

REC 3033

Commercial Recreation and Tourism

The Nature of Commercial Recreation and Tourism

60 % of new enterprises do not last five years , 25% do not last 3 years and a significant % fail in the first year

Why? ? the business is dependent on discretionary income

-products can be substituted

-largest market segment with discretionary income is 40 to 64 year olds

? recreation is often seasonal

? cyclical periods of activity

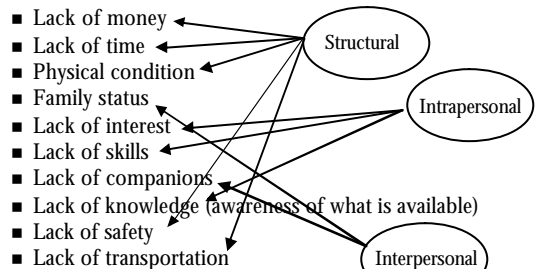
-intermittent (e.g., weather, paydays, weekends)

-zero sum game (market share comes at the expense of someone else) unless economy is growing

Business Environment Considerations

- Inflation—low and stable current
- Interest rates—low currently
- Foreign exchange—strength of \$US affects flow
- Stock markets
- Energy supply/shortages
- High insurance costs
- Terrorism, Crime, and Civil Unrest

Barriers to Travel and Recreation



Strategies for Overcoming Constraints

See Table pgs. 84-86

Economic Concepts

- Supply and Demand
- Price Elasticity of Demand--% change in quantity demanded in response to price change
 - elastic means large change in quantity demanded relative to price change
 - inelastic means small change in quantity demanded relative to price change
 - elasticity may be different in the short run from the long run (e.g., short run price elasticity of demand for airline travel is .6 whereas it is 2.4 in the long run)

Are recreation and tourism products and services relatively more or less price elastic than consumer goods?

Systemstructure for Tourism and Commercial Recreation

- Transportation system
 - Utility systems
 - Public services (e.g., police and fire)
 - Local services (e.g., suppliers and vendors, local labor)
 - Marketing and media network—support promotions
 - Amenities—hotels, restaurants, shopping
- “at every stage...systemstructure must be in harmony with natural environment”

Critical Mass

Optimal size is determined by considering demand fluctuations and operational costs

Size of operation that:

- Is responsive to market needs
- Able to retain customers
- Able to generate repeat business
- Is adequately resourced

Phased development provides flexibility to achieve critical mass

Gravity Models

- Show the mathematical relationship between the location of the population, frequency of visits to a given recreation site, and competing attractions
- Gravity effect explains the attraction of a major recreation or tourism enterprise. Enhanced by:
 - Clustering of similar businesses
 - Cooperative advertising
 - Locating supporting amenities nearby
 - En-route attractions

Multiplier Factor

- Number of times “outside” or tourist dollar “turns over” in local economy
- “Leakage” is money spent on goods or services that imported from outside the local community
- Unlikely that multipliers would exceed 2.3 times. Self-sufficient communities have higher multipliers.

80/20 Rule

- 20% of customers generate 80% of business
- Customer loyalty and repeat business is crucial to a business
- Service can make the difference

Ecotourism Environments

Protected area (IUCN 1994) is an area of land and/or sea especially dedicated to the protection and maintenance of biological diversity, and of natural and associated cultural resources, and managed through legal or other effective means.

Counties with Highest Proportion of Protected Areas

- Ecuador (43.1%)
- Venezuela (36.3%)
- Denmark (32.2%)
- Dominican Republic (31.5%)
- Austria (28.3%)
- Germany (27.0%)
- New Zealand (23.6%)
- Slovakia (21.8%)
- Bhutan (21.2%)
- Belize (20.9%)
- U.K. (20.5%)
- Panama (19.1%)
- Chile (18.9%)
- Botswana (18.5%)
- Switzerland (19.0)
- Cuba (17.4%)
- Guatemala (16.8%)

Counties with Largest Amount of Protected Areas (x 1000 hectares)

- USA (122,604)
- Canada (92,110)
- China (59,807)
- Australia (53,708)
- Russia (51,670)
- Brazil (35,548)
- Venezuela (31,976)
- Indonesia (17,509)
- Mongolia (16,129)
- Bolivia (15,602)

Protected Areas

- By 1997, over 30,000 public protected areas (terrestrial and marine) covering 1.32 billion hectares or 8.8% of the world's land surface and much less of the water surface (Green & Paine, 1997).

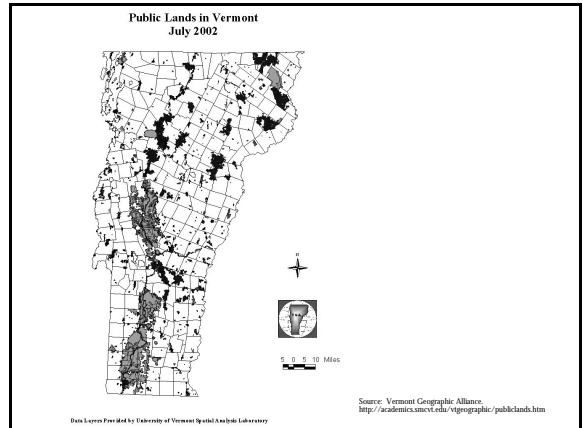
IUCN Protected Areas Classification System

Category	IUCN Categories of Protected Areas	Number of sites globally	Proportion of total number	Area covered (km ²)	Proportion of total area protected
I	Scientific Reserve/Strict Nature Reserve	1,739	13.1%	883,915	14.4%
II	National Park	2,013	15.1%	1,890,250	30.8%
III	Natural Monument/National Landmark	590	4.4%	111,699	1.8%
IV	Nature Conservation Reserve/Managed Reserve/Wildlife Sanctuary	4,082	30.6%	1,365,078	22.2%
V	Protected Landscape or Seascape	3,178	23.9%	676,892	11.0%
VI	Resource Reserve — Interim Conservation Unit	1,719	12.9%	1,217,476	19.8%
	Totals for world	13,321	100.0%	6,145,310	100.0%

SOURCE: World Conservation Monitoring Centre and IUCN World Commission on Protected Areas (1998).

95/5 Rule

- 95% of visits to parks tend to be confined to 5% of the area of the park



Vermont Public Lands

Public conserved lands total 903,434 acres in Vermont or 15.1% of the land in the state. In the table below, the amount of land owned by different public entities is listed together with their percentage of total public conserved lands.

LANDOWNER	Area in Acres	% of Public Land
State Forests and Parks	241,954	26.78%
State Wildlife Management Areas	122,166	13.52%
Other State Conserved Lands:		
UV, State Colleges, VHCB	18,432	2.04%
US National Wildlife Refuge Lands	33,305	3.69%
US Forest Service Lands	392,904	43.49%
Other Federal Lands	52,004	5.76%
Municipal Lands	42,669	4.72%

Source: Vermont Geographic Alliance.
<http://academics.smcvt.edu/vtgeographic/publiclands.htm>