Assessing Tourist Demand for Traditional Coastal-Dependent Businesses on the South Carolina Coast

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Introduction

• Problem
  – Notable decline of traditional coastal-dependent businesses
  – Tourists like authentic experiences within unique cultures

• Collaboration
  – Clemson Institute for Tourism Research & Development
  – Clemson Institute for Community & Economic Development

• $ Support
  – SC Sea Grant Consortium
Types of Coastal-Dependent Businesses

- Commercial fisheries
- Recreational fishing charters
- Local crafts (e.g., sweetgrass basket makers)
- Restaurants serving local coastal foods/coastal view
- Eco-tourism companies
- Marinas, boating and fishing suppliers, access ramps
- Coastal parks (e.g., state parks)
- Coastal hotels/lodging?

Policy

- U.S. CZMA Section 303
- SCDHEC OCRM
  - Water-dependent=coastal waters are essential to the functioning of its primary activity
  - No new nonwater-dependent “seaward of the baseline” without a special permit.
  - Identification & incentives for preservation of traditional coastal uses
Reasons for decline
- Availability & quality of marine resources
- Competition
- Marketing capacity
- Infrastructure & operating costs
- Coastal development
- Changes in landscape/views

Goal & Objectives
Evaluate & enhance the sustainability of traditional coastal-dependent businesses
- Supply & demand
- ID potential business linkages
- Provide needs-based, small-business training
Methods (Demand analysis)

• 2 focus groups
• Intercepts - 3 major coastal regions
• Mail survey
  – Demand for traditional coastal economic activities
  – Importance in tourists’ decision to visit & overall experience & willingness-to-pay (WTP)
  – Stated Preference Choice Modeling (SPCM)

Hypothetical willingness-to-pay scenario

Increased accommodation tax to fund marketing and small business training programs for coastal-dependent businesses, to assure tourism money stays in the community and authenticity of the travel experience.

27. If the program is implemented, considering the benefits that might accrue, would you be willing to pay $ \( \ast \) more per night as an accommodation fee which would support the program?
   - YES
   - NO

*1,2,3,5,7,10,20,30,50
### SPCM

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Description</th>
<th>Levels</th>
</tr>
</thead>
</table>
| Destination             | Degree of destination development                      | 1. Urban setting  
2. Rural setting  
3. Resort setting  
4. State Park/Natural Setting |
| Availability of activities | Activities available at or near the destination chosen | 1. Low  
2. Medium  
3. High |
| Activities' local flair/personality | Degree to which the activities possess a flair/personality unique to the SC coasts | 1. None  
2. Some flair  
3. High flair |
| Restaurant quality      | Quality of the food at the restaurants you eat at       | 1. Two stars  
2. Three stars  
3. Four stars |
| Restaurant Ownership    | Types of Restaurant ownership                           | 1. Local  
2. Mix  
3. National |
| Trip Cost               | Total cost of a coastal trip                            | 1. 20% less than your last trip's cost  
2. The same as your last trip's cost  
3. 20% more than your last trip's cost |

### SPCM - Sample

<table>
<thead>
<tr>
<th>TRIP A</th>
<th>Attributes</th>
<th>TRIP B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small town</td>
<td><strong>DESTINATION</strong></td>
<td>Small town</td>
</tr>
<tr>
<td>Medium</td>
<td><strong>AVAILABILITY OF ACTIVITIES</strong></td>
<td>Low</td>
</tr>
<tr>
<td>No emphasis</td>
<td><strong>ACTIVITIES' EMPHASIS ON REGIONAL CHARACTER</strong></td>
<td>High emphasis</td>
</tr>
<tr>
<td>High</td>
<td><strong>RESTAURANT QUALITY</strong></td>
<td>Medium</td>
</tr>
<tr>
<td>Mix</td>
<td><strong>RESTAURANT OWNERSHIP</strong></td>
<td>National</td>
</tr>
<tr>
<td>20% less than your last trip cost</td>
<td><strong>TRIP COST</strong></td>
<td>20% less than your last trip cost</td>
</tr>
</tbody>
</table>

Given these choices, I would choose... *(CHECK ONLY ONE)*

- [ ] TRIP A
- [ ] I WOULD NOT CHOOSE EITHER TRIP
- [ ] TRIP B
Results

• Response Rate
  – 1682 valid addresses (30% fall 2008, 70% summer 2009)
  – 818 responses (34% fall 08; 65% summer).
  – 48.6% effective response rate (57.7% fall, 44.8% summer)

• Demographics
  – 59% female
  – Average age was 50.1 (18 to 83)
  – 39% had a household income > $100,000
  – 8.3% had a household income > $200,000.
  – 70.5% employed
  – significant difference (p<.001) in average age for unemployed (57.8; N=218) and employed (47.1; N=564)
  – 64% college graduates
  – 93.8% were white

Satisfaction

• 91.2% very or extremely satisfied
• Loyalty to primary destination (highest for Myrtle Beach)

<table>
<thead>
<tr>
<th>Question (Visiting primary destination)</th>
<th>Mean for intercept region</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MB</td>
</tr>
<tr>
<td># years</td>
<td>18.28&lt;sup&gt;a,b&lt;/sup&gt;</td>
</tr>
<tr>
<td># times /last 12 months</td>
<td>2.75&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td># times /last 5 years</td>
<td>10.63&lt;sup&gt;a,b&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a,b</sup> = significant difference at p< 0.001
### Importance of activities while visiting SC coastal destination

| Activity                                      | Mean Importance *
|-----------------------------------------------|-------------------
| eating local foods                            | 3.87              |
| beach swimming/sunbathing                     | 3.87              |
| shopping for fun                              | 3.31              |
| purchasing local arts/crafts                  | 2.38              |
| visiting fishing docks or seafood operations  | 1.97              |
| golfing                                       | 1.91              |
| saltwater fishing-personal                    | 1.64              |
| saltwater fishing-charter                     | 1.56              |
| canoeing/kayaking                             | 1.58              |

*Scale: 1=Not at all important to 5=Extremely important

### Importance of SC coastal development strategies

| Strategy                                      | Mean Priority *
|-----------------------------------------------|----------------
| protecting parks and open space               | 4.27            |
| protecting historical sites                   | 4.10            |
| promotion of local heritage/culture          | 4.06            |
| encouraging sustainable use of local natural resources | 4.05            |
| building resort property                      | 1.95            |
| building more golf courses                    | 1.65            |

*Scale: 1=Very low priority to 5= Very high priority
Willingness-to-pay local business sustainability accommodation tax

- 80% probability of at least $3.65 more
- 50% probability of at least $21.00 more
- mean = $25.57
- 13.5% would take fewer trips with higher tax

SCPM – Restaurant attributes

- Mix is preferred
- National is least preferred
- Has most effect on WTP

1 = National
2 = Local & National mix
3 = Local
* = significant (p<.05)
Conclusions

- Relative to beaches and eating local foods, the importance of coastal-dependent products (crafts) or experiences (fishing) is moderate.
- Tourists don’t favor further commercial development and support sustainability strategies
- WTP suggests support for investment in retaining traditional coastal-dependent businesses and services at the coastal destination

Recommendations

- Strategies
  - Local food providers & restaurants should collaborate
  - Businesses should focus on enhancing visitor access to marine habitats & providing nature-based & historical interpretation
  - Coastal-dependent businesses collaborate to advocate for community development strategies that retain the natural & historical character of the region
- Training
  - Natural history interpretation & marine ecology training important for businesses (e.g., marine charter) taking visitors out on the water
  - Small business training for this local arts/crafts businesses should include marketing & networking strategies such as developing linkages with tour companies focused on local heritage
Thank You!

[Image of pelicans on a nest]