Craig Webster and Stanislav Ivanov

National tourism organizations: Measuring the results of promotion abroad

Abstract

Previous research has not adequately measured the effectiveness of a state's promotion of its tourism product. In this research, the authors use an econometric model to measure the impact of the Croatian, Czech, and Slovak states' attempts to promote their tourism products abroad. The findings show the effectiveness of the state's attempts to market their products. The dependent variables in the analysis are two measures of tourism demand - overnights and tourist arrivals. Various measures of state attempts to promote the national tourism product abroad are employed for Croatia while only the presence or absence of a national tourism organization office abroad is available for Slovakia and the Czech Republic. Control variables are taken into account to determine whether alternative arguments for tourism demand are more successful in determining tourism demand in Croatia, the Czech Republic, and Slovakia than simply the efforts of national tourism organizations. Most notably, this research delves into whether there is a Communist legacy that influences tourism demand and whether visa requirements dissuade tourists from visiting the three specific countries under study.

Keywords:
national tourism organization; marketing; tourism; Croatia; Czech Republic; Slovakia

Introduction

There is a great deal of academic literature delving into the promotion of tourism products. However, there is very little literature developed to model the effectiveness of national tourism boards/organisations (NTBs/NTOs), although Gretzel, Fesenmaier, Formica & O'Leary (2006, p. 121) point out that "the need for DMOs (destination marketing organizations) to justify their existence and to prove a return on investment is more critical today than ever before." The assumption is that the NTOs and their efforts abroad have an impact of increasing the numbers of tourists coming to the host destination as well as encouraging people to spend more time in the host destination. However, little has been done to measure how much tourism NTOs bring to their host destinations.

Craig Webster, Ph.D., Intercollege, Nicosia, Cyprus
E-mail: webster.c@intercollege.ac.cy

Stanislav Ivanov, Ph.D., International College, Dobrich, Bulgaria
E-mail: stanislav_h_ivanov@yahoo.com

The current paper aims to assess the impact of promotional efforts of Croatia, the Czech Republic, and Slovakia to market their destinations abroad through a cross-sectional analysis of tourism demand for all the three countries. The research was limited to these three countries in order to look into the impact of promotion of tourism by the NTOs in countries in transition. Countries in transition have often looked upon tourism as an industry able to contribute significantly in the overall economic development following the collapse of socialism in Europe. However, data availability and time constraints limited the data collection to these three very different states - Croatia, a country attracting a significant amount of sun, sand, and sea tourism, the Czech Republic, attracting a great deal of tourism to see Prague and some other cities for short breaks, and Slovakia, a country with much less success in tourism, so far. Although the research is limited to the promotional efforts of three countries, the model is universal and can be applied to other countries as well.

The next section will review the literature on the topic of promotion. The paper will then develop the model for predicting tourism flows and overnights. It will also explain aspects of data collection and the indicators used in the analysis. Following that, the paper will discuss the outcomes of the statistical tests, showing the impact of state tourism promotion, while controlling for key variables. Finally, it will conclude with a commentary on the utility of the model used and its application to other cases.

Literature review

Many academics have turned their attention to the marketing of tourism destinations (Ashworth & Goodall, 1990; Buhalis, 2000; Gold & Ward, 1994; Hopper, 2003; Kotler, Haider, & Rein, 1993; Middleton & Clarke, 2001) and the analysis of travel and tourism industry competitiveness on the international tourism market (Enright & Newton, 2005; Gooroochurn & Sugiyarto, 2004). Special emphasis in the academic research is put on organisational, strategic and operational issues of NTOs (Adamczyk, 2005; Gretzel, et al., 2006; Henderson, 2004; King, 2002; Tang & Xi, 2005), destination advertising and promotion efforts of NTOs (Bojanic, 1991; Dore & Crouch, 2003; Gretzel, Yuan, & Fesenmaier, 2000; MacKay & Smith, 2006), and the effectiveness of these efforts (Hunt, 1990; McWilliams & Crompton, 1997; Kim, Hwang & Fesenmaier, 2005; Tang & Xi, 2005). The promotion of a destination is considered a factor influencing the tourist's choice of a destination and the changing destination's competitive position. Therefore, marketing efforts of NTOs are included in tourism demand models either explicitly or implicitly as part of other variables (Law, Goh & Pine, 2004; Lim, 1997). However, there has been little investigation of the role of the NTO offices abroad in the promotion of the tourism product.

One exception is the analysis by Webster (2000) in which he modelled tourism flows to Cyprus using an econometric model on a cross section of data. State tourism promotion was measured by presence of an NTO office in a country, number of employees working in each NTO office abroad, and amount of money spent on tourism promotion in each country. In his model, Webster found that promotional efforts by the NTO were consistently linked with higher levels of tourist arrivals to Cyprus, despite the addition of several control variables.

There has been interest in other transition economies in Europe which have recently focussed a great deal of political will and energy on the promotion of tourism. Adamczyk's (2005) recent article dealing with some of these countries focused on the organizational aspects of NTOs in Poland, the Czech Republic, Slovakia and Hungary.

Although the work does not delve into methods of measuring the effectiveness of such organisations, it does deal with how these countries have set up their organizations and what the goals of these organizations are. In closing, Adamczyk felt that future research should look into the effectiveness of the promotional activities of the organizations under study.

Gil-Pareja, Llorca-Vivero & Martínez Serrano (2007) addressed the problem of tourism promotion by estimating the impact of embassies and consulates on tourist flows from the G-7 countries. The authors demonstrated that embassies and consulates have a positive and significant effect on tourism that ranges between 15% and 30% depending on the estimation technique. The impact is even larger for the sample of developing countries. Although one could argue whether attracting tourists is a primary responsibility of embassies and consulates, the paper illustrates a possible approach to assess the effectiveness of government efforts in promoting tourism.

In this paper we examine the influence that national tourism promotion abroad has on foreign tourism demand in three countries. Lim (1997) points out that the majority of publications on tourism demand modelling use, as explanatory variables of tourism demand, the income in origin countries, relative prices in the country of origin and the destination, transportation costs, exchange rates, trend, dynamics, competing destinations, seasonal factors, marketing expenditures, migration, business travel/trade, economic activity indicators, population size, and others. Most of these concepts will be modelled into our research.

Visa requirements are a major issue concerning international travel and yet are absent from models of tourism demand. Visas should impede tourist flows, depending on whether a tourist visa is required to enter the country and how easily it is obtained (Ahmed & Krohn, 1990), and therefore nullify governmental and non-governmental promotion efforts. That is why the World Travel and Tourism Council include the visa requirements into the openness sub-index of its competitiveness index (World Travel and Tourism Council, 2006). The visa requirements index represents whether nationals from the USA, UK, Germany, France and Italy do or do not require a visa as tourists to enter the country. We see this view as too narrow and, therefore, in our analysis below we review all countries included in the cross-section analysis whether they are required or not tourist visas. To our knowledge, visa requirements have not been yet explicitly included in tourism demand modelling despite the importance of visa regulations for international tourism flows.

Model development and data collection

Since the focus of this investigation is the flow of tourists and overnights by foreign tourists to a host destination, we view this as an investigation of tourism demand. According to one of the major texts on tourism, three are three major measures of actual demand for a tourism product - visitor arrivals, visitor-days (or visitor-nights) and amount spent (McIntosh, Goeldner & Ritchie, 1992, p. 299). Since these three interrelated indicators of tourism demand are crucial for governmental authorities in order to gauge the health of their tourism industry, data for these three major indictors are often freely available. However, for this analysis, we will only investigate non-monetary indicators of demand, since the monetary one is arguably less reliable and more controversial, as the data are based upon self-reporting during exit interviews.

The dependent variables for the analysis are visitor arrivals and visitor-days/visitor-nights in a country. These data are available to the public from NTOs on a yearly basis,

separated by nationality of visitors. There are some variations of how the data are referred to, although they usually refer to arrivals of tourists from a country and how many nights tourists who arrived from a country stayed in the host country. One of the difficulties with this measure is the issue of tourism arrivals, since not all the arrivals are nationals of the country from which they arrive. There may be some expatriates in the arrivals, thus not clearly measuring the nationality of the people arriving, as a general indicator.

To record this, three different databases were created, one for each country. The data were gathered for all the countries of the world and data were input into columns reflecting their countries of origin. The databases include all of the 178 countries that the United Nations Development Program gathers data for with the host country removed from the sample. Thus, for example, Slovakia is not in the database for the Slovakia and the same is true for the other two databases.

Yearly tourism flow data do not record, necessarily, all the countries in the world. Since many countries have negligible tourist flows to the three destinations used in the analysis, they were recorded with zero arrivals. Indeed, of the 178 countries taken into the sample, most of the entries for the arrivals and overnights are zero. However, there is a great deal of variation of the dependent variables. For the Croatian database, overnights and inflows are denoted in the thousands. All the data refer to inflows and overnights during 2004. The descriptive statistics for the dependent variables for the three databases are shown in Table 1 below.

Table 1
DESCRIPTIVE STATISTICS OF THE DEPENDENT VARIABLES

	N	Minimum	Maximum	Mean	No. Zeros
Croatian Overnights (thousands)	177	0	10,888	239.02	136
Croatian Arrivals (thousands)	177	0	1,580	44.28	136
Czech Arrivals	177	0	1,569,369	30,060	150
Czech Overnights	177	0	5,902,332	93,209	150
Slovakia Arrivals	177	0	424,900	8,239	120
Slovakia Overnights	177	0	1,374,778	26,646	120

In terms of a framework to develop a model for measuring the flow of tourists and the impact of tourism, the propensity/resistance model put forth by McIntosh, et al. (1992, p. 299) is used to organize the research. In this framework, demand for a tourism product is the function of propensity and resistance. The propensity is dependent upon psychographics, demographics, and marketing effectiveness while resistance is dependent on economic distance, cultural distance, cost of tourism services, quality of service and seasonality. Thus, tourists are attracted to destinations because of several factors, one of which is the effectiveness of marketing. Since the data used in this analysis are yearly, the seasonality issue does not have to be addressed with this work. In addition, other elements of the framework cannot be addressed at the country level, such as the psychographics and demographics of the tourists.

The major independent variable of interest in the analysis is the promotional variable. The simplest way to measure this is via a dummy variable indicating that three is an NTO office in the country in question. Thus, for the least-refined promotional variable, a dummy variable is used to indicate whether there is a tourism board presence in the country. If the NTO is promoting tourism in the country effectively, then we would

expect that there would be a positive impact on tourist flows to the country and overnights in the country. By this measure, not all countries show the same effort in promoting tourism – Croatia has 17 offices abroad, the Czech Republic 27 and Slovakia only 6. This is probably a reflection of resources available to the country to promote itself abroad as well as the importance of tourism to the economy. Of the three countries in consideration, we can infer that the Czech Republic is the most aggressive in promoting its tourism industry abroad.

However, promotion can also be measured in more subtle ways. For Croatia, there was ample data available to allow for more sophisticated tests of the influence of promotional efforts. A second measure of promotional efforts was the number of full time staff members in the NTO offices abroad. For Croatia, all the offices have three full time staff, with the exception of the offices in Germany and Italy where there are four. This is not a large variation, but it does represent greater efforts to promote the country in Germany and Italy.

In addition, for Croatia, participation in tourism fairs in 2003 is taken into consideration, since they are indicators of additional efforts taken to promote Croatian tourism abroad. There are substantial variations in promotion abroad for Croatia according to this measure. The Croatian NTO took part in travel fairs in 29 countries. Germany was the focus of the most intense promotion, with 23 travel fairs attended. Italy was not far behind with 17 fairs. Croatia also promoted itself in two to eight travel fairs in Austria, Belgium, France, the UK, the Czech Republic, the Netherlands, Poland, Russia, Sweden, Denmark, Hungary, and Switzerland. Croatia also was promoted at 15 other travel fairs in 15 different countries.

Certain control variables are also considered, in line with the propensity/resistance framework. The most important control factor to take into account is the wealth of the country of tourist origin. We expect that those countries with higher levels of wealth will have populations that will be able to pay for travel. Thus, this measure should take into account the ability to pay for tourism services, dealing with the cost of tourism services in the propensity/resistance model. We measure the wealth of the source countries with an aggregate descriptor of wealth of the country, GDP per capita. The data come from the United Nations Development Programme's 2005 Human Development Report. The data refer to GDP per capita in 2003 in US dollars. For the Croatian database, the mean GDP per capita is USD 6954, while for the Czech database the figure is USD 6940 and for the Slovak one it is USD 6957.

Another major control variable deals with the economic distance issue, the distance to the host country. For this analysis, a simple dummy variable is used to indicate whether the country is contiguous or not. We expect that people living in neighbouring countries will be more likely to travel to the host country because the distance will be less of an impediment than for those not living in a neighbouring country.

Economic distance is also controlled for by incorporating a dummy variable indicating that a tourist visa is required for entry to the country in question. Because getting a visa implies financial costs and time to the person applying for it, it is clearly an impediment to travel. Thus, for those countries for which a visa is required, we expect that there will be fewer tourists coming to the host country.

In addition, we expect that cultural affinities will play an important role in tourism flows and overnights. In order to model this, we use a dummy variable to indicate those

countries that were earlier part of a constituent state. For example, we expect that Croatia will experience more inflows of tourists from Slovenia than from Hungary, since Croatia and Slovenia have linguistic, cultural, and historical links from the recent past that are stronger than the dyad of Croatia and Hungary. In effect, we expect that Yugoslavia's legacy should result in greater numbers of tourist flows between the former constituent states of the former Yugoslavia. In a similar manner, we expect that the flows of tourists between Slovakia and the Czech Republic will be greater because of a shared political and social legacy.

A further measure of cultural affinities is the communist legacy. We feel that all three of the countries considered as host destinations in this analysis may benefit somewhat from links from the Communist era. Thus, all those countries that had been under Communist regimes or are still presently under communist regimes are coded with a dummy variable. We expect that Communist or former-Communist countries will exhibit greater flows of tourism to the host countries since there are social and cultural links that may have spilled into the post-Communist era in Europe.

In total, there are five control variables in the analysis. Table 2 summarizes the independent variables in the analysis. We expect that all of the independent variables, with the exception of the dummy variable denoting visas, will show a positive relationship with the dependent variable denoting tourist flows.

Table 2
CONCEPTS, OPERATIONALIZATION, AND HYPOTHESIZED RELATIONSHIPS

Concept	Measure	Hypothesized relationship with dependent variable
Tourism promotion	Presence of an NTO office (dummy variable), number of employees in NTO office abroad (interval level), number of fairs attended for promotion (interval level)	Positive
Wealth	GNP per capita, 2003	Positive
Visa required	Visa required (dummy variable)	Negative
Neighbouring country	Contiguous country (dummy variable)	Positive
Communist legacy	Former or current Communist country (dummy variable)	Positive
Former Yugoslavia	Formerly part of Yugoslavia (dummy variable—Croatia model only)	Positive
Slovak Republic	Country is the Slovak Republic (dummy variable—Czech model only)	Positive
Czech Republic	Country is the Czech Republic (dummy variable—Slovak model only)	Positive

Statistical analysis

In order to proceed with the analysis, we performed OLS regressions, since the dependent variable is continuous and interval level. In addition, diagnostic tests were done in order to ascertain as to whether there is a problem with multicollinearity between the independent variables. According to the results, there were no major problems with multicollinearity when only one independent variable denoting promotional efforts in countries is used in a regression, although there were some correlations between few of the independent variables. Notably, there was a statistically significant relationship between visa requirements and the GDP per capita. Apparently, people living in poorer

countries are more likely to need a visa to visit Croatia, the Czech Republic or Slovakia. However, the Pearson bivariate correlation coefficient was not very high for any of the countries under consideration (Croatia r= -0.616, Czech Republic r= -0.627, Slovakia r= -0.631). Although statistically significant, further collinearity diagnostics indicated that there were no problems incorporating these variables into the equation.

CROATIA

For the Croatian model, the three independent variables denoting promotion in various countries were found to be highly correlated and lead to collinearity problems, as the VIF scores showed. This is understandable, especially since there is so little variation in how many full-time employees work at the various Croatian NTO offices abroad. In addition, having an office abroad is a necessary precondition for having staff and offices abroad, which is also an institutional basis for attending travel fairs. Therefore, for the Croatian model, the three independent variables were run separately in three different models to allow for the identification of the independent effects that each of the promotional activities has in terms of impacting on inflows and overnights. In addition, the intercept was suppressed in the model since one of the major independent variables (GDP per capita) is a necessary precondition for the dependent variable.

For the Croatian model using tourism arrivals as the dependent variable, the outcome of the regressions is shown in Table 3. What is interesting about this model is that the only independent variable that seems to have any explanatory value is the one denoting those countries with a Croatian NTO office. The coefficients indicate that there is a positive impact of these offices upon the inflows of tourists. According to the findings of the regression, each office is responsible for about 399,000 tourists coming to Croatia. What is also interesting in the regression outcome is that the model explains about half of the variation in the inflows (Adjusted R-Squared=0.487). In a separate analysis (not shown here) we were able to see that the model without the NTO offices explains only about 22% of the variation (Adjusted R-Squared= 0.22) but the figure increases with the addition of the independent variable denoting the presence of a Croatian NTO office in the source countries.

Table 3
CROATIA: TOURISM ARRIVALS AND THE NTO

	Unstandardized coefficients	Std. error	Standardized coefficients (beta)	t	Sig.
GDP per capita	0.0006	0.001	0.039	0.576	0.566
Neighbour	97.407	109.148	0.077	0.892	0.373
Former Yugoslavia	114.076	107.545	0.090	1.061	0.290
Communist legacy	-14.206	27.706	-0.034	-0.513	0.609
Visa required	-2.520	14.602	-0.011	-0.173	0.863
National tourist office	399.308	43.109	0.653	9.263	0.000
N	168				
Adjusted R-Square	0.487				

In a second regression using the same model but with the number of full-time employees working abroad, we see that the findings are similar to the model with presence of a Croatian NTO office abroad (see Table 4). Again, it is only the independent variable denoting the number of people working in the Croatian NTO offices abroad that is a useful predictor of how many tourists travel to Croatia. According to the coefficients,

each employee is responsible for bringing nearly 145,000 tourists to Croatia each year. In addition, we see that the model predicts about 57% of the variation in the dependent variable (Adjusted R-square = 0.57).

Table 4
CROATIA: TOURISM ARRIVALS AND NTO EMPLOYEES ABROAD

	Unstandardized coefficients	Std. error	Standardized coefficients (beta)	t	Sig.
GDP per capita	-0.0002	0.001	-0.010	-0.170	0.865
Neighbour	79.426	99.691	0.063	0.797	0.427
Former Yugoslavia	126.851	98.376	0.101	1.289	0.199
Communist legacy	-19.156	25.304	-0.046	-0.757	0.450
Visa required	-0.278	13.363	-0.001	-0.021	0.983
Number of employees	144.778	12.529	0.742	11.556	0.000
N	168				
Adjusted R-Square	0.570				

In a third regression on tourism arrivals to Croatia, the results are even more impressive. Table 5 shows the model with the number of travel fairs attended as the independent variable denoting promotional efforts abroad. The outcome of this model is somewhat different from the previous two, since there are two independent variables that show some explanatory value - the promotional variable and the one denoting Croatia's neighbours. We see in the outcome of the regression that each of the neighbouring countries is responsible for about 278,000 tourists coming to Croatia, while each travel fair accounts for about 69,000 tourists. What is impressive about this model is that the model itself accounts for about 87% of the variation in the dependent variable, as the Adjusted R-Square value shows.

Table 5
CROATIA: TOURISM ARRIVALS AND TOURIST FAIRS ATTENDED

	Unstandardized coefficients	Std. error	Standardized coefficients (beta)	t	Sig.
GDP per capita	-0.0005	0.000	-0.034	-1.074	0.284
Neighbour	277.667	53.646	0.220	5.176	0.000
Former Yugoslavia	27.597	53.617	0.022	0.515	0.607
Communist legacy	8.539	13.643	0.020	0.626	0.532
Visa required	-6.308	7.296	-0.026	-0.865	0.389
Tourist Fairs	69.443	2.433	0.903	28.546	0.000
N	168				
Adjusted R-Square	0.870				

Now we turn to the second dependent variable, the one denoting overnights for the Croatian data. The outcome of the model using the existence of the Croatian NTO office abroad as the independent variable denoting promotional efforts is shown in Table 6. The findings of the regression are very similar to those using the other dependent variable for Croatia. The only statistically significant independent variable is the one denoting the existence of an office in the source country and the model explains about 42% of the variations in the overnights. When the promotional variable is not in the model the Adjusted R-Squared value is only 0.18, showing that the addition of the

promotional variable to the model greatly increases the explanatory value of the model. The estimate from the outcome of the regression shows that each office abroad is responsible for about 2.25 million overnights in Croatia per year.

Table 6
CROATIA: OVERNIGHTS AND THE NTO

	Unstandardized coefficients	Std. error	Standardized coefficients (beta)	t	Sig.
GDP per capita	0.002	0.006	0.020	0.284	0.776
Neighbour	440.762	676.429	0.060	0.652	0.516
Former Yugoslavia	661.027	666.491	0.090	0.992	0.323
Communist legacy	-59.573	171.700	-0.024	-0.347	0.729
Visa required	-13.328	90.493	-0.010	-0.147	0.883
National tourist office	2,233.975	267.161	0.624	8.362	0.000
N	168				
Adjusted R-Square	0.425				

The regression using overnights as the dependent variable and number of employees abroad show similar results, as Table 7 illustrates. Only the promotional variable seems to be a useful predictor of the overnights in Croatia. Each employee, according to the estimates from the model, is responsible for about 816,000 overnights in Croatia. In addition, the model explains about 50% of the variations in the overnights, as the Adjusted R-Square figure shows.

Table 7
CROATIA: OVERNIGHTS AND NTO EMPLOYEES ABROAD

	Unstandardized coefficients	Std. error	Standardized coefficients (beta)	t	Sig.
GDP per capita	-0.003	0.006	-0.030	-0.447	0.655
Neighbour	330.402	625.757	0.045	0.528	0.598
Former Yugoslavia	738.970	617.503	0.100	1.197	0.233
Communist legacy	-89.852	158.831	-0.037	-0.566	0.572
Visa required	0.117	83.880	0.000	0.001	0.999
Number of employees	815.854	78.642	0.714	10.374	0.000
N	168				
Adjusted R-Square	0.506				

In the final regression for Croatia, we see that two independent variables appear to have explanatory value, the one denoting neighbours and the one denoting attendance at tourist fairs (see Table 8). Estimates derived from the regression indicate that neighbouring countries are responsible for about 1.5 million overnights while each travel fair attended results in about 400,000 overnights in Croatia. In addition, the model accounts for about 84% of the variations in the overnights in Croatia.

In general, the regressions for Croatia indicate that promotional efforts abroad pay off in terms of bringing tourists to Croatia and encouraging overnights. In each of the regressions, the promotional variable indicates the success of promotional efforts. There are only two regressions of the six run in which other independent variables show any value in terms of explaining the variations of the dependent variable.

Table 8
CROATIA: OVERNIGHTS AND TOURIST FAIRS ATTENDED

	Unstandar-dized coefficients	Std. error	Standar-dized coefficients (beta)	t	Sig.
GDP per capita	-0.006	0.003	-0.071	-2.011	0.046
Neighbour	1,436.674	348.125	0.195	4.127	0.000
Former Yugoslavia	195.118	347.939	0.026	0.561	0.576
Communist legacy	56.981	88.532	0.023	0.644	0.521
Visa required	-29.701	47.345	-0.021	-0.627	0.531
Tourist Fairs	409.189	15.787	0.909	25.920	0.000
N	168				
Adjusted R-Square	0.840				

The only other independent variable showing any explanatory value in the regressions was the dummy variable denoting neighbouring states. When travel fairs are used as an independent variable for either tourism arrivals or overnights, contiguous states are more likely to appear as important sources of tourists. This is likely because the tourist fairs are not concentrated in contiguous countries, instead, travel fair attendance seems to gravitate toward wealthier and larger countries in the EU (Germany, Italy, France and the UK) or the small but wealthy nearby Austria.

Thus, the analysis generally shows the success of the promotional efforts of the Croatian NTO. What is notable is that the more refined the measure of promotional efforts abroad, the more explanatory value the model has in terms of explaining the variations in the dependent variables. Those models without the promotional variables added explain only about 20% of the variations in inflows of tourists and overnights. However, adding the promotional variables makes the amount of variation explained increased a great deal.

CZECH REPUBLIC

Now we turn to the analysis of the data on Czech Republic. Table 9 shows the regression using the NTO as the promotional variable, since no other measure of promotion was available. The significance levels show that four of the independent variables have explanatory power in the model. The indicators of wealth, neighbours, Slovakia and the existence of a Czech NTO office are the only indicators that successfully predict inflows of tourists. The existence of an NTO office is responsible, according to estimates from the coefficients, for an inflow of over 79,000 tourists. The control variables indicate that wealthier countries and neighbouring countries are more likely to be sources of tourists for the Czech Republic. Strangely, the coefficient for Slovakia is negative, showing that Slovak arrivals are actually lower than expected. The model itself, as the Adjusted R-Square value shows, explains about half of the variation of the inflows of tourists to the Czech Republic.

Table 9
CZECH REPUBLIC: TOURISM ARRIVALS AND THE NTO

	Unstandar-dized coefficients	Std. error	Standar-dized coefficients (beta)	t	Sig.
GDP per capita	2.401	0.728	0.218	3.298	0.001
Neighbour	545,579	62,849	0.579	8.681	0.000
Slovakia	-347,192	119,026	-0.184	-2.917	0.004
Communist legacy	-25,035	19,783	-0.080	-1.265	0.208
Visa required	-3,914	10,574	-0.022	-0.370	0.712
National tourist office	79,079	25,907	0.218	3.052	0.003
N	168				
Adjusted R-Square	0.507				

The regressions using overnights in the Czech Republic as the dependent variable (Table 10) show a similar pattern. Again, four independent variables show some values as estimators of the overnights in the Czech Republic. Those countries with an NTO office and those that are neighbours or wealthy show a statistically powerful tendency to have more overnights in the Czech Republic. Enigmatically, Slovaks are less likely to overnight in the Czech Republic.

For the key independent variable of interests, though, we see that the presence of an NTO office in the source country results in about 228,000 overnights in the Czech Republic. However, this model only explains about 44% of the variation in the overnights by tourists in the Czech Republic.

Table 10
CZECH REPUBLIC: OVERNIGHTS AND THE NTO

	Unstandar-dized coefficients	Std. error	Standar-dized coefficients (beta)	t	Sig.
GDP per capita	7.448	2.709	0.193	2.749	0.007
Neighbour	1,916,413	233,892	0.580	8.194	0.000
Slovakia	-1,300,582	442,957	-0.197	-2.936	0.004
Communist legacy	-93,527	73,624	-0.085	-1.270	0.206
Visa required	-7,549	39,355	-0.012	-0.192	0.848
National tourist office	228,110	96,413	0.179	2.366	0.019
N	168				
Adjusted R-Square	0.444				

The findings from the Czech regressions illustrate that the Czech NTO offices seem to be an asset in terms of bringing tourists to the Czech Republic and encouraging overnights. However, other things seem to encourage visits and overnights to the Czech Republic - wealthy countries, neighbours, and Slovakia. As expected, wealthier countries and neighbouring countries are sources of more tourist entries and overnights. However, the indicator for Slovakia works differently than expected, meaning that Slovaks are statistically less likely to be tourists and use accommodation in the Czech Republic. What is also notable is that the models for the Czech Republic only explain 40-50% of the variations of tourist flows and overnights.

SLOVAKIA

Table 11 shows the tourist arrivals regression for Slovakia. There is a similarity with the Czech regression in that the same four independent variables show some explanatory value. Most importantly, we see that the promotional variable shows that about 67,000 arrivals are attributable to the presence of a Slovak NTO office in the source countries. We also see that wealthier countries, neighbours, and the Czech Republic are responsible for tourism flows to Slovakia. What is also of interest is that the model explains about 85% of the variations of the inflows of tourists to Slovakia in 2004.

Table 11
SLOVAKIA: TOURISM ARRIVALS AND THE NTO

	Unstandardized coefficients	Std. error	Standardized coefficients (beta)	t	Sig.
GDP per capita	0.375	0.098	0.120	3.832	0.000
Neighbour	58,877	9,191	0.245	6.406	0.000
Czech Republic	291,261	18,436	0.542	15.798	0.000
Communist legacy	4,482	3,084	0.050	1.453	0.148
Visa required	-2,392	1,671	-0.047	-1.431	0.154
National tourist office	66,984	8,244	0.306	8.125	0.000
N	168				
Adjusted R-Square	0.850				

The outcome of the model for overnights for Slovakia (Table 12) is very similar to the Slovak one for inflows of tourists. As with the inflow regression, the same independent variables show success as predictors. The model allows us to estimate that each Slovak NTO office abroad is responsible for about 320,000 overnights in Slovakia. In addition, the model explains 78% of the variation in overnights in Slovakia, suggesting that the model is fairly predictive.

Table 12
SLOVAKIA: OVERNIGHTS AND THE NTO

	Unstandardized coefficients	Std. error	Standardized coefficients (beta)	t	Sig.
GDP per capita	1.000	0.412	0.092	2.429	0.016
Neighbour	120,826	38,719	0.145	3.121	0.002
Czech Republic	912,349	77,663	0.489	11.748	0.000
Communist legacy	11,096	12,991	0.036	0.854	0.394
Visa required	-6,326	7,040	-0.036	-0.899	0.370
National tourist office	321,709	34,729	0.422	9.263	0.000
N	168				
Adjusted R-Square	0.780				

In general, the models for Slovakia are similar to the ones for the Czech Republic, showing the same independent variables to have explanatory power. Notably, the Slovak NTO offices show a positive impact upon inflows of tourists and overnights. However, there are two major differences between the Slovakia and Czech Republic models - for Slovakia, the Czech Republic shows a positive impact on inflows and overnights in Slovakia and for Slovakia, much more of the variations of inflows and overnights is explained by the model.

Discussion and conclusions

The analysis has shown that every effort at promotion by the state measured in the analysis is statically related to the tourism flows and overnights in the host country. Thus, there is strong evidence that the efforts of the state to promote tourism in the host country have met with success. Each regression confirmed that the indicator for state promotion has a statistically significant impact upon both tourism flows and overnights. Table 13 illustrates the impact of each of the promotion variables upon tourism flows and overnights from the analysis.

Table 13
SUMMARY OF THE FINDINGS FOR PROMOTIONAL VARIABLES

Country	Dependent variable	Measure of promotion	Impact of promotion measures n dep. variable	Adj. R^2
Croatia	Arrivals	Presence NTO Office	399,000 Arrivals	0.487
Croatia	Arrivals	Number NTO Employees Abroad	145,000 Arrivals	0.57
Croatia	Arrivals	Number Tourist Fairs Abroad	69,000 Arrivals	0.87
Croatia	Overnights	Presence NTO Office	2,234,000 Overnights	0.425
Croatia	Overnights	Number NTO Employees Abroad	816,000 Overnights	0.506
Croatia	Overnights	Number Tourist Fairs Abroad	409,000 Overnights	0.84
Czech Rep.	Arrivals	Presence NTO Office	79,000 Arrivals	0.507
Czech Rep.	Overnights	Presence NTO Office	228,000 Overnights	0.444
Slovakia	Arrivals	Presence NTO Office	67,000 Arrivals	0.85
Slovakia	Overnights	Presence NTO Office	322,000 Overnights	0.78

There is also suggestion that the more refined measures of promotion yield more predictive power to the model. While the Croatian regressions run with the Croatian NTO offices as an independent variable only explain less than 50% of the variation in the overnights and tourist flows, those with tourist fairs attended explain over 80% of the variation. This suggests that the presence of an office is important but the more specific activities of the national tourist board in a country are much more important in terms of explaining overnights and inflows of tourists.

What is noteworthy is that many of the independent variables have shown little explanatory value in the full equations and sometimes the independent variables have a counterintuitive impact upon the dependent variable, as Table 14 illustrates. For example, the wealth indicator indicated a negative link with Croatian overnights, suggesting that those who stay longer in Croatia are from less wealthy countries. However, the arrivals and overnights in the Czech Republic are linked positively with wealthier countries, as expected. In addition, ex-Communist links and visa requirements show no explanatory value in any of the regressions.

Another interesting point is that most of the control variables in the analysis generally failed to have any predictive power for the Croatian regressions, although economic distance and geographical distance seem to be more useful as predictive variables for the Czech Republic. This could well be because Croatia's seaside attracts tourists for sun, sand, and sea holidays while the motive for visiting the landlocked Czech Republic and Slovakia are very different. Thus, the type of holiday sought may be an indicator playing a major impact on the choice of country one will visit, and there may be many segments unaffected by promotion.

Table 14
SUCCESS OF CONTROL VARIABLES IN THE ANALYSIS

Concept	Statistically significant in which regressions	Hypothesized link with dependent variable	Empirical link with dependent variable
Wealth	Croatia overnights, Czech Republic arrivals, Czech Republic overnights, Slovakia arrivals, Slovakia overnights	Positive	Mixed
Visa required	None	Negative	None
Neighbouring country	Croatia Arrivals (tourist fairs), Croatia overnights (tourist fairs), Czech Republic (arrivals), Czech Republic (overnights), Slovakia (arrivals), Slovakia (overnights)	Positive	Positive
Communist legacy	None	Positive	None
Former Yugoslavia	None (for Croatia)	Positive	None
Slovak Republic	Czech Republic (arrivals and overnights)	Positive	Negative
Czech Republic	Slovakia (arrivals and overnights)	Positive	Positive

The research also brings up the question as to whether tourist flows and tourist overnights are the cause or the effect of the promotional attempts in countries. If it is assumed that NTO offices abroad are proactive, then the evidence shows that tourist arrivals and tourist overnights are a function of promotional attempts in source countries. However, NTO may actually not be that proactive and only reply to markets where there is a proven demand for the country's tourism product. Future models should look into this issue to see how NTOs react to countries in which there is no demand to see how they create demand for a country's tourism product.

A further consideration in future research on the topic is the question of the critical mass of tourists needed for an NTO to take notice of a country. Is it that NTOs are so proactive that they spot a population with potential and then begin the quest of building market demand? If this is so, how do NTOs do this? Is it through attending fairs and building a strong demand which leads to setting up a small office in the source country? Or does the office come first and then the office expands in size and more fairs are attended? There are many questions about the process of promotion and it is the state's role in this that must be answered in future research.

The findings of the research support the findings of Webster (2000) in each case investigated - promotion is one of the best predictors of flows of tourists and overnights. Essentially, this means that state promotion brings tourists to a country and encourages people to stay longer. Thus, the state's NTOs encourage tourism. The model used in this analysis allows for the measurement of how successful each form of promotion has been at the country level.

The model merely indicates that the notion that the state plays a vital role in tourism promotion and indicates how to measure it with a model that can be applied to other countries as well. The use of the three countries in this analysis is only an example. The same model can be applied to other countries in which there are promotional activities of the state to stimulate tourism and data collected to measure tourism inflows and overnights. We suspect that the same model will show similar levels of success for other countries as well, since national tourist boards invest resources in different markets, presumably hoping for returns in tourists, and they do not invest in countries with few or no returns for a long time.

The proposed methodology is not without its own shortfalls. It does not take into account the efforts of national tourism boards to promote the destination online (see, for example, Han & Mills, 2006), which is not necessarily connected with a presence of an office in a specific country. Future research might incorporate the online promotional efforts of national tourism boards into the methodology applied in this paper or other forms of promotion that are not designed to target a market in a particular geographic area.

The model also assumes that all NTOs are state-owned and state-run. However, NTOs could be private associations or such associations could also have their own tourist offices abroad supporting the state-run NTOs in their efforts to promote the country. Future research should also take into account public-private cooperation in national tourism promotion abroad.

References

Adamczyk, B. (2005). The national tourism organizations of Poland, the Czech Republic, Slovakia and Hungary – the organization and activities. *Tourism*, 53(3), 247-258.

Ahmed, Z. U., & Krohn, F. B. (1990). Reversing the United States' declining competitiveness in the marketing of international tourism: A perspective on future policy. *Journal of Travel Research*, 29(2), 23-29.

Ashworth, G., & Goodall, B. (Ed.) (1990). *Marketing tourism places*. Routledge.

Bojani, D. C. (1991). The use of advertising in managing destination image. *Tourism Management*, 12(4), 352-355.

Buhalis, D. (2000). Marketing the competitive destination of the future. *Tourism Management,* 21(1), 97-116.

Dore, L., & Crouch, G. I. (2003). Promoting destinations: an explanatory study of publicity programmes used by national tourism organizations. *Journal of Vacation Marketing*, 9(2), 137-151.

Enright, M. J., & Newton, J. (2005). Determinants of tourism destination competitiveness in Asia Pacific: Comprehensiveness and universality. *Journal of Travel Research*, 43(4), 339-350.

Gil-Pareja, S., Llorca-Vivero, R., & Martínez Serrano, J. A. (2007). The impact of embassies and consulates on tourism. *Tourism Management*, 28(2), 355-360.

Gold, J. R., & Ward, S. V. (Ed.) (1994). *Place promotion: the use of publicity and marketing to sell towns and regions*. New Jersey: John Wiley and Sons, Inc.

Gooroochurn, N., & Sugiyarto, G. (2004). Measuring competitiveness in the travel and tourism industry. *Christel DeHaan Travel and Tourism Research Institute Discussion Paper 2004/7*. Retrieved June 2, 2006, from http://www.nottingham.ac.uk/ttri/pdf/2004_7.pdf .

Gretzel, U., Yuan, Y.-L., & Fesenmaier, D. R. (2000). Preparing for the New Economy: advertising strategies and change in destination marketing organizations. *Journal of Travel Research*, 39(2), 146-156.

Gretzel, U., Fesenmaier, D. R., Formica, S., & O'Leary J. T. (2006). Searching for the future: Challenges faced by destination marketing organizations. *Journal of Travel Research*, 45(2), 116-126.

Han, Jee-Hee, & Mills, J. E. (2006). Zero acquaintance benchmarking at travel destination websites: what is the first impression that national tourism organizations try to make? *The International Journal of Tourism Research*, 8(6), 405-430.

Henderson, J. C. (2004). Paradigm shifts: National tourism organisations and education and healthcare tourism. The case of Singapore. *Tourism and Hospitality Research*, 5(2), 170-180.

Hopper, P. (2003). Marketing London in a difficult climate. *Journal of Vacation Marketing*, 9(1), 81 – 88.

Hunt, J. D. (1990). State tourism offices and their impact on tourist expenditures. *Journal of Travel Research*, 28(3), 10-13.

Kim, D.-Y., Hwang, Y.-H., & Fesenmaier D. R. (2005). Modelling tourism advertising effectiveness. *Journal of Travel Research*, 44(1), 42-49.

King, J. (2002). Destination marketing organisations – Connecting the experience rather than promoting the place. *Journal of Vacation Marketing*, 8(2), 105-108.

Kotler, Ph., Haider, D. H., & Rein, I. (1993). *Marketing places: Attracting investment, industry and tourism to cities, States and Nations*. New York: The Free Press.

Law, R., Goh, C., & Pine, R. (2004). Modelling tourism demand: a decision rules based approach. *Journal of Travel and Tourism Marketing*, 16(2-3), 61-69.

Lim, C. (1997). Review of international tourism demand models. *Annals of Tourism Research*, 24(4), 835-849.

McIntosh, R., Goeldner, C., & Ritchie, J. (1992). *Tourism principles, practices, philosophies* (7th ed.). New Jersey: John Wiley and Sons, Inc.

MacKay, K. J., & Smith, M. C. (2006). Destination advertising: age and format effects on memory. *Annals of Tourism Research*, 33(1), 7-24.

McWilliams, E. G., & Crompton, J. L. (1997). An expanded framework for measuring the effectiveness of destination advertising. *Tourism Management*, 18(3), 127-137.

Middleton, V. T. C., & Clarke, J. (2001). *Marketing in travel and tourism*. (pp. 327-347). Butterworth-Heinemann.

Tang, Fang-Fang, & Xi, Y. (2005). Lessons from Hong Kong: The role of tourism boards. *Cornell Hotel and Restaurant Administration Quarterly*, 46(4), 461-466.

Webster, C. (2000). Cyprus tourism: Measuring the impact of promotion. *Journal of Business and Society*, 13, 83-91.

World Travel and Tourism Council. (2006). *Competitiveness monitor*. Retrieved June 2, 2006, from http://www.wttc.org/frameset3.htm

Submitted: 10/16/2006
Accepted: 02/15/2007

Ulrich Cloesen

Entrepreneurship within rural tourism: A private walkway on Banks Peninsula, New Zealand

Abstract

Rural tourism is considered an economic alternative for farmers who are facing sinking profits and require additional income. This in turn can lead to an entrepreneurial response. The distinction between simple diversification and entrepreneurship takes place when separate legal entities for new ventures are formed. Entrepreneurship is commonly defined as creating something of value from practically nothing. It is the process of creating or seizing an opportunity, and pursuing it regardless of the resources currently personally controlled. This involves the definition, creation and distribution of value and benefits to individuals. In New Zealand's modern history, the main factor supporting rural development was how a well educated rural population reacted to the withdrawal of farm subsidies in the mid 1980s. Treeby and Burtenshaw (2003) see this as the key historical driver in the diversification of rural enterprises. New Zealand moved from a highly regulated economy prior to 1984 to one of the most deregulated in the Western World. The thrust of the new government in 1984 was to make farming more efficient by removing subsidies and exposing the rural sector to international prices, including government services, virtually overnight. After initial growing pains, farmers of the post 1984 period are now more confident of their future and reluctant to going back to government subsidized farming. One example of entrepreneurial response resulting from these events has been the establishment of the first private rural walkway in New Zealand on Banks Peninsula.

Keywords:
rural tourism; private rural walkways; entrepreneurship; New Zealand

Introduction

During the past decade farmers have increasingly diversified their sources of income. They do so to provide for retirement, maintaining their farm household income, to defend farm equity or ensure family succession. Farm diversification in New Zealand led to dairying, farming of new sheep and cattle breeds, ostrich farming or venturing into farm forestry.

Ulrich Cloesen, M.Sc., School of Tourism, Travel and Recreation, Polytechnic Institute of Technology, Christchurch, New Zealand E-mail: cloesenu@cpit.ac.nz

There has also been a rise in entrepreneurial activity on farms. Some of these ventures are integrated with existing or changed forms of land use. This paper investigates the effects of entrepreneurship, within rural tourism, on the diversification of farming on Banks Peninsula, New Zealand. It will portray factors contributing to entrepreneurial activity in New Zealand's rural sector and showcase a private rural walkway enterprise. The study is based on a desk review of existing tourism research relevant to the needs of rural enterprises and/or the means of addressing them. It also analyses local council policy initiatives as well as economic data for Banks Peninsula.

Setting the scene - the big picture

New Zealand is situated in the southwestern Pacific Ocean and consists of two main islands and a few smaller islands. Their combined area of 270 500 sq km is similar to the size of Japan. Hill country and mountain ranges dominate the country's landscape. The country has a population of 4 million. One in seven people live in rural areas (Statistics NZ, 2001). The climate is temperate and average temperatures range from 8°C in July to 17°C in January. Summer temperatures can reach 30°C in inland and eastern regions. The average rainfall varies widely. The driest season for most of the North Island and the northern South Island of the country are the summer months December to February. Both islands are long and narrow, which means that rural areas are commonly less than two hours drive from medium sized towns or cities where modern urban services and facilities are available. Well developed rural roads and electricity supply networks allow most rural people a similar living standard to their urban counterparts.

New Zealand's economy is much dependent on overseas trade. Agricultural, forestry and horticultural products make up 69 per cent of total exports. Tourism has also become an increasingly significant source of income for the nation. The New Zealand tourism industry is made up of 10 major public-listed companies and more than 16,500 small to medium enterprises (SMEs). Tourism is a major employer and supports one in ten jobs in the country. Nearly 97 per cent of all private enterprises in New Zealand are small and medium sized enterprises, employing 19 or fewer people (Statistics NZ, 2001). New Zealand farms operate as private businesses, usually family owned SMEs, producing a mix of products such as milk, meat and wool.

High Internet access differentiates New Zealand from many of its neighbors in the Asia / Pacific region. Internet access by rural schools and rural residents is a vital component in rural development. Electronic banking, communication, information, marketing and education services reduce the divide between rural and urban New Zealanders. The importance placed on the communication technology is highlighted by Treeby & Burtenshaw (2003): The underlying philosophy is that, by providing rural people access to information and communication technology, entrepreneurial rural people will use these networks to create their own rural enterprises. An example of this is the country's wine industry, where many vineyards now market and sell the wine they produce direct to customers worldwide.

In New Zealand's modern history, the main factor supporting rural development was how a well educated rural population reacted to the withdrawal of farm subsidies in the mid 1980s. Treeby & Burtenshaw (2003) see this as the key historical driver in the diversification of rural enterprises. New Zealand moved from a highly regulated economy prior to 1984 to one of the most deregulated in the Western World. The thrust of the new government in 1984 was to make farming more efficient by removing

subsidies and exposing the rural sector to international prices, including government services, virtually overnight. The government also returned many activities to regional and local government. The responsibility for resource management under a new Resource Management Act in 1991 encouraged individual responsibility for sustainable resource use. Treeby & Burtenshaw (2003) have seen farmers post 1984 more confident of their future and reluctant to go back to government subsidized farming. The Resource Management Act in New Zealand (usually called the RMA) is the main piece of legislation that sets out how we should manage our environment. It is based on the idea of the sustainable management of our resources, and it encourages us to plan for the future of our environment. While the RMA provides a guide to what is important in our environment, it generally leaves the decisions about how to manage the environment in the hands of the local community.

Entrepreneurial culture

Across all industry sectors, according to Frederic (2004), New Zealand is emerging as one of the world's most entrepreneurial countries with 16.82 per cent of existing firms being classified as entrepreneurial firms what is the highest amongst developed countries. Informal investment counted for 99.2 per cent of total investment while professional venture capital accounted for just 0.8 per cent. Most New Zealand entrepreneurs are based at home, they are single operators with few employees, what is especially the case in service industries. UNITEC, based in Auckland, is currently conducting the Global Entrepreneurship Monitor (GEM), an international research initiative, set up in 39 OECD countries, to provide a window into New Zealand's entrepreneurial state.

The GEM seeks to answer:

- How much entrepreneurial activity is happening worldwide?
- What are the different types of entrepreneurship?
- Why are some countries more entrepreneurial than others?
- What can governments do to promote and facilitate entrepreneurial activity?

Timmons (in Morrison et al., 1999) defines entrepreneurship as creating something of value from practically nothing:

> *It is the process of creating or seizing an opportunity, and pursuing it regardless of the resources currently personally controlled. This involves the definition, creation, and distribution of value and benefits to individuals, groups, organizations and society at large" (p. 10).*

The distinction between simple diversification and entrepreneurship is drawn, when separate legal entities for new ventures are created (Newman, Pers. Comm, 2006; Morrison et al., 1999, p. 5).

McGinn (2005) describes New Zealanders as entrepreneurial but not ambitious, resulting in falling behind other countries in terms of standard of living. Hull (2003) proposes that despite New Zealanders having many small enterprises, strong levels of entrepreneurial activity, and high proportions of individuals who own their own business, that there is a lively debate on whether New Zealand culture is indeed an enterprise culture. The high rate of home-based businesses in the country in general and in rural tourism ventures is matching the typology of the lifestyle entrepreneur.

Audretsch in Hull, (2003) portray barriers to growth in New Zealand in that we enjoy success in sport and cultural activities and recommends that we extend this attitude into all our activities so that we reward success and risk taking when applied to other

endeavors. New Zealand has to want to grow – it has to want talented people to succeed, it has to provide the climate that makes success possible and it has to allow people to enjoy the fruits of their success. McGinn (2005) sees New Zealand business still suffering from the 'tall poppy syndrome'. While New Zealanders in general are known to be innovative, the level of business investment in research and development although steadily increasing over the past years is still below the OECD average. In the Canterbury province of the South Island, the Canterbury Development Corporation is attempting to address such shortcomings. On a national level, initiatives such as the 'New Zealand Trade and Enterprise' (NZTE) Escalator service is designed to assist business growth by providing innovative small to medium sized enterprises and entrepreneurial New Zealanders with capital to expand, diversify, or commercialize a new concept with skills and assistance to access investment opportunities (ww.cdc.org.nz).

Rural tourism

Rural tourism falls into the area of 'specialist accommodation' which should provide the following factors: "personal service, activities offered to guests and accommodation that is usually owner operated and not part of any chain or consortium" (Pearce & Moscardo, 1992, in Morrison, Pearce, Moscardo, Nadkarni & O'Leary, 1996, p. 2). The gender issue in providing such service has played a great role as a driver for development of farm tourism businesses. Nilsson (2001) points out that the wife has a central role in farm tourism while the husband focuses on the day to day running of the farming venture.

Reasons why visitors are interested in rural tourism include:

- experiencing what is perceived as a healthy lifestyle, with plenty of fresh air, wholesome food and exercise,
- activities associated with rural locations such as hiking, horse riding, fishing, bird watching or camping,
- getting away from a stressful and fast paced city environment to the peace and tranquility of the bush,
- enjoying the friendly warmth and hospitality of country people,
- visiting sites of historical, cultural and perhaps personal significance, and
- visiting friends and relatives, and reaffirming origins (Craig-Smith, Cody & Middleton, 1993, pp. 8-9).

While such activities are still common in rural areas, there are many other activities now engaged in, alongside the traditional use, which are quite different, such as trail biking, off road motor vehicle riding, hang gliding, jet boating. In such instances, rural areas have become a location and a backdrop for the activities, rather than a key setting.

There is a global trend for visitors to demand greater flexibility and informality from their holiday experiences, resulting in a major growth in the 'anti-tourist' market segment, both in Australia and elsewhere. "The anti tourist is someone who cares about conservation and the environment and who strongly dislikes 'touristy' places" (Craig-Smith, Cody & Middleton, 1993, pp. 8-9). An anti tourist prefers to be part of the genuine environment of a place rather than be protected from it by tourist organizers, international hotels and familiar experiences.

Farm tourism is often considered an economic alternative for farmers who are facing sinking profits and require additional income. Encouragement of tourism on farms is

considered a mean to overcome lower profits and provide employment opportunities. The potential of farm tourism to the rural sector is recognized on a regional level. New Zealand's Canterbury Rural Development Summit recommendation 'Taking action to resolve rural challenges' recommends under point six – 'Diversification of the rural economy', that new land based industries are needed and more profitable areas than traditional beef and sheep farming have to be identified. Linking rural activities with tourism with an eco, cultural or historical emphasis are highlighted as the most opportune. Further, craft activities or private gardens are stated to hold potential from being linked to the tourism theme (www.nzine.co.nz/life/rural2.html). Gourmet food products are another area of potential. Unique fruit pates and cheeses have been successfully launched by Rutherford and Meyer, a business run by two North Canterbury women, now developing export markets in the United Kingdom (www.nzine.co.nz/life/rural2.html). Another aspect of farm tourism, called the 'WWOOF' scheme (Willing Workers on Organic Farms), although not income generating but saving on labour costs, could be added (McIntosh & Campbell 2001). The WWOOF participants from all over the world work voluntarily on New Zealand farms in exchange for meals and accommodation.

The Ministry of Agriculture and Forestry (MAF) has played an important role in facilitating new rural initiatives. "MAF's work in rural tourism is an example where a facilitation programme aimed at reinforcing the goals of sustainable agriculture, has identified another commercial land use…Just under 40 per cent of respondents in a MAF survey had enterprises that were either all or in part based on the tourism industry. Just over half of these enterprises provided accommodation" (Treeby & Burtenshaw, 2003, pp. 34). Other rural facilitators worth mentioning are community based educational initiatives such as the "Rural Education Activities Programme (REAP)" (www.reap.org.nz), funded by central government and the "Small Business Enterprise Centres (SBEC)" (http://canterbury.cyberplace.org.nz), funded by a partnership of central and local government and local industry.

A further reason to start farm tourism ventures was creating social contacts for farmers who often live in remote areas. A chance for more personal fulfillment, coupled with the availability of empty rooms from children having left home lowered the financial barriers for lifestyle entrepreneurial ventures. Some farmers joined up with "Rural Tourism Holding (RTH)" (www.ruraltours.co.nz), which arranges rural tours, accommodation and bed and breakfast options. RTH is New Zealand's largest farm stay, home stay and bed and breakfast service provider. Other sources of marketing were the internet, roadside signs and the local tourist information centre.

Rural tourism in the Banks Peninsula

Banks Peninsula comprises some 107,000 hectares and is located to the south and east of the city of Christchurch on New Zealand's South Island. The Peninsula was named after Joseph Banks, the botanist who accompanied Captain Cook on his voyage of discovery to the South Pacific in 1770 (Hargreaves, 2002,). Tourism on Banks Peninsula is growing five times faster than the national average. Christchurch (population 340,000) is the principal city in the province of Canterbury and gateway to the South Island. Travel time to Akaroa, the main settlement on the Peninsula, takes about one hour and thirty minutes. Akaroa is one of the best known tourist and holiday destinations in the region and a significant component of the Christchurch tourism and recreational hinterland. While this township is situated only 86 kilometers from Christchurch, it is isolated from the city and the rest of the province of Canterbury by its topography. "The volcanic origin of the Peninsula presents itself in numerous high

peaks and narrow gullies, running into the sea in more than fifty bays around the perimeter of the Peninsula. Some of the bays are home to one family, while larger settlements of more than one hundred residents are found at Le Bons and Okains Bay, both hosting a large number of holiday homes also" (Fountain & Hall, 2002, pp. 155). The outer bays are connected to each other and to Akaroa by a network of steep and windy roads.

Brathwaite (1988) points out that Akaroa, nestled along its natural harbour, was originally a French settlement, which failed to proclaim sovereignty over Banks Peninsula. The French settlers introduced grapevines in 1840, ten years before formal settlement of Canterbury by the British (Schuster et al., 2002, p. 19). The French connection in Akaroa has been consciously promoted since the 1960s, when the Akaroa District Council added the prefix 'Rue' to all street names of a French origin in an attempt to draw attention to the French associations of the town (Fountain, 1998, n.p.). The other image promoted is that of the home of the 'Hectors Dolphin', which can be found in Banks Peninsula's harbour and along its coastal shoreline in the Pacific Ocean.

During the 1980s, a series of droughts, combined with the withdrawal of farm subsidies during this period, affected the viability of many farms in the area. This resulted in diversification into other land uses, including tree cropping, viticulture, the rearing of llama, deer and ostrich, lavender farming, horticulture, and the tourism industry…niche crops such as grapes, olives, herbs and flowers can be further developed to supplement traditional agricultural applications such as beef, lamb and wool. However, certain challenges like a shortage of water available to many farming areas need to be addressed (Fountain & Hall, 2002; Bank Peninsula Tourism, 2003).

Akaroa became increasingly economically reliant on the development of the tourism industry, including related second home development. The name weekenders is given to holiday home owners in the town, a group that now makes up more than fifty per cent of ratepayers in Akaroa. Banks Peninsula Tourism (2003) predicted that 90 per cent of all domestic day-visitors were from within the Canterbury region. This shows that local and domestic markets form the main source of income to the Banks Peninsula tourism industry and should remain an important focus in marketing efforts. "Approximately 160 persons, on average over the year 2002, were employed directly in tourism in Akaroa…total employment in Akaroa as measured in the 2001 census was around 261 persons…total direct spending by tourists in Akaroa is estimated to have been NZ$ 17.3 million in the 2002 year" (Simmons, Fairweather & Shone, 2003, n.p.). The number of overnight stays recorded in the district to the year ended July 2003 was 17.6 per cent up on the previous year, according to District Council information (Warren, 2003). With over two million visitors to Canterbury each year, tourism is a key element of all the district economies of this province. The sector contributes around NZD 550 million annually and is predicted to grow by more than 70 per cent in the next six years (http://creds.blogspot.com).

Private rural walkways

On Banks Peninsula are many entrepreneurial opportunities/initiatives; however this research focuses on the development of private rural walkways as an entrepreneurial enterprise. In 1989, crippling interest rates and the removal of farm subsidies, plus the worst drought the Banks Peninsula had ever seen, propelled many rural ventures into serious financial problems. Grocke, Perkins and Devlin (1998) pointed to farmers consuming more of their limited income, rather than reinvesting in farm businesses,

leading to the lowering of farm revenue. During a rural social event in 1989, the idea for opening a private walking track came up and neighbours started talking to discuss the viability of a track. By early September 1989, nine landowners had voted to set up a 35 kilometer, four day walking track using existing farm buildings as walker's accommodation. Back then this kind of venture was pretty much uncharted territory. Redgrave (2005) describes the planned route as climbing as high as 699 meters, taking in early colonial and farming buildings, passing ancient indigenous Maori pa and battle sites, following volcanic coastline and weaving through stands of regenerating native forest. Walkers could sight New Zealand fur seals and Hector's dolphins, yellow eyed penguins, wood pigeons and a host of other native birds.

Initially, numbers of walkers were limited to four per day, with hut and track fees paid in advance. Nobody but the landowners themselves had to be asked for permission. The track, the first of its kind in New Zealand, opened on December 1 1989, the day the Resource Management Act went to Parliament, thus avoiding compliance costs for accommodation, amongst others. "The total numbers of walkers in the first year was about 300…from October to April. The track operates on a one way system which has the advantage to walkers of minimizing contact with other walkers" (Hargreaves, 2002, pp. 4). Fast forward to 2004 and the now 13 shareholders/directors of Banks Peninsula Limited can barely remember the bad old days. "Today their track, with purpose built accommodation for 12 people a night is walked by up to 2700 people a year. Walkers pay NZD 200 each for the pleasure…which suggests the Banks Peninsula Track is grossing over half a million dollars a season" (Redgrave, 2005, p. 75). Thirty per cent of current track walkers are overseas tourists, the rest are domestic patrons.

Reuters Business Briefing posted an interview with one of the founding members of the track, remarking:

> *"If we have learned anything it is that tourists are more reliable than animals because they provide an income in rain as well as in drought… in 1999, tourism provided more than half of their income, in 2000 it was less than half, because of improved farm incomes and because they bought an extra 110 ha, taking the total landholding to 421ha …you build up knowledge of what people want"* (wwwf.Business.reuters.com).

Farmers who want to develop a private rural walkway can face a number of issues. One of the problems landowners may face is what will happen to the track if one of them sells out or subdivides his/ her property. Long term access agreements between landowners are essential for this kind of venture. There is also a legal responsibility under the Occupational Health and Safety Act (OSH). This has presented an initial concern for farmers. "I guess as a business we are a limited liability company, so as far as the track, it's a company separate from the farm which should give us some degree of protection" (Grocke et al., 1998, n. p.). The company structure assists in the venture decision making process. Farmers are used to making independent decisions, so it presented them with a challenge to work together to form a consensus in the decision making process. The company structure is also more practical in dealing jointly with Resource Management Act and Building Act requirements. Perhaps the reason why the Banks Peninsula Track has been successful is that there is a strong financial incentive for the landowners to cooperate.

> *For example, the base payment for a landowner is currently around NZD 10,000 per annum. The actual amount of the payment is a function of the annual number of walkers. One landowner that has only a short stretch of the track receives the NZD 10,000 per annum and in return only has a maximum 1-2 days of track maintenance each year. Farmers offering accommodation would gross an additional NZD 50,000 – 60,000 per annum* (Hargreaves, 2002, pp. 9-10).

The Southern Bays Track is an example of a second privately owned track on Banks Peninsula that failed. Local residents and Real Estate agents pointed to the withdrawal of access by first one, then two landowners as the main reason for the demise of this particular track.

New Zealand is renowned for great walking tracks in its National Parks. Names such as Abel Tasman, Milford or Routeburn track typically appear in wholesaler's tour brochures or travel guide books. Crowding can be a problem for public huts. Herein lays an advantage for private tracks. "By limiting the number of walkers on the Banks Peninsula Track to the bed capacity, walkers always know they have a bed and do not have to race ahead to the next hut" (Hargreaves, 2002, p. 11). Extra services by private tracks like pack cartage is another bonus, which is almost absent in National Park walking options.

The greatest indicator of the Banks Peninsula Track success is the way it has paved the way for a new kind of tramping experience in New Zealand. Now there are a total of 14 private walking tracks on farms around New Zealand. "For many farmers it's the first time they've actively opened their gates to the general public – and found the experience rewarding (Redgrave, 2005, p. 76). The rise of private walking tracks is a unique New Zealand phenomenon, says Walter Hirsh, author of *Hidden Trails: Private Walking Tracks in New Zealand*. He describes them as homegrown and self sustaining, reflecting the creativity and enterprise of rural landowners as they develop tourism projects, but they also provide good tramping experiences.

There is no official private walking track network and no official statistics, but *North & South* research suggests that from October 2003 to May 2004 more than 10,000 people took advantage of private walking tracks, and 60 to 70 per cent of them were women (Redgrave, 2005, p. 77).

The success of private walking tracks in New Zealand started a trend to offering private walks on public tracks around the country. "In September 2003 Christchurch tourism operators Tuatara Tours set up a three day guided walking adventure ushering a maximum 15 walkers from Christchurch to Akaroa via two ferry trips, a gondola ride and across private and Department of Conservation land. Walkers pay NZD 990 and get to stay in up market accommodation such as historic Godley House hotel at Diamond Harbor" (Redgrave, 2005, p. 82). This walk covers a distance of 39 kilometers.

Yet another example of expanding the concept of walking tracks has been the idea of converting the former Little River railway line on Banks Peninsula for public recreational use. The idea was first mooted 7 years ago and in 2003, the Christchurch – Little River Railway Trust was formed with an aim to transform the former railway route into a trail catering for walkers and cyclists wishing to view the region at close quarters, while avoiding the traffic on the busy road between Little River and Christchurch (Farrell, 2006). The 44 kilometer long journey passes through spectacular landscape, rich in wildlife and human history. Skirting the massive flanks of the ancient volcanoes which make up Banks Peninsula, the trail hugs the shoreline of a vast lagoon, Lake Ellesmere and Lake Forsyth. The project is being developed in stages. The trail is near level, following the route of the former railway line. The surface is compacted shingle, and bridges have been reconstructed over each waterway. The route is safe for family groups and for people of all levels of fitness. It can be traveled in a single long day. The author was among the first to cycle the opening of the first 19 kilometers open to the public on May 28, 2006. "Working in conjunction with Ngai Tahu and the Wairewa

Runanga, the Department of Conservation, Environment Canterbury, Christchurch City Council, Banks Peninsula District Council and Selwyn District Council, and with hours of work from numerous volunteers, The RailTrail Trust's vision is now reality" (Farrell, 2006, p. 35). The RailTrail will sit well with longer distance touring cyclists, visiting Banks Peninsula, including many from overseas. Cycle tourists support the local economy; they carry fewer luggages for basic needs such as food and buy more from settlements they pass through. The same can be said for the inflow of walkers in supporting rural settlements.

Local Government has not been unaffected by all this development on Banks Peninsula. A draft walking and cycling strategy for the district has been lodged in December 2005, aiming to "seek to increase the participation rate for the entire Peninsula community in walking and cycling for recreational and transport needs" (Boulter & Everingham, 2005, p. 6). The development and improvement of walkways and cycle linkages to connect communities is a desired outcome, amongst others. The draft also states that the development of indigenous Maori Walking Trails could also have significant potential.

Conclusion

Entrepreneurship is recognized as being at the heart of an economic development task and driven by the motivations of individuals, who are seeking to satisfy their personal goals. As such, the ultimate aim of economic development is to create opportunities for personal fulfillment through economic activity, according to Fass & Scothorne, 1990 (in Morrison et al., 1999, p. 3). The establishment of the Banks Peninsula Track venture identified an opportunity to create something from nothing, regardless of a lack of resources. The venture helped to diversify the local economy on Banks Peninsula. It also fits the brief of entrepreneurship in terms of creating a separate legal entity from its farms. One can however argue if entrepreneurs without expansion traits i.e. lifestyle entrepreneurs are 'real' entrepreneurs.

A major contributing factor in developing entrepreneurial ideas has been the abolishment of farm subsidies in the mid 1980s, forcing farmers to deal innovatively with economic decline. High internet access and a well educated rural population (Banks Peninsula has the highest concentration of tertiary qualified people in the country) were helpful in coping with these changes. Strong growth in tourism in the province, the inflow of second home 'weekenders' and day trippers to Akaroa, coupled with the proximity of Christchurch's population of 340,000 worked in their favor. The creation of a private rural walkway met the needs of the "Anti tourist' movement in search for a more authentic experience head on. The economic multiplier effect of private walkway participants spending filtering into the local community cannot be underestimated. The latest available figures of 2,700 walkers in 2004 for the Banks Peninsula track will vouch for this. Determining the exact financial impact for the rural economy warrants further study.

This entrepreneurial success in creating a niche has been the trendsetter for the establishment of many more private walkways all over New Zealand for the rural sector. It is also noteworthy that of all walkers, "60 to 70 per cent of them were women…the driving forces behind most of these tracks are women too" (Hirsh in Redgrave, 2005, p. 77). Entrepreneurial success also encouraged initiatives on a local level like private enterprise walks on public tracks or public initiatives like the creation of the RailTrail corridor on the Peninsula. It further contributed to initiatives on a local government level in terms of the development of a walking and cycling strategy for the district.

Lastly, credit should be given to community based rural development facilitators and also government agencies such as the Ministry of Agriculture and Fisheries for their support to the rural sector during agricultural reforms.

References

Banks Peninsula Tourism & Economic Development, (2003). *Strategic Plan 2004-2007* (p. 32.) Banks Peninsula District Council.

Boulter, R. & Everingham, W. (2005). *Banks Peninsula District Council Draft Walking and Cycling Strategy and Strategic Plan December 2005* (p. 6). Banks Peninsula District Council.

Brathwaite, E. (1988). *Christchurch – North and Mid Canterbury* (p. 72). Wellington: Government Print Books..

Broking Capital for Business Growth. Retreived June16, 2006, from www.cdc.org.nz.

Canterbury Regional Economic Development Strategy (CREDS) (2004). Retreived June 8, 2006, from http:// creds.blogspot.com

Craig-Smith, S., Cody, N., & Middleton, S. (1993). *How to be successful at home hosting and farm tourism* (8-9). The University of Queensland, Gatton College.

Diversification of the rural economy. Retreived July 2, 2002, from www.nzine.co.nz/life/rural2.html

Farrell, F. (2006). *The Christchurch – Little River RailTrail – A Guidebook* (pp. 2-35). Christchurch, NZ: Toltech Print.

Fountain, J. & Hall, M. (2002). The impact of lifestyle migration on rural communities: A case study of Akaroa, New Zealand. In C. M. Hall & A. M. Williams (Eds.), *Tourism and Migration: New Relationships between Production and Consumption* (pp. 153-168). Dordrecht: Kluwer.

Fountain, J. (1998). Beyond the brochures: An examination of the history and process of place image construction in Akaroa. *Proceedings of New Zealand Tourism and Hospitality Research Conference 1-4 December 1998*. Lincoln University, NZ.

Frederick, H. (2004). *The UNITEC Global Entrepreneurship Monitor 2003/2004: Toward High Growth Enterprise in New Zealand* (p. 4). Auckland: UNITEC NZ Center for Innovation & Entrepreneurship Research Report, Series Vol.3, No1,

Grocke, C., Perkins, H., & Devlin, P. (1998). New Opportunities: The development of privately managed walkways in rural North Canterbury. *Proceedings of New Zealand Tourism and Hospitality Research Conference 1-4 December 1998*. Lincoln University, NZ

Hargreaves, B. (2002). *The Banks Peninsular Track – A Case Study in Rural Tourism* (p. 2). A Paper for the Pacific Rim Real Estate Society Conference, Christchurch, NZ, 21-23 January 2002.

Hirsh, W. (2002). *Hidden Trails – Private Walking Tracks in New Zealand* (pp. 8-16). Auckland: New Holland Publishers NZ Ltd.

Hull, L. (2003). *A Promotion of Enterprise Culture: Theory and Practices Working Paper* (pp. 1-64). Research, Evaluation and Monitoring Team; Industry and Regional Development Branch; Ministry of Economic Development, NZ.

Mc Ginn, D. (2005). The Trouble with Lifestyle Entrepreneurs. *Inc. Magazine*, July 2005, 7-9.

McIntosh, A. &Campbell, T. (2001). Willing workers on organic farms (WWOOF): A neglected aspect of farm tourism in New Zealand. *Journal of Sustainable Tourism*

Morrison, A., Pearce, P., Moscardo, G., Nadkarni, N., &O'Leary, J. (1996). Specialist Accommodation: Definition, Markets served, and Roles in Tourism Development. *Journal of Travel Research, 2*.

Morrison A., Rimmington M. &Williams C. (1999) Entrepreneurship in the Hospitality, Tourism and Leisure Industries. Butterworth Heinemann. p. 10.

Nilsson, L. (2001). *Staying on Farms – An Ideological Background* (pp. 8-9, 21). Pergamon Elsevier Science.

Redgrave, T. (2005). Stepping Out -The Rise & Rise of the Private Walking Track. North & South, January, p. 74

Rural Education Activities Programme. Retreived May 21, 2005, from www.reap.org.nz

Rural Tourism Holding. Retreived May 21, 2005, from www.ruraltours.co.nz

Simmons, D., Fairweather, J., & Shone, M. (2003). *Tourism in Christchurch and Akaroa: Challenges for Planning and Recommendations for Management*. Tourism Recreation Research and Education Centre Report No. 39, Lincoln University, NZ.

Small Business Enterprise Centres. Retreived May 2, 2005, from http://canterbury.cyberplace.org.nz

Statistics NZ (2001). *Media Release 2001 Census Snapshot Rural New Zealand*. Wellington: Statistics NZ.