

CABI TOURISM TEXTS

Rural Tourism and Enterprise

Management, Marketing and Sustainability

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COMPLIMENTARY TEACHING MATERIALS



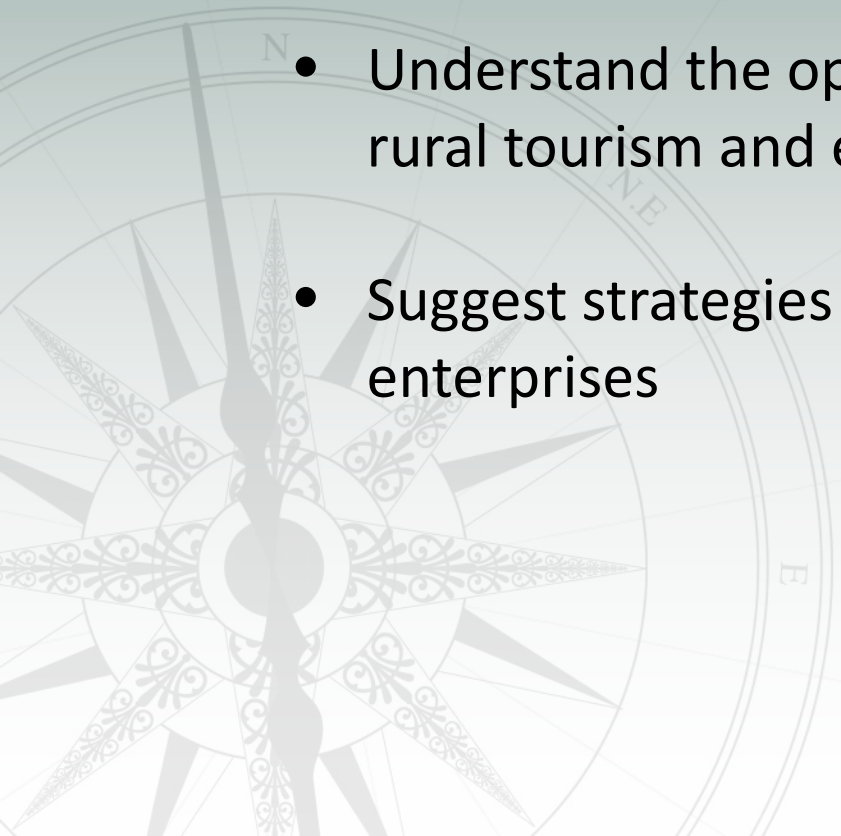
CHAPTER 14

Strategies for Rural Business Growth



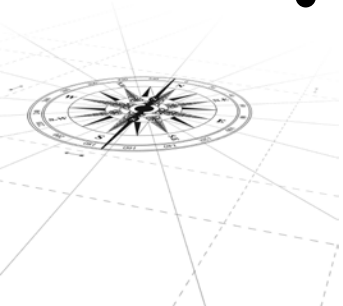
LEARNING OBJECTIVES

- Explore the barriers to the development of rural tourism and enterprise
- Understand the opportunities for the development of rural tourism and enterprise
- Suggest strategies for the growth of rural tourism and enterprises



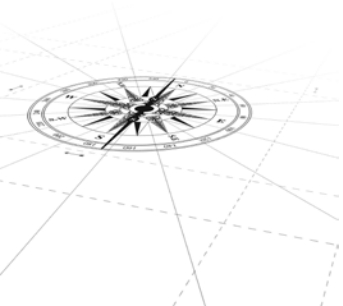
1 INTRODUCTION

- A number of barriers to growth exist for rural tourism enterprises
- This includes political, economic, social, environmental, technological and legal factors
- Rural enterprises operate in a fluctuating economic climate
- Changing social and legislative trends has required rural enterprises to pursue diversification strategies



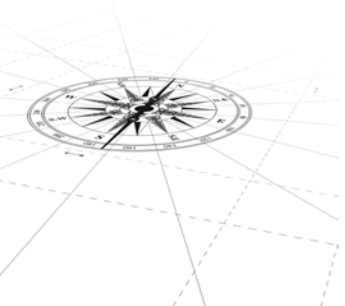
2 BARRIERS AND OPPORTUNITIES (1)

- Political
 - influenced by the government in power and subsequent policies that emerge
- Economic
 - fiscal and monetary matters
 - demand for petrol and fluctuating oil prices
 - changes in inflation and interest rates
- Social
 - changes in the demography of societies and communities
 - consumption of organic produce and natural products
 - trend towards short break and activity based holidays



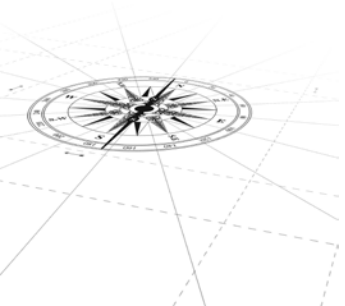
3 BARRIERS AND OPPORTUNITIES (2)

- Environmental
 - paramount in the context of rural tourism
 - climate change
- Technological
 - growth of ecommerce, mobile technologies and social media
 - infrastructural developments in rural areas are crucial
- Legal
 - local planning legislation and by-laws
 - health and safety, employment and equal access



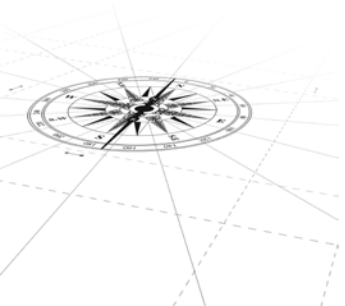
4 COMPETITIVE POSITIONING STRATEGIES

- Generic strategies (Porter 1985)
 - Cost leadership
 - Cost focus
 - Differentiation
 - Differentiation focus



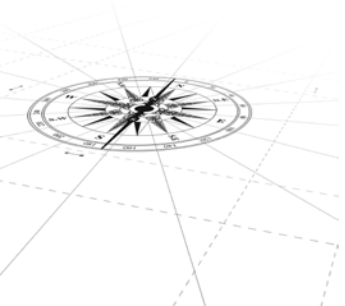
5 COMPETITIVE POSITIONING STRATEGIES

- Strategic direction (Ansoff 1968)
 - Market penetration
 - Product development
 - Market development
 - Diversification



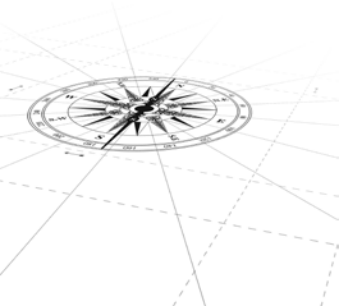
6 RESOURCE AND COMPETENCE-BASED STRATEGIES

- Tangible resources include human, financial, and physical resources
- Intangible resources include brand reputation and image
- Strategic resources and competences
 - VIRUS criteria; valuable, inimitable; rare; and unsubstitutible (Haberberg and Rieple, 2001)



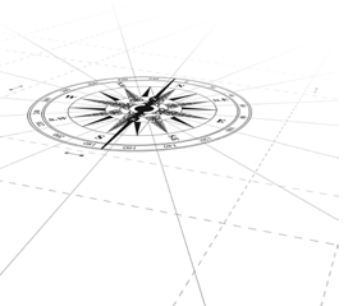
7 INNOVATION STRATEGIES

- Strategies that cultivate innovation
- Strategies will focus on developing new business, service and customer experience models
- Generate as much value from the existing business proposition as possible
- “Co-creation” (Prahalad and Ramaswamy, 2004)



8 CONCLUSION

- Many barriers can potentially prevent a rural tourism business and enterprise from moving forward
- Can have major consequences for the enterprise, potentially resulting in decline and ultimately failure
- Rural tourism businesses and enterprises should be receptive to changes that occur in the wider external environment and capitalize upon those opportunities which may prevail



4 REFERENCES

- Ansoff, I. (1988) *Corporate Strategy*. Maidenhead: McGraw-Hill.
- Porter, M.E. (1985) *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press
- Haberberg and Rieple, (2001) *The Strategic Management of Organisations*. London: FT/Prentice Hall
- Prahalad, C. K., and Ramaswamy, V. (2004) Co-creation experiences: The next practice in value creation, *Journal of Interactive Marketing*, 18 (3) 5-14.

