



# Downtown Economics

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*Ideas for Increasing Economic Vitality in Community Business Districts*

## Year-Round Marketing in Tourism Communities

by Kelly Haverkamp\*

Retail and service businesses in communities with a significant tourism economy face the challenge of developing marketing plans that change with the seasons. Businesses find customer expectations for product availability and price often change with the seasons. Many struggle with how to meet the needs of their different customers at different times of the year. Individual businesses may find it beneficial to work together as a business district to develop and implement a marketing plan that builds a cohesive marketing image for the community and provides a basis to pool resources to implement the plan.

To support an effective marketing plan and increase business sales year-round, communities need to work on two fronts: establishing a cohesive community image, and building a comprehensive customer profile. A foundation is created by knowing who you are and who your customers are, and developing a plan to optimize the intersection of those two elements.

### Establish a Community Image

In 1960, Harvard Business School Professor E. Jerome McCarthy, author of *Basic Marketing, A Managerial Approach*, suggested there are four elements necessary to achieve a successful business “marketing mix”: product, price, promotion, and placement. These “4 Ps” have been used by marketing professionals for decades, and adapted in several different contexts. Applying them to a community rather than a business, one might use the terms product, place, position and promotion instead.

Product refers to the community as a whole. According to Jack Trout, marketing columnist for *Forbes.com*, brands are created in the mind. A community’s brand or image becomes whatever people think of it. Communities might ask themselves: What image do we create in the minds of our customers? What image would we like to create? The image needs to be a

realistic reflection of what the community intends to deliver. For instance, if your desired community image is “Family Friendly,” then your businesses should have products and services for all ages. They should welcome families, and develop community events that are family-centered. Community image and branding of an image can provide a basis from which individual businesses can customize marketing messages toward their own products and services. For this reason, communities should choose an image that is broad and universal, has the potential for growth and spin-off and allows for market segmentation. Choosing a brand unique to the community, then reinforcing the image to all audiences will ensure the community’s brand is indeed “created in the mind.”

Place, in the context of community marketing, refers to the market area of the community. Communities first need to have an inventory of products and services available locally, so they can be sure to deliver on the



image they are marketing. They should also know where their customers come from and at what point they can reach them through their marketing messages. They can start to develop a customer profile by conducting license plates surveys, having customer sign-in books, tracking checks, and other means of determining customer origins. If local businesses are willing to participate in customer data collection, and do it throughout the year, communities can begin to understand where their customers come from, how frequently they shop locally, and how the profile changes by season.

Position, the third P of marketing, refers to connecting your brand and image to your target market. Once an overall image is established, communities can determine their unique selling proposition or competitive advantage. They can do this by determining who their primary competition is for their targeted customer, and identifying the feature of their community that will differentiate them from the competition and encourage the customer to choose them. To help identify a unique selling proposition, a community can ask itself: “If I didn’t know the name of our community, what phrase would make me think of it”? Ask this question to local business people and compare answers. The words most frequently used to describe the community are often

good indicators of what sets the community apart from others.

*Promotion*, the last of the four Ps of marketing, is probably the element with which most people are familiar. This category includes advertising, media relations and other methods of promoting the product. First, the community should decide on its primary customer. Second, determine the main message the community wants the primary customer to receive, as well as the “call to action” – what the community wants the customer to act on. Finally, choose the type of promotion that reaches the customer at the point they are ready to take action. Different types of media will reach different audiences at different times and for different durations. Although often overlooked in a marketing plan, “word of mouth” promotion is still one of the strongest marketing tools available, especially in small communities. For instance, once a community knows what products and services are available locally, the information can be used by shopkeepers to route customers to other local stores.

### **Knowing Your Customer Profile**

An examination of customers of tourism-dependent businesses reveals there are three major categories of customers which individual businesses, or the community as a whole, can target throughout the year. These categories are: year-round residents, tourists, and recreational homeowners. It is likely that area businesses serve a mix of these customers. It is also likely there are opportunities to capture more of these customers’ expenditures locally, through a better understanding of their income and spending habits, coupled with targeted marketing.

*Year-round residents* are likely to spend most of their income on necessities. A review of the census data on median household income, compared against the average family expenses for mortgage, utilities, food, transportation, clothing, health care and other costs, will reveal a per-household amount of disposable income. Businesses will recognize, if they desire to serve year-round residents, their best opportunity for revenue will be to provide essential products and services for living. They will also find their businesses will experience less seasonal fluctuation than businesses that target only tourists. Their overall revenue may be tied to growth in residents’ income or in the total number of year-round residents.

*Tourists* are those customers who spend a limited time in a community, typically spending dollars on lodging, dining, recreation, entertainment and other visitor-related services. Communities can estimate how much disposable income this customer profile represents by tracking the number of visitor-days at local hotels and

resorts, and by using other sign-in and survey methods at local businesses. Communities with a room tax can also estimate their seasonal numbers, which is helpful in understanding when it is best to target a customer profile. Communities that choose to target tourists can benefit from building a strong, visitor-oriented community image, and developing businesses and product lines to meet the needs of those customers. This segment may be highly seasonal, depending on the community’s amenities, but it also offers the potential for growth in both numbers of tourists, and in spending. Businesses can also buffer the seasonality of tourism by changing merchandise to match visitor needs by season (such as bicycles and cross-country skis). They can address seasonality by changing their type of product or service, (such as a sit-down restaurant in the high season, changing to a caterer or deli with re-heatable meals in the off-season).

*Recreational homeowners* are a growing and significant target market. The customer profile for second homeowners is distinctly different than tourists. A 2007 study in Sawyer County, Wisconsin<sup>1</sup>, revealed several insights that can help communities plan to target this group. Second homeowners spend time in the community during peak visitor season, but also during shoulder seasons. They tend to buy home improvement, furnishings, appliances, home goods, finance and insurance services, health and wellness services, and automotive services. The study also found this group also buys sports and recreational vehicles in the second-home community. A significant finding of the study was that non-resident property owners have a high average household income and spend an average of \$17,500 per year in their second-home community.

### **Conclusion**

Communities that create an image reflecting their uniqueness and a realistic ability to deliver on their image, coupled with an informed choice of targeted markets, have several advantages. They will be able to identify areas for potential business growth and opportunities to serve new markets. In the process of expanding their markets, they will be providing more goods and services across the spectrum of their customers. It starts with businesses cooperating to identify who their customers are, and agreeing to work together to fill the gaps in goods and services for their targeted markets.

<sup>1</sup> “Non-Resident Property Owners and their Impact on Sawyer County Businesses – 2007,” Sawyer County Development Corporation, David A. Berard and David D. Trechter

\* Kelly Haverkamp is the Community Resource Development Educator at the University of Wisconsin–Extension, Vilas County.

Contact: Bill Ryan, Center For Community & Economic Development, University of Wisconsin-Extension  
610 Langdon Street, Madison, WI 53703-1104

PH: (608)265-8136; FAX: (608)263-4999; TTY: (800)947-3529; HTTP://WWW.UWEX.EDU/CES/CCED

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