

# Entrepreneurship and special interest tourism

[Business](#), [Entrepreneurship](#)



## **Abstract**

Special Interest Tourism (SIT) has in the recent years been the focus of attention of tourism development. SIT has come to be recognized as a key contributor to the growth of the tourism sector. In the UK, research indicate that over one-third of British consumers have either participated or engaged in a special interest holiday. The growth in special interest tourism reflects the change in trend of tourism from the traditional mass tourism to one that is driven by specific interests.

The evidence suggests that Special Interest Tourism (SIT) is dominated by small businesses'. This paper explores on the Special Interest Tourism sector and the growth of Small business in this sector while drawing on examples from the world. The purpose is to identify why SIT might appeal to small business enterprises. Further, this paper highlights the management problems that might face such businesses when establishing their operations.

## **Introduction**

Tourism has over the past few decades been recognized as a key contributor to the GDP of many countries. According to estimates by Cooper & Sheperd (1996), as of 1995, the tourism sector contributed 10% of the world GDP. Its contribution to GDP in the US was estimated to be 10. 5% and 12% in the UK (Cooper & Sheperd 1996). A recent research by the World Travel & Tourism Council (WTTC) showed that the travel and tourism industry contributed more

to GDP than most other sectors, contributing ? 101 billion in 2011 (an equivalent of 6. 7% of GDP) (WTTC 2012).

A key segment of the tourism sector that has gained increasing importance over the past few years is Special Interest Tourism (SIT). SIT has come to be recognized as a key contributor to this sector. According to estimates by Mintel (2002), over one-third of British consumers have either participated or engaged in a special interest holiday. Evidence by Shaw & Williams (2002) has also shown that SIT is dominated by small businesses.

Page et al. (1999) has further pointed out that small business are at the cornerstone of tourism development in local economies and that most travelers would come into SMTEs operating services. This raises a fundamental question: why does SIT appeal to small business enterprises? This paper seeks to address this question by exploring on SIT and SMTEs operations in the industry. The paper also details some of the management problems that might be facing such businesses during their early operations.

Before exploring further, it is worthwhile defining the terms: Special interest tourism and Small Tourism Enterprises.

#### Special interest tourism concept

SIT has been given a varied set of definitions. Hall & Weiler (1992) proposed that SIT occurs when the decision and motivation to travel are primarily determined by a particular special interest. Derrett (2001), Swarbrooke & Horner (1999) and Douglas et al. (2001) expanded on this definition by characterizing SIT as a form of tourism:

motivated by the desire to engage in new or existing interests  
undertaken for a distinct purpose or reason  
That is line with the principles of sustainability.

In simple terms, Special Interest Tourism refers to the provision of customized tourism activities that cater for the needs and interests of individuals and groups. Ecotourism is a prime example of special interest tourism. For example, in Brazil, ecotourism has become very popular due to biological and scenic diversity. Ecotourism and special interest travel is experiencing a rapid growth in Brazil as the two major aspects of segmented tourism (MacDonald 2012). This new class of travelers has in the recent years transformed the tourism industry and changed the trend in tourism from the traditional holidays that characterized mass tourism to more specific prestige holidays (Poitevin 2012).

Global warming has also given rise to a new niche in tourism. With the melting of icecaps and vanishing of coral reefs, a new nice tourism has developed (Climate tourists) whose primary motives to travel are driven by a special interest (Poitevin 2012). “Antarctica Diving Expedition” is a prime example of this particular special interest tourism package offer. This type of special interest tourism appeals mainly to tourists whose motives of travel are educational. The ‘Antarctica Diving Expedition’ offer tourists with a unique opportunity of sightseeing above and below water insights into the white continent (Poitevin 2012). The “Antarctica Diving” experience also allows tourists to explore the subjective components such as the wildlife and the associated adventurous features.

As noted by Trauer (2006), the growth of the SIT sector reflects the changing trend of tourism from the traditional mass tourism to one driven by specific interests. Its importance in the tourism market is evident by its remarkable growth in various countries. Studies by McKercher & Chan (2005) have shown that 81% of US adults who travel are historic /cultural travelers. The number of SIT tourists has been found to be more than other tourists, with their stays even longer (Mackay et al. 2002).

### Small and Medium Tourist Enterprises (SMTEs)

Having defined special interest tourism, it is equally important to understand what we mean by small business tourism enterprises. For the purpose of this analysis, we define SMTEs as comprising of all business in the tourism industry which are small by nature, owned and managed by sole operators and which employ up to 50 employees (Buhalis 1996).

There is now an emerging consensus that small and medium enterprises (SMEs) have an important role to play in the tourism industry. For example, in New Zealand, SMTEs play an important role of economic development, contributing to the social fabric of the local communities (MacDonald 2011). Similarly, the Australian tourism industry is dominated by small businesses that employ not more than 20 workers. 88% of the businesses in hospitality sector (restaurants, cafes and accommodations) comprise of the small businesses.

Also, the cultural and recreational service sector in Australia is dominated by small businesses, with over 96% of the businesses comprising of the SMEs

(Breen ). These small tourism businesses have a sizeable influence on tourism experience and the ability to offer personalized products to Niche markets (Macleod 2003).

#### Why SIT appeal to small businesses

Ecotourism and other special interest travels are known for their connection to nature. It is precisely this reason that special interest tourism appeal for many of the small business enterprises. Larger organizations are known to be profit driven, often have little regard to sustainability development. On the other hand, the very fact that SMTEs are small by nature and locally owned implies that they are more sustainable. With regards to this, small enterprises are viewed one of the vehicles through which sustainability issues can be spread in the STI sector. The focus on small-scale, environmentally sensitive and locally owned developments has led to the development of small business enterprises in the SIT sector.

The priori assumption is that given their relatively small nature and local ownership, then SMTEs are viewed as contributing towards sustainable development. Whilst there is some indication in tourism literature that small business enterprises improve sectoral linkages, there seems to be no comprehensive mechanism for evaluating their contribution to sustainability objectives. Researches which expressly address this connection are noticeably lacking (Roberts & Tribe 2008). The priori assumption is that by being small and locally owned, SMTEs are automatically more environmentally focused than the larger enterprises.

This is not necessarily true and in fact, some authors have questioned this automatic conclusion. Hamzah (1997) argues that despite the growing demand for small-scale accommodation in Malaysia, these small scale developments have deteriorated into grotesque enclaves, adversely affecting marine life and ecosystems. Nonetheless, there are many positive examples where small tourism entities have proved to be environmentally benign such as in the Maho Bay Resort in the US (Roberts & Tribe 2008).

Market liberalization and other aspects of globalization also play a critical role. Globalization impacts and the increased market liberalization have provided small business entrepreneurs with opportunities to tap into the growing SIT sector. Large businesses enterprises have always ignored market niches. On the other hand, the small business enterprises have reaped the benefits of market niches by identifying customer needs and tailoring new niche products for potential future customer segments in the tourism industry (Peters & Buhalis 2004).

Niche markets provide SMTEs with an attractive opportunity to compete with the larger enterprises and to dominate the SIT sector. Their desire to tap the latent consumer demand in niche markets is what has led to their dominance in the SIT sector. In fact, Hall & Weiler (1992) conceptualizes SIT as a predecessor of 'Niche Tourism'. However, the choice to pursue a niche market does not necessarily imply the success of the business. Similar to other business decisions, this decision requires critical assessment. Whilst niche markets may provide opportunities to tap into new and untapped resources, it requires different management skills in order to ensure success.

Small business enterprises are also more flexible and can react quickly to the changing market demands. Their typical flat hierarchy management structure provides them with the opportunity to make decisions faster and to react promptly to market changes (Peters & Buhalis 2004). And given the rapid changes of the SIT sector, it is not surprising that the sector remains largely dominated by SMTEs.

However, McKercher & Chan (2005) have challenged the importance of the SIT sector as a potential growth sector for SMTEs. They argue that whilst tourists participate in a range of activities at a tourist destination, this rarely translates into strong commercial opportunities. They also point out that tourists who visit certain destinations of special interest may do so for secondary reasons. For example, tourists who visit museums may not necessarily be cultural tourists and their visits could only be part of their wider tour. Although these arguments may have some relevance, there is need for further research to be done to confirm their assumptions.

#### Challenges facing small business in early operations

Indeed we have identified the vital role played by SMTEs in the tourism sector. We've also identified the reasons why the SIT sector is dominated by the SMTEs. Equally important to highlight are the challenges that these small business face in their early operations. Whilst, SMEs play a critical role in the growth of the SIT sector, it should be noted that they are more vulnerable to failure especially during their early years of operation.



According to a study by Buhalis (2011), 40% of SMTEs fail within the first 3 years and close to 60% over the 10 year period. Despite their unmatched abilities to stimulate the growth of the tourism industry through rapid injection of cash into the sector, SMTEs are often typified by a lack of management expertise and strategic vision (Buhalis 1996). Their inability to utilize managerial tools to address their strategic problems is their major weakness.

A key characteristic of SMTEs is their informal organizational structure. SMTEs operate informal organizational structures, wherein both the management and operations are run by the family of the proprietors. As such, family principles usually prevail over business practices, thereby causing managerial problems. The lack of management expertise in SMTEs inevitably originates erratic production and delivery procedures which may impact negatively on customer satisfaction and jeopardize the image of the business (Buhalis 1996). With such informal organizational structures, irrational decisions may be made which may adversely affect the business.

Marketing is yet another point of weakness. Not only are SMTEs usually unaware of the marketing tools and techniques but are also product oriented, failing to understand the changing consumer needs. The lack of marketing research debilitates their knowledge of the changing needs of consumers and prevents them from improving their services (Buhalis 1996).

Further, promotional activities of small businesses are usually ill-targeted, inconsistent and uncoordinated (Poitevin 2012). Most SMTEs thus tend to rely upon tourism intermediaries to promote their offerings. Their

dependence on these intermediaries limits their control over their businesses. For example, European tour operators control accessibility to tourism destinations, especially given that they own most of the airlines. As such, intermediaries tend to reduce the bargaining power of SMTEs within the distribution channel (Buhalis 1996).

Further, these weaknesses are magnified by the fact that most SMTEs are illiterate in IT, hence are not able to take advantage of opportunities in the emerging electronic markets. The illiteracy of SMTE's in IT can be seen with their under-representation in most computer reservation systems and global distribution systems (Buhalis et al. 2011). Their illiteracy prevents them from benefiting from emerging electronic markets and this ultimately endangers their competitiveness and market share.

Perhaps the greatest weakness with SMTEs is their deficiency in managing the human resources. The small size and the seasonal nature of problems experienced by SMTEs provide little opportunities for employing professionals, offering staff training and competitive salaries (Poitevin 2012). As such, most of the SMTEs would tend to rely mostly on personal skills and staff enthusiasm and thus face competitive disadvantages over the larger enterprises which have all the required resources for employing proficient personnel.

In light of these management problems, there are political issues that also come into play and which cannot be ignored. Despite the growth in demand of special interest tourism, it is striking to note that SMTEs have not been accorded the necessary support from the government. For example, a UK

study by Simpson & Docherty (2004) identified distrust of government agencies as impacting on a large number of SMTEs.

Governments have a critical role to play in order to support SMTEs. As Elliot (1997) suggests, government is a marker of economic influence and plays a mandatory role as regulators in the market. Page (2003) further points out that governments should help SMTEs enhance their competitiveness through stimulation of new ideas and innovations, and by providing them with support and assistance at a fledgling stage.

The reality however is quite the opposite. For example, in the UK, SMTEs are poorly treated. Whilst the UK government is pinning all its hopes on SMTEs and entrepreneurs to pull the local economy away from a double-dip recession, it is striking to note that these small businesses are poorly treated. Almost every year, SMTEs are overcharged by ? 3. 6bn for basic products and services, compared to what the larger enterprises are charged (Poetvin 2012).

Robert & Tribe (2008) further notes that in many special interest tourism destinations, little is known about the critical role played by SMTEs in the sustainability progress. In addition, SMTEs are generally politically weak, lacking a strong lobbying voice for protecting their interests (Poetvin 2012). Clearly, the challenges facing SMTEs are enormous.

With the tourism sector growing more professional and given increased emphasis on quality management; SMTE's typical lack of a strategic vision, management and business expertise and their illiteracy in IT may become a

liability to these businesses (Buhalis 1996). This necessitates the need for more strategic management schemes for SMTEs, strengthening their political voice and government support.

## Conclusion

It is clear that the past few years have seen the growth of Special Interest Tourism. Over one-third of British consumers have either participated or engaged in a special interest holiday. A key feature of the SIT sector is the dominance of small business enterprises. The SIT sector has appealed to these businesses for a number of reasons. First, the focus on small-scale, environmentally sensitive and locally owned developments has led to the development of small business enterprises in the SIT sector.

Second, small business have targeted market niches, identifying customer needs and tailoring new niche products for potential future customer segments. On the other hand, the large business enterprises have always ignored market niches. And thirdly, SMTEs are more flexible than large organizations and thus can react quickly to changing market demands. However, a recent study by McKercher & Chan (2005) has argued that whilst tourists may participate in a range of activities at a special interest tourist destination, this rarely translates to strong commercial opportunities. These assumptions are yet to be confirmed.

SMTEs face a range of management challenges especially in their early operations. SMTE's typical lack of a strategic vision, management and business expertise and their illiteracy in IT are a major hindrance to their

success. There is need to have in place strategic management schemes for SMTEs, establish a strong lobbying voice and government support.

Nonetheless, SMTEs remain the cornerstone of tourism development. With tourists evolving toward seeking individualized and unique experienced as opposed to the traditional mass holidays, Special Interest Tourism will continue to gain more prominence.

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