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
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
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 unsubstitutable (Haberberg and Rieple, 2001)
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)
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
REFERENCES


