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

Laura W. Jodice
William C. Norman
Carlos Carpio
Geoff Lacher
Chi-Ok Oh

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

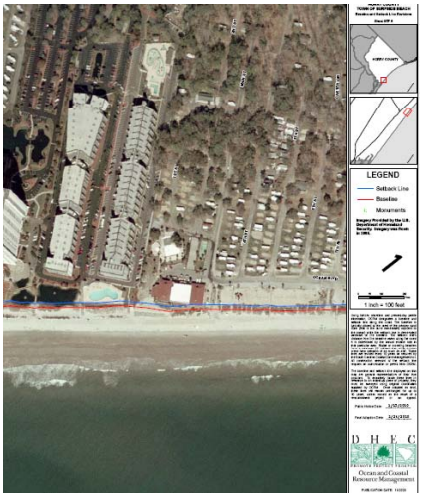
Types of Coastal-Dependent Businesses

- 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?

CLEMSON UNIVERSITY

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



CLEMSON UNIVERSITY

Reasons for decline

- Availability & quality of marine resources
- Competition
- Marketing capacity
- Infrastructure & operating costs
- Coastal development
- Changes in landscape/views

CLEMSON UNIVERSITY

Goal & Objectives

Evaluate & enhance the sustainability of traditional coastal-dependent businesses

- Supply & demand
- ID potential business linkages
- Provide needs-based, small-business training

CLEMSON UNIVERSITY

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)

CLEMSON UNIVERSITY

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 $ __*__ more per night as an accommodation fee which would support the program?
❑YES
❑NO

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

CLEMSON UNIVERSITY

SPCM

Attribute	Description	Levels
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 posses 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

CLEMSON UNIVERSITY

SPCM - Sample

TRIP A	ATTRIBUTES	TRIP B
Small town	DESTINATION	Small town
Medium	AVAILABILITY OF ACTIVITIES	Low
No emphasis	ACTIVITIES' EMPHASIS ON REGIONAL CHARACTER	High emphasis
High	RESTAURANT QUALITY	Medium
Mix	RESTAURANT OWNERSHIP	National
20% less than your last trip cost	TRIP COST	20% less than your last trip cost

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

❑ **TRIP A** ❑ **I WOULD NOT CHOOSE EITHER TRIP** ❑ **TRIP B**

CLEMSON UNIVERSITY

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

CLEMSON UNIVERSITY

Satisfaction

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

Question (Visiting primary destination)	Mean for intercept region		
	MB	CH	BFT/HH
# years	18.28[a,b]	11.06[a]	11.59[b]
# times /last 12 months	2.75[a]	2.16	1.56[a]
# times /last 5 years	10.63[a, b]	7.68[a]	5.71[b]

[a,b] = significant difference at $p \leq 0.001$

CLEMSON UNIVERSITY

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

CLEMSON UNIVERSITY

Importance of SC coastal development strategies

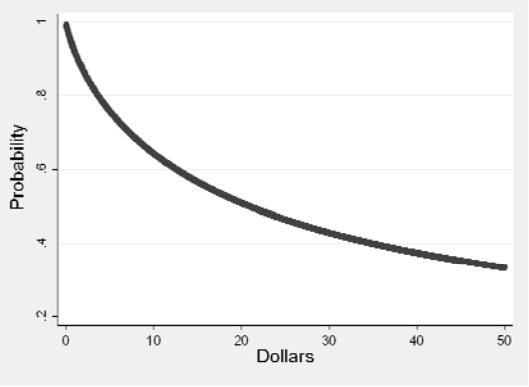
Strategy	Mean Priority *
protecting parks and open space	4.27
protecting historical sites	4.10
promotion of local heritage/culture	4.06
encouraging sustainable use of local natural resources	4.05
building resort property	1.95
building more golf courses	1.65

*Scale: 1=Very low priority to 5= Very high priority

CLEMSON UNIVERSITY

Willingness-to-pay local business sustainability accommodation tax

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

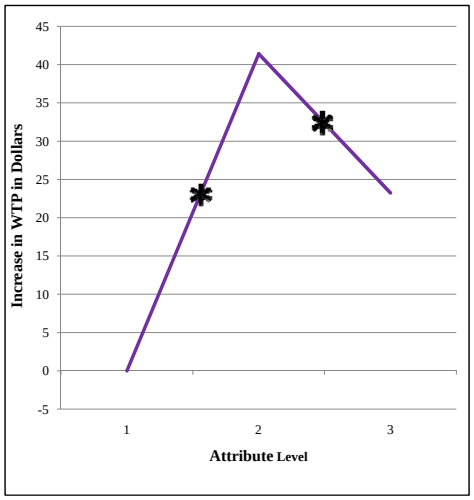


CLEMSON UNIVERSITY

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)



CLEMSON UNIVERSITY

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

CLEMSON UNIVERSITY

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

CLEMSON UNIVERSITY

Thank You!