

**RURAL MIDWEST COMMUNITY CASE STUDIES IN RETAIL TOURISM;  
IDENTIFYING COMMUNITY APPEAL AND SATISFYING VISITOR NEEDS.**

**by**

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**A Thesis**

**Submitted in Partial Fulfillment of the**

**Requirements for the Degree of**

**Master of Science**

**With a Major in**

**Hospitality and Tourism**

**Approved: 6 Semester Credits**

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ABSTRACT

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Rural Midwest Community Case Studies In Retail Tourism; Identifying Community Appeal and Satisfying Visitor Needs.

(Title)

Hospitality and Tourism Dr. Christine Clements 11/1999

(Graduate Major)

(Research Adviser)

(Month/Year)

(No. of Pages)

American Psychological Association's *Publication Manual*, Fourth Edition

(Name of Style Manual Used in this Study)

Retail tourism development and success is a function of several factors. Prospective and active Tourism Destination Areas (TDAs) need to assess their visitor drawing potential, including both the natural and human resources of their area, as well as their prospective market. Analysis of the inter-relationship between those elements that

attract visitors to an area and those elements that propel them to leave their home areas is paramount to understanding retail tourism. This research is a case study examining the relationship between the tourism markets and business strategies of a sample of Midwest retailers and the primary tourism draw of the TDA in which the retailers operate.

This research expands on a University of Wisconsin-Extension Service study identifying retail tourism strategies in the Midwest. Its objectives include identifying selected tourism variables within a sample of 21 retail businesses and analyzing their co-relationships. Information is gathered through a literature review, personal interviews and a mailed questionnaire. Statistics are analyzed by the Statistical Package for the Social Sciences (SPSS) and significant relationships are identified by the chi-square test.

The findings and their interpretation illustrate the comprehensive nature of a case study approach. Utilization of both personal interviews and a mailed questionnaire reinforce the credibility of the results, and provide both quantitative and qualitative data. Although conclusions are confined to a limited generalizability, practical information useful in the expansion of knowledge on the subject is revealed.

This study demonstrates the significance of the compatibility between area tourism appeal and business concepts, strategies and products. It expresses the importance of matching business concepts with TDA themes, and matching the both of them to visitor markets.

As an academic endeavor, this study expands the knowledge on the subject. As an industry tool, it provides useful information for the practitioner.

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## The Problem and its Setting

### Introduction

The survival of a large percentage of small independently owned retail businesses in rural America has become severely threatened. The few solutions aimed at improving their situation that have been proposed and tested have failed to reverse the steady decline in business revenue and numbers.

It has become more and more apparent, however, that tourism is emerging as an increasingly viable alternative for improving the economies of rural communities and the small businesses that operate within them. These businesses operate in a complex market environment. It would be unreasonable to regard tourism as a small business economic panacea because expanding sales to tourists can take a variety of forms, and the success of individual methods is a factor of many variables. Fundamentally, retail tourism success variables can be organized into two categories. Both the business structure (including type of product, location, etc.) itself and the environment in which the businesses operate must be conducive to retail tourism development.

To understand the significance of tourism to the retail methods utilized by small businesses in rural communities in the Midwest, the setting in which these businesses operate must first be explored. Retail tourism businesses are part of an industry that is so intertwined within the fabric of our contemporary society that its effects and influences are extensive. Moreover, those influences are changing with the never-ending economic, social and political fluctuations of our time.

Tourism has become a powerful and pervasive economic force throughout the world. Fundamentally, the aggregate process of millions of people traveling from one

place to another creates limitless trade transactions and opportunities for commerce. As such, tourism's potential stems from the ongoing and ever-evolving symbiosis that is part of any micro-economic system. That is, retail tourism works because it provides opportunities for both the supplier and the consumer to satisfy their respective wants and needs. Obviously, this relationship transpires in the context of individualized sets of circumstances, and there are understandably limitless manifestations of the retail trade process. Even so, in examining the characteristics of the traveling customer and the businesses that supply tourism goods, patterns indicating that tourism is an increasingly viable alternative for improving the economies of small rural communities emerge. Why does promoting retail tourism make sense for a small community? To answer that question, the dynamics of people's ever-changing travel habits, the existing retail market conditions of the rural and global economy and the changing nature of rural retail businesses must be explored.

#### The dynamics of people's ever-changing travel habits

Whether or not people travel is dependent on their personal proclivities as well as the travel environment. Individual travel motivations are many and varied. The social, political, and economic conditions in which tourism functions are complex and ever-changing. Transportation networks and infrastructures are constantly improving. Tourism commerce takes place in a complex environment with seemingly random influences. Remarkably, however, some consistencies emerge.

People travel more today than ever before. A sophisticated transportation infrastructure enables tourists to travel greater distances, more often, and to a larger selection of destinations for less money. And people travel for more reasons and more

frequently than ever before (Inskeep, 1991). According to the Wisconsin Department of Tourism, travel will probably be the largest industry in the world by the year 2020 (WI Dept. of Tourism, 1999). The world is witnessing increases in both discretionary and business travel. Continued economic growth, a strong dollar, and low charter airfares have made international travel for Americans increasingly attractive. In light of the global post-industrial world, the conditions for these trends are being replicated by a larger number of countries. “The number of tourist market generating countries is increasing” (Inskeep, 1991, p. 13). Business travel is still strong in spite of the now extensive use of on-line communication and commerce. Shopping has increased in significance as a leisure activity. Environmentally responsible tourists have led the increase in popularity of "green" or Eco-tourism. Adventure tourism is a very significant trend.

The characteristics of the traveler are also changing. As America grays, so too does the typical traveling consumer. The baby-boomer generation is turning 50 and in facing their mortality has become more concerned with healthier lifestyles (Wallace, 1993). Not only do older individuals have more time to travel; their extended families are more apt to reside in distant areas. A heightened focus on the family has increased what has been termed “kinship travel”.

Today’s consumers have more time, disposable income, education and interests than ever before. Today’s tourists have an increased interest in natural resources, exercise and fitness, cultural diversity, learning and heritage. They are better educated and informed. As a result, not only do they enjoy expanding their world; they do so more routinely.

The traveling public is living longer. In general, tourists remain more active and demanding of their surrounding for more of their lives. With longer life spans, people enjoy more healthy travel years. "...increased life expectancy is accompanied by increased expectancy from life" (Wallace, 1993, p. 62).

Urbanization has increased many city dwellers' appreciation of the country. Nature or Eco-tourism and Rural, Farm or Agricultural Tourism have become more popular with urbanites seeking a slow-paced provincial contrast to their stressful asphalt lifestyles. Conference travel has incorporated more leisure activities.

Improved transportation infrastructures, two-car families, higher incomes, employed retirement, increased leisure time and relatively inexpensive fuels have all contributed to the mobility of the modern-day consumer.

Tourists' travel habits will continue to evolve as their travel characteristics and environment change. These trends influence the retail market conditions under which communities interested in capturing tourism revenues must operate.

#### The existing retail market conditions of the rural and global economy

Businesses in the hospitality and tourism industry operate in a keenly competitive environment. On the demand side, an ever-increasing number of tourists are spending more money and time on their travels than at any previous time. Although they may have more money to spend on vacation, travelers are more discriminating with their dollars. As consumers, tourists are becoming more sophisticated and demanding. As an aggregate retail market, tourists present an indeterminable segment. Businesses must adapt to the refined travel needs of the changing characteristics of the typical tourist. Tourist market segments are becoming more distinct, each with their own demands for leisure. Foreign

competition for the tourism dollar is becoming more acute with the relative strength of the American dollar and increased reliance on imports. (Gunn, 1994) Consequently, generalizations concerning contemporary tourist buying habits and therefore the best means of addressing those needs are difficult.

Today's rural consumers are in general older, more mobile, discriminating, value-oriented and more financially insecure than ever before. The traveling public is becoming older along with the population. As America grays, its vacation-spending priorities change with its demographics. This influence is accentuated in rural tourism communities for two reasons. First, younger people tend to migrate to larger metropolitan areas, and are less likely to carry emotional ties to rural roots. Second, the average tourist is becoming older.

Such issues as a lack of confidence in the future of the economy, job preservation and social security have a profound effect on vacationers' spending habits. This financial insecurity contributes to frugal consumer behavior such as value-seeking and discriminating decisions.

#### The changing nature of rural retail businesses

Adapting to the enigmatic and evolving retail market conditions is a challenge for small businesses. As suppliers, the business sector in tourism is comprised of a diverse collection of businesses whose only relationship often is the fact that they ultimately serve tourists. Accordingly, whether on a micro-touristic or macro-touristic level, more often than not the service industry finds itself disorganized and segmented. Although there are innumerable versions of public sector intervention, the industry is becoming increasingly privatized and ultimately continues to be driven by independent, private

interests. As such, small independently owned businesses represent an insignificant force when compared to large retail chains. Their resultant position in the marketplace is, as a consequence, vulnerable.

On the supply side, rural retail businesses face more and more sophisticated competition. Enhanced technologies have improved product and service delivery. Companies are improving their bottom line by utilizing advanced marketing methods. The emergence of discount department stores, outlet centers, warehouse outlets, and superstores have threatened the livelihood of small retailers.

Contemporary retail history is a lesson in opportunities and missed opportunities. With the changing lifestyles of the more mobile two-wage earner family came new shopping habits. Marketing to this changing consumer public involved changing store operations. Shopping hours needed to be extended. Customers had the vehicles and roads to drive for a better price. “The stage was set for a shopping revolution” (Taylor, 1994, p. 6). Discount and category retail chains were ruthless in their overthrow of downtown merchants and made a significant impact on how America shops and works in the last 20 years. Feeding on the complacency of Main Street merchants in the 1980’s, large discount department stores offered customers free parking, shiny new stores, a vast selection and bottom-line prices. In the course of less than 10 years, Mom and Dad downtown merchants lost the battle before they even knew the rules of war.

Facing considerable competition from large discount, category, wholesale and factory outlet chains, small retailers are forced to pursue a new direction. Their survival may be dependent on the new sources of revenue that expanding their markets in tourism can provide.

As marketers, retail businesspeople have an opportunity to exploit their competition's shortcomings in a target market where they benefit from unique advantages. Small independently owned tourism retailers possess the flexibility necessary to adjust to their market's erratic and volatile idiosyncrasies. Market demand conditions point to the advantages in giving personal service, customizing products services, and selling to niche markets.

It is important to note that no singular factor can be identified as responsible for increases in specific rural retail opportunities and the existence of some or all of these factors do not guarantee retail tourism success. Nonetheless, every community retail marketplace is influenced by general social, political and economic trends. Recognition and understanding of these trends on a routine basis is important to the success of communities and the businesses within them. While many changes in society advance the tourism industry, it must be acknowledged that certain tendencies also restrict travel. In general, however, contemporary markets and the market environment have been conducive to a propensity to travel.

Just because general economic, social and political trends can facilitate opportunities in retail tourism it does not mean that retail tourism development is the answer for all communities. Communities and the retail businesses within them have a common stake in capitalizing on the economic opportunities that retail tourism development can bring. To be successful in capturing the tourism market, businesses and communities must depend upon one another. Since community organizations are in the best position to develop, monitor and control the resources that attract visitors, they are relied upon to draw consumers to the area. But once visitors arrive, not only do they

enjoy comfortable and convenient amenities, they come to expect them. Retailers provide the auxiliary products and services necessary to make a tourist's vacation comfortable and satisfying. Retail tourism development is not a development solution unless both sides of the equation, the retailer and the community, believe pursuing the tourism market is mutually beneficial. Retail tourism success cannot be understood without considering the co-dependent relationship between the community and the retailer. According to the National Council for Urban Economic Development, "Where shopping flourishes, so do the communities that foster it. Where it fades, so do the economic prospects of the communities that lose it" (Mistele & Ryan, 1996, p. 1).

Given that current social, economic and political conditions and trends in many ways point to retail tourism as a viable alternative to increase the well being of rural communities, how do communities pursue the visitor market?

#### Community retail tourism development

Community retail tourism development is a process of cooperation, communication and compromise. Through effective communication and ongoing compromise, communities must enlist the cooperation of their leaders, citizens, businesspeople and government to create a plan that balances the conflicting elements of tourism development. Tourism development impacts the community negatively as well as positively. There are often social and environmental costs associated with the economic benefits of tourism. Before these impacts can be considered, however, the feasibility of developing tourism must be addressed. The tourism potential of a community must first be evaluated. Does the area have the attractions necessary to draw tourists?

### Resource assessment

Community tourism development begins with determining whether the area in question has the necessary resources to support tourism. First off, individual communities must determine and understand why tourists would want to visit their area. A resource analysis is necessary to identify tourism draws. Natural and man-made visitor attractions must be identified. Second, the community's residents must be receptive to the social and environmental changes associated with tourism development. (Before any programs can capitalize on any retail tourism potential, the community or business must accept retail tourism development as a legitimate industry.) At the community level, a consensus must support the new directions in development that are proposed, since the implementation of a productive program necessarily involves change. The community's residents must be receptive to the social and environmental changes associated with tourism development. Retail tourism development may not make sense or be accepted by every community. The negative impacts of tourism development must be identified and a consensus established acknowledging their possibility.

Just as many residents may not be aware of the undesirable side effects of tourism development, they may not realize the magnitude of the economic benefits arising from promoting visiting consumers. Community awareness of the potential of retail tourism development is paramount to the acceptance of development programs. Tourism can bring improvements in infrastructure, increased tax revenues, increased community visibility, a more diversified economic base, increased employment as well a social and cultural benefits (Weaver, 1986). Since tourism is essentially an export, outside dollars

are brought in and then multiply. Recognizing tourism's legitimacy as a viable industry is paramount to its success.

Once tourism is viewed by the community as a reasonable means to achieve economic goals in that community, the various forces within the area must work together to develop the industry. Because of its nature, retail tourism development requires more community cooperation than any other undertaking. Businesses must see tourism as a viable means of achieving their financial goals. The local government must adopt policies that protect the environment and social structure from unbridled economic development. Community leaders and civic organizations must pursue responsible and sustainable planning measures.

#### Community retail tourism promotion

Once a community's candidacy for retail tourism development has been established, the community must promote its newfound attributes. Effective promotion centers on accurately targeting markets. Marketing involves identifying customer needs and offering products and services that satisfy those needs (Sem, 1997). Retail tourism businesses are unique in that they depend on local visitor attractions and activities to draw their customers to their places of business. Although some retail enterprises have in themselves become tourist attractions, the example of Wall Drug of South Dakota is noteworthy, most survive as a supplement to the visitor experience. As exporters, tourism businesses serve a distant market, and consequently experience high promotional costs. As a result of this dependency, businesses often leave marketing to the development organizations of their business district.

### Assessment of the tourism market

Whether the promotional initiative falls to the individual business or the community, the process of selling an area to tourists usually involves certain common considerations. Is there an attainable market for an area's tourism offerings? Assessing the tourism resources of an area means appraising attractions that have the potential to draw visitors from the visitor's perspective. A person's decision to travel to one destination over another is determined by their individual motivations for travel and their image of a prospective destination. It is therefore very important for a community or business to identify market demands and either arrange their tourism products or the image of their tourism products accordingly.

Marketing a tourism area centers on product, promotion, price and place. The attributes of the community, usually in the form of its natural and man-made resources, are the "product". The channels through which tourism goods and services flow, such as the retail establishment, constitute the "place". The "price" is the cost imposed on the visitor for the commodities or service he/she enjoys. Marketing an area also involves promoting its product. Resources must not only be portrayed with an attractive image; the visitor's perception of that image must coincide with what they are looking for in a destination.

Although no small undertaking in itself, cornering a market with newfound visitor resources is not the total answer to community tourism development. There are additional factors that determine the ability of an area to serve visitors. Considerations other than the tourism attractions themselves are necessary to a community's retail tourism efficacy. Communities must have the facilities to ensure visitors' comfort and safety.

Since most roads, airports and often the tourism resources themselves are owned and regulated by the government, the public sector plays a large role in tourism development and visitor satisfaction. Public services, such as health, safety, and transportation, although sometimes taken for granted, are absolutely essential to a rewarding visitor experience.

#### Retailer and TDA interdependence

It is important that community members and leaders recognize and support the retail businesses necessary for and integral to the advancement of tourism economic development. Just as retailers rely on customers brought in when the community promotes itself and its resources, the community depends on capable retailers to satisfy the leisure and convenience needs of visitors. The support of the community, although a significant part of a tourism retailer's success formula, is only an important beginning. It is necessary for communities to establish what has been identified as a "critical mass and mix" of retail to support tourism commerce (Mistele & Ryan, 1996, p. 2). Because of visitor travel needs and expectations, there exist a certain target minimum number of business facilities required for a TDA to be serviceable.

Communities require a solid economic base to progress, by any definition of the word. In every community, progress involves much more than financial gain. However, most socially redeeming goals, such as health care, safety and education cannot be achieved without a strong economic base. Unfortunately, for most rural areas, traditional sources of employment have been increasingly compromised. Manufacturing and agriculture industries and the service businesses that depend on them are collapsing. Changing markets, technologies and competition have altered the rural economic

environment. Alternative methods of generating income must be pursued before rural communities experience further decline. Financially successful retailers can act as a foundation for the overall prosperity of an area, if outside revenues are brought in. Tourism, as an export, can bring the desperately needed “hard currency” necessary to breathe new life into small towns. Tourism can benefit rural communities through the efforts of retailers exploiting the visitor market. Notwithstanding, even with the best conditions, the formulas for a small businesses’ success in retail tourism are difficult to determine and even more arduous to originate. An area interested in pursuing the tourism market can provide the necessary public infrastructure, natural resources, economic climate, political and social acceptance, and promotion without the individual retailers within the area succeeding.

Once a consumer has been lured to a vacation destination that provides the features the tourist demands, a retail establishment’s profitability is dependent on many entrepreneurial factors such as location, management, product, and service. The resources necessary to identify and analyze these factors and, specifically, what effect they will have on any particular business interested on capturing the retail tourism market are considerable. Developing a template for success in retail tourism by way of analyzing the infinite number of factors that come to bear upon that business is for most small independently owned businesses an unrealizable task. “There is no guaranteed formula or business approach for success. Each retail business is customized” (Sem, 1997, p. 112).

Obviously, every business has its own unique situation and operates in an individualized trade environment. A small business interested in tapping the tourist market encounters those innumerable economic, social and political influences that, if

they were possible to identify, would be impossible to control. Identifying, segmenting and analyzing demand and markets, interpreting customer motivations and trends, researching and developing company image are usually better suited, funded and executed by large international corporations. Insofar as it does not provide individual entrepreneurs with inexpensive, quick and definitive methods for success, the abstract study of retail tourism development falls short of qualifying as a pragmatic science for small businesses. Realistically, there are but a few approaches available to a retail business interested in actively pursuing an exhaustive research inquiry toward determining viable business methods. Objective research can advance knowledge on a subject by means of tenacity, authority, intuition and science (Ritchie & Goeldner, 1994). Small retail entrepreneurs appear to assess potential business approaches with an informal combination of all of the above.

In the absence of a proven scientific method, theoretical framework or inexpensive program to guide a rural retail tourism business toward profitability, most operators rely on that difficult to define “feel” for the business. Either consciously or subconsciously, small businesspeople utilize their own experiences and observations to construct a picture of what type of market environment they are operating within. Essentially, they are conducting their own market analysis without the time and expense of a consulting firm and/or a formal study. Their ability to assess the needs of their potential customer and provide that market with the products it demands determines their success. As unconscious as it may be, the process of determining what products would be best suited to their company may be a complex combination of many methods. It may be a matter of emulating other businesses in similar situations, surveying existing or

potential customers, following trends, advertising and literature in the field or simply trial and error based on an educated guess or intangible “feel” for the business climate. More often than not, it may be a reactive rather than proactive management process, but it usually has elements of an intuitive guess.

The principal determinant of a retail business’s success is their ability to satisfy an unfulfilled need or desire in the retail marketplace, whether this is arrived at through theory or practice. In today’s marketplace, serving that demand translates into profit, all other variables equal. The means and methods individual entrepreneurs utilize to arrive at profitable retail strategies are regularly deemed unimportant for it is a positive end result that is desirable. Consequently, information regarding what has worked for others in the field is often viewed as equal in significance to abstract theories on retail methodology. After all, if a business practice works, one need not question why it works, especially if there are limited resources to do so. Through competition, the marketplace naturally selects those business methods that provide the best product at the lowest price. Free market economic theory dictates that the most effective business practices will survive. One need only to survey those methods that have managed to establish a presence to determine what is practicable in retail tourism.

Toward the goal of expanding the current knowledge base in the field and industry of retail tourism, this thesis aspires to identify a sample of retail tourism strategies that have proven successful for small independently owned and managed business people throughout the Midwest. Through an in-depth look at a sample of individual retail businesses, the trade environment of those businesses is examined to identify tourism markets and area visitor attractions. By doing so, this study intends to

examine the relationship select retail business strategies may have with both the primary tourism attraction and principal market segment of the retail area in which they individually operate.

### Purpose of the Study

The purpose of this study is to identify and discuss the relationship between both the retail tourism (1) business strategies and (2) markets of a sample of Midwest retail tourism businesses and the principal tourism draw of the area in which they operate.

### Objectives of the Study

- Identify the *principal tourism draw* of the areas in which a sample of retail tourism businesses operate.
- Identify the consumer markets accessed by a sample of retail tourism businesses, as determined by the operators of those businesses.

-Identify the visitor typology of the selected destinations.

- Identify what a sample of business managers perceive to be their most effective methods of increasing tourist revenues.
- Analyze the relationship between the *principal tourism draw* of the area in which a sample of retail businesses operate and the *retail strategies* of those businesses.
- Analyze the relationship between the *principal tourism draw* of the area in which a sample of retail businesses operate and the typology of the market attracted to those businesses.

## Definition of Terms

To understand how rural retailers serve the tourism market, we must first establish what is meant by “tourism” and by the same token, those terms that are idiosyncratic to the industry. Tourism is a complex and dynamic phenomenon. As a result, there are practically as many definitions of tourism as there are manifestations of the same.

Tourism is difficult to define because it presents itself in a variety of forms. It reveals itself whenever people partake of a travel experience. Tourism is composed of the activities, services and industries associated with people temporarily changing their normal living circumstances and setting. Even the World Tourism Organization’s (WTO) definition of tourism seems to fall short of portraying the phenomenon’s broad influence. According to the WTO, tourism is “the activities of a person traveling outside his or her usual environment for less than a specified period of time and whose main purpose of travel is other than exercise of an activity remunerated from the place visited...” (Ritchie & Goldner, 1994, p. 66). One of the more succinct definitions of tourism is proposed by J. Jafari: “tourism is a study of man away from his usual habitat, of the industry which responds to his needs and of the impacts that both he and the industry have on the host sociocultural, economic and physical environment” (Gartner, 1996, pp. 6,7).

For the purposes of this paper, *tourism* is considered an industry, although a most unusual one at that. The author acknowledges that the phenomenon referred to as *tourism* does not fit the traditional definition of an industry for its influence extends far beyond the business sector. Tourism involves not only those who supply and demand tourist products and services, it also encompasses the public and non-profit sectors of our societies, as well as the study of the interrelationships involved within. For the purposes

of this research, *tourism* is regarded simply as the process of people temporarily traveling from one place to another for leisure purposes, including the study and ramifications thereof.

People travel for many reasons, and tourism has been categorized by travel intention. This study shall view all travelers engaged in leisure pursuits as tourists. *Eco-tourism* or *Green tourism* is used to refer to travel, and the ramifications thereof, by those who strive to enjoy natural resources while limited their adverse impact upon the environment. *Agricultural, Farm or Rural tourism* refers to travel and travel influences associated with visiting rural areas. *Kinship tourism* refers to travel and travel influences connected with visiting friends and family.

To avoid splitting the same hairs that many others have in attempting to define the term *tourist*, this paper shall embrace an operational description. A tourist shall be known as anyone who temporarily travels out of his/her ordinary and routine environment, and pursues leisure while doing so. For the purposes of this paper, all travelers engaged in leisure pursuits are considered tourists. *Traveler, visitor* and *tourist* will be used interchangeably. This definition openly discounts the large sector of business travelers who are traditionally defined as tourists (McIntosh, Goeldner & Ritchie, 1995). As the objectives of the study primarily concern themselves with consumers traveling for pleasure, this definition should not compromise the validity of the research.

*Retail tourism* shall be restricted to products and services sold to visitors and temporary residents including but not restricted to gifts, souvenirs, art, clothing, convenience goods, home furnishings, antiques, specialty foods, entertainment, jewelry, dining, and recreational supplies (Engle & Ryan, 1998).

For the purposes of this thesis, a *retail tourism business* shall be defined as any commercial retail enterprise that derives a significant (over 20%) portion of their revenue from visitors.

A *tourism destination area* (TDA) is a geographically circumscribed area with a coherent visitor appeal of sufficient size to have political and economic viability (Blank, 1989).

*Travel* is used to refer only to the movement of people from one location to another. It is more restrictive than “tourism” for it excludes the study and knowledge base of travel phenomena and any extraneous activity associated with the same, such as the economic, public sector, and social aspects of travel.

Travel is often classified according to its purpose. Widely accepted general categories include leisure travel, business travel and necessity travel (sometimes called personal business travel). Subcategories within leisure travel can be classified as visiting friends and relatives (VFR), sightseeing, shopping, educational, heritage or ethnic, recreation, ecological, entertainment, and social status travel.

A *tourism market* is all of the actual or potential buyers of tourism products or services (Lovelock, 1996). A *tourism market segment* shall be defined as a group of buyers who share common characteristics, needs, purchasing behavior or consumption patterns (Lovelock, 1996). Likewise, a *tourism target segment* is a category of tourist consumers, which for a certain criteria is deemed lucrative (Lovelock, 1996).

The *primary tourism market* is one of the three main variables of this study and refers to the predominant visiting market segment of an area. It is essentially a group of

visitors that shares characteristics and comprises the majority of the out-of-area consumers.

*Principal tourism draw* refers to the main attractive force of a TDA and may be a man-made or natural resource. It is essentially the foremost enticement for the majority of an area's tourists. For the purposes of this study, it is synonymous with the pull factors of an area.

The term *business strategies* refers to those methods retail businesses employ to improve their ability to sell their products and services. It encompasses product and service quality, location, price, promotion and theme.

Although normally encompassing several States, for the purposes of this study the area referred to as the *Midwest* shall be defined as all of Wisconsin in addition to those areas which are 100 miles immediately adjacent geographically to the Wisconsin border. This area was chosen for it roughly corresponded to the State of Wisconsin's predominant visitor market area.

The *tourism supply system* is made up of three components, governments, non-profit organizations and commercial enterprise (Gunn, 1994).

*Tourism critical mass* is the aggregate collection of services and resources necessary for a TDA to qualify as a viable tourist attraction.

Traditionally, retail businesses categorized travelers by the commodities they purchase and in many instances, the season they visit. Much research on retail products utilizes the federal government's Standard Classification Code (SIC). The SIC classifies retail products under the main categories of:

- Building materials and garden supplies

- General merchandise (department and variety stores)
- Food (grocery, meat, bakery)
- Auto dealers and service stations
- Apparel and accessories (including shoes)
- Furniture and home furnishings (including appliances, televisions, and computers)
- Eating and drinking
- Miscellaneous (drugs, liquor, used merchandise, sporting goods, books, jewelry, gifts/novelty/souvenir, sewing, catalog, floral)

*Source: NxLevel, 1997*

#### Assumptions of the Study

In question 2 of the questionnaire (Appendix A), the author assumes the respondents perceived the “typical tourist” as a hypothetical person possessing the average of the characteristic values in the question. This was designed to determine the characteristics of each business’s market as a whole.

This study relies on the assumption that retail tourism business practices and community development programs are in essence market-driven. Adhering to a somewhat idealistic and simplistic “Darwinian” school of economic thought, the author believes that a free market system rewards the most productive retail approaches with success. Those retail techniques that best serve the customer, those retail products that sell best, those community themes that best appeal to the market and those business concepts that best attract consumers are naturally selected for survival. The purpose and

objectives of this study rely on the assumption that the free market system naturally selects effective retail business strategies.

Although retail tourism businesses are unique in their opportunities, having specialized strategies that correspond to distinct market characteristics, it is assumed that retail tourism operates within the same market forces as other retail segments.

Although the survey methodology spanned the course of several months, the data is treated as if it was collected simultaneously. It is assumed that the time difference between the responses to survey questions had a negligible effect on the information gathered.

#### Limitations of the Study

As a case study, the representiveness of the sample to the population was unquestionably limited. Sample size reduced the probability that the findings were indicative of the general population of retail tourism businesses. Although the research design allowed for a greater depth of purpose, its findings must be confined to the parameters of the sample and those businesses of similar characteristics and in similar settings and conditions. Also, this study's generalizability is limited by the fact that the sampling frame differs from the population due to the natural attrition of operating businesses during the course of this research.

A great deal of information is available on tourism motivational theory, community retail development, retail tourism marketing and markets; and the social, economic and environmental impacts of tourism. Literature addressing the individual retail strategies utilized by contemporary tourism retailers is, however, quite scarce. The paucity of literature specifically addressing retail business strategies, although

strengthening the need for the study, increased its reliance on the primary data of the research process and as a consequence, a small sample of cases.

This thesis and the CCED-UW study upon which it is structured, both suffer from the inability to establish a discrete definition for what constitutes a “retail tourism enterprise”. Tourism studies in general and retail tourism research in particular are limited by an imprecise definition of the retail tourism market. On an individual or aggregate sphere, it is difficult to determine exactly how much of a retail business’s market can be attributed to visitors. In many cases and sometimes on any particular day, retailers can serve customers from their local area, from foreign countries, from nearby cities and states, or from anywhere in the country. Most small businesses do not have the time and resources to categorize their customers by origin on a detailed level, and many customers are not easily classified (i.e. seasonal residents). Since this survey relied on the respondents’ estimation of the ratio of out-of-towners to locals that make up their customer base, the retail tourism enterprise designations are somewhat arbitrary.

Business candidates were selected by a number of criteria. Most of the selection criteria were measurable and objective, such as size of TDA and type of merchandise offered. However, one characteristic required of the respondents proved to be determined somewhat arbitrarily. Although all business candidates were required to be successful retail tourism enterprises, there was no standard of measurement to ensure they met a certain definition of success.

Technical survey-instrument reliability tests such as coefficients of stability, equivalence or internal consistency were not conducted on the interview questions or mailed questionnaire.

The survey instruments suffer from reliability limitations. Although personal interviews have long been a source for reliable in-depth and sincere information, the questions asked during the interviews were not specifically subjected to any reliability testing. Likewise, the questionnaire inquiries were not tested for reliability.

As with any other study that is based on an assessment of respondent opinion, the information collected from this study's data collection process must be recognized as source-dependent. Variables derived from respondents' answers to the personal interviews and the mailed questionnaires are essentially a statement of their opinion, and are therefore no more or less than their perception of the conditions to which those questions apply.

In retrospect, the statistical analysis of the variable *tourism draw*, as derived from question 1 (Appendix A) of the mailed survey, was made more difficult by the structure of the question. Limiting possible responses to one rather than all that apply would have facilitated the statistical analysis. As it was the responses were narrowed to one or two workable categories. The author relied on the personal interviews to help determine one overall tourist attraction theme in identifying the principal tourism draw of the communities.

## Literature Review

### Introduction

Toward the goal of reviewing existing information relating to the research objectives of this study, primary and secondary literature on the subject was investigated. The primary information was gathered by means of a mailed survey. The secondary information consists of published literature on the subject and the data from heretofore unpublished personal interviews conducted by the author. Published literature includes journal articles from the field, web sites, development organization publications, tourism texts, government publications and University Extension Publications. The study utilized a wide range of sources for a variety of reasons. In conducting a preliminary search for literature, the researcher found scant information specifically addressing the topic. Further, most of the information gathered concerned businesses in dissimilar locations. Lastly, a variety of sources were pursued to negate the validity-compromising effect of a case study's small sample.

### Manual Style

This study shall adhere to the publishing standards of the *American Psychological Association's Publication Manual*, Fourth Edition.

### Components of Tourism

Tourism's nature is such that it crosses institutional, academic, cultural, political and social boundaries, and in doing so, defies definitive categorization. Nonetheless, tourism can generally be viewed as being made up of four components; the tourists, the businesses that supply tourism products and services, all levels of government which regulate commerce and provide travel-related infrastructure, and the people who live in

tourism destinations (Gartner, 1996). Although not often included in definitions, it is also important to acknowledge Tourism as a discipline, immature as it may be. Clearly, the process of advancing the quality and quantity of knowledge within the field is also an integral part of the phenomenon. Because of its diversity, the overall phenomenon generalized under the term tourism can be seen as more of a broad socioeconomic activity or sector than a circumscribed industry (Inskeep, 1991).

Understanding tourism activity requires multifold scholarly perspectives. Tourism resources are both publicly and privately owned, on both a large and small scale. Tourism commerce involves a variety of products and services. Tourism demand is as ambiguous as travelers are capricious. Tourism product and service suppliers are localized and independent. Market information is decentralized because of the large number of companies involved in the industry (Ritchie, 1994). The combination of its overwhelming magnitude, exceptional, ubiquitous manifestations and its comparatively recent arrival to this status establishes tourism as an unwieldy and indeterminate force. Because of its fragmented and pervasive nature, its influences are many. As such, it is vulnerable to and a mechanism of social, environmental, economic and political fluctuations. As if it were not enough of an enigma, the phenomenon of tourism is and always has been in a constant state of vicissitude.

The study of tourism has struggled to achieve legitimacy in its own right. Tourism has been traditionally studied by scholars from the disciplines associated with the various components of tourism. Inasmuch as tourism was first looked to as a means to improve economies, it caught the attention of economists. Politicians took note of the power inherent within tourism and saw a need to regulate it. With increasingly conspicuous

social, environmental and cultural impacts, tourism was studied by sociologists, ecologists and anthropologists. The intrinsic spatial dimension of travel attracted geographers. Analysis of tourist motivations piqued psychologists. Given the heterogeneous nature of tourism it should not be surprising that the study of the travel sector encompasses a wide range of disciplines including business, law, marketing, transportation, hotel and restaurant administration, education, agriculture, parks and recreation management and tourism planning (McIntosh, 1995). The need for an interdisciplinary approach to the study of tourism is clear, even with the introduction of programs dedicated exclusively to tourism studies within many scholarly institutions.

#### Tourism's Influence

Difficult to define and study, tourism nonetheless possesses extraordinary influence, often because of those complications. As an industry as well as a sector, tourism occupies a remarkable position in the world. Tourism has been widely recognized as the most extensive industry in contemporary society. In 1994, the World Travel and Tourism Council (WTTC) recognized tourism as the largest industry in the world (McIntosh, Goeldner & Ritchie, 1995). It is the third largest retail industry in the United States (McIntosh, Goeldner & Ritchie, 1995). "It will become the world's largest export industry by the year 2000" (Inskeep, 1991, p. xv). The number of people traveling to vacation destinations will triple from 595 million in 1995 to 1.6 billion in 2020 (Seal, 1998).

Many countries' market economies are dominated by service industries. Leisure industries have become a significant worldwide economic force in underdeveloped as well as post-industrial countries. Tourism accounted for \$3.4 trillion in revenues

worldwide in 1995 (Fayos-Sola', 1996). Developing countries turn to tourism because of its ability to import foreign currency with a minimum investment in facilities, education and natural resources. The United States in particular is currently experiencing unprecedented growth in service-related employment as a result of current global economics. As a post-industrial society, manufactured goods are increasingly produced in less economically advanced countries. As a result, tourism has been seen as a means to supplement the loss in manufacturing jobs and revenue in post-industrial countries.

Tourism cannot exist without the resources that serve as attractions. Travelers are drawn to both natural and man-made tourism resources and enjoy everything from lakes to museums, pyramids to volcanoes, gambling to shopping. Many of the natural resources are owned and managed by the public sector, while many of the man-made attractions are privately owned. In either case, retail businesses capitalize on the tourism draws of these attractions and provide for travelers' supplementary vacation needs. The objectives of this study center on the business methods of the privately owned commercial enterprises that supply the travel commodities and services to the people that enjoy tourism resources. In an economic climate ripe for the introduction of a lucrative industry, retail tourism has emerged as a catch phrase and cure-all for rural communities. Exactly what does tourism mean for the business world, and are there genuine opportunities for rural retailers in the contemporary marketplace?

#### Tourism as an industry

The manner in which retail tourism presents itself is a factor of its fragmented nature, its volatile and changing market and the social conditions under which it operates. The commerce that results from companies providing for travelers' needs is incredibly

fragmented. Unlike other retail products, tourism commodities must necessarily be located where visitors travel. Those that supply tourism products and services need to be conveniently located to serve the traveler. Hotels, restaurants and retailers must establish themselves either at a traveler's destination or en route to that final attraction. This results in a very decentralized supply network, adding to the ambiguity of the industry. Tourism economic activity takes on many forms and occurs in many locations. It includes but is not limited to all visitor revenues gathered from lodging, entertainment, activities, retail and education in every urban and rural area of the world. The characteristics of tourism supply and tourism demand contribute to the complexity of the industry.

The uncertainties in the tourism sector are further exacerbated by the variegated and fickle nature of the traveler. Tourists come in all shapes and sizes, change their minds arbitrarily and are influenced by a host of indeterminable factors. As a result, their aggregate retail choices are subject to the often-spontaneous whims and caprices of the many tourism consumers.

The objectives of this study concern themselves with the commercial components of the tourism process. As a part of tourism commerce, rural retail tourism businesses operate in an environment that is constantly changing and in which they often exercise very little control. For them, success is in part contingent upon their ability to assess and capitalize on the impact of these ephemeral, multi-variegated forces. Any exploration of an individual business's approach to capturing a tourism market must first understand the variety of forces that influence the form and direction of their methods.

### Marketplace Conditions

Retail tourism strategies are a product of the multi-faceted forces of the marketplace. The marketplace is part of and operates in a complex and ever-changing environment. Consequently, retail tourism is inseparably intertwined with and cannot be addressed apart from the political, social and environmental conditions in which it presents itself. It is important to recognize that the process of traveling has a pronounced effect on and is influenced by the social, political and environmental institutions of society. Traveling consumers' choices are based on the many influences their environment presents. Retail suppliers' decisions are based on their market's needs and the conditions in which they operate. As a result, retail strategies are the natural result of independent entrepreneurs reacting to the variety of social and economic influences. Consequently, a comprehensive investigation of this study's research question must necessarily first involve a review of the existing literature relating to the setting within which retail tourism commerce takes place.

Rural retail commerce essentially operates within two frameworks. There are a host of social, political and economic events, trends and restrictions that influence the success of a business serving the tourism market. Anything that affects the buying decision of a visitor or the competency of the retailer also influences the effectiveness of a business's methods. In the interests of simplification, these factors can be loosely divided into the global or national conditions and the local or regional influences. The "macro-environment", as it shall be referred to in this study, encompasses such things as international market trends, the strength of currencies, trade restrictions, political policies and the like. The "micro-environment" involves such factors as local health and zoning

restrictions, accessibility to tourism attractions, area competition, property taxes, transportation infrastructures, seasonality and the like. Rural retailers and community tourism advocates must recognize these macro- and microenvironments and plan their products and services accordingly.

To a large degree, the tourism industry follows the demands of its market. As a heterogeneous mixture of homogenous segments, tourists are influenced by identifiable macro-economic, social and political trends. Tourism suppliers not only must operate in an environment teeming with complex influences; they must sell to a market that is subject to an equally complex set of variables. Anticipating what travelers will buy in the future begins with forecasting market trends along with determining how those trends will influence tourists' decisions.

Social, political and economic conditions are sometimes best characterized by patterns and trends. Analyzing history has always been the best way to predict the future. By identifying general tendencies, one can better establish an idea of the conditions they will have to deal with when operating a business. Incremental planning is based on what resulted from what was done in the past, given the environmental factors of the time (Ritchie & Goeldner, 1994). Retail tourism businesses have a large stake in forecasting what the marketplace will bring in the future, for they base their business strategies on these estimates.

Even if it were possible, it is beyond the scope of this study to catalogue every influential element of a retail tourism business's environment. However, any exploration of the consistencies that emerge in the marketplace through time will aid in understanding the conditions tourism businesses operate within.

In general, increased competition for employees and customers, technological innovation, the growth of retail chains, changing government regulations and the globalization and diversification of both the marketplace and workplace has and will continue to influence the structure of hospitality and tourism industries. Customer demands will change with these global trends and retail suppliers will have to adjust their commodities and services accordingly. Fortunately, in its pervasiveness, complexity, uncertainty and uniqueness, tourism still possesses the potential to provide unparalleled opportunities.

### Changing Environments

All change issues begin with the now all but inescapable fact that the world's population will double in less than 50 years (Godbey, 1995). Barring any revolutionary and cataclysmic breakthroughs in technology, this will take place without a drastic increase in the earth's capacity to sustain life. Since we live in a world of limited resources, tourism paradoxically holds within itself the seeds of its own destruction.

Ultimately, all products offered by the travel industry, whether they are a beautiful seascape or t-shirts from Cancun, exploit the finite ability of our planet to provide for our sustenance and amusement. Unchecked, the relentless deterioration of our environment will someday eliminate travel attractions and their associated commodities entirely. Already, the increase in ultraviolet light due to the depletion of the ozone layer threatens the health of residents of Australia and New Zealand (Godbey, 1995). One third of the topsoil so vital to the agriculture industry of North America, the largest food producing continent in the world, is gone (Godbey, 1995). Many tourism destinations are experiencing the advanced stages of their lifecycle.

Tourism is inescapably tied to the macro- and micro-economic environment in which it operates. The economies of many countries are undergoing restructure rapidly. As years pass, post-industrial countries are relying less on manufacturing and more on information and service industries. Certain jobs are more vulnerable to export than others are. Although countries compete with one another for tourists, service employment innately resists exportation. Since tourism supply must be located either at vacationers' destinations or en route to those areas, those jobs involved in providing services for vacationers will always be non-exportable (McIntosh, Goeldner & Ritchie, 1995).

Economic expediency has triumphed over humanistic philosophies of late in many societies. More countries are adopting the westernized market economy, along with its associated materialistic social values. Deregulation, regional economic integration, privatization and globalization have all contributed to the trend (McIntosh, Goeldner & Ritchie, 1995).

Major shifts in economic trading blocs resulting from significant international events such as the formation of the European Common Market and the North American Free Trade Agreement have altered market relationships. Unrestricted trade has meant the free movement of labor, capital and goods across traditional national borders. Although it may be too early to anticipate the inevitable and assorted long-term effects of these trends, it is relatively certain that travel will be enhanced within these regions.

The reduction of economic borders has inspired the pursuit of political freedoms in many of the more repressive nations. "As fading borders increasingly facilitate population movements within trading blocs, there will be those who will first request, and

then demand, the right for such freedom of movement to be extended” (McIntosh, Goeldner & Ritchie, 1995, p. 483).

Local tourism entities have been forced to follow a global political trend by embracing a more democratic structure in their development organizations. “No longer can it be assumed that the residents of a tourism destination/region will automatically accept all (or any) forms of tourism development that the industry proposes or attempts to impose” (McIntosh, Goeldner, Ritchie, 1995, p. 478). Now more than ever, destination residents must be involved in and comfortable with the tourism development of their areas.

On the state level, changes in government tax assessment policies can have a profound effect on consumer spending. Increases and decreases in income, property, excise and sales tax burdens commonly have a noteworthy influence on spending for they represent income changes that are for most consumers unanticipated. Because of the tax revision’s unexpectedness relative to other forms of income, they tend to have a disproportionately larger effect on spending than saving. This is especially true with tax rebates, such as the \$650.00 per person return to Minnesota’s taxpayers in 1999. According to Minnesota state economist, Tom Stinson, “The tax windfall...should at least temporarily boost already strong retail sales later this summer...” (“Ready for a Rebate”, 1999).

Advances in communication and transportation technology continue at a rapid pace. Because of its decentralized and expansive nature, tourism is more vulnerable to and influenced by the multifarious impacts of technology. Technologically enhanced systems are a natural fit in an industry that commonly involves perishable commodities

and spatially-disassociated multiple trading partners (Archdale, 1996). Maintaining a competitive edge in today's global, knowledge-based and efficiency-inherent economy involves utilizing state-of-the-art computer systems for marketing, point-of-sale, accounting and management. Information about customers and their preferences is increasing in significance with its availability. As more and more companies utilize customer profiling, demand forecasting, purchasing outsourcing, networked communication, data warehouses, and the like, the utility of such methods and the technology necessary to apply them increases. Virtual assets are becoming more important to practitioners in the industry than physical assets (Cline, 1996). "Location, location, location" is being replaced by "information, information, information".

Advanced technologies are also playing a considerable role in product and service delivery. Survey results indicate that more than 80% of tourists believe improved technologies will enhance travel services (Cline, 1996). It is significant to note, however, that 85% of the same group surveyed believe the human element is more vital to their satisfaction than technology (Cline, 1996). This clearly has implications for limited-scale owner-operated retail businesses, which have traditionally offered more personal service.

Interestingly, technology influences an individual's propensity to travel in a unique and unprecedented way. It is widely accepted that technology produces psychological isolation due to the increased interaction with machines rather than people. As a reaction to social isolation, people crave human interaction (Seal, 1998). Travel is seen as an answer to that need and the personal attention received at a small tourist retailer a significant shopping inducement.

Technology may even change the very essence of the consumer. Not only will advances in technical understanding change peoples' perspectives on life; it already has the potential to change the people themselves. Genetic engineering has progressed faster than our ability to estimate its repercussions. The implications for tourism are profound and doubtlessly impossible to anticipate.

#### Market trends/demographics of the traveler

There are certain demographic trends that make tourism attractive in contemporary commercial society. Today's consumers have more time, disposable income, education and interests than those of only a short time ago do. Family sizes are decreasing with both spouses working outside of the home. There is a larger proportion of single adults, higher education level, lower retirement age and greater urban population in post-industrial countries today (Berger, Fulford, & Krazmien, 1993).

In general, people travel more today than ever before. Along with an increase in the number of people moving from one place to another come increased opportunities to capitalize on the special needs of the traveler. Beginning in the 1960's, people within the developed countries have become increasingly more mobile. The number of households owning at least one car multiplied quickly. In thirty years, car ownership went from 5.5 million to 23 million (Jefferson, 1995). The highway systems necessary to accommodate all those cars have expanded rapidly and now extend to the most remote areas. Improved infrastructures facilitate tourism.

Travel is no longer a leisure pursuit enjoyed exclusively by the rich, as it was at the previous turn of the century. Not only have the populations of developed countries

become more affluent, travel has become more affordable. Combined with more leisure time, inexpensive travel translates to a larger number of vacations.

As America grays, the traveling public also becomes older. Older tourists are more concerned with environmental issues, their own lifestyle requirements, and value for the dollar (Jefferson, 1995). Today's tourists have an increased interest in natural resources, exercise and fitness, cultural diversity, learning and heritage. They are better educated and informed. As a result, not only do they enjoy expanding their world they do so on a more routine basis. By the year 2000, one out of seven people residing in Japan and North America will be over the age of 64 (Jefferson, 1995). Older people have their own set of specialized demands and more discretionary time.

#### Trends favorable to tourism

Developed countries, which not surprisingly generate the most tourists, have cultivated many social trends that are increasingly conducive to tourism. People's attitudes toward work and free time are also changing rapidly. Leisure is now considered by many to be more important than work, especially those in the young adults segment (Berger, Fulford, & Krazmien, 1993). Already in 1990, a Roper survey indicated that only 36% of employees feel their job is the most important priority in their life (Berger, Fulford, & Krazmien, 1993). The human resource catch phrases of the new millennium are likely to be "personal time" and "family sensitive". Companies will experience increasing pressure to institute management programs to accommodate changes in attitudes and values. Flextime, parental leave and compressed workweeks are three solutions to changing lifestyles (Berger et al., 1993). All of these factors contribute to the

general propensity to travel. As a result, market demographics will increasingly favor tourism if social trends continue in current directions.

Shopping has increased in significance as a leisure activity. Sometimes shopping is the primary motivation for travel (Timothy & Butler, 1995). “In many tourism destinations, shopping is the preferred activity and tourist often spend more money on shopping than on food, lodging, and other entertainment” (Timothy & Butler, 1995, p. 21). In a study on Atlanta, Georgia households, shopping ranked as the most popular vacation activity (Getz, 1993). Souvenirs, gifts, collectibles and t-shirts are the more traditional items purchased in hotels, Tourist Shopping Villages, on beaches and from a variety of sources convenient to the traveler. Niche marketing has established retail destinations renown for one specific commodity or service, or one particular product category. Shopping for non-essential goods during leisure time has become a relaxing past time for people away from home. It has become a form of recreation for many tourists (1994, Malcheski and Ryan). For the retail tourism business, it also presents unique opportunities from a lucrative market. “Approximately 25% of Wisconsin traveler expenditures are spent on retail goods, more than lodging and transportation combined” (1997, Malcheski and Ryan, p. 1).

Travelers are more likely to either incorporate or focus upon self-improvement in travel by seeking exercise for their minds and bodies (Jefferson, 1995). Fitness and education will motivate more tourists over the next decade (Jefferson, 1995). Business travelers are also concerned about maintaining their health and are an increasing travel segment. Almost 40% of American business executives are women, resulting in a steady increase in female business travelers (Jefferson, 1995).

Ecology-conscious travelers can pursue travel activities and destinations that do not challenge their environmental ethics. Surveys have indicated that the vast majority of tourists are willing to spend 8.5 % more for “green” travel products and services (ed. H&MM, 1995). Tourism development of the future will need to address the environmental concerns of the resident and visiting public. As a consequence, given a world of limited resources, in order to preserve the quality and longevity of tourism, travelers will pay a higher average cost for their travel experience (McIntosh, Goeldner & Ritchie, 1995).

### Counterproductive Trends

Not all macro-environmental trends are conducive to retail tourism. Certain contemporary economic conditions are having a negative impact on retailers. “Worker reduction plans” have led to financial insecurity for many consumers. The proportions of credit card, home and car debt to income has increased drastically, leaving less discretionary income (Mistele & Ryan, 1996, p. 2).

A strong national currency can have undesirable side effects for businesses competing with foreign goods and services. Tourism is inherently a very competitive industry, and with convenient and inexpensive air travel available to even the most remote areas of the country, rural retail businesses operate in a global marketplace (Tourism Center, 1991).

Understandably, not all market trends favor tourism. Single parents head more households and the average workweek is increasing in hours, both of which limit and alter leisure time. Those in dual income households have less time to vacation and shop

(Mistele and Ryan, 1996). Also, discretionary income is centered within a smaller proportion of the population (Jefferson, 1995).

International tourism saw an over 1600 % increase from 1950 to 1992, based on international tourist arrivals (McIntosh, Goeldner & Ritchie, 1995). Tourism brings differing cultures, subcultures, societies and micro-societies together. Intra-national and international travel expose both visitors and their hosts to different cultures. It is clear that tourism often has a significant effect on the religious beliefs, personal values, language, crime, incidence of disease, social structures, and education of the people of the host area, and to a smaller degree, the guest culture. Although there are a host of variables involved, certain generalizations can be made concerning the positive and negative sociocultural impacts of tourism. The more divergent host and guest cultures are, the more they impact one another (Gartner, 1996).

The world has entered a new era socioculturally. Ironically, there are indications that the internationalization of transportation, communication and information systems is no longer generating a mass- or global culture. Counter-intuitively, advances in the accessibility of socialization influences such as the mass media have in many instances enhanced social, political and cultural segmentation (Godbey, 1995). Nearly one-half of the world's 6000 languages will vanish in the next 50 to 100 years (Godbey, 1995). Paradoxically, improved informational systems will not create an atmosphere where the truth is readily available to all. Rather, as we have seen in Hollywood and world politics, the image presented to the public and the ability of spin-doctors to portray events in saleable formats will reign absolute. The erudite consumer public will be divided into believers and non-believers rather than the knowledgeable and the illiterate.

Ironically, global mass-communication and transportation have increased the visibility of cultural differences, if not the reality of diversity. Cultural differences are often emphasized in spite of or maybe because of the trends toward a world society. Lifestyles have become more diverse, even within cultures making market segmentation progressively more important to tourism suppliers (McIntosh, Goeldner & Ritchie, 1995).

Exposure to differing cultures often acts to reduce misunderstanding. Exchanging views and sharing perspectives in person between cultures and subcultures has curtailed uncertainty and alleviated mystery, eliminating barriers rooted in unfounded mistrust. As a mechanism of peace, tourism possesses great power. It does, however, expose differences in ways of life, and in doing so has the potential to negatively impact cross-cultural relationships.

#### Negative Sociocultural Impacts of Tourism

Not all tourism impacts are positive socioculturally. The demonstration effect propels host area residents to make unnecessary purchases. Those serving an affluent consumer market are susceptible to the urge to emulate the lifestyles and fashions of their guests, often over-spending in an effort to display the trappings of wealth. Tourism sometimes brings opportunities for host area residents to pander goods ranging from artificial artifacts to their own bodies, causing a degradation of cultural values and conflicts between generations. Taken to its extreme, the demonstration effect can alienate residents of the guest culture to the point to where they deny their traditional values, but are unable to fully embrace the tourism culture. They become what Sociocultural theory

terms the marginal man, unable to assimilate into the artificial, leisure-centered visitor culture (Gartner, 1996).

Changing value systems, with more people seeking fulfillment within themselves and their families, may have a detrimental effect on tourism. “The developing mood to 'look inward' may lead to greater economic protectionism (at the macro level) and more home/family oriented uses of leisure time (at the micro level)” (McIntosh, Goeldner & Ritchie, 1995, p. 485).

Safety, on a provincial and global scale, will continue to emerge as a significant social issue. “Increasing levels of crime in tourist destinations is a major deterrent to both leisure and conference travel” (McIntosh, Goeldner & Ritchie, 1995, p. 485). Travelers feel that a safe environment, along with convenient services and interesting attractions are deemed the three primary pre-requisites for an enjoyable holiday.

Tourists understandably avoid centers of political instability. “Although not an attraction as such, the extent of political stability of an area and the popular perception of political stability, whether realistic or not, by the potential tourism markets is a significant factor in attracting tourists” (Inskeep, 1991, p. 92). Terrorism has increased travel apprehensions, especially in certain countries. Healthy traveling is a concern with some countries harboring high AIDS occurrences and under-funded medical systems.

The growing disparity between socioeconomic classes within and between countries has exacerbated property crime. Commodification, fueled by the increasingly accessible media, has distorted not only personal values, but has cultivated unrealistic needs. It costs a financially challenged family only \$200.00 for a television that displays relentlessly tempting solicitations for leisure products. Sadly, at the same time they are

being accosted to purchase \$200.00 running shoes, housing is unaffordable at the average wage. Shopping is now a prevalent travel activity for many tourists in our society, and host areas residents are more vulnerable to the demonstration effect with readily available luxury goods (Timothy & Butler, 1995). Rural communities have been somewhat immune to the high crime rates of larger metropolitan areas. Although crime is no longer the exclusive property of urban areas, most people perceive smaller towns as safer. However, visitors' decisions are based on their image of their destination, regardless of the changing reality of the situation.

#### Positive Impacts of Tourism

When managed properly, there are many ways tourism can improve the quality of life of both visitors and their hosts. Economically, tourism has many advantages over other industries. Of course, the introduction of outside dollars into an area will provide employment for local residents. These residents will, in turn, spend a percentage of their newfound income on goods and services in the same area and multiply the benefits of that original outside money. "Local income from tourist expenditures is largely re-spent in the area, leading to still more local income, more local expenditure and so on" (Weaver, 1986, p. 5). The service industry is labor-intensive without being capital-demanding, enabling communities to increase employment with a minimal investment (McIntosh, Goeldner and Ritchie, 1995).

Micro-economies can be vulnerable to collapse if the majority of their livelihood is centered upon one type of industry. Local or national economic fluctuations can be devastating to a local economy if it is dependent on one or a few sources of employment. Tourism can aid in diversifying the economic base of an area.

Tourism increases the visibility of an area. There are many examples of tourists enjoying their vacation destination so much they decide to relocate, buy a second home, retire, invest or purchase a business in the area. A good image and high visibility are in themselves good promotional tools and as a consequence self-perpetuate tourism.

Host areas are strongly motivated to improve their infrastructure and consumer services. Accommodating tourists often demands additional vocational training, expanded and improved hotel facilities, airports, roads and restaurants, broadened language skills, better medical facilities, retail businesses and a clean environment, to name just a few. Local residents as well as tourists can utilize these improvements. As noted earlier, a heightened understanding promotes acceptance and harmony between cultures.

Tourism also has many social benefits for an area. By experiencing a variety of ideas, people and languages, hosts can broaden their perspectives on life. Often, visitor curiosity in an area's ethnic, historical or natural resources stimulates dormant local interest and pride in area attributes (Weaver, 1986). Residents can expand their horizons with exposure to diverse cultures. Also, visitor interest in local cultures employs local area artisans, musicians and craft persons.

Tourism can have a very positive effect on the local environment. Farsighted community leaders recognize that sustainable tourism is dependent on preserving and enhancing the natural resources that attract resources (McIntosh, Goeldner and Ritchie, 1995). In this way, tourism justifies ecologically sound policies.

On the regional level, the social and demographic characteristics of the Wisconsin traveler are favorable to retail tourism development. A growing majority of the tourists in

Wisconsin travel by automobile (WDT, 1996). Approximately 93 % of Wisconsin tourists travel for leisure, and of the remaining 7 %, all of them consider their trips a combination of pleasure and business. Almost all vacationers indicated they would return to Wisconsin for another vacation and recommend the destination to friends and family (WDT, 1996).

Even if it were possible, it is not necessary for retail tourism suppliers to calculate the net effect of the many positive and negative influences in the market environment. It is merely sufficient to identify opportunities that arise from trends and capitalize on them. There are general trends that specifically provide opportunities unique to rural retail tourism.

In many respects, rural tourism is favored by recent travel trends. Leisure travel is expected to thoroughly overshadow business travel (Cline, 1996). Family or kinship travel, which includes traveling in a family group and travel to visit relatives, is flourishing. (Miller, 1997). This finding is based on a list of travel trends compiled by the Tourism Works For America Council (TWAC), who foresees cultural and weekend tourism increasing in popularity (Miller, 1997). Another study by the marketing firm of Yesawich, Peppardine & Brown in Orlando, FL found that “(t)he increased importance of time spent with family is consistent with the values-based trend suggesting that consumers want to simplify their lives, preferring to spend money on experiences rather than buying things”. The “number of two-parent, married couple homes with children increased by 700,000 from 1990 to 1995” (“Research Shows”, 1996, p. 40).

The entire family makes vacation choices, with children being very influential in travel decisions (“Research Shows”, 1996). One need only look at McDonald’s

investment in playrooms or Chrysler's additions of doors to their mini-vans or trucks to illustrate the influence children have on parents' consumer decisions. In addition, with both spouses working, family vacations become an opportunity to spend some quality time with the nuclear family unit and a means to alleviate guilt for spending too much time working ("Research Shows", 1996). Seventy two percent of all vacation travel in 1996 involved family groups, according to Dee Minic of the TWAC. The same study found that more than 80% of all travelers used some form of over-the-road travel, as opposed to flying. Ninety percent of summer travel in the United States is by motor vehicle and it remains apparent that highways are still the most prevalent means of accessing rural communities (Shifflet, 1998).

Of great significance to rural retail tourism businesses, the most popular summer family travel destinations are beaches/waterfronts and theme/amusement parks (Shifflet, 1998). Value for the dollar is of paramount importance to family tourists, and rural destinations traditionally offer more for the money. Because of increasing demands on family time, vacations are becoming shorter and are taken closer to home (Gartner, 1996). Regional attractions are more likely to benefit from this trend, especially the tourist areas near urban areas.

#### The changing nature of rural retail businesses

Rural retail economies are inescapably subject to a variety of continually changing influences, on the supply as well as demand side of the equation. By changing the retail market supply characteristics, socioeconomic trends have had a marked effect on small independently owned retail businesses in the last few years.

Contemporary retail history is a lesson in opportunities and missed opportunities. With the changing lifestyles of the more mobile two-wage earner family came new shopping habits. Marketing to this new consumer public involved changing store operations. Shopping hours needed to be extended. Customers had the vehicles and roads necessary to travel greater distances for a better price. “The stage was set for a shopping revolution” (1994, Taylor, p. 6).

Discount and category retail chains were ruthless in their overthrow of downtown merchants and made a significant impact on how America shops and works in the last 20 years. Feeding on changing macro-economic conditions, capricious markets and the complacency of Main Street merchants in the 1980’s, large discount department stores offered customers free parking, shiny new stores, a vast selection and bottom line prices. Chains benefited from economies of scale including large-scale buying power, unbridled capital financing and deep pockets for cutting-edge communication and accounting technologies. In the course of less than 10 years, Mom and Dad downtown merchants lost the battle before they even knew the rules of war.

Even though Sears and J. C. Penney started around the turn of the century, they posed no real competition to the small entrepreneur until the late 1970’s. The success of S. S. Kresge and F. W. Woolworth was still no threat to the small main street merchant. A combination of factors in the 1960’s set the stage for the exponential growth of retailers such as Target, Kmart, Woolco and Wal-Mart. They had the capital and concept, and the timing was right. The huge category retailers such as Home Depot, Best Buy and Toys “R” Us entered the market foray in the 1970’s. Wholesale clubs weren’t far behind starting with the first Price Club in 1976 (Taylor, 1994). Today there are more than 500

factory outlet malls nationwide based on the concept “A rich man enjoys a bargain—a poor man needs one” (Taylor, 1994, p. 14). Category chains have expanded to include such retailers as Borders, Starbucks, Gaylan’s and Gander Mountain. Recently Wal-Mart has introduced the grocery superstore concept with their “Supercenters” offering everything from groceries to food courts under one roof and ownership.

All is not lost, however, especially in the rural retail market. It is apparent that small retail suppliers have faced considerable competition from large discount, category, wholesale, factory outlet chains and foreign competition. Their survival may be dependent on the new sources of revenue expanding their markets could provide. On the balance, the contemporary social environment and retail economic situation are conducive to retail tourism. Small businesses, by virtue of their lack of size, can keep their share of revenues by being particularly attentive to today’s customers’ special needs. As marketers, retail businesspeople have an opportunity to exploit their competition’s shortcomings in a target market where they benefit from unique advantages. Small independently owned tourism retailers possess the flexibility necessary to adjust to their market’s erratic and volatile idiosyncrasies. Market demand conditions point to the advantages in selling to niche markets, customizing products and services and giving personal service.

Even though large chains have visibly dominated the retail economic landscape in recent years, their foothold in retail tourism is far from absolute. Although chains dominate total revenues, 95 % of retailers operate only one store (Ryan & Campbell, 1996). Retail chains such as Wal-Mart or K-mart seldom monopolize tourism markets in small towns. “Most businesses serving the traveling public can be classified as small

businesses” (Sem 1991, Tab 7, p. 2). Because of their flexibility, small retailers service visitors more effectively than larger retailers. Small owner operated businesses possess many strategic advantages in the retail marketplace (1994, Taylor).

Large retailers do not benefit from the direct customer feedback that is part of hands-on management. Absentee and anonymous ownership accentuates the information void that is a byproduct of indirect customer care and often inherent within larger retailers. While it is true larger retail businesses are better able to afford more sophisticated point-of-sale equipment and informational software; retail tourism relies heavily on personal service. Small entrepreneurs are close enough to their customers to conduct their own local market research and national marketing data is readily available in even the most remote areas with the Internet. Small retailers can offer more personalized service. They are in a better position to understand, adapt and sell to their specific customer market (Taylor, 1994).

Tourists crave experiences (Sem, 1997). Niche market consumers are looking for a pleasurable and entertaining experience when they shop. All contemporary customers demand convenience, assortment and value, along with the personal touch (Mistele & Ryan, 1996). But when they travel, people are apt to spend more time making purchasing decisions, look for unique and/or locally crafted items, take in demonstrations and/or displays, or purchase products or services that have some sort of cultural tie or identification to the local area. Tourists like to buy items they cannot find at home, preferable within a setting different from the ordinary. Small retailers are in a good position to offer a unique retail shopping experience because they do not suffer from the cloned-look and feel of a chain store.

Small retailers are in a better position to recognize and capitalize on market niches. A market niche has been defined as a specialization that allows a business district to gain dominance with specific retail products (Engle & Ryan, 1998). Retail communities can establish a reputation for providing single or multiple categories of goods and services, such as antiques or outdoor gear. The flexibility to consistently monitor the popularity of and subsequently inventory and offer niche-specific products and services gives small retailers an advantage in the tourism marketplace.

At first it would seem that the only differences between category concept retailing and niche retailing are the scale and ownership. Is the small entrepreneur destined to struggle with selling to the same market? Small retailers selling specialized products and services still maintain an advantage when competing with these large behemoths. First of all, managers that reside in the same communities they do business have a better understanding of what their customer wants. The small business owner lives and works with his/her customers on a daily basis. Also, implementing new services and products is often more efficient for decisions can be made on the spot, without deferring to an assortment of outside opinions within a management chain of command.

The fact that proprietors of small businesses generally finance their own retail enterprises stimulates their efforts. As a general rule, the managers of the businesses are risking their own capital and family resources in the daily operation of the company. This is a very strong motivator. Small retailers have a very strong incentive to succeed when their own money is on the line.

### Market/Tourist product and service demand

The retail commerce component of the tourism industry consists fundamentally of travelers that buy products and services, those businesses that supply tourism commodities, and the government's role in regulating this process. A comprehensive investigation of this study's research question must explore the retail business market setting. To effectively serve the needs of their customers, suppliers must be aware of the nature of their customer base, as well as the factors that act upon their tendencies to purchase retail tourism goods and services. "An understanding of the consumer is at the core of successful business practice in the tourist industry" (McIntosh, Goeldner & Ritchie, 1995, p. 167). Retail tourism businesses need to assess their markets as an aggregate force as well as distinct consumers. Not only are hospitality and tourism businesses subject to the globalization of their methods and companies, so too are the markets they serve. Distinct polarized segments are more and more prevalent and are displaying increased homogeneity internationally. The segments not only maintain similarities within themselves, as a totality they display common patterns globally. This results in global super-segments demanding specialized products and services (Fayos-Sola', 1996).

Paradoxically, advancing technologies have both eroded and enhanced differences in cultures. Instantaneous communication and improved transportation infrastructures have been instrumental in exposing the world's population to similar experiences. Lifestyles are becoming less distinct from country to country, especially in guest cultures. But at the same time, people are emphasizing their uniqueness (Cline, 1996). Not surprisingly, the traveling customer is following the worldwide trend caused by

populations subject to increasingly standardized experiences. To the degree that market demand can be generalized and viewed as a homogeneous force, suppliers should address overall market demand trends. To the degree that individual consumers can be identified and segmented, businesses need to satisfy specific consumer needs. As consumers, travelers have specific, identifiable needs, characteristics and motivations. These can be identified to sell to visitors more effectively.

### Tourism Push and Pull Factors

Ultimately, tourism retailers are in the business of satisfying visitors' product and service demands while they are on vacation. The attributes of an area, including its infrastructure, natural and man-made resources and the businesses dependent upon them serve the needs of visitors. These make up the so-called "pull factors" of a destination and will be discussed later in this paper (Dann, 1977).

Implicit within the process of addressing tourists' needs and desires is the necessity of assessing their travel motives. Those variables that determine why an individual travels are termed "push factors"(Dann, 1977). If retailers, and the communities they operate within, can determine what consumers want to gain by vacationing, they can design their products and services accordingly, and promote those commodities in an image that appeals to the visiting public. Retail tourism as an applied science depends in part on the psychology of travel behavior.

What propels an individual's presumably innate wanderlust? The psychology of travel has its roots in an individual's unfulfilled needs. But obviously everyone is different and individual travel motivations are many and varied. Esteemed authors have developed many theoretical perspectives in exploring tourist motivations. They have

organized certain core elements that compel people to travel into a number of abstract constructs (Crompton 1979, Crandall 1980, Dann 1977, 1981, Kotler 1982, Gottlieb 1982, Gartner 1993, Fodness 1994).

Fundamentally, people who travel for pleasure do so to answer a need that is not satisfied in their daily routines. The psychological make-up of an individual dictates a need to complement the serious demands of life with some contrasting state. For many people, temporarily leaving their daily responsibilities by traveling to another environment serves to rejuvenate them physically and psychologically. Jafari (1985) models an individual's transition from his/her ordinary routine to an alternate non-ordinary vacation frame after a springboard. For Jafari, tourists escape their mundane home environment for the nonrestrictive and idealized vacation destination where they can pursue an emancipated identity, liberated from the cultural norms of their home and sometimes even their destination. Essentially, tourists are driven by a need to contrast their daily lives with elements of life uncharacteristic to their home environment (Jafari, 1985).

Dann (1977) classified vacation motivations into "push" and "pull" factors. For him, the destination selection process started with certain individual needs. Unsatisfied needs "push" individuals away from their home. People are motivated to leave their home environment for a variety of reasons Dann categorizes into two main constructs. One, vacationers leave their familiar surroundings to achieve a sense of "anomie", a suspension of normal societal constraints. On holiday, tourists can "indulge in those kinds of behavior generally frowned upon in... (their) home environment" (Dann, 1977, p. 188). Family demands, spousal scrutiny, hometown ethics and personal morals can all be

temporary suspended on a trip away from home. Significantly, the physical departure is viewed as a necessary ingredient in and prerequisite of fulfilling the psychological need to escape.

Dann's second construct concerns tourist's using vacations to satisfy their need for ego-enhancement. An individual's status can be artificially advanced while on vacation. Not only does he/she achieve prestige through recognition by his/her class peers at home; he/she can also elevate his/her social position while on vacation. On one level, by participating in an activity associated with affluence, neighbors and acquaintances identify the traveler with the befitting class position. On the other side, he/she is able to adopt a sophistication on the vacation itself that does not necessarily coincide with his/her status at home.

Dann describes the "pull" factors of tourist motivation as the attributes of the vacation destination. They are the factors that determine where the individual tourist will seek fulfillment of their unsatisfied needs. Obviously, the potential vacationer has to be predisposed to travel before a specific destination is selected. The predisposition, manifested in various "push" needs, must be acknowledged. Once recognized, a destination is chosen based on its perceived ability to assuage this need. Understandably, specific elements that act to satisfy an individual traveler's or group of travelers' vacation desires vary from person to person. The following list is an example of popular Midwest attractors that serve as pull factors for tourists.

- National Parks
- State Parks
- National Forests
- Historic Areas
- Boating
- Water Skiing

- Fishing
- Tubing
- Rafting
- Downhill Skiing
- Cross Country Skiing
- Camping
- Hunting
- Hiking
- Night Life
- Cultural Traditions/Ethnicity
- Professional Sports
- Visiting Friends and Relatives
- Shopping
- Gambling

(Adapted from the Graduate Thesis of Nitin N. Nadkarni, UW Stout, 1989)

Crompton (1979) classified pleasure travel motivations into seven socio-psychological and two cultural categories. For him, people leaving their home environment to escape, to explore themselves, to relax, to increase prestige, to enhance kinship relations and to facilitate social interaction are motivated socio-psychologically. They are culturally motivated to seek education and novelty (Crompton, 1979). Significantly, Crompton emphasizes that push factors are useful, not only as an explanation for the initial arousal for vacationing, but also as a “directing” determinant in selecting a destination that will best satisfy the motivational needs. “...preference is likely to be given to a destination which is perceived as most likely to service the dominant motive” (Crompton, 1979, p. 421).

Crompton also provides interesting insights into the value of assessing tourist motivations. Motive identification can help tourists define what they truly want in a vacation and consequently increase the satisfaction of their experience. It can also supplement a host organization’s understanding of what their customer demands. With enhanced consumer knowledge, tourist hosts can develop and portray their product in

more attractive arrangements, or direct their promotional efforts toward a better-defined market.

Crandall (1980), in reviewing earlier works on leisure needs fulfillment, lists many of the reasons people have been found to participate in leisure activities. He compiled a list of seventeen motivational categories based on the findings of a focus group of scholars and students. He also quoted a list of four general motivational headings gleaned from a colleague's survey of 2000 people in the Chicago area. The four include privacy, achievement, hedonism and "extraversion" (Crandall, 1980, p.48). The seventeen motivational categories are; escaping civilization, escape from routine and responsibility, physical exercise, creativity, relaxation, social contact, meeting new people, heterosexual contact, family contact, recognition, social power, altruism, stimulus seeking, self-actualization, achievement, avoiding boredom, and intellectual aestheticism (Crandall, 1980, p.49). Obviously, some of these classifications are not mutually exclusive and may seem redundant. The list could be simplified by lumping many of the social interaction as well as the personal improvement categories into one. Understandably, one or a combination of several of the above may drive an individual tourist.

A second conference of scholars attended by Crandall concluded that leisure motivations were both individual- and situation-specific. It was the consensus of the meeting that an individual's motivations are complex and different activities meant different things to different people at different times. In addition, everyone agreed that the practical aspects of assessing an individual's motivational needs included the following:

- 1) using needs to predict leisure choices and demand patterns
- 2) providing the most need-fulfilling leisure counseling
- 3) basing activity packages on complementary needs or activities
- 4) designing the environment to facilitate relevant needs in activities, and
- 5) optimizing programming and substitutability to met needs (Crandall, 1980, p.52)

Dale Fodness (1994) approaches tourist motivations with the express purpose of utilizing their identification to further the marketing of tourism services. Recognizing that tourist behavior is a complex topic that cannot be explained solely through an investigation of motivations, he also views a person's propensity to travel as arising from an imbalance of inner needs which result in an uncomfortable level of tension within an individual. Even though he acknowledges the role cultural conditioning, personal perceptions and learning play in explaining tourist behavior, his article concentrates on presenting a questionnaire designed to measure the "why" in touristic behavior. Using a method similar to Dann's and Crompton's, Fodness collected and analyzed observations about personal travel motivations toward the goal of establishing a theory on the formal relationship between the variables concerned. Fodness outlines the basic motivational process from a functional approach:

...internal psychological factors (the needs) generate an uncomfortable level of tension within the individuals' minds and bodies. From a functional perspective, these inner needs and the resulting tension precipitate attitudes and, ultimately, actions based on those attitudes designed to release tension, thereby satisfying the needs. (Fodness, 1994, p.558)

One central theme appears to be fundamental to every analytical approach to tourist motivation. Operational definitions and constructs may vary from one author to the next, but each seems to center on one concept. That is, people are motivated to leave the psychological and physical confines of their daily life in answer to some unfulfilled

psychological need. Physical escape facilitates and is necessary for psychological escape. For the purposes of this study, people are thought to travel because of a basic need to escape their daily routines and normal physical and psychological environment.

### Motivational Theory Applications

Identification of these needs in potential tourism customers can be instrumental toward developing tourism in a host area in three significant ways. First, marketing plans can be structured to portray one's destination as a product that is able to satisfy a tourist's needs. Secondly, understanding the motivations behind vacation decisions can help hosts identify what choices consumers will make between competitive tourist products. Further, hosts armed with knowledge about consumer motivations can target those groups of people interested in their tourism product.

### Market Segmentation

It would be naive for retail businesspeople to treat the traveling public as a homogeneous entity. Every tourist has their own travel preferences and is motivated by and attracted to different variables. Vacationers need to have the desire to travel as well as the ability to do so (Gunn, 1994). The means to travel, including money, time, transportation and equipment, are often taken for granted in our modern day affluence, but are nonetheless required (Gunn, 1994). It is not possible to evaluate the travel motivations or resources of every potential customer. It is possible, however, to categorize travelers by their shared characteristics. Gartner (1996) has classified the variety of market segmentation methods under four headings: geographical, demographical, psychographical and combinations thereof.

Geographical segmentation involves merely categorizing consumers by their place of residence (Gartner, 1996). The working assumption being that people living in similar areas share comparable travel motivations. Geographic segmentation is a simple, inexpensive, effective and widely used marketing method. Demographic segmentation categorizes people by their socioeconomic circumstances. It generally identifies potential customers' race, age, income, household size, marital status, educational level and occupation (Gartner, 1996). Demographics have for many years been the market segmentation method of choice across industry lines. Easily quantifiable and identifiable, demographic information remains a standard tool in market segment measurement. It has its shortcomings, however, and recently other more effective means of market identification have emerged.

Psychographic market segmentation involves assessing potential customers' psychological characteristics such as behavior, interests, motivations and attitudes (Gartner, 1996). This method is attractive to practitioners in the hospitality and tourism industry because it can classify tourists according to travel behavior and motivations. Values, Attitudes and Lifestyles segmentation, or VALS, has surfaced as a new market tool and in most cases addresses tourism motivations more accurately than demographics. VALS categorizes consumers by their values and lifestyles, providing a more accurate estimate of their consumer predilections.

Utilizing any combination of the above methods in any one application usually increases the effectiveness and accuracy of the process. Subjecting a market population to additional segmentation processes can reduce the shortcomings of one method. With more than one segmentation step, customers can be targeted more narrowly, and

promotional, product and service development efforts can be focused on a more definitive and therefore more lucrative segment (Gartner, 1996). Depending on the application and the time and resources available to the marketer, one market methodology or combinations of methodologies may be more productive than another.

Emerging markets are the most significant force driving tourism's ascension to the world's largest industry. Much market segmentation research divides travel markets into four categories, young adults, families, empty nesters and matures. The empty nesters segment is expected to show a 25 percent increase in size in the next ten years (WI Dept. of Tourism, 1999). This population category happens to have the most discretionary income and time to travel (Gartner, 1996).

Regardless of their individual unfulfilled needs, people travel for business, pleasure and necessities. Leisure travel includes but is not limited to visiting friends and relatives (VFR, sometimes referred to as interpersonal tourism), shopping, educational, heritage or ethnic, sightseeing, recreation, ecological, entertainment, and social status travel.

### Marketing an Image

Tourists travel to vacation destinations based on their perception of how well that tourist destination area (TDA) fits their needs. Their mental image of the TDA is what is important to their motivation, for it is how they perceive the attributes of the area before, during and after their visit that is their vacation reality (Blank, 1989). Given a propensity to travel by the existence of one or more "push factors", an area's character will determine whether or not an individual chooses it as a destination. Its aggregate

attractiveness, as perceived by the potential visitor, is what is termed the pull factor of the area (Dann, 1977).

As consumers' decisions are based on their perception of a commodity, tourism marketing must promote an attractive image that fulfills some need for the visitor (Gartner, 1993). "The process of image formation is intricately entwined with the destination selection process", according to William C. Gartner (Gartner, 1993, p. 1). Consumers contemplating travel base their destination decisions on their preconceptions of those destinations. "Due to the inability to pretest the tourism product, touristic images will often be based more on perceptions than reality" (Gartner, Image Formation Process). It is obvious that this increases the significance of portraying an attractive image. In selling themselves, both communities and businesses must present an image that appears to answer the needs of the potential visitor.

Retail businesses must provide products that complement or supplement the image of the TDA insofar as their commodities appeal to those types of visitors that are attracted to the area.

"All of the retailers interviewed commented on the importance of the community developing promotions and selling the community as a tourist destination. Each individual retailer, however, found they still needed promotional strategies to attract tourists into their specific stores" (Sem, 1997, p. 105).

Basically, effective marketing of a tourism-based retail business involves matching the "push" factors that propel people to vacation with the "pull" factors that draw them to one destination over another. "Marketing is the process of identifying customer needs and tailoring business products and services to meet those demands" (Sem, 1997, p. 9). "Marketing is not just selling" (Weaver, 1986, p. 119). "Unlike the

large uncontrollable variables in the marketing environment, marketing mix variables are controllable” (WDT, 1996). There are four marketing strategy areas that most tourism development plans recognize; *product, price, promotion and place* (Sem, 1997, p. 9).

For marketing purposes, *product* is seen as any variable that has the ability to attract a visitor. Products can take the form of tangible retail commodities or intangible services or experiences. In community tourism development, *product* usually refers to the man-made or natural tourism resources of the area and the product retailers sell. *Price* refers to the cost of the product, whether it be the money paid for goods or the opportunity cost of travel. *Promotion* refers to the activities associated with persuading a market to purchase a product. Lastly, *place* refers to location where the market and supply interact.

There are a variety of methods to promote tourism communities and their businesses, and a mixture of approaches is normally customized to fit the specific needs of area. The promotional mixture is dependent on the individual area or business’s tourism attraction typology, tourist market characteristics, nearby attraction typology, and the availability of effective advertising media (Sem, 1997).

Given an economy, a market and social environment that is conducive to rural retail tourism, those civic advocates that have an interest in promoting retail tourism within their communities must adopt a functional and effective retail tourism development instrument. Even though the individualized economies of different areas produce a different set of market variables for every location, certain generalized and comprehensive retail tourism developmental guidelines have proven successful for rural communities (Sem, 1997).

Successful tourism communities are a product of cooperation, consensus and communication (Gartner, 1996). Two of the three tourism system components of supply, the retailers and public sector must cooperate to provide an environment that is both conducive to attracting and serving the visitor market and maintaining resident physical and psychological comfort levels (This must be accomplished within the confines imposed by the third component, the government). The two tourism system components of marketing, the retailer and the community development organizations must cooperate to promote their attractions.

The tourism development organization also plays an important role in ensuring that the TDA possesses the suitable mix of public and private facilities essential in attracting tourists. Clustering tourism attractions together geographically or by tour benefits the visitor as well as the TDA (Gunn, 1994). Tourists find much more utility in visiting an area that provides at least one day's worth of activities along with the services necessary to support those activities. Tourism communities and the retailers within them benefit from an increase in visitor traffic. "Clustered attractions have greater promotional impact and are more efficiently serviced with infrastructure of water, waste disposal, police, fire protection, and power" (Gunn, 1994, p. 61). The concentration of tourism services and amenities in such a level so as to satisfy the reasonable vacation needs of the traveling consumer is termed the *critical mass* in the tourism industry (Fagence, 1993).

#### Community Retail Tourism Development

A community or business can establish a working knowledge of the many factors that will influence their success in retail tourism, even though it is impossible to examine all the contingent influences. Once accomplished, a more informed tourism development

plan can be initiated. Although the information compiled on the market environment, including a reasonable profile of their customer and competitors, the social trends, existing government regulations, transportation infrastructure and environmental impacts, may not be exhaustive, it contributes significantly to effective retail tourism decision-making.

Communities and businesses can follow a step-by-step process in developing retail tourism. This normally involves but is not restricted to determining whether tourism is right and acceptable to the community, resource assessment, program development, process control, program organization, program funding and ongoing program evaluation.

As we have seen earlier, tourism area assessments are necessary to identify target markets and tourism assets (WDT, 1996). Obviously, the object and subject of the promotional efforts must be identified before the process can be implemented. This includes inventorying resource attractions, supporting retailers, transportation and safety infrastructures and potential customers.

The idea of promoting tourism must be acceptable to all those that are affected by tourism development. Retail tourism must be acknowledged as a legitimate and realistic means to achieve economic gains without undesirable side effects.

As we have seen, it is more efficient and effective for a community or business to identify target markets. Although often difficult to determine, it is to the advantage of both the community and individual businesses to appreciate the travel and purchasing motivations of the target market. Products, services and advertising can be customized to fit the needs of the target market.

Once the market has been defined, suppliers of the tourist product must promote their resources. Promotion usually takes one of the following forms: advertising, publicity, public relations or incentives (Gunn, 1994). Tourism products, services and areas must be portrayed in an attractive image, and most importantly, an image that is derived from a visitor's perspective.

Visitor services, such as informational resources, transportation, sanitation and communication infrastructure, police and fire safety, and health services, are very important to ensure tourist satisfaction (Gartner, 1996). A visitor services plan of the proper scale and scope must be established to accommodate the level of tourist activity at any one given time. Because of their significance in securing return visitors and maintaining favorable word-of-mouth advertising, adequate visitor services are essential. Unfortunately, this area is often neglected because it requires a concerted and cooperative effort in a community, and cannot be accomplished by one self-serving sector of the tourism supply system.

Never overlooked and forever contested, the funding for the programs necessary for successful tourism development in a community can become a necessary evil. Even when a little education makes it obvious to all the concerned parties that some form of retail tourism program will be to their advantage, raising the money to fund the plan can be arduous. Communities and the businesses within them are wise to research and pursue the variety of federal, state and local government funding programs available before they assess businesses and residents.

Community tourism development efforts cannot be terminated after economic progress has been achieved. The quality of life within a community is dependent on

monitoring the many consequences of retail tourism expansion. Physical, social and environmental impacts are felt first on the community level. Community leaders must ensure tourism does not exceed the capacity of the area. Managers must oversee visitor access to public and private resources. Zoning regulations must be acceptable to local residents. Visitor facilities must be operated and located in such a manner that they do not interfere with the daily routine of residents (WDT, 1996).

Development assistance can also be found through educational sources funded by the federal and state governments. State cooperative extension services provide community resource development education for businesses as well as individuals and government agencies (Gartner, 1997). The Small Business Administration (SBA) provides educational and financial support for businesses (Gartner, 1997).

Obviously, the ultimate goal is to improve the well being of the residents of the community. Understandably, this can only be achieved by tempering the economic development of tourism with a guarded respect and consideration for the negative impacts of retail tourism development.

### Planning for Sustainable Tourism

Given its overwhelming presence and influence, the phenomenon of tourism cannot be left to eventuate unabated for it has the potential to produce far-reaching negative as well as positive impacts on the economy, society and the environment (Gunn, 1994). Tourism destinations quickly find that unrestricted tourism development inspired by actual or potential economic gains proves to be a myopic approach to meeting the overall human needs of communities. Prudent planning by governments, nonprofit

organizations and commercial enterprise is necessary to not only advance the economic interests of an area, but protect the physical and social well being as well (Gunn, 1994).

The myriad of variables associated with the tourism process makes tourism planning more of an art than a science. Sustainable tourism and, as a consequence, long-range retail economic goals, cannot be accomplished without considering what level of social and environmental intrusion is acceptable to a TDA. Affected parties, including residents, businesses, government agencies and nonprofit organizations, must be made aware of the side effects of developing retail tourism, and then consulted when tourism planning programs are considered and implemented.

#### Small business position

As the objectives of a retail tourism business are generally focused entirely on financial gain, many retail business managers see an imposed concern for the social and environmental welfare of the area as restrictive. Whether they champion the cause or not, businesses must operate within the confines of the development guidelines established by the political consensus of the area in which they operate.

Independent entrepreneurs' decisions are usually motivated exclusively by financial self-interests, the combination of which not surprisingly sometimes results in an accumulative disregard for the social and environmental well being of the community. As a consequence, in the absence of concerted efforts to encourage effective cooperation between public and private sectors, even the most essential of lofty goals will remain unrealized.

## Conclusion

It is obvious retail tourism businesses operate in a complex and ever-changing environment. The strategies they utilize to procure the tourism market are dependent on a number of factors. The typology and effectiveness of a retail tourism supplier's methods are a factor of an area's tourism attractions, the individual business's resources and the social, political and physical environment within which they operate. Although it is both impossible and unfeasible to inventory and analyze all the elements that affect retail decision-making, this chapter outlined some noteworthy influences. This review of literature is, however, only a portion of the information required to answer this study's research question. Additional secondary data, in the form of summaries of retail business interviews will be reviewed along with the analysis of the primary questionnaire data.

The primary data and review of the unpublished interviews of this study identified a sample of successful retail tourism strategies from a cross-section of small businesses. This information is vital to answering the research question of this study. It can be argued that the free market will automatically select those retail methods that are most effective and reward them with success. By virtue of their being successful, existing retail strategies have adapted to the complex market environment, capitalizing on attractive tourism draws and effectively utilizing business resources. As we have seen in the review of literature, there are many factors that have a significant effect on the viability of a business, their complete identification becomes laborious and their analysis imprecise. Rather, it is more straightforward to identify business methods that are proven. This is the working premise of this study, and as such, subordinates this review of literature to the case study primary and secondary data.

## Treatment of the Data

### Introduction

The purpose and objectives of this thesis expand upon those of a research project sponsored by the University of Wisconsin-Madison Extension Service. As a part of the UW-Madison educational system, The Center for Community Economic Development (CCED) conducted a study of independently owned and operated retail tourism businesses throughout the Midwest in 1998 and 1999, in which the author of this thesis participated. In an effort to highlight the importance of tourism to retailing in Wisconsin in particular, and in the Midwest in general, the research project surveyed over 100 businesses by phone or in person. The purpose of the project was to develop an idea/guide book identifying a list of retail strategies that existing businesses have found to be effective in capturing tourist dollars. The information generated by the CCED research project was summarized within a handbook. It is intended to serve as an educational tool for small business and will be distributed by the UW-Extension Offices and the CCED office.

Although the author of this thesis was an active participant in the CCED-UW research project from onset to completion, its findings are utilized and referenced in this thesis as a secondary source. All respondent information collected by the CCED-UW project is appropriate to the purpose and objectives of this thesis, but its methodology and in many respects, its audience and application are divergent. Even though both research projects can act as learning instruments, this thesis admittedly takes a more academic and theoretical approach to the topic. In contrast, the CCED-UW project was positively intended to be more of a practical industry tool.

The CCED project was a cross-sectional descriptive field study based on a combination convenience-judgmental sampling technique. A sample of communities that had a growing potential to harness the tourism market were selected based on the expert opinion of knowledgeable sources, including industry professionals from the University of Wisconsin system and local community Chambers of Commerce and Development Committees. Selection criteria included populations between 2500 and 25,000 people, a visitor market that was readily available and practicably accessible and the existence of tourism-conducive man-made or natural resources. An effort was also made to choose areas that best represented a variety of tourism themes and to choose businesses that represented a variety of tourism products and services.

The CCED research project relied on two sets of primary information, which were gathered by two survey methods. On one hand, a selection of 37 businesses from ten communities were chosen from the five states of Minnesota, Wisconsin, Michigan, Iowa and Illinois and interviewed in person. The author of this thesis conducted most of these interviews. Also, the CCED identified over 50 additional businesses by the same criteria and interviewed their managers by phone.

The CCED research yielded a great deal more information than was incorporated into the findings of its final document and as such, acted as an inspiration for this author to expand on its results. Elaborating on the purpose of the CCED study, this thesis seeks a more comprehensive understanding of some real life manifestations of the retail tourism principles involved in the operation of a small retail business.

## Research Design

This thesis utilizes a descriptive research design. Although an effort was made to quantify the variables involved within the study, its strict nature remains qualitative. The small sample and broad topical scope indicates a case-study approach. Data on retail tourism variables was identified by the individual business case and then compared to other businesses within the sample.

This study utilizes survey data collection methods. It treats the several months of data collection as one point in time and as such is a cross-sectional study. The research environment consists of the field in which the retail tourism market operates.

The primary data collected and analyzed by this thesis was gathered through a mailed questionnaire given to those managers who were initially interviewed in conjunction with the CCED-UW project personally by the author of this thesis. Intended to supplement and focus the information available for analysis, the follow-up survey instrument both verified existing data and completed information from original respondents (Appendix B). This thesis utilized the sample and population identified by the CCED for its personal interviews to establish the respondent base for the follow-up mail survey. As a consequence, this thesis' sample is based upon and limited by the sampling methodology employed by the CCED-UW.

## Population

The population of the CCED study and this thesis are the same. The population consists of all small retail businesses located in rural communities of more than 2500 but less than 25,000 year-round residents within an area that includes all of Wisconsin and the 100 miles immediately adjacent to its borders within Minnesota, Iowa, Michigan and

Illinois, that provide goods or services to visitors. Based on government economic census data, there were approximately 32,000 retail business establishments in Wisconsin in 1992 (On-line: Oregon State University, 1998). According to the municipality estimates of the Bureau of Intergovernmental Relations, there were approximately 227 municipal areas with the populations between 2500 and 25,000 in 1992 (On-line: Bureau of Intergovernmental Estimates, 1999). There are less than 100 cities that match the selection criteria for the study within the States adjacent Wisconsin. In view of these figures, the author has estimated the population of retail businesses to be under 65,000.

### Sample

The sampling method of this research is purposive. The sample resulted from a combination of quota and judgment types for it was selected by its perceived ability to represent the population and specific criteria. CCED study participants decided what businesses to survey based on the size of the TDA, success of the business, and ability of the business to represent a cross-section of retail types and location. Its generalizability may be limited in part by the fact that the sample was not randomly chosen and the sampling frame differs from the population due to the natural attrition of operating businesses during the course of this research.

### The Problem and Objectives

As discussed in an earlier section, the purpose of this study is to (1) identify and, (2) discuss the relationship between retail tourism business strategies and markets of a sample of Midwest retail tourism businesses and the principal tourism draw of the area in which they operate.

### The Sub-problems and the data they require

Toward the goal of examining the above relationships, this study must first identify the variables in question. Accordingly, business strategies, as perceived by the managers of the businesses, must be identified. Also, the principal tourism draw of the area, again as perceived by the managers of the businesses, must be identified. Moreover, the primary tourism market, again as perceived by the managers, must also be identified. To the degree it is possibly, the above variables must be quantified and analyzed.

### Means of securing the Data

#### Personal Interviews

Managers of a selected 26 businesses were personally interviewed at their place of commerce by the author of this study during the summer of 1998. The protocol of the interviews was semi-structured, and although the questions varied considerably, the content was consistent enough to ensure that all the issues relevant to the objectives of the CCED study and this thesis were covered. Although the setting and process of the interviews were informal, interview question guidelines were followed and key questions, although possibly phrased differently, were always asked. A selection of core questions was included in every interview (See Appendix D). All interview sessions were audiotape recorded with the written permission of the participants.

The second question, "What type of person makes up the majority of your clientele?" was used to determine the variable *primary tourism market*. The last question, "Are there any specific techniques or strategies that you have found particularly successful in capturing the tourist dollar?" was used to determine the variable *retail business strategies*. The remaining variable, *principal tourism draw*, was determined by a

combination of methods. The researcher based the variable on the interview question “What brings your customers to this area?” by researcher observation and by canvassing expert local expert opinion.

### Mailed Questionnaire

Toward the goal of satisfying the purposes of this thesis, those businesses that were interviewed in person were sent a follow-up survey validating and quantifying the data compiled by the interviews. A survey instrument in the form of a seven-question questionnaire was sent to the 26 previously interviewed business managers in April of 1999 (see Appendix A).

### Response

Of the 26 sent, 23 were returned without any follow-up requests, yielding an 88.5% return rate. One respondent, although he had filled out the survey, asked that the information not be used for he felt his business did not constitute a retail tourism business. Another survey was purposely dropped from the database because it became the only return from that particular study area. Accordingly, the information gathered from the mail survey instrument includes data from the responses on 21 questionnaires. Included within the mailing was a permission form (Appendix B), cover letter (Appendix C) and cash incentive.

### Questionnaire Design

The questionnaire was constructed to obtain respondents’ perceptions of specific retail community tourism development elements associated with the operation of their individual enterprises. The seven questions were designed to determine the following

characteristics of the businesses and their respective customers (question 8 simply asked information pertaining to mailing a summary of this study):

1. The principal tourism draw of the area in which the businesses operate
2. The primary tourism market served by the businesses
3. The most successful retail strategies of those businesses

Question 1 identified what the 21 respondents felt were the main reasons customers visit the area in which they operate and was used to determine the variable *principal tourism draw*. Questions 2 and 3 determined select demographic characteristics of their customers and served to determine the variable *primary tourism market*. Question 4 assessed what products and services the business managers utilized to attract visitors and was subsequently dropped from the data analysis because of its similarity to questions 6 and 7. Question 5 was included in the questionnaire to merely verify the fact that a certain portion of the businesses' revenues originates from tourists. Questions 6 and 7 were aimed at identifying those retail strategies the respondents felt were effective in capturing tourism dollars, and they determined the variable *business strategies*.

Accordingly, following the classifications were established by the questionnaire selections:

The variable *principal tourism draw* contains the values *outdoor recreation, education/history/roots, escape/contrast, shopping/antiquing, cultural/artistic activities, relaxing/meditation/finding oneself, special events, visiting friends and relatives and en route to another destination*.

The variable *primary tourism market* contains the demographic values of *modest, medium and high income, younger or older age, rural, city or both residence, male or female gender, same- or out-state residence and high school or college education*.

Because the variable *business strategies* contains an unwieldy number of values, the answers were factored into 10 general categories below. Unlike the previously mentioned variables, however, the subsequent statistical analysis considered a response for any one of the subcategories to be a response for the general heading it fell below.

Quality Product

*local fruit wines*      *products for the hungry and thirsty customer*  
*quality products*      *quality food at a fair price*      *specialty dessert pies*

Diverse Product

*unique merchandise*

Price

*group discounts*      *reasonable prices*

Service

*friendly atmosphere*      *wine tasting*      *quality service*      *continuity*  
*increased hours*      *customer education*      *staff training*  
*free gift wrapping*      *flexibility*

Theme

*unique atmosphere*      *theme*      *music*      *theme mural*  
*ethnic*      *heritage*      *theme train rides*      *beautifying areas*

Location

*country locale*      *one-of-a-kind*      *visibility*      *location*

Mass-Media Advertising

Local Advertising

*free samples*

Membership Advertising

## Statistical Analysis

### Personal interviews

The author condensed the information from the personal interviews into short summaries in an effort to outline those concepts relevant to the purposes of the CCED study and this thesis. These summaries are included in the “Findings” section of this thesis.

### Mailed questionnaire

The statistical analysis software SPSS was utilized to perform the following data analysis.

Frequency counts were established on all mailed survey questions 1, 2 and 3. An inventory of all answers to open-ended questions 6 and 7 was performed and the answers were factored into the general categories listed in the previous section.

Question 1 (*principal tourism draw*) was cross-tabulated against questions 6 and 7 (*business strategies*).

Question 1 (*principal tourism draw*) was cross-tabulated against questions 2 and 3 (*visitor profile*).

## Methodology

Both data collection methods (personal interviews and mailed questionnaires) were utilized to supplement the literature review because of the nature of the research problem and the population. Most of the research variables are concepts that are subject to a variety of interpretations. The population covered by the research is indistinct, and as a consequence securing information through in-depth personal interviews was judged an effective means of increasing the accuracy of the information. Obtaining information

through follow-up mailed questionnaires was considered to be an effective means of both quantifying the interview data and confirming its reliability. Since this research focused on a few cases, more extensive information gathering methods were employed to compensate for the small sample, possible lack of representativeness of the sample in an ill-defined population, and subjectivity of the research variables.

#### Location of the Data

The first part of the findings section of this paper presents the data collected from the 21 of 26 interviews the author of this paper conducted with the designated sample of businesses. The information base utilized was limited to coincide with the 21 businesses that responded to the follow-up questionnaire sent to the original 26 interviewees.

#### Item analysis

The statistical analysis system SPSS was utilized to obtain frequency counts on mailed survey questions 1, 2, 3, 4 and 5. It was also used to compare the values derived from question 1 to questions 2 and 3 and questions 6 and 7. As cited earlier, subjecting the variables in question to cross-tabulations revealed relationships between the variables from the above survey questions. Significant relationships between the variables were determined by the use of Chi-square tests.

#### Tables to be formulated

Summaries of the personal interview findings are listed in Table 1 on page 131. Tables listing the frequency counts of the responses to questions 1, 2, 3, 6 and 7 of the mailed survey are included in the Findings section of this study (beginning on page 134). Tables summarizing all the statistically significant relationships found between the variables of interest are included in the Findings section page 137. Tables

displaying the cross-tabulations and Chi-square of those relationships that proved significant at a statistically probability of less than .05 are also included in the Findings section of this study under the individual variable comparisons (beginning on page 138).

#### Charts to be drawn

Appendix E displays the chart “Variable Interrelationship”.

#### Validity

The validity of this study rests heavily on the cogency of the opinions of the respondents. As the responses from the managers surveyed constitute the bulk of the data generated by this study, the validity of the findings is altogether dependent on the exactitude of their perceptions. As the purpose of this study is to make empirical determinations concerning the relationships of retail tourism variables, objective sources of information would improve its exactitude. As it stands, however, this study serves as a sound measurement tool insofar as the perceptions of the respondents reflect the realities within the marketplace.

The internal validity of the survey instrument to realistically assess what it intends to measure for the purpose of this study is admittedly unproven. Content validity is superficially and subjectively satisfied, but that is in the judgment of the author. Criterion-related validity can be said to be satisfied if the study’s findings enable at least one businessperson to increase their ability to more effectively secure the tourism market. It is the author’s opinion that meeting this criterion does in and of itself validate the survey on a higher level, and as a result, produce a worthwhile study.

### Reliability

Technical survey-instrument reliability tests such as coefficients of stability, equivalence or internal consistency were not conducted on the interview questions or mailed questionnaire. Reliability was improved by comparing the responses of the interviews to those of the mailed questionnaire.

### Summary

Toward the purpose of comparing tourism variables in the cases of interest, the research design of this thesis employed a two-step process. Both personal interviews and mailed surveys were utilized to obtain information from 21 businesses relevant to the objectives of this study. This data was then tabulated and interpreted, the results of which satisfy the purpose of the study.

The information gathered from the personal interviews, along with the information gathered by follow-up mail surveys and the literature review constitute the whole of the data embraced by this thesis. The information gathered from the CCED-UW interviews and the literature review represent the qualitative data of this thesis. The data generated by the follow-up mail surveys constitute the quantitative data of this thesis. The information resulting from the interviews and questionnaire is catalogued and analyzed in the following two sections of this paper.

## Findings

### Introduction

The in-depth personal interviews conducted by the author of this research paper provide a comprehensive information base on the sample of retail tourism businesses selected for this case study. Toward the goal of identifying and determining relationships between the principal tourist draw on one hand and the primary tourism market and individual business's strategies on the other hand, information from 21 of 30 business interviews conducted by the author of this paper is summarized below.

Relying on the expert opinion of the industry professionals involved in the CCED study, retail supply regions were chosen and businesses are categorized by the principal tourism draw of the six economic areas (Numbered 1 through 6). Correspondingly, the business interview data is organized by those classifications, with an overview of the general market area followed by trade details on the individual businesses. To protect the privacy of the businesses, individual summaries are designated by letters of the alphabet combined with the number that corresponds to the area in which they are located. The principal tourism draw and primary tourism market are identified for each market area as determined by the interviews. Retail strategies, as identified by the individual respondent managers, are listed within each business interview summary.

## TDA 1: Farm Trails of Southwestern Wisconsin

### The area's principal tourist draw:

*Rich farmland with rolling hills and picturesque homesteads introduce visitors to a rural experience by offering farm products in the setting from which they originate.*

### The area's primary tourist market:

*People of all ages and backgrounds visit Farm Trails, with the majority being retired couples.*

### Business appeal:

*Using their rural markets as a storefront, businesspeople sell ingenious agricultural products, most of which come directly from the farms they manage.*

### Overview of area:

A large part of the customer appeal for rural retail tourism stems from a fascination with buying a product that is sold by the producer. Farm markets, roadside stands and egg signs hanging from mailboxes are all an indication that some shoppers look at buying agricultural products as more than a routine exchange of money. Granted, there are many reasons why people would rather buy fresh produce from a farmers' market than a supermarket; among them being the fact that it may be fresher, cheaper or display their part in supporting the local economy. But for many, it is also a matter of the experience involved. On one hand, a product that is marketed by its producer lends authenticity to the product and nostalgia for a simpler time when farm goods were sold by the farmer and crafts where sold by the craftsperson. Also, the price may be subject to negotiation, and some people love to haggle. Further, taking a drive in the country is for many people a contrast to daily life, exposing different settings, ways of life and people. It acts as an opportunity to escape the daily routine. Whatever the reason, rural tourism is increasingly popular and becoming more and more organized.

Farm Trails in Southwestern Wisconsin has been active in facilitating the connection between visitors seeking an uncharacteristic approach to shopping for uncommon products and the interesting retail shops in the country. Tours of rural farm businesses are arranged periodically through the summer where shoppers can ride in comfort to more than 20 selected cottage industries. The following small cross-section of businesses hopes to illustrate how the agricultural tourism concept appeals to urban markets and satisfies city residents' vacation needs.

### Business 1a

#### Business Strategies:

- *Quality work at a competitive price is very important in commercial work*
- *Personal service is important to encourage repeat customers*
- *Don't be out to make a fast buck*
- *It is important for local business people to support one another*
- *Unique day-trip experiences are becoming more popular*

The managers of Business 1a had always wanted to open a retail gift and flower shop, but the timing was never right. In 1997 things started to fall together, and when they did, the process went fast. The two managers, along with their husbands and children, started cleaning cans and cobwebs from an older barn on Labor Day in 1997 and were ready to open October 1 of that year. Their efforts proved worthwhile for they ended up with a unique retail business incorporating a rustic flavor and welcoming feel.

The retail shop is just a couple of miles outside of Lancaster, Wisconsin and sells a variety of flowers, crafts and gifts. The owners also do custom orders for private or commercial decorating, indoor and outdoor commercial plant care and individually arranged gift baskets. A rural shopper can find Door County Candles, Ellen's soaps,

Cinnamon Hill honey, candles and soaps, Pat Richter cards, prints and stationary, sweatshirts, dolls, rabbits, antiques, wooden items, cake candles, Al Lange collectibles, tapers doilies, cookie cutters pottery, herbs, scented perennials, native prairie flowers, vegetable plants, foliage plants, green plants, annual bedding plants, planting soil and accessories and garden accessories in a quaint restored barn. The store is open every month except January and February, everyday but Monday in the summer and every day but Sunday and Monday in the spring and fall.

The managers say the Farm Trails tours have directed many customers their way. They also rely on their well-designed brochure and word-of-mouth to encourage people to visit. A series of individual mailings to businesses soliciting commercial planting and care-taking that were sent when the business started were quite successful, attracting twice as many jobs as they expected. Many of their customers are friends and relatives of people that live in the area. They are pleasantly surprised at the positive reaction they have received considering they have only been in business for two summer seasons.

The customers at Business 1a are drawn by the shop's inviting décor and interesting merchandise and flowers. The area does not have many gift shops and as a consequence, Business 1a fills a market niche. Customers come from the surrounding cities in Wisconsin, Minnesota and Iowa as well as from Madison and Minneapolis. The clientele is pretty much evenly divided between local residents and visitors.

The managers hope to increase the size of their gardens and greenhouse in the future. They also hope to expand their gift shop into the barn loft and convert the milk house into a kitchen to produce their own oils, vinegars, jams and jellies. The concept of

offering local products in a rural setting seems to be working for them and is certainly a positive contribution to the area and an enjoyable experience for the visitor.

### Business 1b

#### Business Strategies:

- *Hand-sorting popcorn ears for quality.*
- *The smell of fresh popped popcorn sets customers at ease and warms people up to conversation.*
- *Popcorn is packaged in a sturdy refillable tub that helps to bring the customer back.*

The concept for Business 1b is a product of both the government's economic policies and the owners' personal interest in the product. In 1984, the federal government wanted to reduce an oversupply of field corn in the U. S. by discouraging its production. Since popcorn was not covered under the government provisions, the owners decided to grow popcorn. At present, 500 of the 3000 family-owned acres produce popcorn. The climate, soil type and growing season proved very conducive to popcorn cultivation, and progressing from production to retail and wholesale seemed only natural to the owners.

Business 1b is a true agricultural-based retail enterprise for it is involved in every step necessary in bringing the final product to the consumer. The business grows, packages, markets, distributes, researches and retails popcorn. They develop the recipes and process the ingredients to flavor their various ready-to-eat popcorns. They design their own packaging and logos. Their shop gives out samples of their flavored popcorn and sells gift baskets, decorative tins, popcorn seasonings and accessories. The owner/manager points out that their retail store is not the only outlet for their popcorn for they wholesale their product to various distributors. As a matter of fact, their sales operations have

branched into fundraiser packages, mail order catalog sales, wholesale distribution and of course retail sales. Their popcorn line has expanded to include a white fudge popcorn with almonds, cheese corn, cashew chocolate popcorn, Cherry Cheesecake popcorn, Caramel Deluxe with pecans popcorn, Cheesy Ranch popcorn and microwave popcorn.

They utilize a variety of promotional approaches and advertising media to advance their enterprise. Potential customers are reached through brochures, the web, newspapers, magazines, and of course word-of-mouth.

Business 1b's retail segment of their business is still a relatively small proportion of their total sales, but it is growing rapidly. The manager refers to popcorn's convenience and nutrition when examining her products rise in popularity

Even though most of the customers at Business 1b are day-trippers, the distance they travel is sometimes surprising. The manager cites examples of groups that have traveled from the Minneapolis, Milwaukee or Madison to specifically stop at her shop. Everybody likes popcorn and that fairly accurately describes the demographics of the customer at the store. The manager sees a trend where some shoppers are seeking out small, novelty shops like her own where customers can enjoy the shopping experience as well as buy merchandise. Many people stop at her shop as part of the larger experience of sightseeing and taking in the colors of the fall.

Business 1b is successful for a variety of reasons not the least of which is the good quality product they produce and sell. Although they have become a substantial business in their own right, what sets them apart from others in similar retail trades is the fact that their product is more personalized. Customers appreciate and seek out businesses where they can actually meet and talk to the people responsible for the

product. It personalizes the product and the purchase, making shopping more of an experience.

### Business 1c

#### Business Strategies:

- *Working with your local Chamber of Commerce helps promote your business.*
- *News releases are more effective than advertising since they are looked at as more unbiased.*
- *Participate in local community special events.*

Business 1c is located 8 miles west of Potosi, Wisconsin and is open whenever the proprietors are home. It specializes in Katahdin Sheep and Ukrainian Eggs and is operated by a husband and wife team. The wife manages the gift shop and sells eggs from their farm's chickens that she hand-etches in a beautiful and intricate Ukrainian style. Her painstaking efforts yield colorful eggs with beautiful detail. The owners sell their hybrid sheep for meat along with many other items from the gift shop. Gifts by House of Lloyd and Christmas Around the World as well apple head dolls, corn husk dolls, broom corn, wood crafts, home baked goods await visitors to the gift shop.

Business 1c is truly an excellent example of rural retail ingenuity. When living in a nearby town, the owners attended an ADAPT farm educational program that introduced them to Katahdin sheep as a means of diversifying their farm business. They began raising and selling Katahdin sheep there and brought them along when they moved to Potosi four years ago. Upon seeing the interest the sheep created, the managing couple branched into other retail farm products and remodeled an out building for a gift shop. The lady of the team miraculously transforms ordinary farm products (and by-products) into interesting merchandise. She etches designs on eggs from her own chickens. She

fashions dolls from their field's cornhusks and uses their trees' apples to make doll heads. Yeast breads, muffins, rolls, cakes, pies, cookies candy, peanut brittle, caramel and fudge are made in the farm kitchen. Customers are fascinated by the fact that the crafts are products of the farm. Buying something that has been hand-made from the ground up makes it more special and personalized to the customer.

The manager says her customers are referred to her from the Farm Trails tours, word-of-mouth, and newspaper and magazine articles. She finds that of all the forms of promotion, the exposure she has gained from the newspaper articles has been the most effective in bringing customers to her door. She attributes this to the fact that potential customers look at articles as being more objective since they have no motive to promote a business.

### Business 1d

#### Business Strategies:

- *Offer selection, quality, quantity and satisfaction.*
- *Give good advice concerning your product and the customer will return happy.*

Business 1d is also owned and operated by a husband and wife team and they cultivate and sell alpine plants. She started business twenty years ago at a different location. Her new location is well suited to the cultivation of alpine plants since it was left untouched by glaciers and the native limestone serves as an ideal habitat for growing alpine plants. Alpine plants are very hardy and able to withstand direct sun, extreme heat and cold. They require little water and practically no soil. Best of all, the plants grow on

limestone rocks where no weeds can grow. The manager maintains one of the largest selections of Alpine plants anywhere in the Midwest.

The manager sells her over 400 varieties of plants on the premises and through mail order. Prices are reasonable and every order includes free growing secrets. They can be shipped anywhere in the United States but California, Oregon, Washington, Arizona or Texas. Business 1c is open to tours for individuals or groups and is part of the Farm Trails tour. Many educational groups tour business 1d, such as home schools, 4-H Clubs, and universities. It is popular with garden clubs and people who are just interested in gardening. The manager also sells the limestone rocks that the plants thrive on.

A visit to Business 1d is more than a shopping trip; it is a wonderful viewing and learning experience. At business 1d the visitor is treated to a personalized tour by the master gardener herself while looking at the merchandise. It is a rural experience that is for some a welcome contrast to city life and for others a means to explore their hobby in more depth.

The manager has benefited from some excellent media exposure, including a write-up in the Chicago Tribune, Midwest Living in 1991, and the REC News in 1993. She estimates the one article in Midwest Living generated 10,000 customers alone. She distributes brochures that describe her garden and lists the varieties of wild flowers that are available to buy. However, word-of-mouth also remains a very important advertising method.

Business 1d draws visitors from all over the nation. Most people live in Minneapolis-St. Paul, Milwaukee and the surrounding area and are generally retired and/or have a strong interest in gardening.

## TDA 2: Lanesboro, Minnesota

### The area's principal tourist draw:

*Lanesboro provides city dwellers with physical activities within the backdrop of beautiful natural surroundings and a rural town atmosphere.*

### The area's primary tourist market:

*Lanesboro is frequented by day-trippers from Minneapolis/St. Paul in the form of groups, families and couples as well as visitors from Iowa and Wisconsin.*

### Business appeal:

*Businesses have adjusted their product offerings to accommodate the recreational visitor. While only a few businesses serve only tourists, many have modified their product line or services to sell to visitors.*

### Overview of area:

Many of the residents of Lanesboro, Minnesota don't understand what all the fuss is about their town. As far as they are concerned, Lanesboro has always been special; visitors just didn't recognize it as such. To the resident of this small town in southeastern Minnesota, Lanesboro itself has not changed as much as outsiders' impressions of the town have changed. Travel preferences in general are subject to trends in which certain types of tourist themes fall in and out of popularity.

Vacation preferences are as much a function of tourist perceptions and demands as they are of a destination attributes. Lanesboro seemed content to live its life as a sleepy farm community who happened to be fortunate enough to be situated in the scenic Root River Valley. But contemporary tourists found in Lanesboro a town that offered many outdoor activities in an area rich in heritage, natural resources, charm and rural nostalgia. Visitors come to Lanesboro to bike, canoe, hike, tube, trout fish, sightsee, learn, shop and sometimes just walk around.

Now that it has been “discovered”, what do the local residents of Lanesboro feel about their newfound notoriety? For the most part, many residents have tolerated the small inconveniences that popularity brings in the interests of a burgeoning local economy. Some have adjusted by changing the day of the week they routinely run errands in town due to the lack of parking places on the weekends. Others have discovered hidden parking spaces in alleys behind the businesses. Nearly all welcome the revenue visitors bring to their community. For others, it remains to be seen whether the economic benefits outweigh the social costs.

Lanesboro appears to be within a comfortable stage in its retail development cycle. The town has been successful in supplementing its year-round retail revenues with a healthy amount of tourism dollars. In recent years, outside money has allowed the community to progress at a comfortable pace. Every dollar brought in from outside of the community usually cycles from one business to another before leaving town. This is especially true in a rural community where local residents own most of the businesses. If a tourist spends five dollars at a local café, the owner of that café takes his revenue from that sale and pays his employees or buys goods at another business in town, thereby multiplying the local impact of the original five dollars.

More importantly, Lanesboro has been able to maintain the small town charm that made it attractive in the first place while accommodating a relatively large number of visitors. It is an important balancing act, for the very basis of the community’s appeal is inevitable threatened by the visitor’s attempts to access that appeal.

As one resident amusingly put it, Lanesboro did not have to establish a yesteryear theme; it never left the past. But this did not prevent the residents from recognizing the

value of their town's historic look and feel. The town and its businesses have capitalized on the heritage of their community and the surrounding area's natural and human resources. The Root River Valley is a beautiful region of bluffs and limestone outcroppings. It was settled by and is still populated by families with rich ethnic heritages. Bicycle trails, rural highways and canoe rentals have brought the scenery of the area to many visitors. Museums, craft and gift shops have brought the flavor of the local culture to light.

### Business 2a

#### Business Strategies:

- *Visitors look for local products to take back home as a reminder of where they have been.*
- *Make shipping available.*
- *Since people are visiting a special destination, they want to bring home something unique and specialized.*
- *Include small, easy to carry items within the inventory for people on bikes or on the river.*

The Business 2a was established in 1984 and produces and sells fruit wines. Their winery houses a retail outlet for the wines where customers can taste any wine they may be interested in buying. Business 2a sells wine-related merchandise such as hand-made wood boxes, corkscrews and coolers. Even though over 80% of their sales are wine, the manager recognizes that not every one enjoys wine, so the shop also sells a variety of gifts in an attractive retail setting. All of their merchandise is available through mail order and can be shipped anywhere within the State, although statutes prevent them from shipping wine out of Minnesota. They are open seven days a week from April through October and weekends during November and December.

Business 2a's customers are primarily from the Twin Cities and LaCrosse who are usually visiting to take advantage of the beautiful natural resources of the area. Because their stay often includes biking or water sports, many aren't able to carry bottles of wine with them. Business 2a accommodates this market by shipping their goods to their home and finds that, as a result, these customers remember the winery for their holiday needs. Business 2a also finds that many of their customers are friends and relatives of people that live in the Lanesboro area, and are introduced to the shop as they tour the town.

Business 2a's wine sales tend to follow the season of their variety. Rhubarb wine is more popular in the spring while apple and plum wines are more popular in the fall. Wine production has reached the capacity of the facility and the manager is satisfied with their current success.

The Business 2a is a good complement to other businesses in Lanesboro. As the only winery, it adds to an attractive business mix. Its use of local products, such as apples, plums and wine crates, supplements the local economy. The manager compliments the community by citing its charm as one of the biggest reasons her family started their business in Lanesboro. Wine tasting adds to the overall tourism experience, especially when the wines are made on the premises with local ingredients.

## Business 2b

### Business Strategies:

- *Keep equipment updated and new every year because bikers and canoeists demand good quality rentals.*
- *Good help is the key to a service-type business.*
- *A pivotal element in this type of rental business is "how many people can you move in one day".*

- *The river sport rental business requires the right type of help, and employees must be strong, willing to work when others are playing, and able to maintain a friendly attitude with the public.*

The manager had been a part of the retail tourism industry of Lanesboro for some years before taking over the operating responsibilities at Business 2b. In the two seasons that he has operated the business he has given the building and deck area a facelift and added tube rentals. The business's success has so far exceeded his expectations.

Business 2b is conveniently located on the river, bike trail and in town, enjoying the best location possible for its type of business. The business utilizes an unusual method of transporting their water enthusiast customers. Tubers and canoeists enter the river at the rental shop after having driven their own vehicle to where they would like to exit. The Outfitters give their customers a ride to the rental site from the exit point. According to the manager, by not being limited to exiting at the outfitter, the renters can themselves determine exactly where and how far they want to go and the outfitters only have to make one trip. In one year, strong revenues have allowed Business 2b to increase the number of tubes they rent four-fold and to improve the quality of the tubes rented. Rental bikes are replenished with new on a yearly basis.

Business 2b clientele originate from Minnesota, Iowa and Wisconsin. Day-trippers come from Minneapolis-St. Paul, Rochester, and La Crosse while those who stay over generally travel further. All types of individuals are served, with the most common denominator being a love for the outdoors.

The manager is careful to remind his customers that whatever they bring to the river must come back out with them. His business, as well as others, depends on maintaining the natural beauty everyone comes to enjoy. It is obvious the market is there for Business

2b's product and the manager plans to expand in the future. In particular, he plans on putting more emphasis on the increasingly popular tube rentals.

The manager attributes his success to a variety of factors. First of all, he feels his type of service must have a good location. In this case, location is a matter not only of being near a river and bike trail; it is also a matter of being in a community popular with tourists as well as local residents. Good help is also of primary managerial concern. The owner also relies on diversified services to reduce the inherent seasonality of his type of business. Although he does not have winter sports equipment, bike rentals extend the summer season far into the spring and fall.

Even though it is now clear that the market is there for Business 2b, the work has not ended. The manager cautions that, at this point, decisions as to what is the next step have to be made. Does one expand, and if so, in what direction? At what point do we curb commercial development to preserve some of the attributes of the area that may be harmed by over-development?

### Business 2c

#### Business Strategies:

- *Ask the customer what they need and stock accordingly.*
- *Cooperate with other businesses in town to avoid duplicating merchandise.*

Business 2c is open year round and has a strong local customer base. It sells hardware items, paint, electrical and plumbing goods, camping and fishing supplies, bait and licenses, household goods and gifts. The store is extremely well stocked for a town the

size of Lanesboro, and is operated with an eye to its particular market. The hardware store's management is very aware of its location in an extraordinary community.

At first glance, Business 2c is a typical small town hardware store supplying local residents with everything from doorknobs to house paint. With a closer look, however, it is apparent that it has tailored its product line according to the special needs of a popular tourist community. As in any other community, Lanesboro residents have a need for a hardware store for upkeep and repairs to their homes and businesses. But Lanesboro visitors have needs that are unique to the traveler and outdoor sport enthusiast. As a result, Business 2c stocks many items useful for those away from home as well as those that live in Lanesboro. The manager says she tries to change her ideas according to what tourists are looking for.

Business 2c rents trail, tandem, single speed bikes and kiddie karts. It also stocks many vacation items such as the fishing supplies and bug sprays. It is obvious that the store has capitalized on tourism traffic and increased their revenues through meeting visitors' needs.

Although the hardware store's business is somewhat seasonal, steady and devoted year-round resident trade and cross-country skiers supplement winter sales.

The manager is continually exploring other merchandising avenues to respond more accurately to the demands of the unique marketplace in Lanesboro, Minnesota. She hopes to expand the store's line with more t-shirts, water shoes, and vacation items. Her market assessment program is simple and effective; she is there in person and asks the customers what they need and would like to see in the store as they come in.

## Business 2d

### Business Strategies:

- *It's important for the owner to personally acknowledge customers because everyone enjoys being treated like they are at home.*
- *The manager opens his storefront window to let the sound of his music and the aroma of good food spark the interest of the passer-by.*

Business 2d has been a family enterprise since 1984. They are open seven days a week from the first of April through the end of October.

Business 2d is a classic American small-business success story. The manager began selling automobile parts in Lanesboro but always had an interest in making his own homemade sausage. In a masterpiece of small-town cross-merchandizing, the manager put a sign in the window of his auto parts store that read “(owner’s) Auto Parts and Brats” and for six years sold both. As Lanesboro gained more visitors, the manager’s sausages gained popularity and he eventually put in a kitchen, ice cream, New Ulm beer, root beer and entertainment.

Most of the products that Business 2d sells are homemade, natural and have both a German and local connection. The manager makes all of his own mustard, sausage, root beer and sauerkraut from original recipes and the buns are baked on the premises. The current sausage is made with a process that has been handed down from his German father and has seen continual improvement.

Many elements come together to make up the tourist experience at business 2d. A visitor is initially lured by the sounds of music playing down the street. Few people can walk by without being drawn in by curiosity or a greeting from the manager. Once inside, the efficiency and friendliness of the staff, the festive atmosphere of the restaurant and

the homemade menu selections impress visitors. The personal touch is a very important part of the business and Business 2d is a fun place to eat for young and old. The manager will greet customers as they walk by his door without missing a note on his accordion. His conversation is filled with interest in his guest and pride in his heritage. The entire family works serving customers and breaks only to play another German tune.

In the mid-summer, the manager estimates that 40% of his customers are first-timers, an indication that most of his visitors are from out-of-town. The local people are quick to recommend Business 2d and local resident and tourist alike frequent it. The manager relies primarily on word-of-mouth advertising but does recognize that many feature articles in city newspapers have been beneficial.

The flavor of the experience at Business 2d not only provides the manager and his family with a gratifying livelihood it also serves the community of Lanesboro as a favorite visitor attraction by adding to the overall charm of the town. What started as a hobby for the manager has become a profitable business for him and a creative attraction for Lanesboro.

### TDA 3: Galena, Illinois

#### The area's principal tourist draw:

*Galena provides big city residents with a refreshing contrast to the hustle and bustle of a large metropolitan area. The retail shops celebrate the town's charming historic character.*

#### The area's primary tourist market:

*Galena is frequented by day-trippers and short-term vacationers from Milwaukee, Dubuque, Des Moines, St. Louis and Chicago; often couples who stay at a bed and breakfast.*

#### Business appeal:

*Retailers offer products that appeal to visitors seeking a quiet get-away from the city in stores that are interesting to browse through with vintage storefronts in a downtown retail community that conforms to the quaint feel of the town.*

#### Overview of area:

Galena, Illinois is a product of a heritage that predates the first settler to the area. The area seemed destined for significance when the glaciers left it untouched thousands of years ago. Native Americans honored the area's natural beauty by calling it "God's Country" and rich lead mine deposits brought white settlers in the early 19<sup>th</sup> century. Galena prospered, enabling its inhabitants the means to build quality brick homes and places of commerce. Its ascendancy left a legacy of architecture and accomplishment producing nine Civil War generals, including our 18<sup>th</sup> President Ulysses S. Grant, and many stately mansions. The city lay dormant for nearly a century, existing as a small farming community until the 1960's. It was at that time that some foresighted individuals recognized its potential and began to revive and promote its inherent splendor.

It could be argued that Galena, Illinois possesses a natural charm. Residents like living there and tourists love to visit. Its character has not gone unrecognized or unexploited by the businesses that flourish there. Businesses have supported the character of

the town by addressing and preserving the historical character the area with their storefronts and concepts. It has established itself as a popular get-away destination with a great many things to offer. The results have by and large been a resounding success.

Visitors come to and residents enjoy the Galena area for its history, recreational activities, European charm, natural resources and shopping. There are unique shops to explore, golf to be played, slopes to ski, restaurants to dine in, trails to hike and rivers to boat. It is in some ways a town from yesteryear, but with a lot of modern activities to offer.

It may be possible for Galena to avoid large chain commercial development if they so choose for Dubuque is only 20 minutes away. At this time, this type of retail development in Galena is moving to the outskirts of town. There are mixed emotions about increasing development on what is referred locally as the hill. On the one hand, it will keep unrestrained commercialism from altering the charm of downtown Galena, but it may also reduce customer traffic. It is apparent, nonetheless, that the organizations responsible for the direction of commercial development in Galena have been very successful in what they have done so far.

### Business 3a

#### Business Strategies:

- *Find a location in a high traffic community any retail business depends on a volume of people.*
- *Provide a fun experience for the customer.*
- *People are looking for more than a quality product today; they also want a little entertainment.*
- *Remember what your product is; Beanie Babies are packaged with chocolate items to ensure customer awareness of merchandise variety.*

The husband and wife owners of Business 3a opened in Galena on July 16, 1990. Their daughter now manages the store that is open seven days a week year-round. October is the business's best month, with May through October being the busiest time of the year. The owner says sometimes poor weather will increase business rather than take it away because people on vacation substitute shopping for outdoor activities. He says November and December are still very busy, and he enjoys a solid year-round business. The owner advertises by way of a web site, word-of-mouth, brochures and a catalog but agrees there many reasons customers stop in their store. Most of their customers visit Galena to sightsee, ski, golf, stay at a B&B, to shop at other businesses, to see the historic sites or even to buy apples, and just happen to stop in for something chocolate. Their product is more conducive to impulse buying than other business's wares. Preparation areas are positioned on the street side of the store where passers-by can see the product being made. Apples and fudge are prepared from 1:00 to 5:00, the peak business periods of the day, to create interest and entice people in the door. The owner's outgoing personality and magic tricks further entertain the customers, and once they are inside and see and smell the chocolate, they're sold. A large stuffed bear sits near the entryway with a hidden wireless microphone for the owner to surprise and amuse people on the sidewalk.

The owner believes the quality of his product is very important. As part of a franchise, there are certain standards of production. For example, the chocolate shop uses only 88-count Granny Smith apples for their caramel apples.

The typical customer at business 3a is changing. The tradition customers over 50, married, and empty nesters are being replaced with younger families. The owner says it's

important to support the local community and a great many of his customers live in the area. His customer base is a mixture of visitors and locals.

The owner believes there are many variables in the Galena success equation. First, he cites what he admits is the vague notion of uniqueness, meaning the attractive character of the town. He also believes there are many fine places for visitors to stay, which is in itself an attraction. Galena has great outdoor activities such as hunting, fishing, golfing, hiking and skiing, all of which are pleasant contrasts for city dwellers. Others simply enjoy the slower pace of Galena. The trolleys, casino and riverboat rides, and historic sites round out the host of activities available to both the Galena visitor and resident.

### Business 3b

#### Business Strategies:

- *Focus on local advertising because customers are drawn into town by the town's attributes, and once they are there, they can be influenced as to where to shop.*
- *The specialty food business has a good deal of potential in several areas included prepared deli foods.*

Business 3b is owned and operated by a husband and wife team and is open everyday year round. It is a gourmet food shop and sells domestic and imported wines, beer, cheese, sausage, coffee, tea and specialty foods on premises and through mail order. The owners moved from Chicago because they liked the Galena area. Since they have always enjoyed entertaining and had an interest in wines and gourmet foods this type of business was a natural progression. Opening in 1982 they have expanded their facility three times and they enjoy both their success and their job.

The managing wife says their customer mix is about 60% visitor and 40% local. She describes it as very seasonal. Customer counts drop off after Christmas and pick up again in March. Their strongest month is December because of their merchandise type.

The managers credit Galena's overall appeal when listing some of the reasons they are successful. The nature of the town brings many visitors to Business 3b. Reluctant to sound their own horn, it is nevertheless obvious that the owners are also significant catalysts in the business's progress.

Although Galena is only a small town, it has many of the cultural activities found only in larger cities. The managers cite this as not only one of the factors that made them decide to move there, but also why so many people come to visit. Again, the shop is one of many that have benefited from the character of the city, with its European feel and laid-back pace. In an environment like that, a wine and cheese shop is a natural hit.

### Business 3c

#### Business Strategies:

- *Arrange store hours for the visitor's convenience.*
- *Research your location and choose a community where your type of business fulfills a market need.*
- *Avoid locations with direct competitors.*
- *It is important that the gallery salesperson has an in-depth knowledge of the art within the shop.*

Business 3c is located directly behind the floodgates in Galena and is owned by an artistic couple. The wife of the team manages the shop and the husband occupies the prestigious position of artist in residence. Fine original art and sculpture by regional artists and the co-owner himself is displayed in a creative and inviting atmosphere. The

shop is remarkable as a gallery for it sells original art at prices comparable to those charged by other galleries for prints. The gallery sells one-of-a-kind woodcarvings, stone sculpture, pottery, and original paintings in all types of media.

Although most of her customers come from the larger metropolitan areas of Dubuque, Milwaukee and Chicago, the manager is trying to increase local customer traffic. According to her, the average tourist usually is not looking for a \$1000.00 work of art when visiting Galena. Most of the work in the gallery is costs more than \$100.00 and does not fit most people's definition of an impulse buy. However, visitors often do spot something that catches their eye when browsing through the gallery, and many times stop back or purchase over the phone. The owners are fully aware of their market. As a matter of fact, most of the sales are to tourists. Nevertheless, the manager is optimistic about building a local customer base since she has only been in Galena for one year.

According to the manager, many elements make Galena a good place to have a business, especially an art gallery. The community's setting was a significant factor in their decision to set up shop in Galena. She is delighted to be in a town with a rich historical background. They felt the town's architectural style, river location, and European feel made it perfect for a fine art gallery. Not only do these attributes complement an art gallery, they are the primary reason visitors frequent Galena in the numbers that they do.

The manager believes that the same people who are enchanted by a romantic bed and breakfast also appreciate fine art. Galena is home to over 50 bed and breakfasts. She is also aware that the same people who appreciate the European feel of the community are

also responsive to fine art. Her business is complemented by the community, and the community is enhanced by her business.

### Business 3d

#### Business Strategies:

- *Treat out-of-towners like regular customers and they will become one.*
- *It is important to establish a reputation for those special items.*
- *Lower prices and taxes are effective draws.*

Business 3d occupies two floors of 2 buildings in downtown Galena that are packed with wonderful gifts and collectibles. Started as a one-floor shop by the manager's mother 15 years ago, the shop now sells fine collectibles, year-round Christmas items, home accents, bath and body products, linens and kitchenware, gardening and outdoor accessories, and toys and games in their large retail shop. It also specializes in lighted houses and exclusive collectibles. Many items are made available through mail orders and the web. Business 3d is open from 9 to 5 daily.

Business 3d's customers are made up of temporary residents, visitors and local residents. The manager says most of her customers are from out of town, the majority of whom come from Chicago. Many people visit from the Quad Cities, Minneapolis and Madison as well. She is reluctant to call them tourists, however. To the manager, a visitor is a tourist only once, when they return they are considered a regular customer. Collectibles club members and catalog mailings supplement the manager's strong tourist trade.

The manager says their merchandise selection is not determined solely by what tourists buy. Merchandise is selected based on what both locals and visitors like, which

usually happens to be one and the same in her type of store. The manager says they do advertise in mediums that target out-of-towners, such as the web and Chicago papers, but she feels that, in general, Galena's tourism promotion is better left in the very capable hands of the Galena Chamber of Commerce and Convention and Visitors Bureau. She sees their role as bringing the tourists to town and the individual business-people's role as appealing to the visitors once they are in town.

Many businesses in Galena complement Business 3d by drawing and accommodating the same type of customer. People staying at the many B&B's in town and dining at the fine restaurants will stop to shop or browse. Galena provides a nice package of activities for the visitor who can stay over at an interesting inn, have a palatable meal and browse through the shops.

#### TDA 4: Hudson, Wisconsin

The area's principal tourist draw:

*Hudson provides city dwellers with a refreshing contrast to the hustle and bustle of a large metropolitan area. The retail shops celebrate the town's charming historic character.*

The area's primary tourist market:

*Hudson is frequented by day-trippers from Minneapolis/St. Paul; often couples or women, and usually working professionals.*

Business appeal:

*Business type generally follows the demands of the leisure-oriented travelers visiting from the river and interstate highway. Restaurants and, gift and antique shops offer up-scaled products in a small town atmosphere.*

Overview of area:

Hudson, Wisconsin is located across the St. Croix River from Minnesota, just minutes from the Twin Cities Metropolitan Area. Its residents are quick, however, to point out that their town is not a suburb. Hudson has a strong identity of its own, based on its historic and mariner character.

Hudson has been able to reconcile an increase in development with small town charm. Not an easy feat, considering the fact that population increases can contribute to a decline in some of the elements that attract people to a small town in the first place.

Hudson's development is unique in several significant ways, and as such, is protected from counterproductive commercialization. Geographically, Highway 94 and the St. Croix River have guided much of Hudson's retail development. The logging businesses that established Hudson on the river are long-gone, but some of the historic buildings that housed the businesses at that time still remain. The commercial focus of the existing businesses has changed from manufacturing to retail, but the riverside

character of the city lives on. Just as early water transportation routes dictated the location of the first settlements and their businesses, modern highway routes determine the location of travel-oriented retail establishments. As a consequence, the chain stores have found a home “on the hill” as it is described in Hudson, clustered in an area along I-94 to the south and east of downtown Hudson. This tends to insulate downtown Hudson from the “chain influence” as well as the major brunt of the automobile traffic.

Downtown Hudson retailers do not try to sell products that are available in every mall. The retail businesses realize it is senseless to try to compete with major retailers that are less than an hour away. In contrast, downtown Hudson retailers possess what large malls can never duplicate, a beautiful natural setting in a small town rich with history and charm.

#### Business 4a

##### Business Strategies:

- *Unusual items sell faster than ordinary merchandise.*
- *Uncommon items complement other shops in town.*
- *Avoid displaying strongly scented items, which can offend some noses.*
- *Keep product arrangements fresh—the same product in a new setting sells faster.*

Business 4a is an attractive gift and home accessory business with a beckoning storefront at 513 Second Street in Hudson, Wisconsin. The proprietor offers a wide variety of merchandise including rustic to contemporary furniture, candles and candle holders, selected artwork, outdoor seasonal items such as birdhouses, jute and loop-weave rugs, vases, jewelry and picture frames along with many other items.

It is only natural that the manager would stock her store with eclectic art and gifts. She chose downtown Hudson because it just seemed like the right place to locate a store with

an innovative product line. The manager has managed to find moderately priced and tasteful items from furniture to candles, all arranged in a fashion that is both warm and artistic. The scents are subtle and the atmosphere inviting, even for the male customers.

The manager is the first to admit she doesn't have a magic formula for prosperity in the retail world. She does, however, attribute her success to the unique products she sells and the atmosphere and location of Hudson. She has relied primarily on word-of-mouth advertising and has many repeat customers, both local and out-of-town.

As far as the manager of business 4a is concerned, Hudson is a special town that warrants distinctive retail businesses. She has followed that philosophy by stocking uncommon gifts such as beautiful stone waterfalls, rustic one-of-a kind furniture, and interesting artwork.

#### Business 4b

##### Business Strategies:

- *Since many different types of products appeal to one customer, a wide variety of merchandise increases sales.*
- *Analyzing customer's demands can be as simple as stocking the items they already use.*
- *A retailer can ask friends and early customers to bring in empty boxes of products they currently use and order accordingly.*

The manager of business 4b started her shop in downtown Hudson in 1987. She pioneered the idea of gift baskets in the area and her interest and success in that product propelled her into the retail market. The shop has not only increased in product variety but also has twice expanded in square footage. The owner and her sister/co-manager now offer coffee drinks, food items such as salsa, teas and pasta, home decorating

merchandise, wind chimes, candles, bath products, clothing, jewelry, aroma-therapy products, new vintage clothing and home decorating accessories, among other items.

The owner has believed in cross-merchandising since it first became popular years ago. She believes that many customers are looking for a shopping experience in addition to specific products. Further, the type of shopper that visits Hudson has often picked the town because of its special small town feel and is looking for more than a quick trip to the store. Business 4b is arranged in a manner that accommodates those types of shoppers.

The owner likes to stay on the cutting edge of popular retail products without being excessively trendy. Informal in-house research and field trips to the larger metropolitan centers are often necessary to offer the latest in current customer demands. The owner's knowledge of the retail environment in Hudson is apparent when she talks about business opportunities in town. Although her store does not offer cheese or souvenirs, she believes there is a market for those products in Hudson.

Business 4b is an attractive store with innovative products, managed by operators who obviously have a keen sense for what appeals to their customers on a continuing basis. Their growth from year to year is in itself testimony of their success, and surely an indication that they are doing things right.

#### Business 4c

##### Business Strategies:

- *Positive community changes are instrumental in increasing sales.*
- *The success of every business is dependent on the success of each business, meaning a greater number of successful businesses will increase traffic to her business.*
- *Stores of similar types share a cooperative retail philosophy.*

- *Stores should specialize their inventory to offer a unique product mix and be more complementary than competitive.*
- *Establish a defined business plan and budget.*
- *Choose a business-friendly financial institution.*
- *Get involved in community organizations.*

Business 4c in downtown Hudson offers a wide variety of appealing items for the local and visiting customer alike. The owner/operator handles many products that are not available in other gift shops. She carries handmade pine furniture, watercolor prints, framed art, cookie stamps and presses, antiques, fresh potted herbs and also has a complete selection of Christmas items in a room devoted entirely to that theme.

The owner/manager has operated the business 4c gift shop for about four years and believes several elements are necessary to maintain a successful store. Like most other retailers in Hudson, this manager is also quick to point out the value of Hudson's small town historic charm. She believes being located in Hudson is in and of itself a positive quality for many reasons. Because of its location, Hudson's charm can be exercised on a large market of consumers. The demographics of the market suggest that there are a great number of affluent residents. Recreational river traffic increases the number of visitors to Hudson.

The manager accepts the seasonal fluctuations inherent within a retail community whose livelihood relies on both residents and visitors, and prepares accordingly. This isn't to say that Hudson closes its highways in the off-season. In fact, 75 percent of the customers at Business 4c are local residents.

Business 4c has a loyal customer base with many customers frequenting the store more than once a week. Although the occasional male customer is usually on an imposed mission, the shop is user-friendly for all. The manager has chosen a product line that

appeals to a variety of customers and believes that introducing new items at least once every month is important. Merchandise updates ensure fresh items to choose from and product variety guarantees a wide customer base. Local customers appreciate the fact that new items arrive constantly at Business 4c. This is important when customers return on a regular basis looking for another gift or special item.

The manager's optimism concerning the future of Hudson is infectious. Her market philosophy is one of specialization and cooperation. The manager knows that the future of Hudson is dependent on the individual successes of her fellow businesses as well as her own. In Hudson it is altogether reasonable, and indeed fortunate, that the spirit of the manager's store mirrors her personality; something that would not be possible in a chain-affiliated store.

## TDA 5: Germantown, Wisconsin

### The area's principal tourist draw:

*Germantown invites visitors to help celebrate its authentic German heritage. The retail community has emphasized the cultural roots of the area by adopting and maintaining the German theme.*

### The area's primary tourist market:

*Although Germantown's reputation attracts distant visitors, many originate from nearby Milwaukee.*

### Business appeal:

*Authentic, original and imported products, presented in settings true to the cultural theme, attract visitors seeking an ethnic or nostalgic experience.*

When people pick a location to visit when traveling, their decision is based on their perceptions of different areas. Tourists' choices are naturally dependent on their image of a prospective destination. As a consequence, promoting a destination in an effort to lure visitors is all about portraying an attractive image.

Germantown, with its ethnic origins, is rich in history and culture. Starting as a farming community of German immigrants, it is now an attractive tourist destination with a decided old town feel. Germantown's current image is truly a product of its heritage, not of some contrived beginning. This authenticity is apparent when one visits Germantown. In Germantown, people's friendliness appears driven by sincerity and their neatness by pride, not by economic necessity. Grocery stores still maintain bilingual signs and the shopkeepers' last names readily reveal their roots.

Germantown deserves to be proud that their visitor appeal is founded on an authentic heritage, not some artificial history. Even though the individual business owners in Germantown may be busy exploiting their cultural image, it need not be enhanced.

Originally spearheaded by one enthusiastic businessman and a group of volunteers interested in creating an attractive identity for downtown Germantown, the German heritage image of Germantown now has a proven visitor appeal. Accordingly, it's not at all surprising that the business owners find utilizing the cultural/heritage image advantageous. This entrepreneurial community spirit has been manifested in the events the community hosts as well as the style of its business storefronts. European architectural themes have been voluntarily adopted by many businesses throughout Germantown and the annual events hosted by the town are ethnic in nature. The Mai Fest is held the third weekend in May. Bus Tours of Germantown are given on July fourth and Sommer Fest is held the second weekend in July. The Dheinsville Dash Walk/Run is held the third Saturday in August and Oktoberfest is the fourth weekend in September. Christmas in Dheinsville is the first weekend in December.

The government of the city has wholehearted accepted the ethnic/cultural theme initiated by the private property owners. The new village hall is a beautiful facility whose architecture is patterned after traditional German buildings. It will further demonstrate its commitment with a renovation of some of the public property in downtown Germantown. New lampposts and cobblestone streets are tentatively scheduled for 1999.

The National Trust chose Wisconsin as one of the four pilot states for a program to promote the indigenous heritage of individual regions. Germantown is part of the heritage tourism ethnic settlement trail that resulted from those efforts. Although this recognition lent legitimacy and exposure to the cultural/ethnic heritage of Germantown, the significance of the community's roots has a more personal meaning for the residents.

The privately owned small businesses of Germantown serve to illustrate what the German heritage means to the people who live there.

#### Business 5a

##### Business Strategies:

- *Offer different weekly events*
- *Provide an entertaining and education activity that lets customers get involved*
- *Offer something free*
- *Build on your customers' values*

Farm entertainment tourism is a segment of rural tourism that, although not highly celebrated within the industry, is becoming more popular. The demographics of the United States favor those tourism activities that involve the entire family. Baby boomers are at an age where vacation decisions are sometimes determined by the need to keep their children entertained. Just as the most popular configuration for new vehicles involves four doors, the most popular vacation activities are those that appeal to families.

The Apple Works occupies a unique niche within farm entertainment tourism. Even though the principle product of the orchard is still the sale of apples, the market has expanded into other venues.

One such direction was to popularize those activities associated with the day-to-day operation of an apple orchard. Visitors can tour the apple packaging and cider processing facilities, as well as the orchard itself. The farm tourism concept is complemented by cultural/heritage tourism. As many visitors to Germantown are interested in the culture and history of the area, the owner and originator of the orchard, along with the manager, have augmented the orchard tours with rural and historical

attractions. Interesting activities connected with the cultivation and harvest of apples are supplemented with nostalgic and educational pursuits associated with historical buildings.

On the one hand, visitors to the orchard can partake of harvest events at a real operating orchard. Customers have the option of picking their own apples and pumpkins in the fall, with a hayride to the orchard included. For most people, it's about more than saving a dollar on a pumpkin; it's an annual family outing. Apple delights such as apple pie, sundaes, and cider and of course, caramel apples make the atmosphere fun and authentic. A fish and duck pond, farm animals, a corn maze, a circle garden, a music festival all add to the long list of activities available to the visitor at Business 5a in Germantown, Wisconsin.

From a historical/educational perspective, Business 5a presents an interesting picture as one approaches the attraction. Antique farm equipment and 19<sup>th</sup> century buildings capture the sightseer's interest and draw them into the drive. Visitors to Germantown can learn about the area's heritage with a tour of a restored 1850 building. They can learn about an apple processing operation with a tour of the plant buildings. What's more, visitors can learn about rural life by viewing the animals on the grounds.

Business 5a is also attractive to the ecology-minded tourist. The fact that all of the produce from the orchard is organically grown is important to many of the orchard visitors. Not only is their visit healthy, but they are comfortable knowing the business is not damaging the environment.

Business 5a is definitely an attraction that has not only capitalized on an interest in rural life, but has expanded its appeal through exhibiting a sample of the rich heritage of the Germantown area.

## Business 5b

### Business Strategies:

- *Sell authentic products*
- *Promote the bus tour market*
- *Offer friendly and personal service*
- *Share knowledge about the country the products originate from*
- *Appropriate music contributes to shopping atmosphere*

Even without their impressive gift chalet, the owners of business 5b could not avoid lending ethnic authenticity to the community of Germantown. Both emigrated from Germany, she in 1952 and he in 1963. As it is, their 4000 square foot retail gift and collectable shop, with its distinguishing decor, acts as an integral part of the overall European theme of Germantown. One of the regular stops on bus tours to Germantown, Business 5b is not only a wonderful place to buy a gift or souvenir; it is truly a cultural/heritage experience.

On approaching Business 5b, one is struck by the “old world” charm of the building. Upon further investigation, the European flavor of the business is even more apparent. After being warmly greeted by the owner, her daughter or one of her capable staff, visitors are treated to a view of what can only be described as an extraordinary rendition of King Ludwig’s Neuschwanstein Castle, expressed in a 50 by 12-foot mural on the wall inside the store.

To a visitor’s right and left, beautiful imported crafted collectibles abound. From hand-crafted cuckoo clocks to authentic smoker men (incense burners), from Hummel figurines to beer boots, from hand painted pewter to mouth-blown glass, business 5b has items that cannot be found anywhere in the United States, or in some cases, anywhere in Germany, as the owner jokes. Shopping at Business 5b nearly transports the visitor to

another time and place. Walking through the aisles of European items is more than just browsing; it is akin to touring the actual shops in Germany and Bavaria.

Business 5b is much more than a distraction for Germantown tourists or residents with some idle hours on their itinerary; it has become a significant destination in and of itself. The owner is quick to point out, however, that many of her customers have discovered her business on the advice of a friend or relative, and the friendly and personable atmosphere is undoubtedly one of the reasons so many are often referred.

It is apparent Business 5b has utilized their genuine ethnic heritage in their marketing efforts. But the outcome is not entirely self-serving. As a result of their enterprise, the owners have been able to celebrate their heritage in a new country, share their culture with many visitors to Germantown, and contribute to the success of the overall Germantown ethnic theme.

### Business 5c

#### Business Strategies:

- *Participate in developing TDA theme*
- *Join tourism promotion organizations*
- *Set customer-friendly hours*

A Germantown visitor knows a trip to the Business 5c will be an international experience before even setting foot inside the door. The name itself conjures up images of alpine snow, fireplace stockings and a European legacy. They are not disappointed. Business 5c is located in an 1879 quarry worker's house and has been operated by the present owner since 1989. The business serves not only as a wonderful source for European Christmas collectibles and gifts, it serves as a base from which the owner

promotes the Germantown tourism concept. Bus tourists and golf widows, Germans and Danes are welcomed alike and in person at her quaint establishment.

Business 5c has Germantown's largest selection of German mouth blown glass ornaments; collector exclusives; advent wreaths, calendars and candles; Christmas pyramids among other items.

From a business promotion standpoint, Business 5c is an excellent example of image utilization. The manager's business has not only capitalized upon an ethnic image; it helped to originate that image. What makes her particular business and much of Germantown special is the fact that the culture they celebrate is an authentic part of the history of the area. Many modern tourists are quick to detect contrived themes and artificial legacies. As a consequence, cultural/heritage tourism promotions may do well to adhere to those concepts that have legitimate roots in the actual history of the areas; Germantown and the Business 5c are cases in point.

## TDA 6: Trego, Wisconsin

### The area's principle tourist draw:

Combining its *gateway location to the north woods with small town charm and history.*

### The area's primary tourist market:

*Travelers taking a break from the road including history and railroad buffs, couples on a romantic outing second homeowners and family vacationers.*

### Business appeal:

*Gifts, collectibles, antiques, food, convenience items and train rides.*

Trego has always been a convenient and attractive wayside for visitors traveling on Highways 53/63 in Wisconsin. A popular stop for a meal or gas for many decades, Trego eventually became one of the only places on the highway to stop for food or a fill between Superior and Eau Claire without taking an off-ramp. Under the direction of a few insightful entrepreneurs, the retail businesses in Trego have capitalized on their advantageous location and expanded their appeal. Through good organization and innovative ideas, The Trego retail community has evolved from a convenience stop to a cohesive retail destination.

There are many things to see, do and buy in the little highway oasis. A great number of factors contributed to Trego's retail development. Originally Trego was a whistle-stop for the Great Northern Railroad until advances in highway systems and the popularity of automobiles led to decline of the railways. Economies of scale created larger retail outlets, first with malls and then discount department stores, all of which were located within or near the larger cities. As a result, like many small towns, Trego became less of a retail destination.

Nonetheless, today Trego is experiencing a retail revival. The community has developed its own distinct retail character arising from the convenience needs of the

traveler. Cooperative business managers have cultivated an attractive “northwoods” theme in Trego’s retail business community. Architectural styles and interior decorations have combined northern theme elements such as logging, fishing, log cabins and railroads into an attractive community look.

Drawing on its roots as a railroad whistle stop, Trego is fortunate to have an excursion train that still takes passengers for scenic tours. Capitalizing on the romanticism of the post-war popularity of the automobile, Business 6c restaurant has a nostalgic theme. Several gift and antique shops have thrived on the tendency of travelers to look around and shop while stretching their legs, and most have subscribed to the “northwoods” look.

Even though its location provides a steady supply of customers, its ability to serve the traveler is determined by individual retail business formulas. The following businesses contribute their unique niche to the retail community mix by both catering to specific needs and desires of the traveler and contributing to the general theme of the town.

#### Business 6a

##### Business Strategies:

- *Even a small business can benefit from modern business practices.*
- *Sell products produced by local craftspeople.*
- *Carry products that fit the character of the area.*

The operators of Business 6a have owned and operated their store in Trego, Wisconsin since May of 1995. Although the owner’s original motivation for starting their own business in the Trego area had more to do with family and lifestyle than earning potential, their decision was also based on the market possibilities of the region. The

husband of the operator team is originally from the Trego-Spooner area and had moved to Alaska and worked as a commercial fisherman for many years. As time went by, he decided to leave Alaska's economic woes and be closer to his extended family. The owners knew they wanted to live somewhere in the area and began searching for a lucrative location for a retail business. The fact that they have recently bought the building that houses their shop points not only to their confidence but also their retail success in the area.

Business 6a is located near the many convenience-oriented retailers in the small-town oasis of Trego. The shop is within easy view of people stopping for a meal, gas or travel necessity. The manager said it was not difficult to recognize the retail potential of the area and his response to it arose from an informal market analysis as well as a personal interest.

To them it was only natural to start a retail enterprise that offers gifts and crafts in Trego. First of all, they had an interest in their product and customers. The operators enjoy the people they serve and buy from. Local artists craft much of their merchandise and the character of their store reflects both the flavor of the local area as well as the manager's welcoming personalities.

Secondly, the owners felt that their product type would complement the existing businesses. People enjoy browsing at gift shops during their travel rest periods and often base purchase decisions on convenience and impulse. Their business's look and feel fits well with the other businesses in town, in product type and exterior building design.

Thirdly, second homeowners and their visiting friends and relatives make up a large percentage of Trego's retail trade. The Trego area is in itself a popular retreat for

city dwellers that own a second home, stay in a cabin, resort or campground or visit somebody who does.

Lastly, but not the least significant, was the type and number of potential customers passing their door on a daily basis. The owner points out that vacation promotion to the north has benefited Trego businesses and that although Trego is not a destination in itself, it is an important stopover.

This is not to say that all of the customers at the Business 6a are transients and one-time shoppers. The owner is quick to point out that service and product quality is important and word-of-mouth advertising is a significant part of their business. Even though most of their customers are from out of town, many are repeat shoppers.

Business 6a's products are assorted in price and type and the variety reflects the shop's diverse customer base. The owners want all types of customers to be able to find something they like at their shop. They realize, of course, that product selection can be adjusted incrementally to fit customer demands after the business is up and running. Accordingly, the owner said he buys more and more items from broader sources. As a matter of fact, his biggest sellers at the time of the interview were Beanie Babies. He does admit he exploits their popularity to increase exposure to his other products and does feel that people that are drawn to his store for the Beanie Babies are pleasantly surprised at the store's other offerings. He uses e-mail for things like letting his regular customers know when new deliveries of Beanies have arrived.

As of yet, the owners have not hired any employees to help run their shop and they attribute their success to hard work and location. There are, however, other factors that have contributed to their prosperity. They feel it is important to be at the shop

themselves not only to personally greet customers but also to acquire a feeling for what their customers want to purchase. Because most of their clientele visit the area for the natural resources, most of their merchandise is chosen for its appeal to the cabin owner or vacationer. Northwoods products such as handcrafted wooden wildlife and cabin furniture as well as wall art from local artisans are pleasingly abundant. Product choice is an important consideration and at Business 6a reflects the image of the town and character of the shopper.

Business 6a is open seven days a week from April 1 to December 31 and is located in Trego, WI. It specializes in unusual gifts, woodcarvings, home and cabin decor, specialty foods and goodies, and Christmas items. It is a retail outlet for more than 50 local craftspeople and artists.

#### Business 6b

##### Business Strategies:

- *The operator treats the managers of businesses that are kind enough to distribute his brochures to free rides on the train. Not only does this incentive promote good will but it also increases awareness and knowledge of his operation.*
- *The operator gives the Spooner Grade School kids a free ride on the train every year and it also promotes good will and provides important exposure to community residents.*

Business 6b is an historic excursion train that offers roundtrip sightseeing rides between Spooner and Trego Wisconsin. Operating on the former Chicago and Northwestern tracks, the train carries passengers on beautifully restored and rebuilt cars that date back to the early 20<sup>th</sup> century. Drinks, snacks, souvenirs and meals are available on the 14 mile round trip that takes about 1 1/2 hrs. The train hosts special excursion

events such as a hobo night, the Family Picnic Train, the Fall Colors Special, The Pizza Train, and The Dinner Train.

It is significant to note that the train excursions are not only a secondary tourist activity for visitors who come to the area to enjoy the abundant natural resources, they also act as a primary attraction for many train and history enthusiasts.

Trego's early development had as much to do with the railroad as it did with its inviting natural resources. The railroad provided access to Washburn County and without it, people would not have been able to begin enjoying the wonderful vacation attributes of the north. Crops such as grain and potatoes were transported on the rails as well as passengers. Spooner, a few miles south of Trego, was a railway hub from the late 1800's through the 1940's, before over-the-road travel became the preferred means of getting from point A to point B.

Even though the passengers on the train are mostly families from out-of-town, the operator says he has many repeat customers from the local area. The Dinner Train is popular with couples and The Hobo Night with children and their parents. Young people enjoy The Pizza Train.

The excursion train enjoys an advantage over some other recreational activities as far as product promotion is concerned. The excursion train is very noticeable and attracts the attention of many a passerby. The antique train is a sight to behold, sounding its whistle and shaking the earth. While vacationing, families are looking for something unique they can do together and the train caters to their curiosities and purchasing inclinations. As the railroad travels through the towns of Spooner and Trego and along

Highway 53 it is an experience for many senses. The scenery is enjoyed by all ages and riding a train is many times a first for the adults as well as the children.

During the train ride, a captive audience can translate to ready-made retail consumers. The festive atmosphere and unique experience create a mood conducive to selling souvenirs and convenience foods. Dad and mom can enjoy a drink while the kids can have a soda and snack right on the train. Meals are available on specific nights and a picnic train enables passengers to have a trackside hobo-style lunch on certain days of the week. Shopping is part of the train experience as gifts are available on the train as well as in the gift shop of the museum.

Trains remain a novelty in the modern transportation world, especially vintage trains. Because of its unique service, the railroad has benefited from a great deal of media coverage. Many local and regional publications have done stories featuring the excursion train and the exposure has benefited the company. The operator also utilizes color brochures, billboards, newspaper advertising, and regional tourism magazines to promote the railroad.

### Business 6c

#### Business Strategies:

- *Because both managers bring competent skills toward the management of a restaurant, they are a successful operating team. The wife of the operating team manages the in-house day-to-day operation of the restaurant while the husband manages the accounts.*
- *Placing fresh baked goods near the front entrance entices customers.*

A husband and wife team have owned and operated Business 6c in Trego, Wisconsin for more than five years. They serve breakfast, lunch and dinner with

homemade pies and desserts starting at 6 a.m. everyday. Meals and bakery items are available to take out as well as dine in.

Business 6c is one of two sit-down foodservices in the immediate Trego area. It serves as a good complement to the other restaurant as well as the other businesses in town because of its unique product niche. Its most direct competitor serves liquor and is open primarily for noon and evening meals. Business 6c is more of a family restaurant that opens and closes earlier. Business 6c clearly improves customer traffic to the surrounding businesses since diners can easily see the nearby shops from the restaurant. Likewise, antique and gift shop patrons also frequent the restaurant because of its proximity.

Business 6c definitely contributes to Trego's favorable rural image. Family owned and operated, the employee's good attitudes are representative of the owners gracious welcome. Families are made comfortable with good food served with unassuming dispositions, and visitors find this welcome atmosphere appealing when they are away from home. Repeat customers are sometimes a good distance from home, but they are not made to feel that way.

With its unique status as the only convenience stop directly on the highway between Eau Claire and Superior Wisconsin, Trego attracts many hungry travelers. In the summer months up to 75 percent of Business 6c's clientele is made up of tourists. The largest portion of this group consists of customers who are on their way to and from another destination. Summer residents, campers, and day-trippers enjoying the lakes and rivers make up the balance. Both because of the nature of the restaurant and the demographics of the visitor, most of the people who stop at Business 6c are in a family

group. If they are from out of the area, they generally come from the Chicago or Minneapolis/St. Paul metropolitan area.

The owners have strategically placed their homemade, fresh-baked muffins and bakery items in a showcase immediately inside the front door. Travelers cannot help but be enticed by the look and smell of the fresh goodies, whether they stop for a meal or a cup of coffee.

Business 6c's business is seasonal with the summer being the busiest time of the year. Although there are an increasing number of popular winter activities in northern Wisconsin, fewer people travel past the restaurant in the winter months. Business 6c is open year-round and their restaurant is popular with local residents as well as travelers.

Business 6c can claim to be one of the original businesses that help establish Trego as a stopover for travelers in north central Wisconsin. The owners have not allowed the restaurant's roots in the development of Trego go forgotten. Although Business 6c is a clean, modern facility with an efficient design, its history is evident in its retro-theme. The owners have incorporated some of the character of the original facility into their contemporary restaurant, including the authentic marquee and interior touches reminiscent of the old restaurant diners. The exterior decor of the restaurant grabs the attention of the passerby, and its theme sparks an interest and good feeling in the visitor, both of which encourage them to stop. It also harmonizes with the retail theme of the community, emphasizing its historical railroad roots.

The owners believe in consistently providing a good product with friendly service. Steady improvements in the kitchen, seating capacity, interior and exterior décor,

overall physical structure and mechanics of the restaurant not only make a diner's experience pleasurable but also point to the restaurant's continuing success.

#### Personal Interview Findings Summary

In the interests of clarity and simplification, the information derived from the personal interviews that is relevant to the variables of interest of this study is summarized in the following Table 1.

Table 1

Personal Interview Findings Summary

<b>BUSINESS</b>	<b>PRINCIPAL TOURISM DRAW</b>	<b>PRIMARY TOURISM MARKET</b>	<b>INDIVIDUAL BUSINESS STRATEGIES</b>
<b>1a</b>	visiting friends and relatives	instate and outstate	quality work, personal service, support fellow businesses, word-of-mouth
<b>1b</b>	Shopping, sightseeing, rural experience	city and rural, outstate	quality product, personal service, in-house promotions
<b>1c</b>	contrast, escape	older, tour groups	community organization membership, news releases
<b>1d</b>	education, sightseeing, rural experience	city, older, groups	magazine and newspaper articles
<b>2a</b>	vfr, nature and recreation lovers	male and female higher income city dwellers	shipping, small items for cyclists, souvenirs
<b>2b</b>	outdoor recreation in natural surroundings	athletic outdoorsy urbanites	good help, quality equipment
<b>2c</b>	outdoor recreation	local and visitor	insure product line meets area demands and fits town's retail mix
<b>2d</b>	outdoor recreation	mostly out-of-towners	personal service and festive atmosphere, word of mouth
<b>3a</b>	history, sights, shopping	increasingly younger and family	location, in-house promotions, attractive storefront and displays Fun experience
<b>3b</b>	European culture	mostly visitors	local advertising, specialty foods
<b>3c</b>	European and historical character, river location and architecture of town	city dwellers with an appreciation for fine art	convenient store hours, employee knowledge

<b>3d</b>	Shopping, dining and browsing	out-of-town city dwellers	specialty items, low prices, personal service, catalog mailing, collectibles club
<b>4a</b>	extraordinary town in atmosphere and location	city dwellers	offer uncommon and tasteful items in fresh arrangements
<b>4b</b>	small town feel and shopping experience	city dwellers	variety of high demand items, gift baskets, cross-merchandising
<b>4c</b>	small town historic charm	local and visiting	community cooperation, items that complement other lines in town
<b>5a</b>	culture and history	those interested in ecology, rural living, history and heritage	offer rural experience, historical buildings, seasonal orchard events, free items and services,
<b>5b</b>	ethnic theme of town, German heritage	vfr	authentic products, bus tours, personal service, employee knowledge
<b>5c</b>	theme of area	bus tourists, golf widows and people of German descent	customer-friendly hours, develop TDA theme
<b>6a</b>	convenience, north woods charm	vfr, repeat out-of-towners	modern business practices, local crafts and north woods items
<b>6b</b>	railroad history and natural resources	families and history buffs, outdoor recreationalists	cooperative promotions with schools and other businesses, family and nostalgic experience
<b>6c</b>	convenience, outdoor activities	families from local area and larger cities, summer residents, campers and day-trippers	personal service, fresh and consistent food, nostalgic decor'

## Mailed Questionnaire Findings

### Introduction

The information gathered from the 21 questionnaires that constituted the final sample for this study was quantified in this section in the following manner. All answers were tabulated to determine the frequency of responses and the data resulting from this process is exhibited under the headings corresponding to the variables associated with the survey questions (see *Data* section on “*Questionnaire Design*”, page for a list of the variables and their corresponding values). Pie charts and frequency tables depict distributions.

The data was then subjected to cross-tabulations in accordance with the relationships outlined by the *Data* section entitled *Mailed Questionnaire*, page of this study. All cross-tabulations were further subjected to non-parametric chi-square tests of significance. The relationships that proved to be significant to a probability level of less than .05 are summarized after the frequency counts in the following pages.

### Frequencies

#### Principal Tourism Draw-question 1

Question one of the mailed questionnaire and question three of the personal interviews asked the respondents what they would consider were the main reasons tourists come to their area. Their answers were used to determine the variable *principal tourism draw*. Although many businesses selected more than one tourism draw for their area, the author weighed the information gathered from both the mailed questionnaire and

the personal interviews and selected one variable for each area based on its predominant attraction (see Table 2).

Table 2

Tourism Destination Area Draws

<b>Tourism Destination Area</b>	<b>Principal Tourism Draw</b>
Farm Trails of Southwestern Wisconsin Businesses 1a-1d	Escape Home Environment
Lanesboro, Minnesota Businesses 2a-2d	Outdoor Recreation
Galena, Illinois Businesses 3a-3d	Shopping/Antiquing
Hudson, Wisconsin Businesses 4a-4c	Contrast to Daily Routine
Germantown, Wisconsin Businesses 5a-5c	Education/History/Culture
Trego, Wisconsin Businesses 6a-6c	En Route to Destination

Primary Tourism Market-questions 2 and 3

Question two asked the respondents to describe their typical tourist customer in terms of income, age and residence and question three asked them to estimate who the majority of their tourist customers were in terms of gender, distance from their business and education. These questions were used to determine the character of the *primary tourism market* and their responses are included in the following table. Value labels for the variable *income* were *low, medium and high*. Value labels for the variable *age* were *young, medium and older*. Value labels for the variable *residence* were *city, rural or city*

and rural. Value labels for the variable *gender* were *female*, *male* or *half and half*. Value labels for the variable *distance* were *in state* and *out-of-state*. Value labels for the variable *education* were *high school* or *college* (see Table 3).

Table 3

Questions 2 and 3 Percentage of Responses by TDA\*

TDA	income			age			residence			gender			distance		education	
	low	med.	high	yng.	med.	old	in	both	out	mle.	both	fmle.	in	out	high	college
Farm T.	50	50	-	25	25	50	50	50	-	-	-	100	50	50	100	-
Lanesbro	-	75	25	-	75	25	75	-	25	25	25	50	100	-	50	50
Galena	-	75	25	-	25	75	100	-	-	-	-	100	75	25	-	100
Hudson	-	66	33	33	-	66	66	33	-	-	-	100	66	33	-	100
Germantrn	-	66	33	33	33	33	66	33	-	-	-	100	100	-	66	33
Trego	33	33	33	-	66	33	66	33	-	66	-	33	66	33	66	33

(\*figures in table represent percentages)

Business Strategies-questions 6 and 7

Questions six and seven asked the respondents what business strategies and tactics they have found to be most successful in capturing tourist dollars. They were used to determine the variable *retail business strategies* and the percentages of responses are included in the following table. The number of businesses responding positively to each category determined the percentages within each TDA. The business strategy categories are *quality product*, *diverse product*, *price*, *service*, *theme*, *location*, *mass-media advertising*, *local advertising* and *membership advertising* (see Table 4).

Table 4

Questions 6 and 7 Percentage of Responses by TDA\*

BUS.	quality prdt.	diverse prdt.	price	service	theme	location	mass med. ads	local ads	member ads
Farm Trails	0	0	0	25	50	50	75	75	25
Lanesboro	75	0	25	75	50	25	50	50	25
Galena	0	0	0	50	0	0	25	100	75
Hudson	0	0	0	100	0	33	33	66	66
Germantrn.	0	33	0	100	66	0	100	66	66
Trego	33		33	33	33	33	33	100	0

(\*figures in table represent percentages)

Significant Relationships

Primary tourism market by principal tourism draw

The meaningfulness of the relationship between the variable *primary tourism market* and the variable *principal tourism draw* was determined with the statistical test chi-square. Although additional relationships are discussed, Chi-square tests found only 2 relationships between the above variables to be significant at the less than .05 level (see Table 5).

Table 5

		Primary Tourism Market		Retail Business Strategies	
		gender	distance	quality product	diverse product
<b>Principal Tourism Draw</b>	outdoor recreation	.006		.002	
	escape routine		.049		
	education/history/culture				.012

The following summation of the results of the statistical analysis considers the both the statistical significant relationships in addition to those the author found noteworthy. Cross-tabulation tables follow the relevant discussions of the variable relationships and the Chi-square test results are included for the relationships statistically significant at the less than .05 level.

Outdoor recreation by Income

Those businesses that felt outdoor recreation was the principal tourism draw served a market of predominantly middle-aged visitors, a diversion from the market profile of the entire sample, but not to a significant degree (see Table 6).

Table 6

**Crosstab**

Count		Income - affluent to modest			Total
		Low	medium	High	
outdoor recreation	yes		3	1	4
	no	3	10	4	17
Total		3	13	5	21

Outdoor recreation by Residence

Visitors to outdoor recreation areas were more likely to be from the city, but not to a very significant degree when compared to visitors to all of the TDAs (see Table 7).

Table 7

**Crosstab**

Count		residence			Total
		rural	city and rural	city	
outdoor recreation	yes	1		3	4
	no		5	12	17
Total		1	5	15	21

Outdoor recreation by Gender

To a significant degree, businesses located in an outdoor recreation area had a much more evenly distributed market group of tourists across gender lines than did those businesses who cited other principal tourism draws (see Tables 8 & 9).

Table 8

**Crosstab**

Count		gender			Total
		male	50/50	female	
outdoor recreation	yes	1	2	1	4
	no	3		14	17
Total		4	2	15	21

Table 9

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.083 <sup>a</sup>	2	.006
Likelihood Ratio	8.604	2	.014
Linear-by-Linear Association	2.048	1	.152
N of Valid Cases	21		

a. 5 cells (83.3%) have expected count less than 5. The minimum expected count is .38.

Outdoor recreation by Distance

Interestingly, the businesses that felt outdoor recreation was the most significant draw of their area also felt their customers were from the same state (see Table 10).

Table 10

**Crosstab**

Count		distance		Total
		instate	outstate	
outdoor recreation	yes	4		4
	no	10	7	17
Total		14	7	21

Education/History/Culture by Gender

All of the businesses from the area that drew visitors with its rich history and culture felt the majority of their customers were female (see Table 11).

Table 11

**Crosstab**

Coun		gende			Total
		mal	50/50	femal	
education/his./cul.	yes			3	3
	no	4	2	12	18
Total		4	2	15	21

Education/History/Culture by Distance

All of those businesses who felt education/history/culture played the most significant role in attracting visitors felt those customers were from instate (see Table 12).

Table 12

**Crosstab**

Coun		distanc		Total
		instat	outstat	
education/his./cul.	yes	3		3
	no	11	7	18
Total		14	7	21

Education/History/Culture by Education

Surprisingly, the less-educated visitors made up the largest portion of those people drawn to the area emphasizing education/history and culture (see Table 13).

Table 13

**Crosstab**

Coun		educatio		Total
		high school	colleg	
education/his./cul.	yes	2	1	3
	no	6	12	18
Total		8	13	21

Contrast by Income

Interestingly, none of the businesses that felt contrast to the home environment was the principal tourism draw also thought their market was predominantly low income (see Table 14).

Table 14

**Crosstab**

Coun		Income - affluent to			Total
		Low	mediu	High	
contrast to home	yes		2	1	3
	no	3	11	4	18
Total		3	13	5	21

Contrast by Gender

All of the businesses from the area where contrast to home environment was the principal tourism draw felt their market was predominantly female (see Table 15).

Table 15

**Crosstab**

Coun		gender			Total
		male	50/50	female	
contrast to	yes			3	3
home	no	4	2	12	18
Total		4	2	15	21

Contrast by Distance

Most of the businesses that felt visitors came to their area because of its contrast to their home environment also believed their primary tourism market to be from out of state (see Table 16).

Table 16

**Crosstab**

Coun		distance		Total
		instate	outstate	
contrast to	yes	1	2	3
home	no	13	5	18
Total		14	7	21

### Escape by Income

Unlike the principal tourism draw contrast to the home environment, income was lower for those seeking to escape their daily routine, and to a significant degree (see Table 17).

Table 17

#### **Crosstab**

Count		Income - affluent to modest			Total
		Low	medium	High	
escape routine	yes	2	2		4
	no	1	11	5	17
Total		3	13	5	21

### Escape by Distance

Not surprisingly, the area in which escape routine was the principal tourism draw served more out state visitors, and to a significant degree (see Tables 18 & 19).

Table 18

#### **Crosstab**

Count		distance		Total
		instate	outstate	
escape routine	yes	1	3	4
	no	13	4	17
Total		14	7	21

Table 19

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	3.860 <sup>b</sup>	1	.049		
Continuity Correction <sup>a</sup>	1.892	1	.169		
Likelihood Ratio	3.685	1	.055		
Fisher's Exact Test				.088	.088
Linear-by-Linear Association	3.676	1	.055		
N of Valid Cases	21				

a. Computed only for a 2x2 table

b. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.33.

Escape by Education

In the opinion of the businesses that serve them, those visitors seeking to escape their daily routine were less educated than those attracted by other tourism draws (see Table 20).

Table 20

**Crosstab**

Count		education		Total
		high school	college	
escape routine	yes	3	1	4
	no	5	12	17
Total		8	13	21

Shopping by Age

The businesses that felt their customers came to the area to shop and antique also felt their market was older, when compared to the businesses that operated in areas with other tourism draws (see Table 21).

Table 21

**Crosstab**

Count		age			Total
		young	middle	old	
shopping/antiquing	yes		1	3	4
	no	3	7	7	17
Total		3	8	10	21

Shopping by Residence

The visitors to the businesses that designated shopping and antiquing as the principal tourism draw were thought to be predominantly from the city, but this was not significantly different from the visitors attracted by the other principal tourism draws (see Table 22).

Table 22

**Crosstab**

Count		residence			Total
		rural	city and rural	city	
shopping/antiquing	yes			4	4
	no	1	5	11	17
Total		1	5	15	21

Shopping by Gender

Even though the visiting consumers drawn by shopping and antiques were seen as predominantly female, the same was true for the other principal tourism draw categories (see Table 23).

Table 23

**Crosstab**

Count		gender			Total
		male	50/50	female	
shopping/antiquing	yes			4	4
	no	4	2	11	17
Total		4	2	15	21

Shopping by Education

Those businesses that felt their visiting customers were drawn by shopping and antiques also felt their customers were college educated (see Table 24).

Table 24

**Crosstab**

Count		education		Total
		high school	college	
shopping/antiquing	yes		4	4
	no	8	9	17
Total		8	13	21

En route by Gender

When compared to the other categories, those visitors stopping at an area while traveling to another were more likely to be male, in the opinion of the businesses located within (see Table 25).

Table 25

**Crosstab**

Count		gender			Total
		male	50/50	female	
en route to	yes	2		1	3
another destination	no	2	2	14	18
Total		4	2	15	21

En route by Distance

It was very interesting that those visitors stopping at an area en route to another resided within and without the state in the same proportion as other respondents (see Table 26).

Table 26

**Crosstab**

Count		distance		Total
		instate	outstate	
en route to	yes	2	1	3
another destination	no	12	6	18
Total		14	7	21

En route by Education

In the opinion of the respondents, those visitors attracted to an area while en route to another destination were considered to be less educated than those drawn by other factors (see Table 27).

Table 27

**Crosstab**

Count		education		Total
		high school	college	
en route to another destination	yes	2	1	3
	no	6	12	18
Total		8	13	21

Business strategies by principal tourism draw

The meaningfulness of the relationship between the variable *business strategies* and the variable *principal tourism draw* was determined with the statistical test chi-square. Although additional relationships are discussed, Chi-square tests revealed only 2 relationships between the above variables to be significant at the less than .05 level (See Table 28).

Table 28

		Primary Tourism Market		Retail Business Strategies	
		gender	distance	quality product	diverse product
<b>Principal Tourism Draw</b>	outdoor recreation	.006		.002	
	escape routine		.049		
	education/history/culture				.012

The following summation of the results of the statistical analysis considers the both the statistical significant relationships in addition to those the author found noteworthy. Cross-tabulation and Chi-square tables follow the relevant discussions of the variable relationships.

Outdoor Recreation by Quality Products

To a very significant degree, those respondents who felt their customers came to the area in which they operated their businesses to enjoy outdoor recreation also believe in offering quality products (see Tables 29 & 30).

Table 29

**Crosstab**

Count		quality product		Total
		yes	no	
outdoor recreation	yes	3	1	4
	no	1	16	17
Total		4	17	21

Table 30

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	10.032 <sup>b</sup>	1	.002		
Continuity <sup>a</sup> Correction	6.050	1	.014		
Likelihood Ratio	8.345	1	.004		
Fisher's Exact Test				.012	.012
Linear-by-Linear Association	9.554	1	.002		
N of Valid Cases	21				

a. Computed only for a 2x2 table

b. 3 cells (75.0%) have expected count less than 5. The minimum expected count is .76.

Outdoor Recreation by Quality Service

Providing quality service was seen as a more important strategy by those businesses that felt their customers came to their area for the outdoor recreation (see Table 31).

Table 31

**Crosstab**

Count

		quality service		Total
		yes	no	
outdoor recreation	yes	3	1	4
	no	10	7	17
Total		13	8	21

Outdoor Recreation by Local Advertising

Businesses located in outdoor recreation areas were less apt to believe local advertising was important than those from other areas, but not to a significant degree (see Table 32).

Table 32

**Crosstab**

Count

		local advertising		Total
		yes	no	
outdoor recreation	yes	2	2	4
	no	14	3	17
Total		16	5	21

Education/History/Culture by Quality Product

None of the businesses from the area that attracted visitors with its history and culture cited quality products as an important business strategy (see Table 33).

Table 33

**Crosstab**

Coun		quality		Total
		yes	no	
educ/his/culture	yes		3	3
	no	4	14	18
Total		4	17	21

Education/History/Culture by Diverse Product

The only business listing diverse products as an important business strategy also cited education/history and culture as an area principal tourism draw, and this relationship proved very significant (see Tables 34 & 35).

Table 34

**Crosstab**

Count		diverse product		Total
		yes	no	
education/history/roots	yes	1	2	3
	no		18	18
Total		1	20	21

Table 35

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	6.300 <sup>b</sup>	1	.012		
Continuity Correction <sup>a</sup>	1.094	1	.296		
Likelihood Ratio	4.222	1	.040		
Fisher's Exact Test				.143	.143
Linear-by-Linear Association	6.000	1	.014		
N of Valid Cases	21				

a. Computed only for a 2x2 table

b. 3 cells (75.0%) have expected count less than 5. The minimum expected count is .14.

Education/History/Culture by Price

None of the businesses that felt their area drew visitors with its educational and cultural attributes cited price as an important retail business strategy (see Table 36).

Table 36

**Crosstab**

Coun		price		Total
		yes	no	
edu/his/culture	yes		3	3
	no	2	16	18
Total		2	19	21

Education/ History/Culture by Quality Service

Interestingly, all of the businesses from the education/history/culture area cited one form of quality service as important business strategies (see Table 37).

Table 37

**Crosstab**

Coun		quality		Total
		yes	no	
edu/his/culture	yes	3		3
	no	10	8	18
Total		13	8	21

Education/History/Culture by Location

Not one of the businesses who felt visitors came to their area for education/history/culture listed location as an important business strategy (see Table 38).

Table 38

**Crosstab**

Coun		locatio		Total
		yes	no	
edu/his/culture	yes		3	3
	no	5	13	18
Total		5	16	21

Education/History/Culture by Mass-Media Advertising

To a somewhat significant degree, businesses from the areas that attracted visitors with education/history/culture were uniform in their belief that mass-media advertising is important (see Table 39).

Table 39

**Crosstab**

Coun		mass- advertisin		Total
		yes	no	
edu/his/culture	yes	3		3
	no	8	10	18
Total		11	10	21

Contrast by Quality Product, Product Line, Product Price and Service

Type of product, product line and price were not as important as service to those businesses in areas that are attractive in their contrast to the home environment, when compared to business in areas with other principal tourism draws (see Tables 40-43).

Table 40

**Crosstab**

Coun		quality product		Total
		yes	no	
contrast to home	yes		3	3
	no	4	14	18
Total		4	17	21

Table 41

**Crosstab**

Coun		diverse product		Total
		yes	no	
contrast to home	yes		3	3
	no	1	17	18
Total		1	20	21

Table 42

**Crosstab**

Coun		price		Total
		yes	no	
contrast to	yes		3	3
home	no	2	16	18
Total		2	19	21

Table 43

**Crosstab**

Coun		quality service		Total
		yes	no	
contrast to	yes	3		3
home	no	10	8	18
Total		13	8	21

Escape Routine by Quality Product, Product Line, Product Price

As with the principal tourism draw contrast, those businesses that felt visitors were attracted to their area to escape routine were less concerned about product quality, diversity and price than businesses from other areas (see Tables 44-46).

Table 44

**Crosstab**

Coun		quality product		Total
		yes	no	
escape routine	yes		4	4
	no	4	13	17
Total		4	17	21

Table 45

**Crosstab**

Coun		diverse product		Total
		yes	no	
escape	yes		4	4
routine	no	1	16	17
Total		1	20	21

Table 46

**Crosstab**

Coun		price		Total
		yes	no	
escape	yes		4	4
routine	no	2	15	17
Total		2	19	21

Shopping by Product Quality, Diversity and Price

Incredibly, even the businesses that felt shopping brought visitors to their area did not cite product quality, diversity or price as important business strategies (see Tables 47-49).

Table 47

**Crosstab**

Count		quality product		Total
		yes	no	
shopping/antiquing	yes		4	4
	no	4	13	17
Total		4	17	21

Table 48

**Crosstab**

Count

		diverse product		Total
		yes	no	
shopping/antiquing	yes		4	4
	no	1	16	17
Total		1	20	21

Table 49

**Crosstab**

Count

		price		Total
		yes	no	
shopping/antiquing	yes		4	4
	no	2	15	17
Total		2	19	21

## Interpretation of the Findings

### Introduction

The personal interviews and mailed questionnaire revealed a number of important areas in which the 21 businesses sampled shared some similar perspectives on retail tourism. In most cases, the quantitative findings from the questionnaire reinforced the findings of the personal interviews. Never did the findings of one information-gathering method contradict those of the other. The following interpretation is based on the findings of both the mailed questionnaires and personal interviews.

### Interpretations

The inter-relatedness of the variables of interest in this study guides their interpretation. From a theoretical standpoint, the influence tourism markets have on retail business strategies and area tourism draws is reasonably apparent. Free market axioms dictate that supply follows demand and businesses' product lines and services are accountable to their consumer. What is not so intuitive, however, is the fact that the draw of an area (pull factors) influences the market that supports an area's businesses as well. Tourists possess specific vacation needs (push factors) and as a consequence have a proclivity to visit an area that offers attractions that satisfy those needs (pull factors). Not only does the market influence the types of draws available in a TDA, the principal tourism draw influences the makeup of the market an area serves. The attributes of a TDA have a significant impact on the type of person that makes use of those resources.

By extension, through influencing what type of person visits a TDA, the principal tourism draw helps determine the products and services retailers offer. Retail business

strategies are necessarily a function of consumer typology and to the degree the market is determined by the draw of the area, the draw of the area influences the strategies individual retailers employ to be successful. Even though they may not have been cognizant of the underlying tourism theory associated with their business methods, the managers and the development organizations assisting them are essentially connecting the push and pull factors of tourism motivation theory. An illustration depicting the interdependency of the variables of the study would show a reciprocal influence between *primary tourism market* and *principal tourism draw* and an one-way influence between these variables and the *retail tourism strategies* (See Appendix E).

The qualitative data of this study in particular has uncovered many areas where the variables *principal tourism draw*, *primary tourism market* and *retail business strategies* are inter-related. Therefore, in an effort to avoid diminishing the significance of that tourist market influence, this study will consider areas where market determines product and draw as well as discussing how the principal tourism draw of an area influences both the primary tourism market of an area and the individual business strategies employed by the businesses within.

In general, the primary market served by the businesses followed the market served by the TDA in which they are located. In many cases, the ability of the TDA's to develop and promote tourism themes that serve visitor market segments had a noteworthy influence on the retail themes and strategies. It is important to note, however, that this study did not determine whether the retail businesses followed the lead of the TDA's, or if the TDA's followed the lead of the businesses.

Many of the businesses employed similar techniques to identify the needs of the tourists and target those customers attracted to their concepts. The businesses demonstrated sensitivity to tourism markets by the type of merchandise they offered, the themes they adopted and the business strategies they utilized. To a degree, certain market segments of visitors purchase certain types of merchandise and are drawn to certain types of TDAs.

According to many of the respondents, the principal tourism draws of the studied TDA's influenced the typology of their visitor market, the attraction attributes of their businesses, and the retail strategies they employed. The following interpretation of the qualitative and quantitative findings shall investigate both relationship directions by providing examples of how some of the variables interact in the retail tourism economies of the sample areas.

### Farm Trails

Product authenticity was utilized by many of the businesses to appeal to visitors who come from areas that host an abundance of mass-merchandisers. All the businesses in Farm Trails appealed to urban dwellers seeking a contrast to shopping at malls and department stores, whether it is for the retail environment or products, or both. The businesses associated with the Farm Trails Tours all offered agricultural-based products in a rural atmosphere. The character of the businesses and the nature of the retail products appealed to their markets' need for escape and contrast. The rural atmosphere and authentic merchandise satisfied the urban dwellers' yearnings for a slower, simpler time. It is not surprising that most of their customers live in larger cities.

As with the businesses in Hudson, managers put less emphasis on product quality, diversity and price than those in other areas. Service and promotion ranked higher in significance, according to the quantitative findings. Even though the type of product was important, image and presentation were believed to be more important than price and quality.

The fact that the findings indicated that the Farm Trails businesses served a market of lower-income, less-educated visitors from outside the State is important information for retail practitioners and obviously could be attributed to a variety of factors.

#### Lanesboro

Lanesboro attracts a high percentage of middle-income, city dwellers from Minnesota that share the love of the outdoors. Statistical analysis between the variable quality product and outdoor recreation revealed that those respondents that operated businesses in this area were also concerned about providing quality products, and to a very significant degree. Business 2d sells homemade food items made with original German recipes, providing a good example of product authenticity. This may be an indication that visitors who enjoy outdoor activities are more demanding as to the quality of products, or that businesses perceive them to be demanding. Business 2a of Lanesboro stocks small items and offers shipping because many of its customers are biking or canoeing in the area.

Businesses in Lanesboro were more concerned with providing good service than the businesses from other areas. This finding could be explained by the fact that 3 of the 4 businesses surveyed within the area operated businesses that were service oriented.

## Galena

The Old World charm of Galena attracts a characteristically older, educated, urban and female visitor from a wide area. Galena's primary tourism market consists of, middle-income day-trippers and short-term vacationers from larger cities within Illinois. Since Galena is home to over 50 bed and breakfasts, Business 3c specializes in original artwork. The owners feel that their target customer is similar to the market served by B&B's. Businesses 3b and 3c from Galena offer products that befit the European character of the town. The character and products sold at the wine and cheese shop and the art gallery in Galena complement that TDA's identity.

The cohesive nature of the retail area's theme may be in part due to the managers' involvement in area community development organizations. All of the businesses from the area felt local advertising was important.

## Hudson

Similarly, the businesses in Hudson offer original merchandise that is not available in chain stores. The market for Hudson businesses is also primarily urban, and the retail products reflect cosmopolitan tastes and an adverse market reaction to mass-market goods. The historic/mariner character of Hudson appeals to boaters and urban dwellers. Their market tended to be more affluent, predominantly female and from another state, in this case Minnesota. A reflection of the primary market served, retail products sold by businesses within this TDA tended to be upscale, eclectic and extraordinary. All of the businesses surveyed in Hudson cited service as an important business strategy, possibly indicating a market aversion to the impersonal service of large retailers.

## Germantown

Germantown celebrates and promotes its authentic heritage through an architectural theme and European atmosphere that are a reflection of cultural-rich Germany. Businesses offer imported products in personable and tidy settings. The fact that businesses tended to be less concerned about the price of their products in this area was perhaps a reflection of the ethnic theme focus of the TDA. Service, however, was very important to the managers, perhaps illustrating a ethnic propensity to be hospitable or a focus on the shopping experience.

Germantown appeals to a market that seeks to explore their roots, learn about European culture, purchase ethnic products or simply enjoy a refreshing contrast to their daily routines. Like Hudson, Germantown is located near a large metropolitan area. Business 5a provides an opportunity for city dwellers to observe an operating agricultural enterprise and purchase fresh orchard produce. Businesses 5b and 5c both offer crafts, gifts and collectibles imported from Germany. Historic buildings complement the “old world” feel of the TDA and remind visitors of how things were in years past. Businesses 5b and 5c conform closely to the German theme of the area. Their authentic, imported German merchandise and retail themes seem to transport visitors physically and psychologically from their ordinary routine to an alternative place and state of mind, if only for a brief time. Examples of businesses who sold authentic locally produced products to visitors from comparatively more populated regions included business 1a, 1b, 1c, 1d, 2a, 2d, 3c, 4b, 5a, 5b, 5c, 6a, 6b and 6c. The authentic cultural ambience of Germantown lures tourists seeking an ethnic experience. According to the business managers, this market was predominantly female, resided within the same state and was

less educated when compared to the customer profile of the other areas. Since most of the customers in Germantown come from Milwaukee itself, it was not surprising that the market was predominantly in-state.

### Trego

As many of the businesses surveyed served urban markets, elements of nostalgia, escape to a simpler time, history and heritage were incorporated into the nature of the businesses' products and atmosphere. Trego emphasizes the history and natural resources of its area. The northwoods atmosphere in Trego appeals to cabin-dwellers and second homeowners in the surrounding recreational area. The products offered by the businesses, such as railroad souvenirs and local arts and crafts, adhere to the themes of the area.

Business 6c in Trego appeals to their customers' longing for nostalgia by including some of their original restaurant highway signs and early photographs in their décor. Likewise, business 6b emphasizes the railroad history of the area in which it operates and capitalizes on visitor interest in the area's past. Business 6a offers a wide variety of items that conform to a "northwoods" theme for second homes and cabins. Their merchandise is refreshingly distinctive, and serves as an alternative to mass-marketed commodities.

Understandably, nostalgia can act as a motivating factor for any one customer at any or all of the businesses in this study since it is entirely dependent upon the perspective of the consumer. The above businesses were chosen as examples because, in the opinion of this author, their managers portrayed them as such. The typical customer in the Trego area tended to be male and less educated than those from the other areas. They also appeared to be residents and non-residents of the State in the same proportion as

those customers from other areas, possibly a reflection of its location on a busy highway. Trego managers were less apt to cite good service as a business strategy.

### Theme Conformity

In most instances, the theme adopted by the businesses conformed to that of the TDA in which they operated. One recurrent idea seemed to be implicit within the conversations with many of the businesses. Although none of the managers expressed the concept explicitly, it seemed the mutually beneficial and symbiotic relationship evidenced in the cooperation between the TDA's and the businesses was also a significant component of retail success. Many businesses praised the value of joining civic and development organizations, and it was obvious that their work in those areas was productive in enhancing the image of the areas and improving retail sales for the businesses.

The TDA's where the relationship seemed most effective, however, were where the businesses formed integral business parts of an overall retail whole. Each business, although they usually offered a variety of products and services, contributed to the retail mix of the retail community and, at the same time, conformed to the general retail atmosphere of the community.

They also felt the individual character of their retail shops acted as consequential drawing cards. More often than not, this character was harmonious with and complementary to the theme of the TDA. Examples of businesses who established a retail theme synergetic to that of the area they operated within include business 1a, 1b, 1c, 1d, 2a, 2b, 2c, 2d, 3b, 3c, 4a, 4b, 4c, 5a, 5b, 5c, 6a, 6b and 6c.

Most of the business operators said the retail atmosphere created by the overall theme of the area in which they were located acted as a noteworthy enticement for customers. Businesses 2a, 2b, 3a, 3b, 3c, 3d, 4a, 4b, 4c, 5c, 6a, 6b, 6c all believed the character or “feel” of the TDA was a significant source of customer appeal and visitor attraction. Three business owners, 2a, 4a and 3b went as far as to say the character of the town propelled them to locate in the area. The historic- European feel of Lanesboro acts as a natural setting for business 3a as a winery. It is obvious that the natural surroundings of Lanesboro, with its rivers, valleys and forests, enhance the appeal of outdoor recreational activities, and as such, increase the demand for outdoor equipment rental and sales, as provided by businesses 2b and 2c. These same natural surroundings also influence the sales of other products. Some of the businesses offer wildlife and landscape artwork that captures the beauty of the surrounding areas. Businesses 6a, and 3c are examples. Lanesboro’s customers are typically outdoor enthusiasts from larger cities within Minnesota, and the businesses operating there have adapted their strategies to the market attracted by the area’s resources. Similarly, the character of the other TDA's was cited as being instrumental in drawing certain types of visitors.

#### Standard Business Practices

There were also many time-tested prototypical retail techniques cited by the business managers that are not necessarily tied to the area’s tourism theme, market, or certain business products. Certain business strategies have become minimum standards that all types of customers have come to expect from retailers. Not to lessen their importance, however, these oft cited retail business tactics have become the mainstays of successful entrepreneurs. In the service category, many of the businesses felt friendly,

well-trained and efficient employees were important aspects of their success. Advertising also played a significant role in promoting retail sales. Belonging to commerce development organizations, engaging in joint and target marketing, advertising in regional, trade and tourist magazines, within the yellow pages, through direct mailers, in travel guides, on TV and radio, by word-of-mouth and signs were all methods mentioned by the managers. Although not always specifically mentioned on the questionnaire, location was an important factor for all businesses, as was image, quality and price. Some businesses provided special services such as free gift-wrapping, food or samples, product demonstrations, returnable containers and special events. Although some of these practices appeal more to one market group or another, the respondents did not indicate they utilized them to target any specific markets. Also, the businesses utilizing the strategies were not from one particular type of TDA or another; rather, the utility of the practices seemed to transcend tourism themes.

In general, the information gathered from both survey methods utilized by this study show that the TDA's and the businesses within them meet the needs of their markets with the products and experiences they offer. Their assessment of and reaction to the prevailing retail market forces determined the types of retail strategies, products, attractions and themes that were most effective for their particular situations. In essence, each individual business developed the appropriate business attributes and strategies to serve their visiting market.

The subtlety of which came first, the principal tourism draw or the primary tourism market is probably of little concern to the individual entrepreneurs, and appropriately so. Suffice it to say, the attributes of an area have a strong influence on who

visits that area. Reciprocally, the customers patronizing an area have a strong influence on the attributes that area cultivates. Individual retail strategies are dependent on both the market and the draw of an area, but are independent of which came first.

## Conclusions

Given our expanded conceptualization of the phenomena, tourism has grown to become a significant force in the world. As such, its influence is far-reaching and all encompassing. The combination of its exceptional, ubiquitous manifestations and its comparatively recent arrival to this status establishes tourism as an unprecedented force.

Tourism economics is an increasingly complex phenomenon. The entrepreneurial paradigm of tourism activity has and is continually changing (Fayos-Sola', 1996). It is safe to say these changes influence every aspect of the retail tourism industry on a daily basis. Fortunately, today's social environment and retail economic situation are in the balance conducive to retail tourism.

Tourism has demonstrated an increased significance to small independently owned and operated retail businesses throughout the United States. This study has explored some areas where tourism has shown some importance to a sample of retail businesses in the Midwest. The findings suggest that there is indeed a strong connection between the attraction attributes of an area and the type of market it serves. What's more, businesses utilize strategies that are in some degree influenced by those markets and attractions.

In general, the profitability of the tourism retailer is a factor of the propensity of the area to attract visitors and the ability of their business concept to answer to the desires of the traveler. Several of the business operators felt the retail atmosphere created by the overall theme of the area in which they were located held significant appeal to customers. They also felt the individual character of their retail shops acted as consequential drawing cards. All the business managers alluded to specific and well-defined product, promotion,

service and location strategies when asked about their formulas for success. Combined, these retail community and business characteristics were very important in contributing to an overall experience for shoppers. Even though the tourism draws of the areas surveyed were essentially limited to those the respondents felt were most significant, they displayed some interesting relationships with the other variables within the study.

The themes of the businesses often followed the themes of the TDA's. It is a presumption of this study that this linkage is market-driven. Tourism themes were influenced by and influenced the visitor markets. The travel motivations of the individuals that made up the principal market segments often determined the theme of the TDA's and the businesses within them. Obviously, assessing one's market is necessary for TDA themes and business strategies to be effective.

Equally important, the theme of the TDAs and businesses appealed to specific and identifiable markets. In many of the cases, those TDAs that served an urban market provided visitors with attractions and themes that appealed to those customers' need to escape the big city environment. The image of the TDA contrasted with that of the visitors' routine environment.

Specifically, in appealing to city residents, many businesses in Trego have adopted the northwoods theme in their architecture and products, giving the entire TDA a cohesive character. Similarly, the primary market for Lanesboro consists of urban residents seeking outdoor activities in a nature-rich rural setting. The combined market of older tourists and city residents is attracted to the rural nostalgic atmosphere of Farm Trails. City residents are attracted to the Old World charms of Galena and Germantown.

City excursionists are attracted to Hudson's historic charm, seeking a contrast to life in a suburb.

It is important to note, however, that there are not definitive demarcations between market segments based on tourism motivational factors, and one person or segment of people may be motivated by a host of push factors. For the sake of simplicity and efficiency, both marketing in general and this analysis of the tourism markets in particular, evaluate the typical visitor rather than each individual, and the conclusions of this study must be viewed in that context.

The tourism markets served by the selected TDA's are probably not as homogenous as the findings suggest. In the interests of comprehension, both the author and the respondents simplified the identification by alluding to the predominant market segment in each area. In reality, most of the TDA's served a variety of market segments, even though this study concentrated on the most prevalent. Because of its location and theme, Germantown appeals to many types of visitors.

Germantown is a good example of a TDA which has a highly developed sense of character combined with a tremendous amount of business cooperation. Appealing to both city and rural residents seeking to enjoy the authentic heritage of the area, Germantown successfully promotes its authentic image through community and individual business efforts. Many visitors motivated by the desire to learn about another culture, or their ethnic roots, have found Germantown intriguing.

Trego also appeals to a more heterogeneous market. Although most of the visitors to the area are city-dwellers seeking an escape in natural surroundings, to a lesser degree

Trego also appeals to railroad and history buffs. Trego serves many types of travelers as a convenience stopover, and much of its appeal has to do with its location on the highway.

The tourism draws also influenced the specific strategies utilized by the respondents. Significantly, four of the seven general categories of business strategies involved the marketing strategy classifications of product, price, promotion and place. Only one business did not cite advertising as a business strategy, and that business happened to refrain from listing any business strategies. Many of the retailers enhanced the theme of the area and their retail establishments by incorporating a variety of retail elements consistent with the overall tourism appeal. In many of the businesses, authentic costumes and imported products accentuated the cultural/heritage retail images. Nostalgic themes were enhanced by historical buildings, bilingual signage, antique lampposts, old-time music and activities, retrospective storefronts, handcrafted and farm-produced products. Many of the signs in Germantown are bilingual. Galena has successfully maintained a European look downtown.

The architectural themes of many businesses followed the theme of the TDA. Farm Trails businesses emphasized a rural feeling with farm buildings and settings. Trego businesses cultivated a “cabin” or railroad look. The architecture of some of the businesses in Germantown follows the German theme so realistically that it is difficult to imagine customers not feeling they are actually in Germany.

Not surprisingly, the nature of the advertising utilized by many of the businesses profoundly demonstrated the importance theme has for the sample. Most of the businesses utilized many forms of advertising to promote an image that very closely followed the theme of the area in which they operated.

Enhancing the shopping experience was a tactic that several of the businesses mentioned. The apple orchard provides rides through the orchard. Many of the businesses emphasized the importance of well-informed employees who are capable of providing an educational experience for their customers. Live entertainment, free samples, tours, observing product production, wine tasting, window displays, special events and apple picking were all strategies the businesses utilized to enhance a shopper's experience.

The principal tourism draws of the areas often influenced the type of merchandise the retailers offered. Germantown businesses sell many products that are either imported from Germany or Bavaria, or that were Germanic in nature. Lanesboro merchants offer many products associated with outdoor activities. Hudson businesses sell unique gifts, home furnishings and clothing that are not available in chain stores. Farm Trails businesses sell farm products. Trego businesses offer convenience products and cabin items.

The findings of this study suggest that an effective tourism development program in a TDA was always a positive influence on the success of the individual retailer. The most viable tourism retail areas were those that cultivated a sound, active, mutually beneficial cooperation between the individual retailers and the community leaders, who were often one and the same.

In simplifying both the tourism markets in question and the retail elements utilized to appeal to those markets, this study is guilty of presenting a much more uncomplicated retail business environment than reality dictates. Although it is possible to distinguish some ambient factors that have a sweeping influence on tourists and the travel industry in general, it is more difficult to identify any overall tourist travel tendencies

given the heterogeneous nature of the traveling consumer. Yes, people travel more than they did previously, but only certain types of people. It is true that people have more discretionary income to spend on travel, but not all people. A retailer marketing his/her product or service to the traveling public must recognize the individual characteristics of his consumer segment, and appeal to those sharing those traits.

It would be shortsighted and naive to contend that retail tourism opportunities are without challenges. On the community level many roadblocks present themselves. Development plans are expensive and tedious. Politics enter into any decision involving two or more people. Environmental concerns necessitate sustainable tourism practices. Downtowns have their own unique issues that must be confronted.

There are many general issues that must be confronted by a community before specific retail strategies can be implemented. The initial considerations in community tourism development are not detailed by this study because, as a developmental tool, this paper targets communities that have already accepted tourism as a legitimate alternative for economic development. Although not explicitly catalogued here, the importance of increasing community awareness of retail tourism's potential and the community's acceptance of its viability should not be overlooked and are integral stages in the economic planning of any size community. Community awareness of the positive and negative economic, social and environmental impacts of a change in economic strategies is necessary. A community consensus accepting new directions for economic development is essential to ensure the cooperation of the citizenry and ultimately the success of the program.

Once the tourist market has been tapped, other problems arise. Security, cleanliness, convenience (access and parking), infrastructure, labor and many other considerations become more acute with an influx of visitors. Growing pains were cited by some of the respondents who recognized that the economic gains associated with increased tourism revenue were not without social costs. Lanesboro respondents acknowledge that their newfound status as a visitor destination created the necessity to make some personal adjustments. Approaching their situation with a mature philosophy, their planning and adaptation suggests an intrinsic feel for sustainable tourism.

A key retail tourism tenet was reinforced by this study. It was apparent that the areas sampled established a connection between the “push factors” that motivated their markets to travel, and the “pull factors” that drew those visitors to the areas. This study established that, whether it was by design or because of the forces within a free marketplace, the principal tourism draw of an area had a significant influence on the primary tourism market attracted to that area and on the individual retail tourism strategies the businesses operating within those areas utilized. What’s more, without intending to do so, this study also found the reciprocal effect to also be true; that the primary tourism market of an area had a significant influence on the principal tourism draw of the area and the strategies of the businesses. In effect, the businesses and the TDA’s in which they operated developed retail concepts that served their markets’ needs and a specific and identifiable market was attracted to distinct attributes of certain areas.

## Implications

Notwithstanding elements in which this thesis differs from the CCED-UW project on which it is based, its significance within what can be viewed as the applied sciences should not be dismissed. This research has the potential to serve as a useful tool for independent entrepreneurs operating businesses similar to those sampled within. To the degree that a particular case-study is analogous to the setting, product and service of a company seeking to employ new retail strategies, this research can be instrumental in guiding retail decision making. At the very least, it can provide useful suggestions. Tourism industry managers, whether they sell burgers or blankets, can benefit from the experiences of others with similar enterprises.

It is the author's hope that, in providing current and future retail business people with specific and relevant information on tourism business strategies, this study will expand the pool of identified viable retail techniques and therefore advance responsible tourism development.

The value of good research necessarily extends beyond its stated purpose. Effective scientific inquiry acts as an impetus for additional learning. Accordingly, this research aspires to provoke the reader's ingenuity by expanding their perspective on the subject. As a theoretical endeavor, this study certainly adds to the body of knowledge on the subject. More importantly, however, it may inspire further research on this particular topic or the many related directions it unavoidably and intentionally abandoned.

## Recommendations

As the limitations of the study suggest, additional research on this topic could benefit from a design of more ambitious scale and less ambitious scope. True to the nature of a case study, this thesis combines an abbreviated sample with comprehensive objectives. Increasing the number of respondents and employing a simplified purpose and limited research design could improve subsequent studies on the topic.

By definition, the accuracy of the information gathered by surveys is dependent on the objectivity and knowledge of the respondents. The reliability of the semi-structured personal interviews was a factor of the quality of the personal interviews, including the consistency of the questions and the interview process. Although the interview information was by and large supported by the mailed questionnaires, reliability could have been improved by follow-up interviews by different interviewers.

The accuracy of the findings from this study could have been improved by reducing the time lapse between sample selection and study conclusion. Every month devoted to the completion of the study separated the sampling frame from the population. Many factors, such as the natural attrition of businesses in operation, served to differentiate the list of businesses sampled from the population under consideration.

Rewording some of the inquiries on the mailed questionnaire could have facilitated statistical analysis of the data. Limiting respondent choices to one answer within each question, reducing the number of open-ended questions and utilizing more binary variables could have ameliorated the tool's function.

As the success of each sample business was determined somewhat arbitrarily, a definitive and consistent minimum standard of achievement in retail tourism should be

utilized in any subsequent research involving the identification of retail tourism strategies.

Conducting a pilot study would have improved the validity of the questionnaire. Even though this research was based on the CCED study design, its differences warranted a complete pilot study.

### Concluding Remarks

It is altogether possible for small rural retail businesses to improve their ability to face the challenges of the increasingly demanding retail tourism economy. Information on the tried and tested retail business approaches and economic environment in which these strategies are utilized can benefit the independent entrepreneur.

This study has provided a few examples of retail tourism operating strategies and the business settings in which they are employed and from which they have evolved. It has also provided a glimpse at the market conditions under which the selected enterprises operate. The author sincerely hopes this research will serve as a catalyst for healthy retail development. Ideally, this study could act as a mechanism enabling business people to become more successful, a window through which existing businesses can view the current economic environment and a vehicle to inspire further research on the subject.

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**Appendix A / Survey**

1. What would you consider the main reason(s) tourists come to your area? (circle all that apply)

- a. outdoor recreation
- b. education/history/roots
- c. escape their daily routine/contrast to their regular environment
- d. shopping/antiquing
- e. cultural/artistic activities
- f. relaxing/quiet meditation/finding oneself
- g. special events
- h. visiting friends and relatives
- i. en route to another destination

2. Please use the following scale to describe your typical tourist customer:

*income*            affluent \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_ modest income  
*age*                younger \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_ older  
*residence*        rural \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_ city

3. Would you estimate the majority of your tourist customers are:

*gender*                                    male \_\_\_                                    female \_\_\_  
*distance*        from the same state \_\_\_                    out-of-state \_\_\_  
*education*    high school graduates \_\_\_    college graduates \_\_\_

4. What products/services have you introduced to increase sales to tourists?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_

5. What percentage of your revenue would you estimate comes from visitors to your area?

- a. \_\_\_ 0-25%            b. \_\_\_ 26-50%            c. \_\_\_ 51-75%            d. \_\_\_ 76-100%

6. What general business strategies (e.g. T. V. advertising, establishing a theme, joining community retail development assoc., etc.) have been the most successful in attracting tourists to your business?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_

7. What specific business tactics (e.g. free samples, increased hours, utilize point of sale technology, employing retirees, etc.) have been the most successful in attracting tourists to your business?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_

Your name \_\_\_\_\_ Your title \_\_\_\_\_ (e.g. owner) Zip code \_\_\_\_\_

8. Mailing Information

Would you like a summary of the thesis based on this information when completed?

Yes \_\_\_\_, address to: \_\_\_\_\_ No \_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Thank you, please return in the enclosed stamped, pre-addressed envelope.**

## Appendix B

### Consent Form

**Project title:** Rural Midwest Community Case Studies in Retail Tourism; identifying community appeal and satisfying visitor needs.

Jim Bloms, of the Department of Tourism, University of Wisconsin-Stout, is conducting research on a sample of Midwest retail tourism businesses to identify and discuss the relationships between retail business strategies, markets and attractions along with the identification of the primary tourism draws of the area where these businesses operate. We would appreciate your participation in this study since it hopes to advance the knowledge of the subject as well as provide practical information for the retail tourism industry. We do not anticipate that this study will present any medical or social risk to you. The information we gather will be kept strictly confidential and any reports of the findings will not contain your name or any other identifying information.

Your participation in this project is completely voluntary. If at any time you wish to stop participating in this research, you may do so, without coercion or prejudice. Just contact the researcher.

You will be paid \$5.00 for your work.

Once the study is completed, we would be glad to share the results with you.

**Note:** Questions or concerns about participation in the research or subsequent complaints should be addressed first to the researcher or research advisor and second to Dr. Ted Knous, Chair of the UW-Stout Institutional Review Board for the Protection of Human Subjects in Research, 11 HH, UW-Stout, Menomonie, WI, 54751, phone (715) 232-1126.

## Appendix C

201 Antrim  
Menomonie, WI 54751

Dear Respondent,

It was a pleasure to visit with you this past summer when I was conducting interviews for the Center for Community Economic Development, University of Wisconsin. You were gracious enough to grant time from your busy schedule to answer some questions regarding retail tourism and your place of business. Although space and time restrictions have limited the extent of the summaries, the study is nearing completion and you will be included in and sent a copy of the final publication.

Please accept this letter as a personal inquiry for in this case I am motivated by the requirements of a degree rather than the State project. As a student in the Tourism Graduate program at the UW-Stout I am writing a thesis on retail tourism strategies.

I am not in a position to offer anything but the small enclosed incentive, but would appreciate 1 or 2 minutes of your time to fill out a small survey that will aid in completing the paper. It has been my experience that, like you, most people in business have a much more far-reaching knowledge of their occupation than they themselves (or others) realize. Your expertise will provide information that will be valuable not only toward accomplishing my objectives but also toward expanding understanding within the field.

If you would like a summary of my Graduate Thesis once it is completed, please indicate so on the survey. Thank you.

Sincerely,

Jim Bloms

Enclosures:  
Cash  
Questionnaire  
Self-addressed stamped return envelope

## **Appendix D**

### ***Personal Interview Question Guidelines***

What is the primary product/service your business provides?

What type of person makes up the majority of your clientele?

Are most of your customers from within the area or from out of the area?

What brings your visiting customers to this area?

What other businesses serve as a complement to yours?

What businesses do you serve to complement?

What other businesses sell the same product/service as yours.

What changes have you made to capture the retail tourism market?

How much does your business vary from one season to the next?

What plans do you have for future improvements?

In general, are you satisfied with the current level of success your business has earned?

Are there any specific techniques or strategies that you have found particularly successful in capturing the tourist dollar?

