

ASSESSING TOURIST DEMAND FOR TRADITIONAL COASTAL DEPENDENT BUSINESSES ON THE SOUTH CAROLINA COAST

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Introduction

Tourism driven development and coastal gentrification have resulted in a notable decline in traditional coastal-dependent businesses on the South Carolina (SC) coast. We examined the sustainability of these businesses by assessing tourists' demand for local, traditional, and marine related products and services. The research integrated focus groups and an intercept-based mail survey. This paper reports selected survey results and discusses how the findings will be incorporated into small-business training materials.

Background

The significance of coastal-dependent businesses is recognized in United States (U.S.) and SC coastal policy. State regulations prohibit siting of new nonwater-dependent structures "seaward of the baseline" without a special permit. In addition, the SC Department of Health and Environmental Control, Office of Coastal Resource Management has determined priority needs for 2006-2010 that include identification of traditional use areas and incentives for preservation of traditional uses (SCDHEC, 2007). Sustainability of coastal-dependent businesses is also relevant to National Standard 8 of the Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) which mandates that fishery management plans consider the social and economic impact of regulations on fishing communities (MSFCMA Section 301 [16 U.S.C. 1851(a)(8)]).

Given the core economic role of tourism and recreation industries on the South Carolina coast, it is appropriate to examine the sustainability of traditional coastal-dependent businesses from a tourism-focused perspective. The travel and tourism industry is a leading employer in South Carolina. Specifically, the state generated \$9.9 billion domestic travel expenditures in 2008, and 58.2% of these expenditures occurred in the top three counties of Horry, Charleston, and Beaufort, all located on the coast (U.S. Travel Association, 2009).

Recognition that coastal-dependent businesses are important to tourism sustainability is based on our understanding of tourists' demand for authentic experiences within unique cultures. The search for authentic experience is a primary motive of tourists (MacCannell, 1973); however, individuals vary greatly in demand for authenticity (Plog, 1974). Tourists' demand for locally produced food is part of this search for authenticity (Long, 2004). Previous studies with SC coastal tourists indicate a demand for locally produced seafood (Jodice & Norman, 2007) and that this demand may be able to stimulate the local economy (Deale, Norman & Jodice, 2008).

However, the continued survival of traditional water-dependent businesses in coastal communities depends on a complex interaction of variables. These include limited availability of marine resources, increasing competition, marketing capacity, infrastructure costs, coastal development strategies, and coastal real estate demand. For example, South Carolina sweetgrass basket makers have begun obtaining raw materials from out-of-state because coastal development has reduced access to local resources (Hart, Halfacre & Burke, 2004). Also, the SC shrimp fishing capacity has declined dramatically due to competition with low priced imports and rising fuel prices (Barkley, Henry & Gantt, 2004). Similar challenges exist for many U.S. coastal communities.

Sustainability of coastal dependent businesses also depends on the entrepreneurial capacity at the business and regional levels. This issue is especially important where tourism development constraints include dominance of small and medium enterprises, tourism based on natural resources and pronounced seasonality (Stuart, Pearce & Weaver, 2005). Entrepreneurial success could be optimized through research-based capacity building programs focused on market analysis, small-business training and improved micro-financing opportunities. Market analysis includes gathering information on supply of and demand for products and services. The study reported here specifically examined tourist demand for coastal-dependent businesses (services and products) on the South Carolina coast for eventual use in small-business training programs targeting a range of coastal-dependent businesses (including charter fishing, producers and sellers of local crafts, and ecotour providers).

Methods

Two focus groups were conducted with potential and existing coastal tourists in May 2008 to develop a comprehensive listing of common coastal-dependent activities and preferred destination choice attributes for the follow-up coastal tourist survey. The survey was designed with an emphasis on assessing the demand for coastal-dependent products and services on the SC coast. In addition to demographics, survey items included trip characteristics, satisfaction, preferences for tourism development strategies, and importance of and spending on coastal resource-dependent activities for the most recent trip. Development strategies that were assessed included protection of natural, historical, and culture resources, encouraging more local businesses and products, and new resort and shopping development. Also, a hypothetical willingness-to-pay scenario was developed to assess tourists' support for investing in retaining and improving traditional coastal-dependent businesses at the destination. Specifically, this question was designed to evaluate how much more tourists were willing to pay (using accommodation tax as a payment vehicle) for providing marketing and small business training programs to coastal-dependent businesses, as a means to assure tourism money stays in the community and authenticity of the travel experience.

The survey was conducted during fall 2008 (September and October) and summer 2009 (late May through July). Tourists (i.e., not a resident of destination county) were intercepted in the three major coastal tourism destinations, Myrtle Beach, Charleston and Beaufort/Hilton Head, in a variety of venues (e.g., beaches, visitor centers, state parks, downtown areas). If they agreed to participate in the study, tourists were asked for their mailing address. Based a modified Dillman (2000) survey method, the first mailing occurred two weeks after the intercepts and was followed by a reminder postcard. Two additional mailings of the questionnaire occurred for non-respondents. A second and third questionnaire was mailed to non-respondents.

Results

Researchers collected 1682 valid addresses (1/3 per region; 30% fall 2008, 70% summer 2009) and 818 completed survey responses (34% fall 08 visitors; 65% summer 09 visitors). This was a 48.6% effective response rate (57.7% fall, 44.8% summer). A larger majority of respondents were female (59%). The average age of respondents was 50.1 (18 to 83) and respondents had an average of 20.7 paid vacation days per year. One-third (39%) of respondents had a household income more than \$100,000 and 8.3% of all respondents had a household income above \$200,000. The majority of respondents (70.5%) were employed. There was a significant difference ($p < .001$) in average age for unemployed (57.8; $N = 218$) and employed (47.1; $N = 564$) respondents. The majority of respondents were college graduates (64%) and 93.8% were white.

The majority of respondents (91.2%) were very or extremely satisfied with their most recent trip to the SC coast. Respondents ranked (1=Not at all important to 5=Extremely important) eating local foods ($M = 3.87$) and beach swimming/sunbathing ($M = 3.87$) as the most important activities on their most recent visit to the SC coast, and shopping for fun as the second most important ($M = 3.31$). Visiting fishing docks or seafood operations ($M = 1.97$), golfing ($M = 1.91$), saltwater fishing-personal ($M = 1.64$), saltwater fishing-charter ($M = 1.56$), canoeing/kayaking ($M = 1.58$) were among the least important activities. Purchasing local arts/crafts was only moderately important ($M = 2.38$).

With regard to development strategies, respondents placed the highest priority (scale of 1=Very low priority to 5=Very high priority) on protecting parks and open space ($M = 4.27$), protecting historical sites ($M = 4.10$), promotion of local heritage/culture ($M = 4.06$) and encouraging sustainable use of local natural resources ($M = 4.05$). They considered building resort property (1.95) and building more golf courses (1.65) as the lowest priority strategies.

Results from the scenario question (Figure 1) suggested an 80% probability that tourists are willing to pay at least \$3.65 in additional accommodation tax for an initiative that supports marketing and small business training for coastal-dependent businesses, and a 50% probability that tourists will pay \$21.00. The mean willingness-to-pay to support this type of training program was \$25.57. Only 13.5% of the respondents indicated that if additional accommodation tax was charged, they would take fewer trips to the destination.

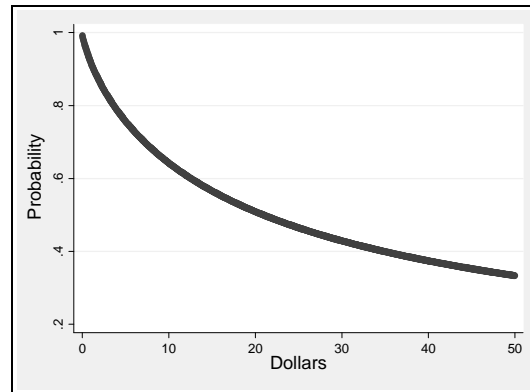


Figure 1. Probability of coastal tourists' willingness-to-pay additional accommodation tax to support training for traditional coastal businesses.

Conclusions

Relative to beaches and local foods, the importance of coastal-dependent products (crafts) or experiences (fishing) is moderate. However, the higher priority that coastal tourists place on protection of open spaces, parks, historical/cultural sites and local/heritage suggests they are not in favor of further commercial development and would support sustainability strategies. Results from the WTP scenario suggests support for investment in retaining traditional coastal-dependent businesses and services at the coastal destination. Given these interests, coastal-dependent businesses (such as marine charter and kayaking tour companies) may want to focus on enhancing visitor access to marine habitats and providing nature-based and historical interpretation. The implication is that natural history/marine ecology training may be an important need for companies taking visitors out on the water. In addition, companies may want to collaboratively advocate for community development strategies that retain the natural and historical character of the region. The high interest in eating local foods suggests collaboration between local food providers and restaurants or resorts is also a good idea. The moderate demand for local arts/crafts suggests that small business training for this sector should include marketing and networking strategies such as developing linkages with tour companies focused on local heritage.

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