

MARKETING ADVENTURE TOURISM – WHAT WORKS AND WHAT DOESN'T

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ABSTRACT

Irish tourism authorities have identified soft adventure tourism as a high-growth area for the travel industry. Especially the Southwest is receiving much attention. Based on research undertaken for Fáilte Ireland and Collabor8 in the Kerry adventure hub, this paper looks at the marketing strategies and performance of the leading activity providers there. It identifies which marketing strategies and instruments work best for the companies in this industry and analyses whether Fáilte Ireland and Tourism Ireland's campaigns meet the needs of the adventure businesses.

INTRODUCTION

Adventure and outdoor tourism has become an important segment of the tourism business worldwide as well as in the Irish Southwest. It accounts for around one fifth of worldwide tourism revenue (Buckley 2010, p.14) and 36 % of tourism revenue in Kerry (O'Brien 2010). Moreover, it has been identified as a high-growth area for the travel industry with considerable untapped potential (Canadian Tourism Commission 2001, Key Note 2009, Neirotti 2003). According to research by Harris Interactive (Fáilte Ireland 2009), current adventure tourist numbers are only small percentages (e.g. 1.3 for equestrian pursuits, 1.5 for cycling) of those that said they would consider engaging in the activity in Ireland in the next three years.

To better exploit this potential, research has been undertaken to evaluate the quality of the adventure product as well as the quality of the marketing. This paper is based on the results of audits conducted for Fáilte Ireland and Collabor8 from September 2009 to January 2010, which evaluated the product, environmental policy and marketing of 43 soft adventure providers in the Kerry soft adventure hub. It takes a look at the marketing strategies of the soft adventure sector in Kerry and tries to establish which approaches work in soft adventure marketing and which don't.

Though there is plenty of research on marketing in tourism, not much has been published to date on marketing for the adventure industry (Buckley 2010, p. 32-33), let alone the soft adventure industry. In addition, most of the existing articles deal with the adventure industry from a more general destination point of view (e.g. Page et al. 2006, Cater 2006) and/or look

at the customer perspective, analysing tourists' motivations, expectations and satisfaction (e.g. Faulks et al. 2008, Patterson/Pan 2007, Williams/Soutar 2009, Walle 1997).

There is very little research on the marketing activities of the adventure providers. Buckley and Araujo (1997) investigated companies' use of brochures and flyers, but the focus was on environmental references. Schott (2007) and Sung (2004) examine distribution channels. Schott comes to the conclusion that the industry distributes mainly "at destination". Swarbrooke et al (2003; p. 163) identify the brochure as the main marketing instrument, which might be complemented by websites, trade shows, direct mailing, press relations, advertising and talks or film shows. As this paper will show, the mix is quite different for the Kerry providers today. Beyond a simple inventory of how many providers use which instrument, this paper will also look at how the companies assess their marketing activities and what their real contribution is in attracting visitors.

METHOD

This paper is based on in-depth interviews with 43 members of Fáilte's Kerry adventure hub. This hub includes a handful of providers beyond the Cork county border in Beara; for simplicity's sake, the whole sample will be called "Kerry companies". The 43 firms represent a large proportion of the overall soft adventure industry in this region and include almost all of the market leaders as defined by Fáilte Ireland. For the audit, interviews of typically two to five hours were conducted with the owners or senior management. The interviews followed a structured questionnaire. One had to be cut short as a consequence of a family emergency, so the total number of respondents for most questions is only 42.

The adventure providers gave very detailed accounts of their marketing activities, from the time and money spent on marketing to details of all marketing activities. For 19 categories of marketing activities, the managers were also asked to evaluate their effectiveness on a scale from 1 (totally useless/not worth the money at all) to 5 (highly effective).

To determine whether the choice of marketing activities and the intensity of marketing correlate with a company's success, the companies were divided into three groups: growth, shrinking and non-growth. Growth companies are companies that reported having either grown last year or that had maintained their revenue constant in 2009 and grown in the

previous year. All in all, nine growth companies were identified; seven firms could not be classified for lack of data or because they had added new activities like shops to their businesses, making it impossible to meaningfully compare sales. The remaining 27 providers were included in a category “non-growth”. Two of them had reported constant sales in 09 with no data for 2008. 25 companies had reported significant declines in 2008; they made up the “shrinking companies” cluster. It has to be noted that this includes providers that had to cancel activities because of the bad weather in summer 2009 and might otherwise have been up on the previous year. However, business in the two preceding summers was also hampered by rain and wind according to most providers, so a great distortion because of weather effects seems unlikely.

Due to the small size of the growth cluster, the results are not necessarily statistically significant; they rather give a qualitative indication of a potential link between marketing methods and success.

To analyse the correlation between profits and marketing, the group was divided into profitable companies, companies that made losses and companies that broke even in 2009.

The companies surveyed in the 2009/2010 audits offer hillwalking and horse-riding, cycling, diving, sailing, surfing and several other outdoor activities; there are even two ferry companies and a hotel with golf course. They all conform to Hill’s (1995) definition of soft adventure as usually low-risk and suitable for families. In the terminology of Swarbrooke et al (2003, p. 19), some of them would rather belong to the category of “activity tourism” as guided walking holidays or fishing holidays are not considered very “adventurous”; they do not necessarily have an uncertain outcome as postulated by Priest/Gass (2005, p. 262) or take place in an “unusual, exotic, remote or wilderness setting” (Canadian Tourism Commission 2001, p. 6).

The structure of the soft adventure industry in the Irish Southwest is still very close to the roots “in small, home-based businesses” as described by Cloutier (2003). The majority of the firms are owner-run micro-businesses that conform to the description of entrepreneurship in adventure tourism given in Swarbrooke et al. (2003; p. 149). The median revenue for the 38 companies in Kerry and Beara that disclosed their revenue figures was only €87 500; more than half (23) of the 43 providers in this area had no permanent hired staff at all.

Only a few of the big players in Kerry have dedicated marketing staff; the vast majority of the rest are owner-run, and the owners do the marketing themselves. Most of them have no formal marketing training, though a number of providers have attended short marketing courses, e.g. those provided by Fáilte Ireland. There are a number of people, however, that have professional marketing experience and a degree in marketing or in fields that include marketing modules, e.g. leisure management.

RESULTS

Time and money spent on marketing

The money companies spent on marketing varied considerably: One spent just 0.1 percent of its turnover on marketing, another between 25 and 30 percent. The second highest budget was 13 percent of revenue. The average for all providers was 7 percent, the median was 6.25 percent. While some of managers knew their marketing budgets very precisely, others only gave rough estimates.

Overall, growth companies tended to spend more on marketing than the others. The median budget of growth companies was 8.5 percent of revenue, the median of all others 6.1 percent and that for the shrinking providers 5. Half of the growth companies spent 10 and more percent of their turnover on marketing, and none spent less than 5 percent. On the other hand, only 5 out of 23 shrinking providers for which the data were available spent 10 percent and none more, whereas seven of them spent 3 percent or less and another six spent 5 percent of their sales on marketing.

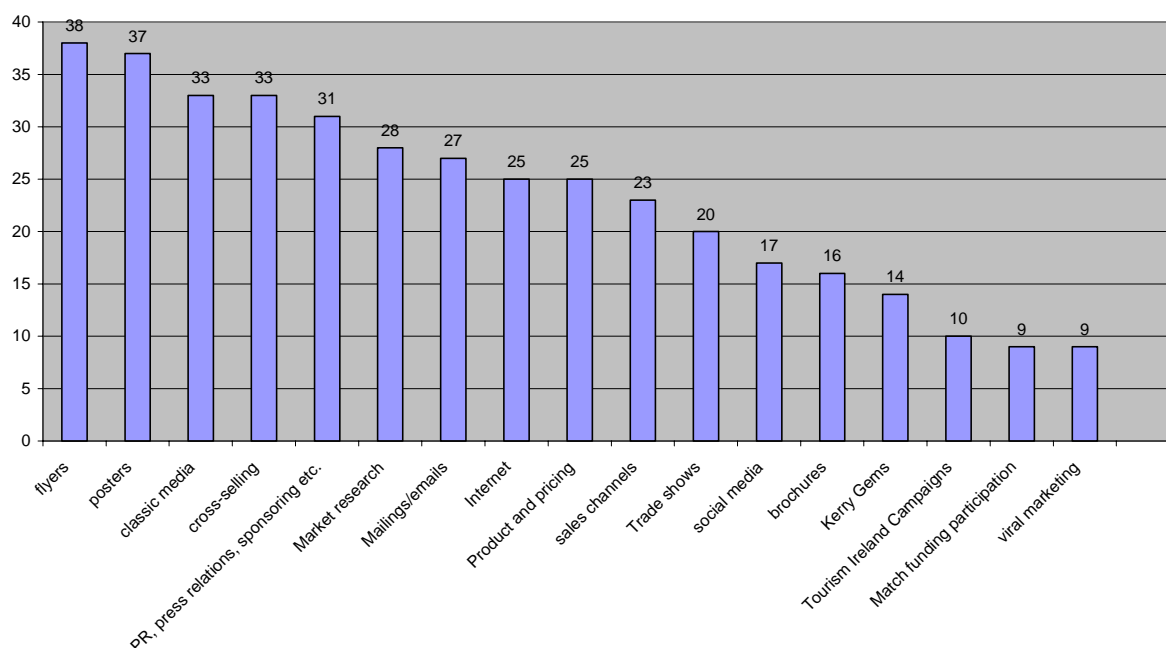
When marketing budget and profit are compared, the analysis indicates that the profitable companies tend to spend more on marketing than those that only break even or make losses. The median spend of profitable companies was 7.5 percent of their revenue, for lossmakers it was only 6.6, even though they included the three by far smallest companies in the sample: Their absolute marketing expenditure is low, but their relative marketing spending is higher than average as there are minimum costs for certain activities, e.g. printing flyers.

Not surprisingly, the absolute time spent on marketing depended very much on company size. The link between growth and time spent was less clear than that between growth and money spent: When company size is taken into account, the average growth company dedicates more than twice as much time to marketing as the other firms (measured as hours per euro of revenue). But this is heavily influenced by 3 growth companies in this sample that spent 15 to 20 hours per week. The median growth company, however, racked up as many hours of marketing per week as its non-growing counterpart.

Marketing activities

The most common types of marketing activities were divided into 17 groups; everything else was summed up under “other marketing activities”. Companies were asked which of these 17 activities they had undertaken. The most widely used instruments were flyers (38 out of 42 companies that completed the marketing questionnaire) and posters (37), which both tend to attract the spontaneous tourist who had not originally planned to undertake an activity during her holiday (Weed/Bull 200, p.200-201). These were followed by advertising in classic media (print and radio - 33), cross-selling (33) and PR/press relations/sponsoring (31). At the low end of the spectrum were viral marketing and Fáilte Ireland’s match funding campaigns (9 each), Tourism Ireland campaigns (10) and advertising in Kerry Gems (14). Interestingly, the brochure seems to have lost its status as “the mainstay of most adventure travel marketing” (Swarbrooke et al. 2003, p. 163): Only 16 companies said they had used one at all, which makes brochures one of the least popular marketing instruments. As will be shown below, their impact is also considered negligible by the Kerry operators. Figure 1 shows how many companies had used which marketing instrument.

Figure 1: Number of companies that said they had engaged in different marketing activities

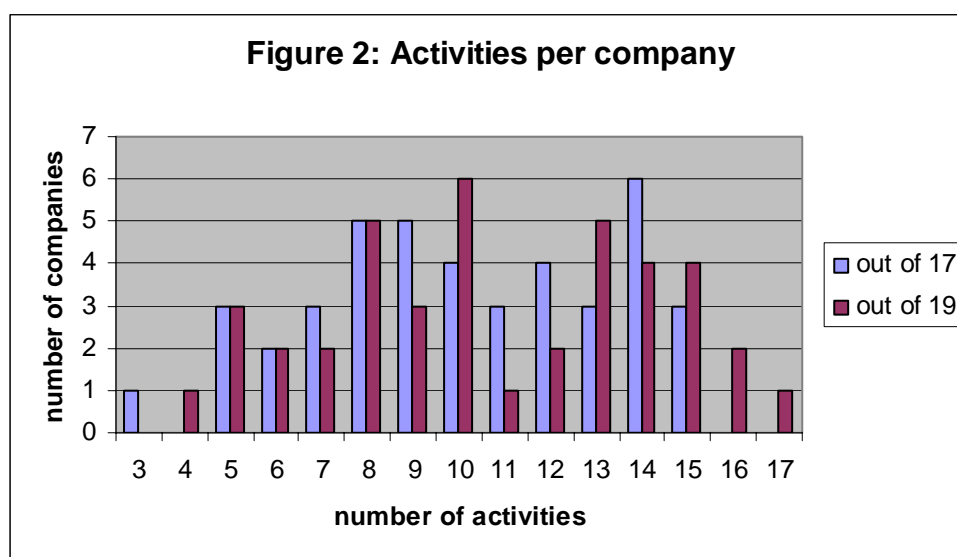


A closer look at who did what reveals huge differences between the different providers. On average, companies engaged in 10.1 out of 17 activities that were open to everybody (market research / product and pricing (packages, special offers etc.) / sales channels / flyers / brochures / posters / advertising in classic media / advertising in Kerry Gems / online ads and search engine optimisation / mailings/emails / joint marketing / social media / viral marketing / PR, press relations, sponsoring / others / trade shows / cross-selling). The minimum was three, the maximum 15, with a standard deviation of 3.18.

There seems to be a correlation between growth and use of marketing instruments: Providers identified as growth companies used 12 instruments on average, whereas the rest only employed 9.6. This seems to suggest that companies with a rich marketing mix have higher growth rates. The link between marketing mix and profits was weaker, but there was a tendency for profitable companies to use more marketing instruments (10.4) than loss-makers (9.45).

Tourism Ireland Campaigns and Match funding campaigns were not included among the 17 activities analysed here. The reason is that unlike other marketing instruments, they are by invitation only; many companies had never been asked to participate.

When these two activities are added to the analysis, the average number of activities used by the companies only rises to 10.65. This reflects that both Tourism Ireland and match funding campaigns were not widely used. The gap between the providers that use few instruments and those that use many even widens: The company at the low end only used four different marketing tools when TI campaigns and match funding are included whereas the top company availed of 17 of the 19 marketing activities considered. The standard deviation rose to 3.51. Figure 2 shows the number of companies using a specific number out of 17 marketing activities (blue bars) and out of 19 activities (red bars).

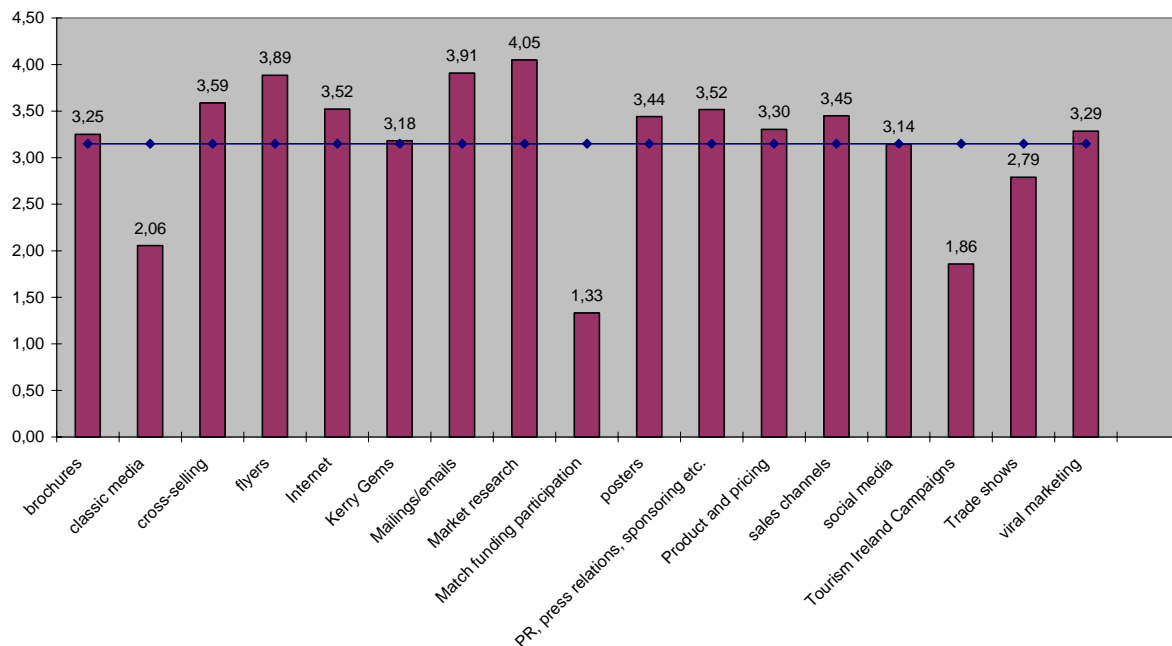


Assessment of marketing tools

For each of their marketing activities, companies were asked to assess it on a scale from 1 (totally useless; not worth the money at all) to 5 (highly effective). This was a subjective measure of how the instrument had worked for them. Thus, a low grade can mean that the instrument itself is not effective; in a couple of cases providers that rated instruments low said their own effort had not been satisfactory.

The perceived usefulness of the different instruments varied greatly as shown in figure 3. The average grade given to marketing activities was 3.15 (blue line). Only four instruments performed clearly below average: Match funding campaigns, Tourism Ireland campaigns, advertising in classic media and trade shows. The top rated marketing instruments were market research (4.05), mailing and emails (3.91) and flyers (3.89).

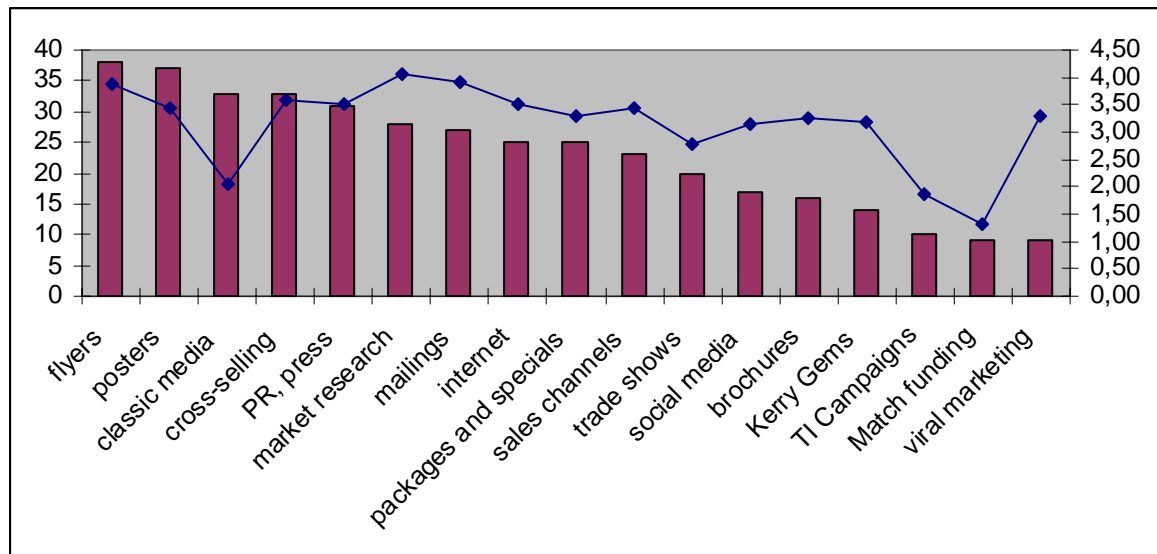
Figure 3: Companies' assessment of the marketing activities



Interestingly, as shown in figure 4, the use of an instrument did not always have much to do with its perceived usefulness. For each instrument, the red bars show how many companies had used it, the blue line shows how they rated it on average. For instance, advertising in classic media was one of the most widely used marketing instruments, but most companies considered it fairly useless. Viral marketing, on the other hand, was only used by nine companies though it was regarded as quite effective.

The bars do not show how many companies are still using this instrument. For some of the worse rated activities, e.g. attending trade shows and paid advertising in newspapers, magazines and radio, several providers said they would not do it again.

Figure 4: Assessment and use of instruments



Assessment by provider

In this section, the average rating across all marketing activities was calculated for each provider to see how each company assessed the average effectiveness of its marketing instruments. At the extreme ends, one company rated all of its activities 1; another one gave a 5 to all of its marketing tools. The vast majority, however - all but seven companies - had an average rating of their marketing activities between 2.8 and 3.8. The average, median and mode (with 8 companies) rating for all were 3.3.

There is no obvious correlation between a company's success in the marketplace (as measured by growth and profit) and its satisfaction with its marketing activities; loss-making and shrinking companies were just as happy with their marketing tools as the profitable and growing ones; all groups rated their activities very close to the 3.3 mark. This may be an indication that the evaluation of the marketing activities tended to be rather objective; the relative usefulness of the different instruments seems to have played a greater role in the assessment than the overall level of marketing success of an individual company.

Direct effects of marketing instruments

In contrast to the preceding sections, where providers were asked how useful different marketing activities were in their eyes, this section looks at the tangible results produced by

different activities. It is based on the observations of those 36 companies that said they kept track of where their business came from. These companies were asked for their main sources of original (i.e. not repeat) business; they were allowed to give as many as they wanted. On average they mentioned 2.5. Some ranked the sources by importance, others did not.

Two sources of new business stand out: 24 providers said that word of mouth - recommendations from satisfied former customers - brought many new customers; ten of them explicitly named word of mouth as their most important source of new business. The second most important source of new business was the internet (18 providers; most important source for 3), followed by flyers (9).

Referrals turned out to be the next important source of business: 8 companies mentioned referrals from accommodation providers, 5 consider the tourist office an important source of new business. Editorial content in newspapers and magazines played an important role for 4 providers, tour operators and paid advertising in the media for 3 each. This confirms the findings of Baggio et al. (2009) that word of mouth tends to be superior to advertising. All other activities did not significantly contribute to generating business in the eyes of more than one or two providers.

How does this fit with the providers' assessment of their marketing activities? At first glance, it seems like two activities may have been over-rated: Brochures, which were rated very slightly above average by the providers, were not mentioned as an important source of business at all. This may have something to do with the largely on-demand nature of the brochure, which is quite often sent to people that have already inquired. It may also be due to the fact that the line between the brochure and the flyer is blurred: Some companies' brochures are just slightly extended versions of the flyer and are mostly distributed in the same way. They may have been included in the flyer category as a source of business. On the other hand, it looks like in the age of the internet; the traditional, multi-page glossy paper brochure has seen better days. Some companies with a fairly complex product, e.g. hiking tour operators, still have it, but quite often add it to their websites as PDF files nowadays; other companies seem to be phasing brochures out.

Kerry Gems, a free guide booklet with plenty of advertising that targets visitors to Kerry, had originally been singled out from the classic media advertising category as many providers

praised Kerry Gems while they considered all other advertising useless. In the assessment by the providers, it garnered a slightly above average rating. However, only one company said that Kerry Gems was a significant source of original business.

Another surprise is that posters were not mentioned at all even though they were rated above average in the assessment of the different marketing activities. This may be because even though posters do not bring a lot of customers, they are also a fairly cheap means of advertising one's offerings and often complementary with flyers, so providers are fairly content with them. All other marketing activities that were rated well, but do not turn up among the generators of new business are either primarily targeted at creating repeat business (emailing, cross-selling) or not at all geared towards directly generating revenue (market research).

Overall, it looks like providers erred on the optimistic side if at all. The activities that had underperformed in the providers' assessment clearly also underperformed in the marketplace. Only one provider named trade shows as a main source of original business, only three did for advertising in print media. This is very little given that 33 companies had advertised and 20 had participated in trade shows. In addition, these activities also tend to be far more costly than the more successful ones like flyers and optimising the website.

The two activities that were considered the least effective of all, Fáilte Ireland's match funding and Tourism Ireland campaigns, rely on these two instruments; they involve heavy spending on often nationwide advertising like supplements in the Irish Times or participation in trade shows abroad. These instruments hardly generate any business; some companies explicitly said that fund matching campaigns had not produced a single customer.

DISCUSSION AND CONCLUSIONS

The results presented here suggest that there is a correlation between firms' marketing activities and their performance: Companies with high marketing budgets and a rich marketing mix that allocated relatively much time to marketing were more likely to be growing and profitable. But while it seems rather plausible that more and more diversified, marketing leads to more growth, the causality is not necessarily clear. Theoretically, sophisticated marketing could also be a signal of generally better management.

A more detailed analysis of the different marketing activities showed strong variations in their usefulness. While some instruments such as an optimised website and flyers are widely perceived as effective by the adventure providers, others like advertising in newspapers and magazines and participation in trade shows are considered a waste of time and money. This was confirmed by a look at the main sources of original business. However, some activities such as advertising in Kerry Gems seem overrated by the providers.

A comparison with what activities companies actually engage in seems to indicate that in the light of their own assessments, many of the Kerry adventure providers do not have an ideal marketing mix. Especially advertising in classic media and trade shows stand out as activities with very low returns - but nonetheless they have been fairly popular. However, quite a few companies indicated in the interviews that they had given up on advertising or trade shows or at least considered doing so. Unfortunately, both Fáilte Ireland and Tourism Ireland still rely heavily on exactly these high-cost, low impact instruments in the campaigns they invite the adventure providers to participate in. This research indicates that though high-profile campaigns may successfully promote a destination or region, they impose excessive costs on the individual participants. Individual providers could be supported much more efficiently with funding for low-cost, targeted marketing activities or with other measures like increased marketing training. Further research into the effectiveness of campaigns at micro and macro levels and possibly new models of burden sharing is recommended as a basis for future policy decisions.

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