
- *"Bad service, bad product, bad anything. It's going to get on the radar and we can't keep promoting that product."*

Figure 3-16: Key Problems that STOP Agent 2 Supporting a Supplier

### 3.2.2.1 Extended Quotes from Agent 2

On MTE's entering the industry:

*“When someone starts up they may see their future to be the website. There's travel agents, they know they are somewhere in New Zealand, but maybe domestic isn't going to provide business to their business. Suddenly they realise that ‘we have made a commitment and I am waiting here until five days beforehand before I can rest easy at night because maybe the domestic market or the unstructured tourists are only going to come through on that time frame. So I am sitting here on X amount of asset not knowing whether I am going to get a return on it until five days before’. So then they feel the need to get more security by having pre-bookings. Then they come across the distribution systems that are more traditional and structured, and then they realise that their pricing model doesn't work because they don't have enough commission built into it. Then they realise that there is one property charging \$100 more down the road, and getting it, and filling up. And they haven't charged enough but that's because they weren't targeting the international market, they have been targeting the domestic market. So with all these decision processes for them to go through, it's no wonder that people don't know when they start up what the actual picture is. They just have a dream”*

On MTE's leaving the industry:

*There are certainly examples re-evaluating what they saw as a dream within 4 or 5 years... Once they have buried their money it's almost like a loss-of-face, maybe there's a dream. There's lots of reasons for them to stay put and make the model work. But after four or five years of changing linen, staying in one spot and being tied to that spot, making breakfasts and hosting people, there's demands there... This gets rather time consuming and you can't get away from it easily.”*

### 3.2.3 Agent 3

This agent develops ‘partnerships’ when dealing directly with suppliers, as suppliers were key to the agents strategy. This agent acknowledged that the supplier was vital to delivering high quality as they delivered the final product to the customer. The agent allocated significant time and resources to finding ‘the right type’ suppliers and new products, and used tourism boards for assistance and recommendations. The agent sought unique product to differentiate from other agents. They noticed a strong correlation between sales of MTE type products and repeat and recommended custom. This was attributed to the personal nature and quality of the experiences delivered. The agent surveyed all customers upon return and used the feedback to identify good and problem suppliers. Visits from suppliers were welcome, though usually only bigger companies made the effort. This was good for the supplier because *“it stops them fading from view”*.

Commission requirement was a minimum of 20%, but earned more on some products. This was extra motivation to sell a product.

*“There’s no point selling a product that only pays 10%. Why would we when it costs us 15% to sell the itinerary in the first place.”*

The agent talked of *“marketing partnerships”* where suppliers contribute towards marketing campaigns. These contributions allowed the agent to increase marketing activities, which increased the amount of business for agent and supplier. *“When we sell a product we earn 20%, while the supplier earns 80%. It’s in both of our interest to grow the business.”* As part of the partnership, it was expected that suppliers would host sales staff and journalists to experience the product first hand to help raise the profile of the types of products the agent was offering. This raised the sales of a product as the confidence and knowledge levels of the agent and consumers increased. Suppliers who wouldn’t take part in helping to market the *‘whole thing’* would not be given preferential status as they would not help the agents and their own business to grow.

### 3.2.3.1 Extended Quotes from Agent 3

On partnership style relationships with suppliers:

*“For us our customer is vital. Pleasing them is vital. We need them to come back or tell their friends about us. This reduces our marketing costs and helps build long-term business... We do this by giving more than they expect. And once they are out of hands it means our suppliers giving the customer more than they expect... If our suppliers don't like us then there is a good chance they won't go out of the way for our customer. By the same token, if we don't like the supplier we won't go very far for the supplier either. That's not much good for anyone.”*

On joint marketing campaigns:

*“For us there is a very strong relationship between marketing spend and sales. The more we market the more we sell. And when our suppliers get 80% of the benefit we think it's fair that they support these efforts so we all get more business. It's that simple. When we started with this approach many suppliers were positive and the contributions we asked for were small. But they thought one marketing campaign would be like opening a tap. It's not. The process of building momentum with a product can take a year, usually two, and many suppliers didn't understand this. Firstly customers need to see the product and become interested, then one or two book it. After they come back we send every customer a survey and the consultant gets the reply. If it was a good experience then the consultant starts recommending the product and then it catches on. In time we asked suppliers for larger contributions to increase marketing even further. Knowing it took time to build momentum, instead of asking for cash, we asked for a product credit. This was great as the suppliers saw less risk and contributed much more. But we knew we could sell it and recover the contribution. It wasn't always great for cash flow but the suppliers respected that we were sharing the risk and we got to market our businesses far harder than we could have otherwise. We grew 300% in 3 years and became major supporters of many small suppliers. It is a great model. Another reason we like suppliers to contribute is it gives them a buy in to the customer. When they get a booking from us they feel they have invested in that customer. The result is they do that bit extra to please the guest. We get a lot of positive feedback about our preferred suppliers and we get a lot of repeat and recommended custom as a result, so we stick with them. And that is the best business we can all get. Consistency, trust and reliability, that's what it is all about”.*

### 3.2.4 Agent 4

Agent 4 spoke of wanting very close relationships with suppliers as this was vital to their business model. The agent focuses on suppliers attitudes. The host's skills were very important, as was their ability to take constructive criticism from the agent if necessary. The local tourism board was a key source of new products because products that the tourism board knew about were ready for the international market. They visited suppliers to assess the experience and quality.

*“My suppliers are my friends and my clients notice that. They say to me that I have friends all over the world”*

The agent looks for open hospitable people and pushes boundaries with suppliers regarding product delivery. They ask the supplier to do little extras to help make the clients stay special and different.

*“If the supplier keeps saying no to ideas, then chances are the service level is low.”*

If they encounter rude or unpleasant suppliers then this can cause them to stop dealing with them.

*“If you treat me this way, how are you going to treat my customers?”*

A supplier offering 10% commission indicated that the supplier was not experienced with international agents and not used to dealing with pre-booked international guests. This indicated an overall lack of professionalism and raised concerns about consistency and quality. If the business systems were amateurish then this reflected onto service and quality systems. The agent required a minimum of 20% commission. Anything above this level would in part be passed on to the client. Many suppliers paid more.

### 3.2.5 In Conclusion of the Agent Interviews

Unique products offering real experiences are in demand and sales of these products are increasing steadily. The agents are actively seeking these types of products.

Agents are using tourism boards to discover new products and then visit the products to gain insight into the product and host. This provides an important opportunity for the agent to assess quality.

To expect bookings from agents, an MTE must pay at least 20% commission. This was stressed unanimously by all agents and is critical, as was delivering and guaranteeing consistent quality. MTE's paying less than 20% appear unprofessional in the eyes of the agents and this raises doubts about the MTE's ability to meet customer expectations and assure quality. New owners shouldn't change rates or commission levels mid season and instead should ensure they understand the industry prior to damaging relationships that may never recover.

Developing 'interactive' relationships is important. MTE's with a professional approach and industry understanding are most likely to be promoted as are those who take a pro-active approach to relationship building and management

### 3.2.6 Agents and Sustainability

As 70% of our survey respondents said they were concerned about agents sustainability policies, a study was undertaken to assess what information agents were putting into the market. Based on the importance of the internet when researching holidays, we assessed the websites of 22 Dutch resellers. Information found on Sustainable Tourism and traveller behaviour was, with some exceptions, lacking. Finding the information sometimes proved difficult often being buried amongst small print and seldom featured on the homepage. The information was typically generic and presented from the perspective of keeping the tourist safe from the destination and not the other way around. In some instances there was no

mention of environmental or social concerns anywhere. This raises the question of how well the message is getting through to some resellers and whether their failure to mention sustainability issues reflects a general lack of awareness and concern inside their business. It also raises the question whether resellers understand that good sustainability performance can be a competitive advantage.

To note is that Oad, the only company that ticks all boxes, is frequently awarded for its business performance. This supports those who say that good environmental and social performance often indicates a well-run company (Lewis, 2002).

<b>Impacts of Tourism on the Environment and Society NOT a Major Feature on Dutch Reseller Internet Sites</b>											
Reseller	Environment	Environment	Social	Social	Sustainability	Sustainability	Artifacts &	Endangered	Against	Supports	ANVR
	Concerns <sup>1</sup>	Policy	Concerns <sup>1</sup>	Policy	Concerns <sup>1</sup>	Policy	Antiquities	Species	Sex Tourism	Charity	Certified
Amex	x	x	x	x	x	x	x	x	x	x	x
Activity Int.	yes	x	yes	x	yes	x	x	x	x	yes	x
ANWB Reizen	x	x	x	x	x	x	x	x	x	x	x
Arke	yes	x	x	x	yes	x	x	x	yes	x	x
Barron Travel	x	x	x	x	x	x	x	x	x	x	x
Bex	yes	yes	yes	x	yes	yes	x	x	x	yes	x
Djoser	x	x	x	x	x	x	x	x	x	x	x
D-Reizen	x	x	x	x	x	x	x	x	x	x	x
Fox	yes	x	yes	x	yes	x	x	x	yes	yes	x
Koning Aap	yes	x	x	x	yes	x	x	x	x	yes	x
Kras	x	x	yes	x	x	x	yes	x	x	x	x
Miles Travel	x	x	x	x	x	x	x	x	x	x	x
My Travel	x	x	x	x	x	x	x	x	x	x	x
Oad	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Pangea Travel	x	x	x	x	x	x	x	x	x	x	x
Shoestring	yes	x	yes	x	yes	x	x	x	yes	yes	x
Special Traffic	yes	yes	yes	yes	yes	x	yes	yes	yes	x	x
Summum	yes	x	yes	x	yes	x	x	x	x	yes	yes
Thika Travel	x	x	x	x	x	x	x	x	x	x	x
Travel Trend	yes	yes	x	x	yes	x	x	x	yes	x	yes
VNC Reizen	x	x	x	x	x	x	x	x	x	x	x
WereldContact	yes	x	yes	x	yes	x	x	x	yes	yes	x

<sup>1</sup> Raises Issues in their literature or information regarding this issue

Figure 3-17: Impacts of tourism on the Environment and Society are NOT major features on Dutch agent Internet sites.

### 3.3 The Tourism Boards

In this section the survey results and one-on-one interviews with the Regional Tourism Organisations (RTO's) will be considered. RTO's operate at a local level with suppliers and product development, and promote their region domestically and internationally.

#### 3.3.1 Marketing and Capability Building

As highlighted below, tourism makes an important contribution to the sample regions, especially to employment and economic development. Tourism is also acknowledged as preserving the environment and local culture.

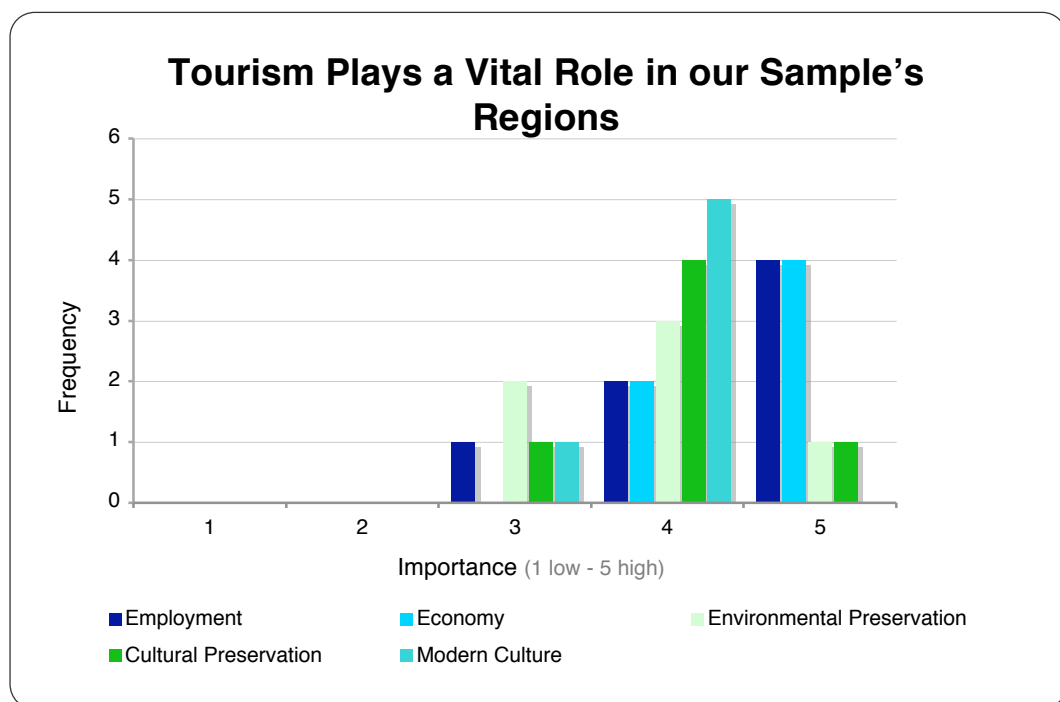


Figure 3-18: Tourism Plays a Vital Role in our Sample's Regions

Within the regions, MTE's are the dominant size of tourism enterprise. Considering the importance of the industry and the number of MTE's in it, it could be concluded that MTE's are important to the regions.

## Micro Tourism Enterprises are the Most Encountered form of Tourism Business

### What Percentage of Companies in Your Region Could be Classified as Micro Tourism Enterprises?

Tourism Board 1	97.0%
Tourism Board 2	95.0%
Tourism Board 3	95.0%
Tourism Board 4	90.0%
Tourism Board 5	95.0%
Tourism Board 6	70.0%
Tourism Board 7	90.0%

Figure 3-19: MTE's are the most common size of tourism enterprise

From a marketing perspective, all surveyed RTO's offer marketing advice through newsletters, one-on-one advice or start-up kits. All RTO's provided opportunities for MTE's to join co-operative marketing activities. These included advertising campaigns, co-operation with offshore wholesalers and inbound agents, travel guides and internet sites. Also common was representation at travel fairs where the MTE received discounts or subsidies on incurred costs. Visiting agents, domestic or offshore, using a mini-travel fair format was frequently provided at subsidised cost. Many arranged journalist visits to MTE's, with the MTE expected to host the journalist. To be involved in these marketing activities many tourism boards required that MTE's met certain criteria. As one said, *"If they are export ready. If they pay 20 or 25% commission. Otherwise there's no point taking them"*. One tourism board goes so far as visiting the business and has a list of criteria that MTE's must sign before they can join certain marketing activities. While RTO's are happy to support businesses, an element of 'user pays' was starting to become evident, especially with regard to the information offices. This also carried over to marketing activities:

*"Give us money and we will treat you better... Of course you favour the people that pay you... On our website, the people that fund us come up first."*

Considering the skills gap identified from our literary review, the RTO's were asked what business training they offered MTE's. Every responding RTO stated that industry education is a key activity, undertaken to assist MTE's develop their business and gain understanding of the industry, distribution chain and traveller's expectations. This assistance took various forms including newsletters, workshops, one-on-one coaching, checklists and site visits. One RTO offers start-ups 10 free hours of consultancy. Another helps with the preparation of business plans. RTO's were also active encouraging MTE's to co-operate and cluster as it facilitated knowledge and experience exchange and reduced marketing costs for MTE's.

RTO's also identified skills shortages amongst MTE's. One example of capacity development involved a local RTO and Enterprise Development Agency, two departments often funded by the same part of local government, instigating a new capability development programme. This involved securing additional funding from central government to fund the programme. Central government argued they already offered business training. It was retorted that central government offered general business training, not specific tourism training.

*“They weren't interested in tourism. They were more interested in infrastructure versus capability building. They wanted to cut a ribbon”.*

The programme involves four key areas: start-up advice; development for established businesses; development of key icons and regional attractions; and sustainability and environmental training. The area involved with working with established MTE's aims to increase professionalism, capability and understanding to build sustainable tourism businesses. This involves a full capability assessment to identify deficiencies, and an assessment of the sales and marketing plan. The following phase involves developing sets of scenarios and ensuring that systems and procedures are in place to overcome these. After these phases are completed, *“the best people”* are brought in to help develop specific solutions or give specific advice. Whereas the first phases are funded by the programme, the cost for the

specialist advisors are shared with the MTE *“because they have got to have that commitment, so we are not wasting any money”*. The programme advisors maintain weekly contact with the MTE, fulfilling a mentoring role. The MTE’s interviewed who had undertaken this programme were all very positive about the process and benefits of it. One declared, *“This was the best thing that has ever happened to our business”*. This programme appears to represent ‘Best Practice’ in this area.

However, despite the assistance available, several tourism boards commented that many MTE’s are not willing to seek or take business advice. A particular tourism board would help build a business case, provide industry education, outline the distribution chain and give industry contacts, yet commented that this advice was seldom taken up, *“this is if they want us to. Some people do and some people don’t”*. One tourism board described that working with MTE’s *“can be tricky”*. Another believes there is huge potential for Bed and Breakfasts but estimates that 80% exit the industry before the 3-5 years it takes to make their tourism business successful. Another commented on the general lack of professionalism that produced internal competition between MTE’s in a region instead of *“taking on board the collective idea of the whole thing”*. This was supported by another who commented:

*“They [MTE’s] really don’t want to know because they are ‘lifestylers’... They don’t understand commission, they don’t understand who is selling their product, they don’t understand the promotion of the region.”*

Another offered their thoughts on getting MTE’s to form clusters and co-operate when promoting the region and attracting visitors:

*“It’s really hard work bringing people together, to work together... We are complimentary products. We are not here to compete. We [have] got to get them to New Zealand, then get them to [our region], then get them to your district, and then we might get them to your product.’ Especially when you have got a lot of micro businesses, that’s hard.”*

One RTO had an even more fundamental problem when dealing with MTE’s, namely the failure for these businesses to recognise that they were even in the

tourism industry. This included the key attraction to the region, which while in a different industry, has a close connection to the tourism industry, “*They have not taken on the tourism concept*”. Subsequently this region is failing to capture its share of visitors, compared with other regions.

### 3.3.2 Conclusions from RTO’s on Development and Marketing:

Local government understand the importance of tourism to their region and often allocate significant resources to market and develop the sector. The prevalent form of tourism businesses are MTE’s.

It is recognised that many MTE’s suffer from a lack of industry knowledge and capability. This is caused by the proportion of MTE’s that enter the industry for the ‘lifestyle’ and do not rely on their tourism venture for their main income. RTO’s had developed different programmes to assist MTE’s develop their business. Yet, many MTE’s did not take up the opportunities. Difficulties coaching MTE’s were also noted in our literary review and will be further highlighted when discussing the MTE research. Where MTE’s have sought advice from the RTO’s, many MTE’s are very positive about the benefits. This is especially true of new industry entrants. This may also be caused by RTO’s not advertising their services to MTE’s and subsequently awareness of what RTO’s can offer may be low.

From a marketing perspective, RTO’s provide significant opportunities for MTE’s to cost effectively co-operate in umbrella activities. Several RTO’s created ‘road shows’ to introduce MTE’s to inbound and international agents and/or subsidised MTE’s to exhibit at leading travel fairs. RTO’s also offered marketing advice yet again, this was seldom sought.

### 3.3.3 Tourism Boards and Sustainability

Despite all RTO's working to support MTE's to develop successful businesses, only 3 out of 7 educated MTE's about how to improve their environmental performance. This is despite the fact that the natural environment is seen as a key draw card to their regions. The same RTO undertaking the major development programme for MTE's was also undertaking sustainability reviews of MTE's and larger tourism businesses to identify how these enterprises could reduce their environmental impact and educating the industry and businesses to view sustainability issues as critical. This programme again appears to represent Best Practice in this area, though we do not have results from all RTO's.

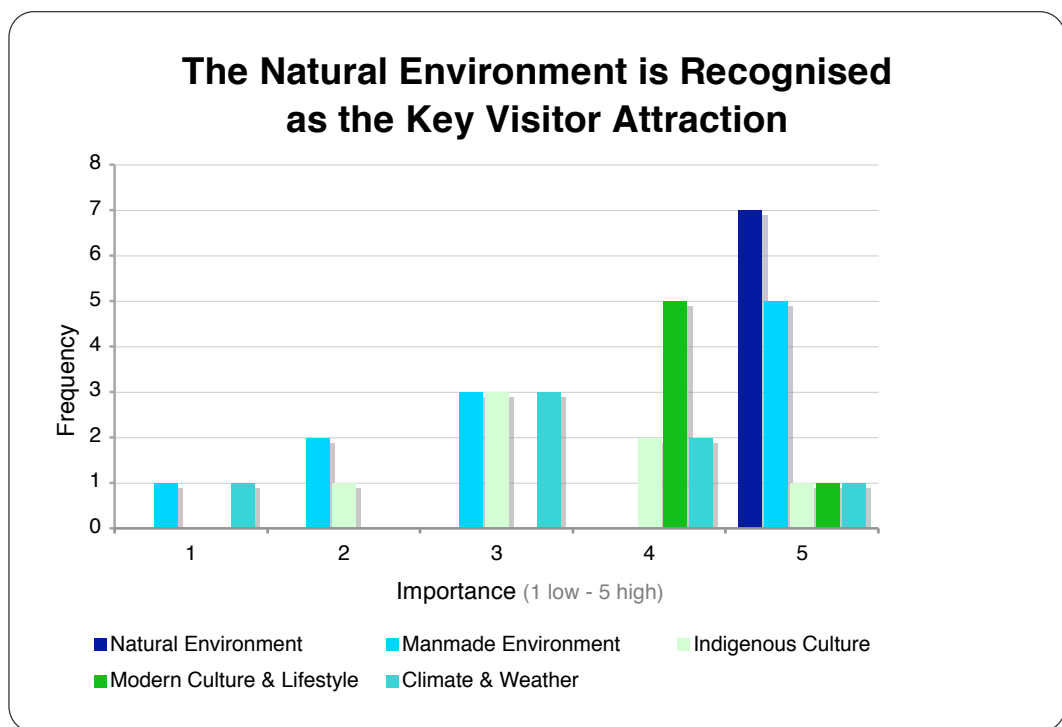


Figure 3-20: The Natural Environment is recognised as the Key Visitor Attraction

Focusing on national tourism boards, it would be expected that these government agencies, with no commercial responsibility and the task of protecting their tourism assets, would be pushing sustainability strongly. We looked at the internet sites of nine mass and eco destinations to see how they were presenting sustainable tourism and encouraging visitors to conduct themselves. This revealed the following-

Australia: [www.australia.com](http://www.australia.com) - Found under the 'things to do section' and not mentioned anywhere on the homepage. Provides an outline of what sustainable tourism means and some tips on how to be a conscientious traveller. Doesn't discuss Aboriginal culture and sustainable in the same context. Many suppliers mention sustainability as a plus point. Provides a link to the eco tourism council website.

Costa Rica: [www.tourism.co.cr](http://www.tourism.co.cr) - Strong eco imagery and links to information on national parks, indigenous culture, birds and wildlife and eco tourism. Some useful tips provided for the traveller under the eco-tourism section on how to be a conscientious traveller.

Fiji: [www.bulafiji.com](http://www.bulafiji.com) - Found under activities/eco tourism with information about Fiji being unspoiled. There is no information or tips on how to keep it this way.

Mexico: [www.visitmexico.com](http://www.visitmexico.com) - Neither sustainable or sustainability produced any search results. A search for eco produced information on suppliers and background on regions. Natural beauty and history are featured on the homepage along with Cancun. There was no information on how to be a responsible tourist in Mexico.

New Zealand: [www.newzealand.com/travel](http://www.newzealand.com/travel) - Features both national parks and Maori culture on the homepage. However a search for 'sustainable' produced no results in terms of assistance to travellers on how to experience New Zealand in a sustainable way. Five suppliers use the word sustainable in the listing information. This is the country that markets itself as "100% Pure"...

Spain: [www.spain.info](http://www.spain.info) - Next to no information about sustainability with more emphasis on the weather than the culture. A search under 'eco' reveals just 5 listings, none of which are from the tourism board itself. Food and national parks are given some attention but little information on the people of Spain or how to mix in.

Thailand: [www.tourismthailand.org](http://www.tourismthailand.org) - Has information about interaction with and customs of the local population and information about protected wildlife and child prostitution in a segment titled "Do's & Don'ts". There is an Eco-Tourism section located above the Golf section. A search for sustainable or sustainability produces no results.

USA: [www.usatourist.com](http://www.usatourist.com). Sustainability is obviously not an issue and there is no detail in the site on how to be a responsible tourist in the USA. There is some information about different cultures, national parks and wildlife, but little to say about the preservation of these.

Zambia: [www.zambiatourism.com](http://www.zambiatourism.com) - The Environment is mentioned on the homepage but leads to a physical definition versus the preservation thereof. The homepage features a raft of walks, safaris and waterfalls. The atmosphere is certainly portraying Zambia as an eco destination. A search under 'sustainability' produces some results but fails to produce guidelines for visitors.

Figure 3-21: The Information on the Impacts of Tourism on the Environment and Society on National Tourism Board Internet Sites. (Sourced from the Tourism Board's own websites. Retrieved 22-23 June, 2005)

### 3.3.4 Conclusion of Tourism Boards Promoting Sustainability

It would be expected that national tourism boards would push the protection of vital tourism assets towards all visitors instead of only targeting those with a pre-disposition to eco tours. Information on sustainability is only contained under the eco-tourism section and seldom is sustainable tourism directed at the travellers behaviour. Tourism Boards for the most part are not doing enough. As part of the government, and therefore custodians of national tourism assets, the tourism boards should be actively informing visitors about standards and what is expected of the visitor. If the tourism boards don't push the issues why would visitors be expected to care about the destination.

### 3.4 The Micro Tourism Enterprises

The interview process with the MTE's comprised three phases: structured questions to provide context and categorisation; semi-structured probing questions to gain deeper insight into issues; and in-depth with open and probing questions to gain understanding of the product and the attitude and ability of the host. It is important to note that, aside from key attribute data, elements of the information gathered was implied rather than explicit. Other elements are subjective; what one person may deem a failure, another may deem a success. The results have been classified into four sections; firstly, the attributes of our sample are considered.

Reflecting the concerns raised by tourism boards and agents, the questions have been grouped into three areas: Hosting and Product; Business Focus/ Professionalism; Marketing.

#### 3.4.1 Key Attributes

<b>Our Interview Sample</b>	
<b>What type of MTE's were surveyed.</b>	
Bed & Breakfast	8
Boutique Hotel	2
Deluxe Lodge	3
Lodge	4
Overnight Eco/Nature Adventure	5
Unique Retreat or Estate	7
	<hr/>
	29

Figure 3-22: The type of MTE's interviewed

## Over 50% of our sample have been in the Tourism Industry for less than 5 Years.

**How long have you been in the tourism industry and in this business?**

	<i>Industry</i>	<i>This Business</i>
0-3 years	8	11
4-5 years	8	8
6-10 years	2	4
11-15 years	4	2
>15 years	7	4
	29	29

Figure 3-23: Over 50% of our sample have been in the industry less than 5 years.

Over 50% of our MTE's have been in the industry less than 5 years. Of note is the small number of people that have been in the industry longer than 5 years but less than 10 years. It would appear that if someone can survive 10 years they can remain in the industry indefinitely. Our interviews revealed that many MTE's had previously been being self-employed, but few used a business plan. MTE's who had not previously been self-employed were more likely to use a Business Plan.

## Many of our sample have previously been Self-Employed, but many Do Not use Business Plans

**Prior to Starting this business, have you ever been self-employed before?**

Yes	20	69%
No	9	31%
	29	

**Those that started the business with a business plan.**

Had been self-employed	7/20	35%
Had NOT been self employed	5/9	56%
	12/29	41%

Figure 3-24: The MTE's have entrepreneurial experience but are less inclined to write a business plan.

Almost 70% of MTE's said that tax advantages are a key benefit of the industry. Many spoke of writing off the majority of personal expenses, making the business financially viable. Another key factor was capital gain, with the income derived from the business enabling the MTE to service a larger mortgage. These factors were most prevalent amongst accommodation providers and may well effect how MTE's define a successful business. Only 30% of our sample are looking to 'make money' from the business itself (versus tax or capital gain advantages). Only 9 MTE's placed 'meeting people' as a reason to be in the industry, while 12 were attracted by the 'lifestyle'. Our sample group do, in many ways, reflect the concerns raised by both agents and tourism boards.

**MTE's Aim to Fulfil Niche Product Segments, Enjoy the Lifestyle and Reduce Their Tax Bills!**

**Reasons for being in the tourism industry**

Dream	4	14%
Lifestyle	12	43%
Maintain or Keep Property	3	11%
Make Money	8	29%
Meet People	9	32%
Niche Product Idea	16	57%
Real estate Capital Gain	12	43%
Showcase	4	14%
Supplementary Income	4	14%
Tax Write-off	19	68%
Unintentional	7	25%
Other	4	14%
More answers possible	28	

Figure 3-25: There are four dominant reasons why people are in the industry, tax benefits being a key driver.

### 3.4.2 Hosting and Product

Significant differences exist in the approach of MTE's to hosting guests. One MTE spoke of taking guests to her birthday party. The guests found it so fantastic that they came back the next year for a month! This MTE, who has lived in their area for over 35 years, offers guests a free tour around the area to share their local knowledge, "I love just the whole thing". Another invites guests to dine with the hosts if they have had a long day or leave early in the morning. They commented

that *“guests love it. And you hope that they’ll tell somebody else”*. Another spoke of activating the guests senses as this quickly gets the guests *“buzzing”*. They encourage guests to catch fish and gather their own food as *“that’s something most people never get to do”*. One spoke of not using words like ‘no’ or ‘don’t’ with guests. This was demonstrated as follows, *“instead of saying to guests ‘don’t smoke inside’, I say I would prefer it if you smoke outside’ ... A holiday is a dream and I can’t burst it.”* One MTE purposely undersold their product, *“so people get a nice surprise and go away with the feeling that that was good value”*.

Many MTE’s revealed that domestic travellers often had difficulty paying higher prices for hosted accommodation, and did not value the extra slice-of-life elements that hosted accommodation offers. MTE’s thus focused on the international market.

Some MTE’s did not mention the guests once during the interview.

A point that applied to two MTE’s, and that may not seem that welcoming to guests, one had a large dog that jumped up past the point of being playful and another’s garden smelt of cat urine.

### 3.4.3 Business Focus

This section concerns how MTE’s approach the business side of their enterprise. This includes managing their time commitment and whether they have staff as this directly effects the MTE’s guest hosting capacity and income earning potential. The crux is whether the operator is serious about building their businesses into an economically viable Micro Tourism Enterprise and whether they have the capability to do so.

The behaviour identified by the agents with regard to cutting commission rates by new owners was witnessed amongst several MTE’s. One MTE who entered the

industry by buying an established product immediately cut all agents commission to 10% despite the large proportion of their bookings coming from agents, declaring “*nobody deserves 20%*”. Agent bookings had dropped significantly and the MTE was trying to amend relationships but with only limited success. Another MTE spoke of visiting agents in international markets to promote their product but reported that response has been very low. This MTE pays 10% commission and won’t pay 20% as they believe the industry commission structure is fundamentally flawed. By understanding the agents this MTE could have saved themselves significant time and money. They advertised extensively in various publications instead.

While many MTE’s had sought business advice, the quality of what was sought and given differed significantly. One MTE had attended many general business courses, however it was apparent, that while the paperwork was in order, the product and marketing needed significant enhancement. This business was only just covering advertising costs and was certainly not generating any incremental income for the owners. These courses were not supplying useful advice on how to run a tourism business, instead they had filled the MTE with a belief that so long as standards were in place and there were a few adverts in the right titles that the business would grow and develop. The MTE was thus taking a passive role to business development. This would support the RTO that argued with the government about this issue. In contrast, an MTE appointed a tourism-marketing consultant during development. The contrast was clear. “*[They] put us at least 18 months ahead of where we would have been had we fumbled around in the dark on our own. [They] saved us a lot of money... and time. ”*

Of the products owned by Established Entrepreneurs, three highlighted that during design and development the owners had non-industry managers running the business. This resulted in occupancy rates of 3%, 14% and 15%, and physical

elements that would have been designed out had the owners sought specialist advice or conducted deeper research into the tourism industry. All had since appointed specialist industry managers.

Staffing was a frequent issue. Many MTE's talked of burn out, purposely keeping the business quiet, not wanting the season to be too long, and needing a long break in the off-season. Some found it difficult not being able to get away in the busy season. This was compounded by difficulties finding, training or paying qualified staff. This had caused at least one MTE to seek to exit the industry. Bringing staff into the business requires a change in structure and style (Getz and Carlson, 2005) yet because many MTE's enter the business for the lifestyle, taking this step involves creating a serious business. Another key consideration is that MTE's running their business in their own home may struggle with the concept of trusting staff while they are away. The operators who ran their business as a professional enterprise proved to have less difficulty in having staff, both financially and emotionally. However, this is also not without problems.

*“Everybody in tourism has a lifespan dealing with the people and have to move into management. But they need to get back on the shop-floor once in a while because it is too easy to forget what people want.”*

#### 3.4.4 Marketing Approach

Many MTE's commented on having difficulties marketing successfully and cost effectively. One commented *“[marketing] it's a nightmare... I liken it to a big black hole. Just grab a big lot of cash and throw it in”*. This MTE had spent considerable amounts of money on poorly targeted and unsuccessful advertising. Participation in the RTO training initiative *“has moved us on a level”*. As part of the programme, a marketing consultant provided additional advice *“this has been very, very good for us. It took the things that the RTO had identified and worked*

*them through further. I hope we have become more marketing savvy*". However many MTE's were undertaking extensive and expensive un-targeted advertising. This was especially evident amongst those in the industry fewer than five years. Many of these MTE's had the attitude that advertising equals marketing. This random or 'shotgun' approach to advertising can stem from the lack of formal business training of many MTE's and the recognition that the founding operators are thus likely to make decisions in an informal manner (Morrison, *et al*, 1999). MTE's that had been in the industry more than 5 years had a more balanced approach between advertising, internet and reservations through the distribution chain. This highlights the advantages of industry experience.

Many MTE's commented that their website produced significant direct bookings and many sought to optimise their site for search engines. Yet, one MTE commented, *"on the whole the net has not worked for us. So far we have a basic page"*. The MTE had linked to major industry sites but was not having any success, *"nothing is working, really"*. A visit to this MTE's website revealed how basic it was. It was literally a page with a photo but no email or contact details.

During the interviews, many MTE's asked how to contact international agents. While the RTO's and national tourism boards will have this information and should be able to segment the agents according to the type of clients they deal with, one MTE had a more novel approach. They undertook due diligence on another successful product similar to theirs located in another part of the country, *"and that's where I found out who I should be dealing with. That was the biggest learning curve for me"*.

Many MTE's that worked with agents and hosted agent's staff commented that it was important to qualify an agent in advance as many expected free hosting, only never to be heard of again. Many asked the RTO's for an agents background and

visited the agents website. It was important who visited from the agency. Product managers and front-line sales consultants produced the best results. A valid issue raised by many MTE's was that agents often booked customers for only one night in their destination. This often left the customer frustrated and the MTE had to make up the room each day for new guests. Here the MTE and RTO need to educate agents about why their region deserves a larger share of a traveller's itinerary.

When it came to hosting journalists, some MTE's had had successful write ups in magazines and newspapers or exposure on television. In most cases this was very positive. Two years after a travel programme was aired television, an MTE was still getting work from it, *"I have had loads from that and I just got another one"*. Almost all MTE's that had hosted journalists highlighted the need to qualify the journalist in advance and ask when and where the article will be published, who reads the title, what the print run is and whether the article will definitely appear. Many commented that they had hosted journalists without qualifying them. Often no article appeared. Those that had hosted travel writers from travel books were very positive, with one declaring, *"the guidebooks are bigger than any kind of marketing tool you can buy"*.

MTE's talking of repeat and recommended business were unfortunately rare. While many cited that international guests were likely to return frequently, few acknowledged the connection between word-of-mouth recommendations and the quality of their business. *"I get a reasonable amount [of recommended business] enough to think 'good, I am doing the right thing'."* This is an opportunity for the MTE to judge quality control.

### 3.4.5 Rating and Ranking the MTE's

In this section, three tables appear where the MTE's have been given a score for their performance based on questions answered in the interviews. The tables emulate the categories used in the above sections discussing the MTE comments of Hosting and Product; Business Focus/ Professionalism; Marketing. This process represents a type of benchmarking and clearly identifies the performers from the non-performers.

In the tables each MTE has been given a random identification number that appears in the most left-hand column. Across the top of the columns are the questions and underneath appear the MTE's score ranging from 1-3 or 1-5. A low score is better than a high score. The far column is the MTE's total score for each section. There is an Explanation box underneath each table providing definitions.

In the forth table the total performance of each MTE from the previous three tables is brought together and the MTE's are ranked. Following the tables, the results of these and comments from the MTE's interviewed are discussed and concluded.

In the Hosting Rating table, scores have been allocated to each MTE for different criteria, most of which are subjective. Two are even arguable as to whether they can be included: X-Factor and Wow! Product. X-Factor stems from the nuances and intangible feelings one gets when talking with someone about their business. It is related to passion and verve. Wow! Product is a product that will amaze people and make guests say Wow! It has much to do with place and detail and how the product fits in it's environment. The author argues that when discussing Experience Driven Travel, where personal perceptions and memories are the fundamental essence of what is being delivered, these two factors cannot be ignored.

## Hosting Rating

MTE	Natural Host 1=high 5=no	Sees host as differentiation 1=high level 3=no	Customer Satisfaction 1=high level 5=none	Enthusiasm 1-5 where 1=high level 5=none	X Factor where 1=high level 3=no	Wow! Product 1=high level - 5=no	Repeat and recommended where 1=high 5=none	Total 7=best 31=poor
19	1	1	1	1	1	1	1	7
22	1	1	1	1	1	1	1	7
26	2	1	1	1	1	1	2	9
12	1	1	1	1	1	2	2	9
1	1	2	1	1	1	2	1	9
3	1	1	2	2	1	1	2	10
15	2	1	1	2	1	2	1	10
21	2	2	1	1	1	2	2	11
30	2	2	1	2	2	1	2	12
8	2	3	2	1	1	1	3	13
4	2	1	2	2	1	2	3	13
23	1	1	3	1	1	3	3	13
14	2	2	2	2	1	2	3	14
10	2	3	2	2	1	1	3	14
11	2	2	2	2	2	1	3	14
7	2	2	1	3	2	2	2	14
5	2	2	2	2	2	2	3	15
25	2	2	2	2	2	2	3	15
27	2	2	2	2	2	4	3	17
28	2	2	2	4	2	3	2	17
2	3	2	3	2	3	2	3	18
29	3	2	2	3	2	4	2	18
16	3	3	3	2	2	3	2	18
13	3	3	3	3	2	2	3	19
6	2	3	3	2	2	3	4	19
20	3	2	3	3	2	4	3	20
24	4	2	3	2	2	4	3	20
18	3	3	3	4	2	4	4	23
9	4	3	3	4	3	4	4	25

### Explanations:

Natural Host considers the MTE's natural enthusiasm, commitment and desire to provide a special experience.

Host as Differentiation considers whether the MTE thinks their hosting skills could differentiate their product.

Customer Satisfaction considers value, product quality and service and feedback to the MTE.

Enthusiasm considers whether the host will be there for the customer with a smile on their face.

X-Factor considers whether the host has the attitude, skills and natural hosting ability to be truly special.

Wow! Product considers whether the guests will feel awed and amazed at the product and its environment.

Repeat and Recommended considers whether the host is successfully able to generate repeat custom.

Table 3-1: Host and product attributes.

## Business Focus Rating

MTE	Pays Agents Commission 1= High 5=None	Sought business advice 1=high level 3=no	Time Commitment Managed where 1=yes 5=no	HR where 1=high level 5=no	Income Responsibility Main =1 Secondary=3	Business plan or deep end 1= BP, 3 = DE	Professional Approach where 1=high level 5=low	Capability where 1=high level 5=low	Total 8= best 34= poor
22	2	1	1	1	1	1	1	1	9
19	2	2	1	1	1	3	1	1	12
21	2	1	2	2	2	1	1	2	13
14	1	2	2	2	3	1	1	1	13
27	1	1	3	3	2	1	1	2	14
15	3	3	1	1	1	3	1	1	14
4	2	1	2	2	1	3	1	2	14
30	1	1	3	2	3	1	1	2	14
11	1	1	2	3	3	1	2	1	14
16	1	2	4	3	1	1	1	2	15
3	3	2	2	2	1	3	1	1	15
5	1	2	3	1	3	1	1	3	15
26	1	1	3	1	3	3	1	2	15
1	2	1	2	3	1	3	2	1	15
8	1	1	2	1	3	3	2	2	15
29	1	2	3	2	3	1	1	2	15
12	1	1	2	2	3	3	2	1	15
2	2	1	3	3	2	1	1	3	16
7	2	3	2	3	1	3	2	1	17
13	1	2	2	3	3	3	3	1	18
10	1	1	3	4	3	3	1	3	19
28	4	3	1	2	1	3	2	3	19
24	5	2	2	3	1	3	1	3	20
18	2	1	5	4	1	1	3	4	21
6	4	2	2	2	1	3	3	4	21
23	5	1	2	3	1	3	4	3	22
9	4	2	2	2	3	1	4	5	23
25	5	3	3	1	3	3	4	2	24
20	5	1	3	5	1	3	4	3	25

### Explanations:

Pays Agent Commission regards the rate paid. 1=25% or above, 2 = 20%, 3=15%, 4 =10%, 5= less than 10%

Business Advice considers whether advice has been sought, from where and what.

Time Commitment refers to the entrepreneurs ability to manage the time requirement.

HR= Human Resource Management including hiring staff in peak season, training and retention.

Income Responsibility considers whether the business generates primary or supplementary income

Business Plan or Deep End considers whether the MTE planned industry and business entry

Professional Approach considers the entrepreneurs attitude to the business

Capability considers whether the entrepreneur is capable of operating an economically sustainable MTE

Table 3-2: Business focus of our MTE's. A lower score indicates greater focus.

## Marketing Rating

MTE	Advertising Approach 1=Targetted 5=Shotgun Approach	Website focus 1=yes 3=no	Bookings from agents 1=Often 5=Never	Visits agents where 1=yes 3=no	Hosts reseller staff where 1=yes 3=no	Hosts journalists where 1=yes 3=no	Repeat and recommended where 1=high 5=none	Identified Competitors 1=yes 3=no	Cooperates with another tourism business 1=yes 3=no	Total 9= best 33= poor
19	1	2	1	1	1	1	1	1	2	11
22	2	2	2	1	1	1	1	1	1	12
30	3	1	1	1	1	1	2	1	1	12
21	1	1	1	1	1	3	2	1	2	13
26	2	2	2	1	1	1	2	2	1	14
8	3	1	1	1	1	1	3	1	2	14
13	2	3	1	1	1	1	3	1	1	14
3	2	2	1	3	1	1	2	1	1	14
14	3	3	1	1	1	1	3	1	1	15
27	3	2	2	1	1	1	3	1	1	15
10	3	2	2	1	1	1	3	1	1	15
2	3	2	2	1	1	1	3	1	1	15
5	4	1	1	1	1	1	3	1	3	16
29	3	2	3	1	1	2	2	1	2	17
11	3	3	1	1	1	2	3	1	2	17
4	4	2	3	1	1	1	3	1	1	17
7	2	2	2	3	1	1	2	2	2	17
12	2	1	1	3	1	3	2	2	2	17
16	4	3	2	3	1	1	2	1	1	18
1	2	2	2	3	3	1	1	1	3	18
15	2	1	3	3	3	3	1	1	1	18
18	3	1	3	1	3	3	4	1	2	21
28	3	1	5	3	3	1	2	1	3	22
20	4	1	5	3	3	1	3	1	1	22
24	5	1	4	1	3	1	3	3	2	23
23	2	1	5	3	3	3	3	2	2	24
25	3	1	5	3	3	3	3	1	2	24
6	5	1	3	3	3	3	4	2	3	27
9	4	2	5	3	3	3	4	2	3	29

### Explanations:

Advertising Approach considers whether advertises with consideration or throws money around anywhere.

Website Focus considers the quality and success of the MTE's website.

Bookings from Agents considers whether the MTE is generating business from the distribution chain.

Visits Agents considers whether MTE's make the effort to visit agents.

Hosts Reseller Staff considers whether the MTE hosts staff and on what basis

Hosts Journalists considers whether the MTE hosts journalists and on what basis

Repeat and Recommended considers how much business is generated from word-of-mouth

Identified Competitors considers whether the MTE is aware of their competitors and how they manage them

Co-operation considers whether an MTE is philosophical and aware enough to co-operate with others

Table 3-3: Marketing focus of our MTE's. A lower score indicates greater focus and balance.

## Overall Ranking and Rating

MTE	Hosting & Product Rank	Business Focus Rank	Marketing Approach Rank	Total Score where lower is better	Entrepreneur Type
22	1=	1	2=	28	Real
19	1=	2	1	30	Real
21	8	3=	4	37	Real
26	3=	10=	5=	38	Real
30	9	5=	2=	38	Real
3	6=	10=	5=	39	Constrained
12	3=	10=	14=	41	Real
1	3=	10=	19=	42	Constrained
8	10=	10=	5=	42	Established
14	13=	3=	9=	42	Established
15	6=	5=	19=	42	Constrained
4	10=	5=	14=	44	Constrained
11	13=	5=	14=	45	Real
5	17=	10=	13	46	Real
27	19=	5=	9=	46	Real
7	13=	19	14=	48	Established
10	13=	21=	9=	48	Established
2	21=	18	9=	49	Real
29	21=	10=	14=	50	Real
13	21=	20	5=	51	Established
16	21=	10=	19=	51	Constrained
28	19=	21=	23=	58	Constrained
23	10=	26	26=	59	Non
25	17=	28	26=	63	Non
24	26=	23	25	63	Non
18	28	24=	22	65	Non
6	21=	24=	28	67	Constrained
20	26=	29	23=	67	Real
9	29	27	29	77	Non

### Explanations:

The three ranks are where the MTE ranked against the others interviewed.

Total Score is the total number of points scored by an MTE where lower is best

Entrepreneur Type relates to what type of entrepreneur the MTE is based on the classification by Shaw and Williams (1998), and the forth added entrepreneur type, Established Entrepreneur added in this report

Table 3-4: Ranking and overall scores of MTE's hosting and product, business focus and marketing approach

### 3.4.6 In Conclusion of MTE's

Many MTE's displayed clear evidence of a trial-and-error approach. A lack of preparation and research resulted in a lack of industry knowledge and thus expensive mistakes, disheartened hosts, lost opportunities and ultimately failing businesses. From a business perspective the MTE's ranged from excellent to very bad.

The excellent examples lowered their costs by working hard and turning cost saving measures into unique selling points. Examples of this include serving home grown eco fruit and other products and building and developing the physical product themselves. Those that had sought and accepted suitable professional advice progressed far faster than those who learned as they went and saved a great deal of money in the process.

In the tables many MTE's are identified as seeking business advice, yet much of this advice was not industry specific nor particularly useful, thus not only wasted the MTE's time, but is likely to have provided the wrong information and advice. In cases this had given the MTE the impression that they were doing everything well, where as in fact they were making massive mistakes. This was true of the MTE providing rack rates to agents.

The worst practice was giving agents a rack rate that the agent needed to mark-up above the normal rack rate, and then turning down agents bookings. This MTE was economically viable but not sufficiently so as to be able to grow or expand their business nor bring in help during busy periods. Many MTE's were stuck in a vicious cycle of not enough income to invest in the business to take it to the next level where they passed certain roles or activities to third parties- be it industry advice or cleaning. Many declared tax benefits as a key motivator to enter the industry or hoped to service mortgages that would otherwise be beyond their

means. The author does ask whether these products will ever be truly exceptional and delight the guests as best they could due to the entrepreneurs motivation for entering the industry in the first place.

Several MTE's had acquired products without considering the financial equation of:  $\text{number of rooms} \times \text{net rate} \times \text{occupancy}(\%) - \text{fixed and variable costs} - \text{interest}=?$  Even with optimistic occupancy projections, it was apparent that some businesses would never be financially viable and thus it is hoped that the proprietors have sufficient financial resources to keep the business afloat. Typically these were owned by spontaneous MTE's entering the industry from a lifestyle perspective who lacked industry knowledge or a complete or realistic business plan. Research and advice in the planning stage could have saved these MTE's (and many others) significant amounts of time and money.

From a marketing perspective, those that had been in the industry longest had the most balanced approach to marketing with a mix of agent bookings, direct internet bookings, advertising, local bookings and support from complimentary businesses. Those businesses that had utilised the services of a marketing consultant benefited by wasting less money on trial-and-error advertising, and established faster and more successful contacts with inbound and international agents.

The methods by which the MTE can promote their business and generate sales are several. The Internet has enabled MTE's to market their business directly to the traveller using search engine technology, multiple listing directory portals and last minute discount sites. This saves MTE's commission on sales that would be paid to an agent and allows the MTE to form a relationship with the customer in the information and booking phase. However certain elements of this model such as discounts sites reduces the 'experience' element and the customers purchasing decision can become heavily influenced by price.

Aside from the afore mentioned Internet possibilities, visiting journalists (pre-checked and legitimate) who publish real articles in real magazines, newspapers and television programmes, and who can give the MTE readership or viewership attention, information and contact details is a serious and worthy journalist. Many bookings can result. And good media gives a good impression. But this will have difficulty filling the MTE's product.

Considering the products and services provided by our survey sample, five MTE's stood out for their passion and ability to delight guests. One other was as enthusiastic, but still establishing the business and thus had only limited experience in dealing with guests. Natural hosts spoke with a passion for their guests and these people would deliver a delightful experience; that slice-of-life that is the ethos of 'Experience Driven Travel'. Many others were committed and capable hosts and would certainly provide personalised high-quality service that would exceed that received in almost any chain hotel or mass tourism product. Only two disappointed.

The MTE's matched the three key types of Entrepreneur as classified by Shaw and Williams (1998), and the forth added in this report, the Established Entrepreneur.

Consolidating the results from the tables reveals that two MTE's constantly perform very well. Both of these products are operated by people who have been in the industry over 15 years. However, several products that performed very well are relatively new, having been in operation less than five years. Not all long-time operators performed well. Thus while experience is a benefit, it is neither a precursor nor guarantee for success. Considering the resources of the established Entrepreneurs, their relative performance compared with Real and Constrained Entrepreneurs indicates that money is not a guarantee of success. Non-Entrepreneurs performed less well overall.

### 3.4.7 MTE's and Sustainability

The overall consciousness of sustainability issues amongst most MTE's was high- even those that had not performed well from a hosting, business or marketing perspective. Many had organic orchards on their properties, several sourced only organic food and many promoted this and saw it as a Unique Selling Point. Several MTE's acknowledged that good sustainability performance was a marketable advantage.

The Established Entrepreneurs often had excellent environmental awareness, with several actively restoring eco-systems on their properties. These MTE's were active in staff training and spoke of low staff turnover. One utilised solar energy with an extensive reserve system. Others spoke of using the business to maintain historic buildings. Another was building additional capacity using low-impact building techniques such as recycled materials.

One product offered an exceptional cultural experience using history from 32 generations to share history and stories about the Maori culture. This took place in a kauri forest at night with guests lying on the ground staring at the stars through the trees.

It is important that MTE's highlight and promote the sustainable nature of their products, to educate the traveller that their product selection does make a difference. Raising this awareness at the MTE level is vital as tourism boards and agents are, for the most, not doing enough.

## **4 Recommendations for MTE's**

In this chapter we combine the findings and conclusions from each of the four stakeholders to produce a holistic set of conclusions and provide a series of recommendations to MTE's.

### **4.1 Recommendations Using the Services Marketing Mix**

In the first section we produce a series of key recommendations using the Services Marketing Mix framework as developed by Booms and Bitner (1981). This framework considers the physical evidence of a service product such as accommodation rooms and also the intangible evidence such as service, value, communication style and the timing of communication.

To commence the MTE needs to understand their product in relation to their customer by asking just a few simple questions.

One question is “Who are my customers?” Are they domestic holiday-makers with a focus on price? Are they international travellers who will value unique elements of the product that the domestic market may take for granted and therefore be unwilling to pay for? If the target customer is the international visitor then are they short-haul international travellers likely to book directly or are they long-haul international visitors likely to book via an agent?

The MTE also needs to ask themselves “What is my product?” Is it something that needs to be integrated into an itinerary and is booked in advance, such as accommodation or over-night activities, or is it the type of product that people book very close before using it, such as day activities. This will indicate to the MTE where to focus their marketing activities and efforts.

#### 4.1.1 Place and Time

Before a traveller gets to experience an MTE's product, they firstly need to make a reservation. Here we see a significant difference in booking patterns between short and long-haul travellers. The MTE needs to develop clear and differentiated strategies to target each of these traveller groups.

Short-haul visitors may be reached through internet promotions and co-operation with other MTE's or complimentary products to offer short-haul visitors a holistic package including accommodation, activities and transportation. Statistics from tourism boards will give information on average length of stay and other information.

For long-haul travellers, the agent remains a key reservation channel. Encouraging agents to sell their product entails meeting the agent and hosting their staff. This enhances the agent's ability to sell the MTE's service as the agent has personal experience of the product. A co-operative approach to working with agents has been identified as beneficial while a confrontational approach may result in the agent becoming concerned about the level of service the agents customers can expect. Visiting offshore agents may be a key advantage as few other MTE's do this.

Last minute reservations may be secured through discount websites, though this can effect the MTE's pricing integrity as consumers wait until the last minute before making bookings.

Advertising locally in travel directories is useful for securing those undecided travellers booking just a few days in advance. Many MTE's over spent on poorly targeted and ineffective advertising that had in several cases significant effects on cash liquidity.

#### 4.1.2 Promotion and Education

A service product is intangible, thus the customer cannot experience the product in advance, but only once it is being delivered and simultaneously consumed. As travel is a 'dream' for many people there may be a high fear factor in making wrong decisions. This may explain why the surveyed travellers stay mostly in mass-products, especially people over 65, because they know what they are getting. Booking a MTE's product in advance may be perceived as being too risky due to uncertain quality levels. This is further compounded by a lack of international standards or rating systems for small tourism products. This places strong emphasis on building trust with the traveller from the first (and possibly last) encounter.

This is achieved by bringing an air of quality to all communication and the mediums and media in which it is presented. Customer references and comments are a key manner to demonstrate quality and provide potential customers with the opportunity to share others past experiences. This highlights the need for MTE's to encourage customer feedback and ensure this feedback gets to travellers and agents. Of course the MTE could only select to publish the complimentary comments, but they should pay special attention to the negative comments and amend the service product as necessary.

Aside from highlighting the physical attributes of a product, the ethos behind 'Experience Driven Travel' indicates that the hosts and intangible benefits are a key component of the service. Thus, an MTE should highlight themselves and their staff in an appropriate way, and based on our traveller research, highlight any sustainability measures they undertake including providing organic food, solar heating, natural habitat restoration, and the like. This may be just the difference for a customer to select on product in place of another.

When advertising, MTE's need to consider the number and type of people a title reaches and also what the title says about the MTE. Advertising in low quality media may indicate that the MTE provides low quality by seeking 'cheap' instead of suitable. Of course if the MTE chooses to be perceived as cheap, then this may be a good strategy.

While an internet site is a very useful tool to inform customers and attract direct bookings, the internet itself is only one marketing channel and should not be considered to represent a marketing strategy. A website needs promotion to encourage visitors and it needs to be 'search engine optimised' to help the MTE's site appear near the top of search engine result lists. When constructing a website, a basic website is possibly more damaging than no website as it shows a lack of professionalism. With so many travellers using the internet to research travel, having a well designed and informative website is a critical success factor.

Hosting media for many MTE's proved to be a mixed blessing. Travel journalists need to be qualified in advance to ensure that what they say will be published is published. Further, the MTE needs to consider whether the title is suitable in the first place. However journalists and travel writers are affective at raising awareness of a destination and MTE's. In terms of generating awareness for MTE's, it is important that a destination has a healthy and well-organised MTE sector to be able to offer journalists a complete experience utilising small businesses. This involves MTE's co-operating and clustering to bring these types of products to the fore. Clusters of MTE's could invite journalists from national and international media at their own initiative. Approaching tourism boards and suitable airlines to provide further support could help reduce costs. In many cases journalists have airline contacts and can thus work with the cluster to realise an article or feature.

#### 4.1.3 Product

The core product of accommodation is a room to sleep in and breakfast in the morning, thus a great bed and a good breakfast are core elements of the product, and are certainly vital elements in fulfilling the key function of offering guest accommodation. However many additional elements make up the overall product and need to reflect the needs of customers at the particular price point. These include décor, the quality of furnishings and maintenance thereof, gardens, building style and overall up-keep.

‘Experience Driven Travellers’ are looking for more than just a good night sleep and more than a well-decorated house with pretty gardens. Here hosting becomes a clear differentiator between average and exceptional. This is also an opportunity for the host to provide the guest with additional value by performing small but delightful add-ons that encourage the guest to recommend the product to family, friends and, if relevant, the booking agent. An MTE can also endeavour to provide the guest with a ‘slice-of-life’ experience that gives the visitor with an insight into the host and their culture that makes travel such a wonderful experience.

#### 4.1.4 Price

The MTE’s pricing strategy needs to reflect the quality of the physical infrastructure and the value of the hosting. If an MTE charges too little and cannot cover costs quality slips backwards, perceived value drops, and eventually the business will fail. Yet over-charging is a major danger if the MTE fails to provide an experience that delivers on the value criteria. Here a host can make the difference in perceived value by delivering small but accumulative service delights that leave the customer feeling that they have had a great experience even when the price was not low.

From the comments of agents, MTE’s must offer at least 20% commission and preferably 25%. Many MTE’s identified that agents booked their product mostly

in the high-season, thus an MTE could employ higher pricing for this season and then rely on direct bookings at lower rates in shoulder seasons. Many MTE's commented on the cost of servicing a one-night stay. Here MTE's could use a staggered pricing policy where additional nights are at a lower rate than the first.

#### 4.1.5 Physical Environment and Evidence

In the case of a tourism product, Physical Environment obviously entails the infrastructure. Yet when delivering 'Experience Driven Travel' where the hosts play a key role, it could be argued that hosts represent an element of physical evidence. The presentation of the physical evidence is vital in service delivery. This is how a potential guest judges the ability of the MTE to deliver their holiday dreams. Here hosts need to create a suitable impression of the product and the atmosphere of the service. Aside from infrastructure and the host, physical evidence includes brochures and literature, internet sites, branding and other image builders.

#### 4.1.6 Process

A key element of process is the reservation process. Inbound agents identified that they expect booking requests to be responded to within 3 hours so that they could get back to their customers within 24 hours. International agents also expected to have a reply that day, or the next where time differences dictated this.

Possibly the most important process is that of gathering feedback to enhance the product and to use this feedback in marketing and product enhancement. The MTE also needs to consider what isn't said or commented on by the customer. It is vital for the MTE to learn what they are doing poorly and correct this, as word-of-mouth recommendations and repeat business reduces marketing and reservation costs and helps the MTE build an economically sustainable business. Customer feedback provides the opportunity for the customer to vent their possible frustration and for

the MTE to attempt to recover the situation. Service recovery is something that all staff and agents should be empowered to handle to solve the problem to the customers satisfaction. Even small gestures indicate that the customer's concerns have been taken seriously. Sometimes a free night may be required to appease the most demanding guest. Key customer response mechanisms include in room question cards, a welcome home letter asking for feedback or even asking the guest. By having service recovery processes in place, agents and customers are more likely to gain long lasting confidence in the MTE concerned.

#### 4.1.7 People

As has been evident throughout this report, people are the most important aspect when it comes to demanding and delivering 'Experience Driven Travel'. Generous hosts with natural ability provide their guests with exceptional travel experiences. The 'X-Factor' makes the difference.

A recurring theme was the difficulty in finding good staff. The Established Entrepreneurs developed and trained staff to provide the level and quality of service that guests demand. The Established Entrepreneurs and many of the better performing MTE's had few difficulties retaining staff, while those not performing to the same standards had higher staff turnover. This has obvious cost and quality implications.

An important extension of the MTE's people are the MTE's agents. When the MTE relies on agents for reservations, it becomes important that agents, so far as possible, become an extension of the MTE. This involves training key agents and providing them with every opportunity to experience the product.

## 4.2 In Summary

As outlined at the start of this report, we would endeavour to provide MTE's with some type of blueprint to successfully bring their product to market. Listing every must do would be an exhaustive task yet, according to our research, implementing certain measures can increase the chances of success. These are summarised below.

### A Summary of Helpful Tips

- Make the product bullet-proof. This includes quality, cleanliness, maintenance and hosting. Be best practice everywhere.
- Understand the dynamics of the region and relate this to the MTE's individual product and how the product is marketed. Understand what is drawing people to the region.
- Co-operate with other MTE's to educate consumers about your product type
- Make a distribution plan- how to sell the product and generate customers. Understand the distribution chain requirements, including commission structures payment terms and responding to reservation requests. Pre-booking takes at least 18 months to work. Start today by contacting tourism boards and other MTE's for the names of good agents.
- Seek advice from tourism boards, other MTE's agents and join tourism associations. Take advantage of the easily available knowledge to learn about the industry and benchmark against successful competitors.
- Approach the business with a professional attitude even if it is only delivering supplementary income.
- Market complete itinerary modules to visitors. This requires understanding how people travel through the region, where they are coming from and where they are going to.
- Talk to, and employ as necessary, marketing and tourism industry consultants. This is likely to save considerable amounts of time and money in the mid to long term
- Encourage customer feedback. Learn what is being done right and what can be done better. Most importantly, use the information to improve the product.
- First Impressions Count! Marketing collateral, such as websites and brochures, is the first opportunity for potential customers to gauge the quality of the product and the expected experience it will deliver. Make the first impression the right one!

Figure 4-1: A Summary of Helpful Tips

### **4.3 Finally**

Due to the word count requirements we have had to keep elements of the discussion short and not elaborate on certain perspectives or opinions, instead requiring the reader to elaborate for themselves. Yet we have managed to produce a broad discussion from many stakeholders and their different perspectives.

This research has revealed that ‘Experience Driven Tourism’ is in demand and is being supplied. Many of the MTE’s met during the research provide travel experiences that are individually adapted to the needs to each customer and provide the slice-of-life that ‘Experience Driven Travellers’ are seeking. However, capability amongst the vast majority of MTE’s needs significant enhancement before we can expect MTE’s to challenge their mass counterparts for market share. Our research highlighted many examples of MTE’s seeking advice from the wrong sources and implementing procedures or programmes that were simply unsuitable and to the MTE’s detriment. While many tourism organisations offer training and assistance to MTE’s, many MTE’s were either unaware or unwilling to take this advice. Many of the MTE’s that sought advice from tourism organisations, partners in the distribution chain or specialised tourism marketing and PR consultants were positive about the benefits.

Whilst the basic concept of how to successfully market a tourism business is relatively simple once learned and understood, unfortunately, MTE’s seem not to seek advice or, if they do, seek the wrong sort of advice. MTE’s that undertake basic research by talking to other MTE’s, tourism boards and agents could well save themselves considerable time and money as they move to establish truly Sustainable Micro Tourism Enterprises.

## 5 Appendices

### 5.1 Appendix 1 MANAGEMENT PROJECT PROPOSAL

<b>Name:</b>	Andrew Morten
<b>Group:</b>	PT3D
<b>Project Title:</b>	Micro Tourism and Sustainability- How to get Micro Tourism Enterprises to market.
<b>Supervisor:</b>	Prof. Richard Welford
<b>Company</b>	Travel Corporation/AllAbout Travel
<b>Submission:</b>	September 2005

#### Extended Title

This management project will combine the disciplines of Environmental Management and Marketing Management, due to the author's double specialisation in these subjects.

We will consider the tourism industry and especially tourism's impact on environments and societies, positive and negative. This project will consider current practices of agents, suppliers, marketers and their efforts to enhance awareness of sustainable tourism products amongst travellers. We will consider how to project sustainable tourism to a wider audience and convert awareness into a preference for sustainable tourism products. As part of this we will consider supply chain developments and introduce a new sales system that will provide small suppliers or Micro Tourism Enterprises increased opportunity to market their products to the traveller at the right time in the travellers decision-making process. We will highlight the trend towards 'Experience Driven Travel' and discuss evolutions taking place amongst travellers.

The information and discussions in this report, and the recommendations drawn from it, will be used by AllAbout Travel in the development of a new and revolutionary way of distributing travel. This selling method will employ a far greater reliance on personal experiences and story telling to minimise the over emphasis on price in the travel market. AllAbout Travel aims to present small scale tourism offered and fulfilled by local entrepreneurs as a viable, and in fact preferable, method of travel while encouraging travellers to be more conscious of the effects of travel on the environment and societies.

## 2. Methodology

This management project represents the culmination of various papers the author has written as part of his MBA on the subject of the travel and tourism industry and environmental and social impacts of this industry. These papers, some more practical and others more theoretical, will provide a starting point on drawing together the perspectives of 4 key stakeholders in the travel process- travellers, resellers, tourism suppliers and the marketers responsible for creating awareness in traveller source markets- namely tourism boards and media. The perspectives of these stakeholders form the 4 pillars of the report.

Each stakeholder group will be surveyed and/or interviewed to gain their perspectives related to the subject. This will mostly involve qualitative questions unique to the stakeholder group and their role in the purchasing process. In the event of written surveys all results will be included in the appendices in written form. The interviews will, in most cases, be conducted in person and will be recorded and included in the appendices.

To gain insight into travellers we will use primary data gathered through surveys undertaken with Dutch travellers. Thus far we have over 520 responses, gained since January 2005 as part of the authors ongoing work in the tourism sector.

To gain insight into travel resellers we will conduct a survey and questionnaire of 10 leading travel resellers and consider wider industry data and information.

To gain an insight into tourism suppliers, or Micro Tourism Enterprises, we will interview them on their location. In recognition of the key role that MTE's play in the process of marketing and fulfilling travel, the author will travel to New Zealand in early August to conduct the interviews. These interviews will be recorded and included in the appendices in their entirety. For many MTE's their business may be as much about lifestyle as it is about enterprise and thus we expect significant differences between the 'lifestyler's' and the serious enterprise. The interview process is as much about gauging the personal attitudes of MTE's as it is about asking set questions. As such the interview process will adapt to the supplier and their attitude to their business, the guest and the industry, hence the importance of conducting these interviews in person (and recording them).

To gain an insight of tourism boards, we will conduct a survey, telephone and face to face interviews with national and regional tourism boards.

To understand the media we will survey them and conduct telephone or personal interviews.

Additionally, we will consider secondary consumer surveys relevant to the tourism/leisure sector and consult and discuss a wide range of literature relevant to the subject. Additionally we will consult institutions, organisations or individuals with relevant experience or expertise in the area.

Having gathered what will amount to a considerable set of information and opinions, we will consider these by stakeholder group looking for synergies and potential conflict areas. Relevant opinions from stakeholders will be quoted and discussed. However, where relevant we will involve statistical interpretation to better understand the relationships between various influencing factors or trends. We will draw conclusions as to what constitutes current industry practice and use this to consider opportunities and methods to increase the promotion and distribution of sustainable tourism.

The last step will be to create recommendations on how to create a sales system that not only features and promotes sustainable tourism ventures, but actually produces results.

### 3. Data Sources

As detailed as part of the methodology, this report will involve the gathering of much primary data and responses. The reliance on secondary data will be to support or refute our own data findings. As such, secondary data will not form the basis of our analysis.

#### Primary information

- Consumer survey to identify current and future consumer habits. Two separate surveys of consumers has already taken place and has generated circa 520 responses.
- Face to face interviews with 30 MTE's in New Zealand
- Face to face interviews with 10 people in senior positions in tourism boards from the Asia/Pacific region

- Face to face interviews with 10 people in the media responsible for travel articles or programmes

#### 4. Aspects of MBA Syllabus Used

Due to the authors specialisation in Environmental Management and Marketing, the report will revolve around these aspects of the MBA syllabus and attempt to draw these two subjects together in a way that is logical and valuable. However we will need to incorporate additional elements such as Strategic Management and Implementation, Change Management, Economics, Financial Management, and Statistics and Research Methods. By applying and considering a broad range of disciplines we will endeavour to gain a full understanding of the issues, draw properly considered conclusions, and make recommendations that are relevant and achievable.

#### 5. Proposed Chapter Headings and Sub-Headings

##### **1. Introduction**

- 1.1. Project background and motivation
- 1.2. Terms of reference
- 1.3. Project methodology

##### **2. The Tourism Industry- A Global Industry of Massive Proportions: The Literary Review and background**

- 2.1. The tourism industry- the past, the present, the future
- 2.2. Why tourism is important
- 2.3. Tourism and Sustainability- why this discussion is important
- 2.4. An introduction to current industry practices

### **3. Tourism Industry Stakeholders**

- 3.1. Introduction to industry stakeholders and value chain
- 3.2. Our Research- the methodology
- 3.3. The Consumer/Traveller
- 3.4. The Reseller
- 3.5. The Supplier
- 3.6. The Tourism Boards and Media
- 3.7. Research results with assessment of the similarities and disparities between the stakeholders

### **4. The Move to a More Sustainable Future**

- 4.1. The trend of 'Experience Driven Tourism'- a discussion about the demand side of the industry
- 4.2. Co-operation between competitors and other stakeholders- a discussion about the supply side of the industry
- 4.3. Bringing supply and demand into equilibrium- do we need a paradigm shift?
- 4.4. Sustainable tourism to the masses- more than just a dream?
- 4.5. The lucky traveller- you're welcome, but...

### **5. A Strategy for the Reseller of the Future**

- 5.1. A new way to sell travel
- 5.2. Experience driven sales of tourism
- 5.3. The demographics
- 5.4. The reasoning
- 5.5. The business case

### **6. Conclusions and Recommendations**

- 6.1. Sustainable tourism to the masses?

6.2.Recommendations on how to achieve this, if possible

## **7. Appendices and Bibliography**

## 6. Work Programme

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## 5.2 Appendix 2 Research Methodology

Planning for this report commenced in October 2004 with the basic question surrounding the report: How to get Micro Tourism Enterprises to Market? A preliminary literary search was undertaken to assess whether this topic had already been covered and, if so, how. What emerged was that while significant amounts had been written around MTE's, sustainability, travellers and small entrepreneurship, this was typically from a single topic perspective. Nothing found in the literary search brought all these subjects together in a holistic way by considering demand and supply sides, or other stakeholders such as resellers or tourism boards. Subsequently, there wasn't a data set available that was designed and collected with a holistic approach in mind. Trying to patch together secondary data collected for different means, and presented in different contexts would fail to guarantee a suitable outcome for this project. Further, when considering Experience Driven Travel and the role of the host, it is not possible to assess this ability without the intangible information and insights that only become apparent via one-on-one interviews. Thus, it was necessary to undertake extensive primary research designed specifically for this project. By applying a purpose designed, multi-stakeholder approach this project represents new and valuable research and contributes to the body of knowledge around the subject.

On assessing considerations when collecting primary data, access- be it physical, continuous or cognitive- is cited as a key success factor and difficulty (Saunders, *et al*, p113-123). Fortunately, already established contacts in the industry facilitated access to specialist expert's opinions and provided opportunities to undertake elements of the research on a commercial basis. Furthermore, the necessary time to undertake extensive amounts of primary research was available.

The first part of the study, the consumer research, was undertaken to gain a clear understanding of how the traveller progresses through the consumer decision-making process (Blackwell, *et al*, 2000), look for opportunities inside this process and identify where MTE's were losing out. The attitude of the traveller towards sustainability issues was a significant topic of interest. The questions concerned opinions and behaviour, were closed questions in list, category and scale formats. The survey applied a deductive approach. To remove bias two data collection techniques were used to administer the questionnaires. To allow consolidation between these results the questionnaires used a similar structure allowing for the differences between collection techniques (Saunders, *et al*, p288-291). The internet based questionnaire was promoted to Elsevier readers, which was selected because of the readers socio-economic profile. Total response was 161. For this survey no data on socio economic attributes were collected, instead the demographic profile of the magazine readers was used. The second survey was administered at the Dutch travel fair Vakantiebeurs and included questions on socio-economic attributes. The total number of respondents was 361. The author accepts that conducting a survey at a travel show is likely to affect the results due to the predisposition of the visitors to travel, however this suited our purpose in searching for the opinions of experienced travellers. For some questions multiple answers could be given, thus total responses may be greater than the number of respondents. After the two data sets were collected, it proved, in certain instances, that not all questions could be consolidated, thus where this is not possible this data is presented separately.

This survey produced interesting and valuable results and proved it would not be possible to make valid conclusions based on the results of one stakeholder group alone. In addition, several issues were revealed that raised new questions. Essentially the process had started out as a Descriptive Study and, as new findings came forward, evolved into an Exploratory Study using an inductive approach, (Saunders, *et al*, p96-97).

Agents were surveyed and interviewed for two reasons. Firstly, to assess agents approaches to sustainability by undertaking reviews of 22 reseller internet sites. The same resellers were surveyed regarding their approach to supplier management. This produced only seven responses, several of which were anonymous, making it impossible to classify the type of agent with their response. This prompted the need to conduct interviews. The agents interviewed all had established models and processes for working with MTE's including identified critical success and failure factors. These in-depth interviews contained probing and open questions and used an inductive approach. Despite only a limited number of interviews, these proved successful and enabled the collection of valuable information and insights applicable to MTE's.

Tourism boards were among the last to be surveyed and findings from the other stakeholder groups influenced the questions asked. This included a questionnaire emailed to all 30 regional tourism boards in New Zealand. This produced 8 responses. The questionnaire contained closed, scale and list questions. In-depth interviews were conducted with a further three regional tourism boards to gain a deeper understanding of the issues. To provide additional background and opinions, additional one-on-one interviews were undertaken with marketing businesses, media, and tourism board public relations bureaus.

Thirty MTE's throughout New Zealand were interviewed in August 2005. The sample was selected using Quota Sampling techniques (Saunders, *et al*, p172-173). The MTE sector was firstly broken down into products that will typically be booked at least three days in advance. Accommodation was the dominant category and was broken into 3 key categories: Purpose Built, Professionally Adapted and Family Home. This selection provided a full range of opinions based on professionalism, reliance on the income generated and investment levels. The interviews involved three phases: structured questions to provide a set context and categorisation; semi-

structured with probing questions to gain a deeper insight into issues; in-depth with open and probing questions to gain an understanding of the experience offered and the attitude and ability of the host. All MTE interviews were recorded, except two conducted by telephone and ranged in duration from 13 minutes to 63 minutes. The interviews were transcribed into a spreadsheet containing 45 non-interpretable responses, 10 interpretable responses and comments from the semi-structured and open responses. Seven additional MTE's responded to a questionnaire on marketing co-operation. This information will be used in a discussion relating to this subject. New Zealand was selected because tourism is a developed and important industry, and the country strongly promotes the environment as a key tourism asset. Additionally the interviewer was from New Zealand, reducing misunderstanding and interpretation issues due to cultural or language differences between the interviewer and interviewee (Marshall and Rossman, 1999).

Of concern during the survey and interview process was the possibility that the author's experiences will affect the research questions and results. The advantage of this experience was a well-grounded starting point in designing the research questions and an understanding of the issues of the stakeholders. This was especially apparent during the interview process. The negative aspect of this experience is that the author may have pre-conceived ideas and perspectives relating to the interview subject and interpretation of the data. To make the data reliable the author has considered the following three questions from Easterby-Smith, *et al*, (2002, p53).

1. Will the measures yield the same results on other occasions?
2. Will similar observations be reached by other observers?
3. Is there transparency in how sense was made from the raw data?

In a strong endeavour to provide accurate and unbiased research results, the author has undertaken the following measures-

- Researched several stakeholder groups to ensure that any outlying responses can be identified and considered against the experiences and responses of other stakeholders.
- Where possible employed multi-methods to reduce the effects that a chosen research method may have on the results (Saunders, *et al*, p99).
- Qualitative and quantitative data was gathered to allow the consideration of opinions and the analysis of statistics.
- Where possible sought feedback on the questions and structure from industry and external colleagues.

As the results represent a combination of research methods, data types and sample groups, it is expected that the combination of surveys and interviews will yield similar results for other researchers. While the samples used will always contain some bias simply through the location or method of their collection, the results gathered have been supported by the literary review and other stakeholder groups.

### **5.3 Appendix 3 Consumer Survey**

Please see the attached printed questionnaire on the following page.

## 5.4 Appendix 4 Tourism Board Survey

1. How important is tourism in the following areas to your destination?

(1 is unimportant and 5 is vital)

Employment (direct and indirect)	1	2	3	4	5
The economy	1	2	3	4	5
Preserving the natural environment	1	2	3	4	5
Preserving historic culture	1	2	3	4	5
Modern culture and lifestyle	1	2	3	4	5

2. What percentage of the tourism suppliers in the area your tourism board covers would be classified as Micro Tourism Enterprises (less than 10 employees)?

....% Micro Tourism Enterprises

....% Larger than 10 employees

Don't know

3. Does your tourism board educate Micro Tourism Enterprises about developing and enhancing their product to meet the needs of international travellers?

No

Yes, in the following ways...

4. Does your tourism board provide economic sustainability training and education to Micro Tourism Enterprises?

No

Yes, in the following ways...

5. Does your tourism board educate Micro Tourism Enterprises about marketing their products in the international market and with international resellers?

No

Yes, in the following ways...

6. Does your tourism board provide the opportunity for Micro Tourism Enterprises to co-operate in marketing activities initiated by you?

No

Yes, in the following ways...

7. Does your tourism board encourage Micro Tourism Enterprises, either competing or complimentary, to cooperate in marketing activities (clustering)?  
No  
Yes, in the following ways...
8. Does your tourism board introduce wholesalers/resellers and Micro Tourism Enterprises to each other through familiarisation visits, travel shows, etc?  
No  
Yes, in the following ways...
9. Does your tourism board encourage visiting journalists/ media to be hosted by Micro Tourism Enterprises?  
No  
Yes, in the following ways...
10. Does your tourism board have a specific marketing budget or preference for promoting Micro Tourism Enterprises in marketing activities undertaken in international source markets?  
No  
Yes, in the following ways...
11. Is there a sufficient third party expertise available in your region for Micro Tourism Enterprises seeking advice on how to develop their businesses?  
No  
Yes
12. Does your tourism board highlight environmental and social sustainability in promotions and marketing?  
No  
Yes, in the following ways...

13. How important are the following in terms of attracting visitors to your destination?

(1 is unimportant and 5 is vital)

Natural environment	1	2	3	4	5
Manmade environment	1	2	3	4	5
Ancient/indigenous culture	1	2	3	4	5
Modern culture and lifestyle	1	2	3	4	5
The local climate and weather	1	2	3	4	5

14. Does your tourism board have a sustainability policy of its own?

No

Yes, (can you include a copy)

15. If yes, does the policy involve undertaking regular sustainability assessments?

No

Yes

16. Does your tourism board provide environmental or social sustainability training and education to Micro Tourism Enterprises?

No

Yes, in the following ways...

17. If yes, does this training include regular assessment of the sustainability performance of Micro Tourism Enterprises?

No

Yes, in the following ways...

Please make any comments or provide additional information that you feel could be useful

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