



Tourism-Led Development

*A Likely Entrepreneurial Development Opportunity
Strategy Guide*

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Our 40 years of rural community economic development work in North America is a rich learning experience. At e2, we have worked in nearly every rural region in the continental United States and many of the Canadian provinces. Our [Development Opportunity Profile](#) analysis has surfaced re-occurring likely entrepreneurial development opportunities universally available to most rural communities.

Strategy Defined

Oxford Languages defines strategy as... “*...a plan of action or policy designed to achieve a major or overall aim...*” Any strategy is a point-in-time plan for action. Just as startup entrepreneurs are encouraged to develop a venture plan, communities exploring tourism-based economic development should do the same. Your community’s tourism development strategy will change and evolve over time as new opportunities, priorities, and challenges emerge.

About our e2 Strategy Papers. At e2, we have been conducting opportunity analysis for rural communities and regions throughout North America for decades. This field-rooted work has identified and led e2 to create our 10 common and [Likely Entrepreneurial Development Opportunities](#), for many rural communities.

This **Tourism-Led Development** paper is organized into the following sections:

- e2’s Likely Entrepreneurial Development Opportunities
- Downsides of a Tourism-Based Economy
- What Do We Mean by Tourism?
- Opportunities and Assets of a Tourism-Based Economy
- Increasing the Economic Value of Your Community’s Tourism Sector
- Growing a Higher Value and More Resilient Tourist Economy
- Growing Competitive Entrepreneurs and Entrepreneurial Ventures
- From the Mexican Riviera to Estes Park, Colorado

Remember Regional Development. While regional development is not one of our top 10 likely entrepreneurial development opportunities, we strongly recommend every rural community embrace, with other communities in their region of America, larger-scale regional development. When more communities in a region are thriving, opportunities are created for your community and your entrepreneurs.

Additionally, growing entrepreneurial ecosystems is best done regionally, hopefully with state-level support. We recommend a top-down and bottom-up entrepreneurship strategy as outlined in our paper, [Entrepreneurial Ecosystem Building in Rural America, Four Decades of Learning](#).

e2's Likely Entrepreneurial Development Opportunities

Too many rural economies and societies are failing because of their narrow economies rooted in one to two changing economic sectors. Our paper, [Economic Crashes, Mini-Case Studies](#), illustrates the consequences of undiversified economies. Conversely, our story, [Ord, Nebraska, An Entrepreneurial Community](#), illustrates when a community diversifies its economy, it drives transformative change. Our likely entrepreneurial development opportunities can create genuine and robust strategies to grow a more diversified economy.

The following table provides brief descriptions of each of the top 10 development opportunities, with links to relevant strategy papers, as available.

	<p>Natural Resources. Much of rural America depends upon single natural resource industry economies (e.g., farming, mining, forestry, energy, etc.). While there are limited entrepreneurial development opportunities related to these international market industries, there are opportunities rooted in diversifying within these sectors and increasing sector related spending capture.</p>
	<p>Transportation Corridors. Urban America is connected by transportation corridors that run through rural America. Services are required to support those traveling these corridors, creating entrepreneurial development opportunities.</p>
	<p>Tourism. While the vast majority of Americans live and work in urban America, rural America provides important places to play. For a wide range of rural communities and regions, tourism represents a way to diversify area economies.</p>
	<p>Retirees. When thinking of new residents, keep in mind the tidal wave of retiring Boomers. This group represents a significant likely entrepreneurial development opportunity for most rural communities, from high amenity places to rural villages adjacent to metro centers.</p>
	<p>Commuters. Upward of 50 percent of rural workers live in one community and work in another community. These outbound commuters have embedded entrepreneurial development opportunities in creating bedroom community-related development and entrepreneurial opportunities when they end their commuting.</p>

	<p>Hub Cities. America's landscape is still defined by a hierarchy of places based on size. In rural America, there are regional and area hub cities and towns that provide critical services like healthcare, shopping, and entertainment to rural areas. These communities are the "downtowns" of vast rural regions to smaller areas.</p>
	<p>Larger Employer Retention and Expansion. Many rural communities are home to large manufacturing plants, fulfillment centers and institutions including hospitals, regional universities, and parks. Ensuring the future of these larger employers is an entrepreneurial opportunity.</p>
	<p>Growth-Oriented Entrepreneurs. Nearly every rural community has growth-oriented entrepreneurs with the motivation and capacity to reach external markets with their products and services. Electronic commerce empowers this kind of entrepreneurship.</p>
	<p>Area Spending Capture. Competition is intense from box stores, franchise, and electronic commerce, but opportunities exist to increase local venture competitiveness and recapture some of these spending leakages. In doing so, rural communities can empower growth-oriented entrepreneurs.</p>
	<p>New Residents. Since the 1900s, the primary migration pattern has been from rural to urban. Today, there are counter (e.g., urban-to-rural) migration trends among 30-year-olds, retiring Boomers and others. These new residents represent a huge opportunity to energize area entrepreneurial talent.</p>

To learn more about these top 10 Likely Entrepreneurial Development Opportunities and our evolving collection of associated strategy papers, please visit our website's [resource section](#).

When we think of tourism, chances are good that we envision national parks, Las Vegas, beautiful mountains, seashores, lakes and rivers, and other destinations, like Disneyland. But tourism can be, and is, so much more, offering development opportunities for a wider range of rural communities and their diversification.

Downsides of a Tourism-Based Economy

Tourism has a reputation for generating a low-value economy with poor and insecure jobs. There is truth underlying this perception. First, we must take some time to understand why this is the case and how effective entrepreneurial development can create a higher-value tourism economy, enhancing the economic diversity for many rural regions and communities.

Much of the tourism activity, particularly destination tourism, share certain characteristics that contribute to the **low-value** label attached to all tourism. Consider these underlying factors contributing to lower-value economic activity when compared to, say, knowledge economy or even manufacturing activities.

- High-volume and low-value tourism
- Seasonality
- External Ownership
- Highly Sensitive to the Larger Economy
- Under-Developed Micro-clusters

Next, we explore each of these five considerations:

High-volume and low-value tourism. As a young person living in Ogallala, NE., I worked at and played in Lake McConaughy, north of town. This is one of the largest freshwater lakes in the Central Great Plains, drawing more than a million visitors from as far away as the Denver and Omaha/Lincoln metroplexes. The clean and clear waters, coupled with wonderful sand beaches, make this a recreational wonderland. However, most of this visitation is from Memorial Day to Labor Day, creating a relatively short tourism season of just three months. All the ventures providing goods and services to these visitors must make the most of their money during this short window. This is an example of what we call **high-volume** and **low-value** tourism. It takes a lot of visitors to generate enough sales to sustain a cluster of ventures at Lake McConaughy. This is a tough venture success proposition. Later in this paper, we will explore possible strategies and tactics for moving from a high-volume and low-value tourism economy to a lower-volume and higher-value economy.

Seasonality. So much of our tourism has a seasonality, and even days of the week visitation patterns. Favorable weather is essential for certain recreational tourism activities, like water sports. Snow skiing is not viable in the summer, where temperatures and the lack of snow make it impractical. Even for smaller attractions, visitation may be big on certain weekends and dead the rest of the time.

Lessons from Catherland

Red Cloud is located in south central Nebraska (population 1,095 in 2019). It is the home of author Willa Cather and the Cather Foundation. Willa Cather is an internationally- recognized 19th Century writer, active in the early part of the 1900s. You can check out her Wikipedia page for more information. This

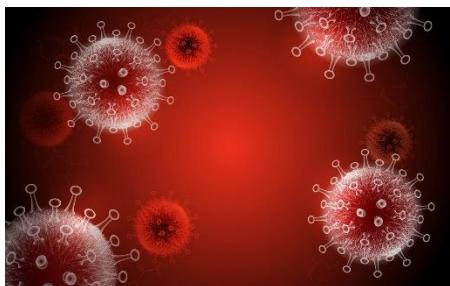
part of Nebraska is being branded as **Catherland**. Each year, thousands of visitors come to Catherland to experience many of the sites described by Cather in her books. When there are Cather Conferences, events at the Opera House, or just a busy summer weekend, there are lots of visitors. But at other times there is very little traffic. It is rather hard to establish and sustain a heritage tourism venture micro-cluster with this kind of visitation. But Red Cloud is working hard to create more events, attract new groups of visitors (e.g., urban escapes), and hosting small gatherings to increase year-round and non-weekend visitation. They have completed comprehensive market analysis in support of a proposed boutique hotel located in a repurposed historical building on main street close to the Moon Block where [The National Willa Cather Center](#) and Opera House are located.



External Ownership. Throughout the world and particularly in higher-amenity locations, there is external ownership (e.g., Mexican Riviera or Dollywood, near the Smokey Mountains National Park). External ownership - whether connected to ski resorts or other major attraction tourism destinations - is often needed because of the capital required. This is free-market capitalism and does attract visitors who spend money elsewhere outside of the resort, can generate local purchasing, create local employment, and can expand area tax bases. However, too often, these externally owned resorts and attractions are much like big box stores: very good at extracting revenue without generating much local economic impact and value. This need not be the case. In the Sandhills of Nebraska, there is a world-class Scottish Links golf course, Dismal River Golf Club. Early in its development, it made a commitment to buy local whenever it could, increasing its impact beyond the jobs it creates.

Highly Sensitive to the Larger Economy. Tourism and/or parts of the hospitality sector, are highly sensitive to business cycles such as recessions and events like natural disasters and economic crashes. As many have experienced, America sometimes experiences economic recessions. Most last a year or less and some, like the Great Recession and Pandemic Recession, last years. Recessions tend to have their own character and impact different groups of Americans in different ways. But for most Americans, during recessionary times, households become more conservative, shifting from expensive air travel to resorts to road trips to regional destinations like a national park to home vacations in the Pandemic era. During these recessionary periods, depending on its characteristics, there are winners and losers in the tourism sector.

The following five examples illustrate this point.



COVID-19 Pandemic. A recent story in the *Lincoln Journal Star* newspaper indicated that commercial air service traffic at the Lincoln (NE) Airport was roughly 80 percent lower in January 2021 compared with January 2020. The pandemic, with all of its health restrictions, safety precautions, and shutdowns, has dramatically impacted everything from eating out to visiting a theme park like Disneyland.

Wildfires and Estes Park. Estes Park, Colorado, is a gateway community to Rocky Mountain National Park. Adventurers each year often number two million visitors to Estes and the park. In 2020, western wildfires set new records. Dangerous conditions in the Estes area forced the community to evacuate during prime tourist season. For tourism-based ventures that survive in a five-month season, losing any visitors during their short season can be devastating. Fortunately, the wildfire did not reach Estes, but economic damage was done.



Hurricanes and Caribbean Resorts. Each year, visitors from all over the world travel to resorts in the Caribbean to enjoy turquoise-colored warm ocean waters, amazing resorts, and attractions and the unique Yucatan culture. Hurricanes, too, are regular visitors to these geographies. There is even a holiday in November at the end of hurricane season to give thanks. These hurricanes can destroy entire resort areas or disrupt critically important, season-important travel.

9/11 and Air Travel. Following the 9/11 terrorist attacks, commercial air travel was first stopped, and then disrupted. Flights to tourism destinations declined and, in time, recovered to pre-9/11 traffic levels as sky travelers became comfortable that flying was safe. The pandemic is creating an even more profound impact on air travel, impacting tourism dependent upon plane travel. Time will tell how quickly tourists believe it is safe to fly once again.



Gasoline Prices Spikes and Motor Vehicle Travel. For most of America's history, we have enjoyed very low motor vehicle fuel costs when compared to Europe or Japan. But America has experienced spikes in fuel prices, with long-spikes in the 1970s and 1980s with oil embargos. More recently, when refining or other infrastructure has been disrupted. When gasoline prices spike, average consumers moderate motor vehicle travel, selecting tourism sites closer to home, adversely impacting those sites requiring longer drives. A word has risen from vacationing closer to home: staycation.

Tourism development can diversify a rural economy, producing positive outcomes. Yet, too great a dependence on tourism can threaten a community due to these disruptive events, adversely impacting community wellbeing.

Clusters and Micro-Clusters

Wikipedia shares this definition of a cluster: “*The term business **cluster**, also known as an industry **cluster**, competitive **cluster**, or Porterian **cluster**, was introduced and popularized by Michael Porter in his book, **The Competitive Advantage of Nations** (1989). In it, he argues that “economic activities are embedded in social activities; that social glue binds **clusters** together.”* Cluster theory is foundational in understanding economies. However, it is less helpful in developing local and regional economies. At e2, we employ the concept of **micro-clusters**. Micro-clusters often organically organize around key area economic activities, like a healthcare system, regional university, and ethanol plant or a heritage tourism attraction. Developing optimized micro-clusters can increase the value of tourism in a rural community where more goods and services are offered, based on the wants and needs of visitors, and provide increasing economic development.

Under-Developed Micro-clusters. Too many rural tourism clusters develop organically. Economic development tends to evolve organically. Consider an interstate highway interchange service micro-cluster. It develops without the benefit of a strategic plan, rooted in clear market research and consumer marketing support. The failure by communities to intentionally develop these tourism micro-clusters underutilizes these development opportunities. Intentional development includes such tactics as offering more services, aesthetics management, customer service training, signage, marketing, and strategic venture development to build out the micro-cluster.

Every industry has its strengths and threats. In an entrepreneurial world, being adaptive to both opportunities and challenges provides for a higher-value, competitive, and more resilient economy. Again, having a diverse economy and society is the best insurance for weathering events from natural disasters to economic downturns.

Before we explore the development opportunities associated with tourism, we provide our e2 definition of what is included in this term.



Mammoth Cave National Park in Rural Kentucky

What Do We Mean by Tourism?

Like so many things, when we say “tourism,” or “hospitality,” it creates different images and connections for different communities and people. In our tourism-led development strategy, we employ an expansive definition for what constitutes tourism or hospitality entrepreneurial opportunities, found in Figure 1.

Figure 1 – The Range of Tourism and Hospitality Development Opportunities

Visitor Attraction Asset Typology		
Natural Wonders <p>Rural America is blessed with remarkable natural wonders, often protected in our national and state parks, monuments, scenic trails, rivers, and other landscaped-based assets. Millions of Americans visit these sceneries annually.</p>	Recreation <p>Rural public and private lands offer recreational opportunities for a wide range of activities including walking a trail, biking, water sports, snow skiing, hunting, fishing and so much more. For most urban residents, rural places are the only places for these activities.</p>	Entertainment <p>Rural America is home to remarkable entertainment centers. From a great music venue in the small, rural town of Branson, Missouri to Native American Nation casino and entertainment venues across the country, variety is found.</p>
Homecomings <p>For decades, rural America has been exporting its residents, particularly young adults, and older retirees. Every year, millions of urban ex-pats return home for funerals, weddings, celebrations, and reunions. While home for these events, significant visitor spending is generated.</p>	Shopping & Services <p>Most of the consumers for rural goods and services providers are rural residents. But throughout rural America there are unique ventures that attract urban residents as they travel into and through rural America. Having these assets creates opportunities for visitor spending.</p>	Heritage, History & Culture <p>Rural America is also home to significant heritage, history, and cultural assets. From Civil War battlefields to hometowns for writers and artists, these assets become draws for domestic and even international visitors, creating tourism development opportunities.</p>
City Escapes <p>America is one of the hardest working mature economies, based on hours worked each year, and failure to take earned vacation time. These hard-working households often seek getaways for some rest and relaxation. A simple weekend escape to a rural community is another form of tourism.</p>	Rural Rendezvous <p>In almost any rural community of any size, and particularly micropolitan-sized rural communities, there are lodging/convention centers. Many smaller rural communities feature community centers. These assets attract both rural and urban residents for trainings, conferences, receptions, and other rural rendezvous activities.</p>	Community Festivals & Celebrations <p>Many, if not most rural communities hold large and small community festivals and celebrations. For communities within reasonable driving distances of urban populations, these events draw residents and their spending. These events can also introduce visitors to potential new homes and business opportunities.</p>

When we consider this more expansive list of potential visitor and tourism opportunities, most rural communities have some potential for tourism-led development.

Natural Wonders. Whether it is Arcadia on the Maine coast, the faces in South Dakota's Black Hills, or Crater Lake in Oregon, America is filled with natural wonders, including seashores, forests, mountains, heritage sites - the list goes on and on. Within the National Park Service alone (e.g., not counting private, state, and local natural wonder sites) there are nearly 600 national parks, monuments, and other sites. These sites are spread throughout the 50 states and Territories of the United States. With most major natural wonder sites, there are gateway communities

that serve the needs of visitors including Moab, Utah with Arches National Park, Cortez, Colorado and Mesa Verde National Park, or Pigeon Forge, Tennessee, and the Great Smoky Mountains National Park. There are hundreds of rural communities depending on these natural wonders to draw visitors, creating entrepreneurial development opportunities.



Crater Lake National Park, Oregon

Recreation. Recreational tourism is increasingly important. In so many ways, Rural America is a big part of urban America's playground. Recreational tourism includes a wide range of activities from snow skiing in Vermont, to ATV trail riding in Central Appalachia, to sailing in the American Virgin Islands, to boating on an area lake. Some of these assets draw a few thousand recreational tourists each year, and others draw millions. These visitors need services, creating entrepreneurial development opportunities.



Downtown Fredericksburg, Texas

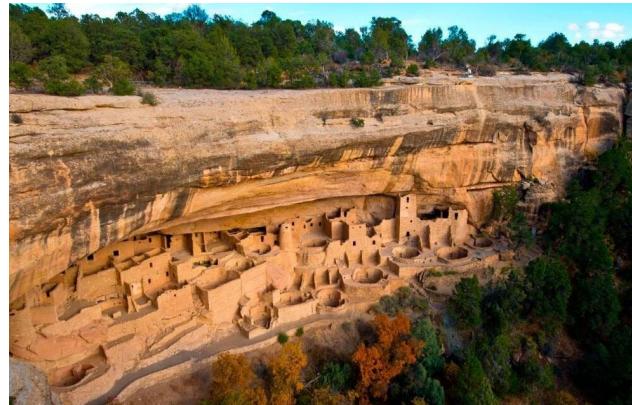
Entertainment. Entertainment in large and small destinations attracts area residents and outsiders to rural communities. In the Hill Country of Texas, Fredericksburg is a destination for entertaining visitors. Branson, in the Missouri Ozarks, is a destination for music and entertainment ventures. On a smaller scale, many rural communities have restored their historic opera houses offering regular entertainment, drawing visitors regionally. Red Cloud, NE, boasts its Red Cloud Opera House and art gallery, the National Willa Cather Center, and monthly

entertainment choices. Developing these entertainment assets and optimizing visitor spending is another example of entrepreneurial development.

Homecomings. For decades, rural America has been exporting residents ranging from the great African American migration from the south to the north and west, to the loss of younger adults seeking opportunities in larger communities. Each year, millions of these former residents come home for weddings, class reunions, family and friends' visits, funerals, and holidays. During these homecoming events, a rural community's lodging businesses enjoy more guests, customers in eating and drinking establishments, and spending in local stores. Focusing on homecomings, visitors can increase activity at local ventures, and create resident attraction opportunities.

Shopping and Services. There is the utility of shopping and accessing services. But shopping and services can also be a form of tourism. Providing these retail and service offerings is foundational to local residents, but when they are special offerings of unique goods, services, and experiences, they become visitor destinations. Wineries, craft beer halls, antique stores, spas, golf courses, and so many other examples can generate visitor traffic and create economic development.

Heritage, History and Culture. The four corners where Colorado, Arizona, New Mexico, and Utah come together is blessed with remarkable heritage sites, often rooted in the ancient peoples who built the Cliff Dwellings in Mesa Verde. In Wamego, Kansas, find the Oz Museum and the Celebrations' Haunted Opera House. Throughout the United States there are significant and less significant heritage, historical, and cultural sites. There is a segment of the travelling public looking to experience these sites, wanting to learn and be there first-hand. Reading about Gettysburg Battlefield is one thing; spending a couple of days there is profoundly different.



Cliff Dwellings in Mesa Verde National Park

City Escapes. 2019 research from the U.S. Travel Association, Oxford Economics, and Ipsos found that Americans forfeited 236 million earned vacation days, failing to take what they earn.¹ If Americans used their time off to travel, the economic opportunity amounts to \$151.5 billion in additional travel spending and two million American jobs. We also have significant numbers of professional families who are working long hours balancing work and family. Millions of these consumers, many who live in urban areas, are looking for easy, quick, and relaxing escapes. These working couples and individuals can grab a few days to get away and unhook. They are looking for less-congested, interesting places to spend a few days and nights. In Rocky Mountain west, with all of its public lands, getting away offers many options. In other parts of the country, it may be a quick trip to Nebraska City and spend some time at the beautiful Lied Lodge and numerous area parks. For others it is a trip to White Mountains in New Hampshire, staying in a cabin in the woods. Rural communities, willing to develop the right assets, can become **city escape destinations**.

Rural Rendezvous. Almost any community of any size has a conference center and motel complex. These facilities have become very important, meeting the needs of locals (e.g., wedding receptions where guests stay at the attached motel) and regional visitors come for training and conferences. Filling lodging rooms and keeping the conference center booked are the immediate goals but drawing these visitors into the community to spend money is a tourism development opportunity.

Community Festivals and Celebrations. Community festivals and celebrations, both small and large, draw locals and outside visitors. The larger and longer the celebration, the greater the tourism opportunities. Three illustrations make our point:

¹ <https://www.ustravel.org/press/study-record-768-million-us-vacation-days-went-unused-18-opportunity-cost-billions>

- For 81 years, the Sturgis, South Dakota Rally has drawn hundreds of thousands of motorcycle enthusiasts. These visitors take over the Black Hills, generating significant economic activity and entrepreneurial opportunities.
- NebraskaLand Days in North Platte, Nebraska, runs for nearly two weeks in the summer with rodeos, parades, and so much more. Thousands of visitors from all over the Central Plains come to be part of this remarkable community festival.
- Circleville, located in Pickaway County, Ohio, hosts a major community festival organized around the theme of pumpkins. Adjacent to the growing Columbus, Ohio metropolitan area, this festival draws thousands of visitors daily during its run.

The important lesson is that almost every rural community has some visitor attraction opportunities. Clearly, some communities like Custer, South Dakota, or the Florida Keys have more to offer with associated bigger drawing power. Exploring the assets your community has to attract visitors and tourists can strengthen your community and diversify your economy.



Circleville, Ohio's Pumpkin Festival

According to the U.S. Travel Association, in 2019 (prior to the COVID world health pandemic in 2020), travel generated \$2.6 trillion in economic activity in the U.S. (i.e., 8.6% of all U.S. economic activity), and generated 15.8 million American jobs (i.e., 7th-largest employment in the U.S.). America's travel and hospitality industries are diverse and touch nearly every community in our country.

Opportunities and Assets of a Tourism-Based Economy

Every economic sector offers unique development opportunities and assets. Tourism-related development is no different. Consider some of these opportunities and assets inherent in this kind of development by focusing on the following top five from our list at e2:

1. Local Venture Development
2. Job Creation
3. Area Tax Base Expansion
4. Identity
5. Amenities for Locals

Incremental Growth and Rural Communities

Most rural communities, particularly smaller ones, have more limited capacity to support development and growth when compared to urban and metro communities. Even a little growth can stress housing, schools, infrastructure, workforce, and other key development assets. Fortunately, most entrepreneur-based development is more organic and incremental. Instead of an industry coming to town requiring 250 workers, housing and other associated services, growth comes steadily in small increments, allowing the community to develop its hosting capacity with the pace of growth generated by entrepreneurs. This is also true for tourism development rooted with strong local ownership and control.

Local Venture Development. Tourism can be rooted in large-scale, corporate-owned, external investor-rooted development. Much tourism activity and the services visitors require are usually provided by smaller and often locally owned and operated ventures, including for-profit businesses, nonprofits, and governmental enterprises. While many tourism jobs are seasonal, part-time, and relatively low paying, the preponderance of small businesses owned and operated locally creates a more rooted economy.



Dismal River Golf Club, Nebraska Sandhills

Job Creation. Hooker County, in the Sandhills of Nebraska, is home to 693 residents. This is cow/calf ranching country, where ranching is the only industry with small villages, like Mullen (population 351), providing education and some essential businesses. South of Mullen, along the Dismal River, is the Dismal River Golf Club, <http://www.dismalriver.com/>. It is a remarkable Scottish Links golf course, ranked among the top 100 golf courses in the USA.

After ranching, the Mullen School System is the largest employer in Hooker County. While it is seasonal, it provides important employment for this otherwise undiversified economy. Tourism, particularly tourism rooted in hospitality, creates lots of jobs. For higher-end tourism, the worker-to-guest ratio can reach 1 to 1. This is also an industry that creates a wide range of jobs and careers that is relatively protected from automation and offshoring.

Area Tax Base Expansion. With the high concentration of owner/operated ventures in rural America feeding off of tourism dollars, there is a corresponding jump in commercial property taxes and sales taxes. Many rural communities have lodging taxes that support marketing and development activities. For rural communities, the ability to diversify and enlarge the local tax bases means lower taxes for residents and other activities, like farming in rural areas. In many ways these additional taxes, particularly sales taxes, equate to outsiders paying these taxes, contributing to funding for parks, schools, and other community amenities.

Identity. [Rowan Oak](#) is the home of American writer William Faulkner in Oxford, Mississippi, attracting visitors from far and wide. Faulkner's writings are well read, creating interest in where he lived and wrote. Additionally, Oxford, home to the University of Mississippi, offers lots of amenities attractive to visitors. Just as Tupelo, Mississippi is known internationally as the home of Elvis Presley, Oxford realizes its important and positive identity as the home of William Faulkner. Tourism attractions – whether the remarkable Custer State Park in South Dakota or a heavily-attended annual festival – creates a community brand, point of pride and identity, in addition to economic activity.

New Resident Attraction

Whenever there are visitors to our community, whether it is for an annual festival or to visit a recreational asset, we have the opportunity to “audition” for possible new residents who may consider our hometown a place to visit again, establish a second or vacation home, or move to permanently. Visitor impressions are hugely important in catalyzing these opportunities for new resident attraction. Formerly with the University of Nebraska, we have a now-retired friend and colleague, Randy Cantrell. He always counseled us, “things that bring visitors into our communities create pathways for new residents, if the first impressions are strong and positive.” Remember that our communities are always on “audition” when visitors spend a little or a lot of time in our community. The same is true for returning children and friends.

Amenities for Locals. Rural communities can support a wider range and higher quality of amenity ventures with larger consumers and markets due to visitors. From coffee shops and wine bars to better motels/hotels and gathering places, local amenities contribute to the quality of life for area residents and its visitors.

Red River Gorge in Appalachia Kentucky

Appalachian Kentucky is known for coal mining, but its future is as a recreational wonderland adjacent to millions of Americans living in not only Kentucky’s cities, but the entire U.S. eastern coast metropolex. One of those remarkable recreational tourism locations is the [Red River Gorge](#) region. This is a destination for a wide range of visitors. What makes this tourism destination particularly unique is its collaborative approach. Hundreds of locally owned ventures, from higher-end resorts to local cafés, have come together under the Red River Gorge marketing brand.

Increasing the Economic Value of Your Community’s Tourism Sector

We have curated what we believe to be the top five strategies and tactics for increasing the economic value of a rural community’s tourism sector:

1. Enhanced Tourism Offerings
2. Increasing Weekly and Seasonal Visitor Attraction
3. Micro-Cluster and Value Chain Development
4. High Quality Hospitality
5. Venture Development

Energizing your community’s entrepreneurial talent can empower a higher-value and more resilient tourist economy. This is what great entrepreneurial talent does: it creates value and wealth.

Additionally, when various assets within your community’s tourism micro-cluster begin to work together, even greater value, impact, and resilience can evolve.

Before we drill into each of these five strategies and tactics, we consider high-value economic outputs to realize in our tourism development.

Defining Economic Value

There are a number of ways we can define **economic value**, but possibly the most accepted and powerful definition relates to the kinds of ventures and jobs a sector generates. First, we begin with

ventures. Higher-value venture development includes stable and long-lasting ventures that create **good jobs** and expand the commercial and industrial taxes base of a community.

By “good jobs,” we mean above average, living wage jobs that offer predictable and stable full-time and part-time work with the potential for career tracking. A central part of good jobs includes good, employer-supported benefits like leave, healthcare, and the like. Finally, while a Fortune 1000 branch plant most often creates great employment opportunities benefiting a community and can be a positive corporate citizen, locally owned and operated ventures tend to be more engaged in the community. They give more to charity, provide more elected and volunteer leadership, and encourage their employees to be engaged in the community.

Figure 2 – Three Outcomes of Higher-Value Tourism Development

Ventures	Employees	Community
More successful tourism related ventures benefit not only their owners, operators, and investors, but create the capacity for improving the value for employees and the larger community.	Improving the quality of jobs created by tourism is foundational to improving the value of this sector. More secure, higher paying, year-round and full-time work is key.	When tourism ventures and their employees are doing better there is more spending that drives other parts of a community's economy and enhances local tax bases.

Now we look at the top five strategies and tactics for increasing the economic value of a rural community’s tourism sector.

Enhanced Tourism Offerings. Too much tourism is high-volume and low value. This is commodity tourism, where margins are thin compared to venture costs. In our work with Northern Initiatives (www.northerninitiatives.org) above the bridge in the Upper Peninsula of Michigan, we worked on a project years ago to help very seasonal high-volume and low-value tourism into a higher value proposition, creating stronger venture profits and margins. In this region, there are two major seasons. During the summer, fishermen and women fill the cabins and motels. During the winter, the snowmobilers do the same. These are intense, short seasons, where lodges and cafés are full. Per-day spending is correspondingly low and price points for goods and services are depressed. In this project Dennis West and his team at Northern Initiatives, explored development of mini-clusters and market testing to reach a longer seasonal set of visitors with higher price points and profit margins. For resorts and camps, creating a few rooms in the lodge or cabins upgraded with enhanced amenities is a way to tap into this higher-end market. Local cafés, working with these rural rustic resorts, provided special menus with higher-grade alcohol. To expand the seasons and attract higher-paying customers from big cities like Chicago, guide services were added to tap into wildlife viewing and birding, kayaking, and heritage tourism experiences. While remaining true to the basic tourism markets serviced this by region, the potential for enhanced tourism offerings were demonstrated through this initiative.

Ayars & Ayars Construction

Like tourism, commercial construction can be seasonal, particularly in northern climates, where winter seasons can challenge construction activity. Mike Ayars, the visionary leader of Ayars & Ayars Construction (<https://www.ayarsayars.com/>) in Lincoln, NE., understands and embraces that his workers are foundational to his firm’s competitiveness and success. Mike is dedicated to developing and

retaining the best workers, providing him an edge in the very competitive commercial real estate construction arena. Mike and the firm have developed strategies to keep the Ayars & Ayars workforce employed during down business cycles and winter months.

Increasing Weekly and Seasonal Visitor Attraction. Given the range of potential visitors to our rural communities (e.g., refer to page 7 for our typology of visitors), increasing visitor stays is important. A key indicator is lodging occupancy based on both weekly and seasonal considerations. Expanding visitor seasons throughout the year and during the week creates larger and more steady spending streams, generating significant advantages for tourism-dependent ventures, their employees, and the communities where they are located. Consider this illustration of a couple who recently borrowed \$1 million to purchase a motel and the implications of seasonality, occupation rates, and servicing this debt.

Seasonality and Paying Off a Loan Illustration

Let's assume a couple has purchased a motel in a rural community with a lake and seasonal visitor activity. For owners of lodging establishments, **occupancy rates** are foundational to financial success. Consider these assumptions and how seasonality can impact venture viability:

- \$1 million loan at 6% on a 10-year term
- Monthly amortization for both principal and interest is \$11,102 per month
- Annual principal and interest payments are \$133,225

The following is what these payments translate to with varying length of season and 80% occupancy:

- 3-month season - \$44,408 per month for three months
- 5-month season - \$26,645 or 40% lower overhead for debt service compared to the 3-month
- 7-month season - \$19,032 or 57% lower compared to the 3-month season
- 12-month season - \$11,102 or 75% lower compared to the 3-month season

In practical terms with a shorter season, this motel must cover the overhead of debt service in just three months, putting huge pressure on the venture and its entrepreneurs. With a longer season, the pressure is still on, but becomes less intense with a longer season.

Season Expansion

One of the primary reasons tourism economies tend to generate lower value economic activity with lower quality jobs are the shorter seasons in which these ventures must make enough money to make a go of it. One of the key tactics is helping individual ventures and the tourism micro-cluster expand the season, both annually and weekly (e.g., weekends tend to generate more traffic when compared to work weekdays). For a number of years, we have worked with the community of Red Cloud, Nebraska (population 1,095). As noted earlier in this paper, Red Cloud is a farming-dependent community that has been in decline for more than 100 years. But it is also home to Nebraska author Willa Cather, with an international following. This community, over time, has built a very respectable heritage tourism micro-cluster. A primary missing asset in this cluster is appropriate lodging that would keep visitors in the community longer, increasing local spending.



Through the Willa Cather Foundation, the community has committed to repurposing two historic buildings on the main street brick roadway to create the Hotel Garber, a higher-end boutique hotel that would be attractive to a wide range of visitors. This is an expensive project, coming in at more than twice the cost of a comparable run-of-the-mill motel. But it contributes to the Cather campus of assets that take people back into the 1900-turn of the century. To make this project viable and realize its development, the Cather Foundation and local economic

development interests are employing two unique strategies to (1) reduce debt service via philanthropic contributions and equity investors and (2) ensure higher weekly and year-round occupancy. Figure 3 provides a summary of this **lodging occupancy** strategy that makes this development work:

Figure 3 – Increasing Hotel Occupancy Weekly and Seasonally

Target Market	Description	Occupancy Impacts
Cather Visitors	The core target audience for this lodging are destination Cather visitors. The hotel is designed so it could accommodate a bus of such visitors.	Peak visitation is in the late spring, summer, and early fall. There are also peak nights when entertainment is hosted at the Opera House.
Weekend Escapes	A second target is to attract weekend escapes including couples, friends, and book clubs throughout the year from Omaha and Lincoln.	This can be a year-round market, filling beds Friday and Saturday nights. By focusing also on retirees with specials, weekday nights come into play.
Homecoming Visitors	Like every other rural community, there are former residents coming back to town for weddings and holidays. The homecoming visitors need a place to stay.	These visitors will provide occupancy during community festivals, holidays, and special events like weddings and funerals, contributing to year-round occupancy.
Government and Business Travelers	Government and business travelers working in the area need a place to stay during the work week. Appropriate pricing can fill beds.	These visitors can really help increase work week occupancy year-round, contributing to overall revenue generation and hotel viability.
Trainings, Meetings and Conferences	Red Cloud and the hotel offer a range of meeting spaces for gatherings and conferences. With boutique hotel quality accommodation, at rural prices, Hotel Garber can be competitive for smaller groups.	Targeting these kinds of consumers during open calendar dates when Cather and other visitors are less prevalent can enable the Hotel Garber to increase occupancy.
Condos	Hotel Garber, in its redevelopment, is adding back a fourth floor. It will host two pre-sold luxury condos, ensuring predictable occupancy and income.	The owners will use these condos when they are in town and then lease them when they are not. Regardless, the owners are on the hook for this space.

Micro-Cluster and Value Chain Development. In our development writings, we talk a lot about cluster development and particularly micro-clusters. *Refer to page six for more detail.* Micro-clusters can be really small, involving a few government enterprises (e.g., museums and parks), nonprofits (e.g., community-owned entertainment and cultural centers), and for-profit businesses (e.g., lodging, Airbnbs, cafés, bars, guide services, docents, etc.). When these complimentary ventures work together on marketing, visitor packages, reservations, and cross-referrals (e.g., the desk clerk in a boutique hotel serves as a concierge recommending activities, eating, and drinking establishments, etc. based on the desire of the guest, we have cross-referrals at work). Such articulation within the visitor or tourism sector creates a value chain where optimal spending-generation and capture is realized. The micro-cluster and embedded value chain has greater overall value because of the sum of its parts, than these parts alone.

Taos and Its History Walk

A few years ago, I was invited to address the board of a private foundation. They were meeting in Taos, New Mexico. Being Taos, my wife was more than game to come along. We stayed at a remarkable resort, within walking distance from downtown Taos, called El Monte Sagrado – Taos. (<https://www.elmontesagrado.com>). During our stay, we took in the remarkable history, art, landscapes, and culture of this remarkable community. Every morning we would walk down to a privately-owned café for breakfast and eat outside. The seasoned staff was well-trained and, by day, two knew our names. We felt special and welcome. We did the Historic Downtown Taos Walk with a history graduate student. Again, his knowledge and appropriate humor brought to life deeper meaning of the community. We had some less than grand experiences, but an impression was made. We are going back to Taos.



High Quality Hospitality. There are many kinds of visitors and tourists. Some are budget-minded and looking for value in low-cost lodging, experiences, and food. Others have the capacity and desire for higher-quality amenities. Regardless, strong hospitality training, embedded in experience tourism is essential, whether it is the part-time clerk working the counter in the convenience store/gas station on the highway, or a concierge, docent, or guide. Appropriately trained employees and owner sensitivity to value-added, high-quality hospitality, translates to greater sales and, potentially, willingness to pay high prices and the likelihood of positive reviews and repeat business.

Venture Development. Many locally owned and operated tourism-related ventures spend most of their time operating their ventures and too little time working on their ventures. Whether the focus is how to operate a better venture, grow, or become more resilient – focusing time and energy on venture development is key. Every venture has opportunities to become a better venture for the owners and workers, enhancing the community. There are two foundational elements to venture development in this context:

1. Market and Customer Discovery
2. Empowered Employees

For many tourism-related ventures, we know the customers we know. The ventures are relatively passive in serving who comes through the door. Little thought is given to potential customers and markets. In our Red Cloud and Catherland story, development interests knew very well the destination Cather visitors and the regional visits attending entertainment at the Opera House. But with some market research and analysis, we discovered this was a large, rich, and potential market with moderately affluent couples, friends, and groups looking for that driving distance escape. Spending time exploring other potential consumers and markets that could be part of a venture plan can open doors, creating a stronger and more profitable venture.

Tourism is an inherently physical experience, with two large expenses: real estate and employees. We sleep in lodging, eat in cafés, and visit attractions. Hospitality, as noted earlier, creates a lot of jobs. This is particularly important for higher-value tourism where our guests seek to be pampered. For owner/operators of tourism ventures, moving from seeing employees as a cost to be managed to foundational assets is important. We are not suggesting that controlling personnel costs is not important, as it clearly is. But as our example with Mike Ayars, viewing employees as key assets who will monetize better ventures is also key. We recommend Zeynep Ton's 2014 book, "The Good Jobs Strategy, How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits," as an excellent read specific to our point of **employees as assets**.

Growing More Resilient Tourism Economies in Rural America

Diversity Empowers Resiliency

There are many attributes to resiliency, but none are more important than diversity. Diversity is like insurance; it provides a powerful mechanism to better-survive in crisis and renew following crisis. Whether in nature or our economies, sustaining and increasing diversification to enhance resiliency is foundational.

Resilience is the ability of a person, organization, community, or even nation to manage a crisis and rebuild stronger following the crisis. From healthy bodies to environmental ecosystems, there is embedded resiliency that fosters survival and renewal during and following a crisis. We live in a time where resiliency is ever more important. The following are some lessons learned and considerations for growing a more diversified and resilient economy, including tourism:

1. Diversify Beyond Tourism
2. Diversify Within Tourism
3. Grow a Strong Entrepreneurial Ecosystem
4. Grow More Entrepreneurial Ventures
5. Grow More Resilient Entrepreneurs

Diversify Beyond Tourism. Narrow-based economies are always at risk and fundamentally less resilient. For rural communities overly dependent on tourism, diversifying beyond tourism is strongly recommended. While most rural communities and areas cannot enable the socioeconomic diversity of

larger and more dynamic metropolitan areas, these communities can add one or two additional areas of economic diversity to reduce the threat of economic failure or the damage from boom-and-bust cycles.

Ord, Nebraska

Ord is a community of 2,000, anchoring a region of about 10,000 residents, located in rural north central Nebraska. It is farming and ranching based community that has historically progressed in the 1970s from slow decline to severe decline in the 1980s with the Agricultural Crisis, a search for solutions in the 1990s, a commitment to renewal in the 2000s and transformative change in the 2010s. Central to Ord's success is its ability to diversify its economy and society (e.g., new residents and engagement of historically marginalized residents). Ord has moved from a two-sector to seven-sector economy in 20 years. One of these new sectors is tourism, anchored in development at an area lake, coupled with an increasing range of visitor amenities. For more on the Ord Story check out our [website's resource library](#).

Diversify Within Tourism. Like rural areas, tourism is very diverse. There are literally hundreds, if not thousands, of niche tourism markets. Being overly dependent on one market is a threat and undermines resiliency. For northern parts of Minnesota, Wisconsin, and Michigan, snowmobiling is a huge tourism activity. But with wicked weather there are now winters where predictable snow is not predictable. Imagine what happens to a venture very dependent on this market that loses an entire season. Diversifying within tourism, attracting different markets, and the ability to pivot as market patterns and trends change, increases diversity and resiliency.

Pandemic Health Crisis *Reopen – Rebuild – Recovery - Resiliency*

Like 9/11, every living person will remember 2020 and 2021 and the world health pandemic, complete with the threats of illness and death, shutdowns, loss of mobility, and even that chance to have a meal in a café with a loved one. The hospitality and tourism sectors of our economy have been particularly damaged by the pandemic recession. Some analysts with the Federal Reserve System indicate it may be 2022 or even 2024 before this part of our economy fully recovers. Resilient people, ventures and communities are better able to adjust, survive, and thrive in these kinds of very challenging times. Resilience is the foundation to our ability to reopen, rebuild, recover, and become more resilient as the grip of the pandemic loosens its hold on us.

Grow a Strong Entrepreneurial Ecosystem. Strong and vibrant systems have tremendous capacity to weather disruptive events like major storms or economic downturns. In 2021, Texas was hit with record (but not unprecedented) cold. Everything from water pipes to natural gas lines to coal piles froze, crashing Texas' power grid during a time when electricity was in high demand. Drinking water supplies crashed when the cold and loss of power shut them down. For most humans, we can only live for a few days without hydration. Most of Texas was unprepared for these events. Texas had been warned by the federal regulatory agencies, but chose a low-cost approach, undermining the resilience of these systems. In other parts of the country, this same arctic outbreak occurred with systems that continued to work. They were more resilient and part of a joint cooperation arrangement where power could be shared from less affected areas to areas of the country in need of more power.

The same is true with robust entrepreneurial ecosystems. Communities, regions, and states with strong entrepreneurial ecosystems can respond quickly, efficiently, and effectively during times of crisis and

empower more rapid recovery. The value of well-designed and operated entrepreneurial ecosystems has been demonstrated by NetWork Kansas during the COVID pandemic recession. Network Kansas, empowering a high-capacity way to attract and deploy capital, has made a difference in Kansas.

NetWork Kansas

NetWork Kansas (www.networkkansas.com), in our opinion, has one of the most developed capital attraction, management, and deployment infrastructures in rural America today. Not since our earlier case study work in the Appalachians, with the Kentucky Highlands Investment Company (www.khic.org) in London, Kentucky, have we documented a comparable capital access system across rural America. This capital access system is proving invaluable during the pandemic recession, as it is being employed to distribute capital to small businesses throughout Kansas, rooted in its relationship-based distributive network. *Note: we are curating a paper focused on documenting NetWork Kansas' capital system to be available later in 2021.* One of NetWork Kansas' first COVID-related capital distributions was the deployment of Kansas Department of Commerce funds (e.g., \$5 million) to small businesses in the hospitality industry. [Check out our e2 story on this initiative.](#)

Grow More Entrepreneurial Ventures. By experience, successful entrepreneurs are resilient. They have the ability to energize teams, create collaborations, mobilize resources, and do the kinds of things to ensure not only survival in a crisis, but the ability to recover better following the crisis. In my home community of Lincoln, Nebraska, the Mill Coffee & Tea (<https://millcoffee.com/>) shops are locally owned and operated, with a strong branch and loyal customer base. The pandemic and the shutdown impacted this venture hard. But the owners and team at the Mill are entrepreneurial, innovative, and able to adapt. They launched enhanced takeout services for coffee, teas, drinks, and food. Most importantly, they launched a robust and regular series of Zoom-based wine tasting events. Food and drink samples were provided and then dozens of customers gathered for the tasting event, including the owners as hosts. The Mill's chef introduced the food pairings and a wine broker, the wines, and their origins. These events were safe, fun, and created community. For the Mill, it generated business, including the follow-up revenue of buying bottles of wine post-event with a modest discount.

Center for Rural Entrepreneurship – An Entrepreneurial and Resilient Venture

The Center for Rural Entrepreneurship, now e2 Entrepreneurial Ecosystems, has been thriving now for more than a quarter of a century. During this time, there were dramatic market changes, new competitors, shifts in interest, and two major economic recessions. While the Center is a nonprofit organization, like so many nonprofits, it has to generate revenue through grants and contracts. The Center was a venture in the truest sense. It developed a venture model that was committed to providing its services at the lowest possible costs because of its charitable nonprofit status, including significant pro bono assistance. The Center also developed valuable intellectual property that translated to goods and services, generating revenues. With the Center's model in good times, a portion of all revenue was taken as retained earnings, creating a fund within the Center. This fund was used for four purposes:

1. Opportunity funds for new product and service development.
2. Cash flow to sustain revenue-generating work (e.g., covering costs until payments).
3. Enhancement funds for employees and core contractors.
4. Safety net funds to ensure full employment and continued operations in down times.

During the Great Recession, when work collapsed for an extended period, the safety net funds ensured everyone continued to work and be paid, keeping the team in place for better times in recovery. This made the Center very resilient to business cycle downturns.

Grow More Resilient Entrepreneurs. The primary building blocks of a resilient economy are venture owners and operators. The resilience of entrepreneurs and their entrepreneurial teams empowers resilience in ventures. Resilient ventures in a community directly enhance community resilience. Developing a resilient mindset and intentional strategy of growing a resilient venture must begin before there is a crisis. Once the crisis hits, it is so much harder to build resilience, while entrepreneurs and the ventures are struggling to simply survive. Every entrepreneurial venture – for-profit businesses, nonprofit organizations, and governmental enterprises – must have a robust resilience game plan in today's environment. Refer to the inset on the previous page and the story of the national Center for Rural Entrepreneurship and one component of its resiliency strategy.

Growing Competitive Entrepreneurs and Entrepreneurial Ventures

Energizing your community's entrepreneurial talent is a fundamental step in growing a more competitive and vibrant tourism economy. When these entrepreneurs form micro-cluster, higher-value ventures, stronger tourism economies are possible. Central to realizing these outcomes is market opportunity discovery as addressed in the following inset.

Market Opportunity Profiles and Market Development Opportunities

e2 has developed and tested a range of analytic tools that can help a community and its entrepreneurs explore market opportunities. One of our newest analytic tools is our [Market Opportunity Profile](#). This profile includes a focus on visitor attraction and tourism. The market intelligence resources provided in this profile, and associated technical assistance, can inspire and strategically direct market exploration and allied development. When entrepreneurs discover there are opportunities for new ventures and expansions, the development of the tourism cluster in a community can be energized. To learn more about these resources contact Don Macke at don@e2mail.org.

Entrepreneurs – for-profit, nonprofits, and governmental enterprises – are foundational in growing a more competitive and higher value tourism sector rooted in your community's genuine opportunities and assets. Like a shopping center, consider tourism as an integrated collection of visitor related goods and services. Commit to evolving a tourism-related value chain to optimize economic and community impacts.

We recommend communities consider our [Working with Entrepreneurs Guide](#) for more information.

In this section, we focus on the following four areas of entrepreneur development and support:

1. Understand the Needs and Wants of Your Visitor Market Segments
2. Building Out Your Unique Tourism Value Chains
3. Ensuring Second-to-None Hospitality
4. Embracing Collaborative Opportunities

Understand the Needs and Wants of Your Visitor Market Segments. Every successful entrepreneur knows who their existing customers are and are exploring how to connect to other consumers who could benefit from the goods and services offered (or could be offered) by the venture. The same is true for community-centered tourism. Figure 4 provides the basic kinds of visitor market segments available to rural communities based on their assets and opportunities. Each market segment has a unique set of needs and wants. Working with your community's entrepreneurs, you can begin powerful conversations to explore how to improve goods and services offerings to:

1. better meet these visitors' needs and wants and
2. better communicate how these visitors can find these goods and services.

Figure 4 – The Range of Tourism and Hospitality Development Opportunities

Visitor Attraction Asset Typology		
Natural Wonders Rural America is blessed with remarkable natural wonders, often protected in our national and state parks, monuments, scenic trails, rivers, and other landscaped-based assets. Millions of Americans visit these sceneries annually.	Recreation Rural public and private lands offer recreational opportunities for a wide range of activities including walking a trail, biking, water sports, snow skiing, hunting, fishing and so much more. For most urban residents, rural places are the only places for these activities.	Entertainment Rural America is home to remarkable entertainment centers. From a great music venue in the small, rural town of Branson, Missouri to Native American Nation casino and entertainment venues across the country, variety is found.
Homecomings For decades, rural America has been exporting its residents, particularly young adults, and older retirees. Every year, millions of urban ex-pats return home for funerals, weddings, celebrations, and reunions. While home for these events, significant visitor spending is generated.	Shopping & Services Most of the consumers for rural goods and services providers are rural residents. But throughout rural America there are unique ventures that attract urban residents as they travel into and through rural America. Having these assets creates opportunities for visitor spending.	Heritage, History & Culture Rural America is also home to significant heritage, history, and cultural assets. From Civil War battlefields to hometowns for writers and artists, these assets become draws for domestic and even international visitors, creating tourism development opportunities.
City Escapes America is one of the hardest working mature economies, based on hours worked each year, and failure to take earned vacation time. These hard-working households often seek getaways for some rest and relaxation. A simple weekend escape to a rural community is another form of tourism.	Rural Rendezvous In almost any rural community of any size, and particularly micropolitan-sized rural communities, there are lodging/convention centers. Many smaller rural communities feature community centers. These assets attract both rural and urban residents for trainings, conferences, receptions, and other rural rendezvous activities.	Community Festivals & Celebrations Many, if not most rural communities hold large and small community festivals and celebrations. For communities within reasonable driving distances of urban populations, these events draw residents and their spending. These events can also introduce visitors to potential new homes and business opportunities.

Employing ESRI's Household Tapestry Data

ESRI data can be used to profile existing and potential visitors and their likely needs and wants. Additionally, this information can provide guidance on how different household market segments obtain information that is most helpful in marketing to these visitors. Being smart means moving away from intuition-based and shot-gun approaches to laser-focused product and service development and associated marketing.

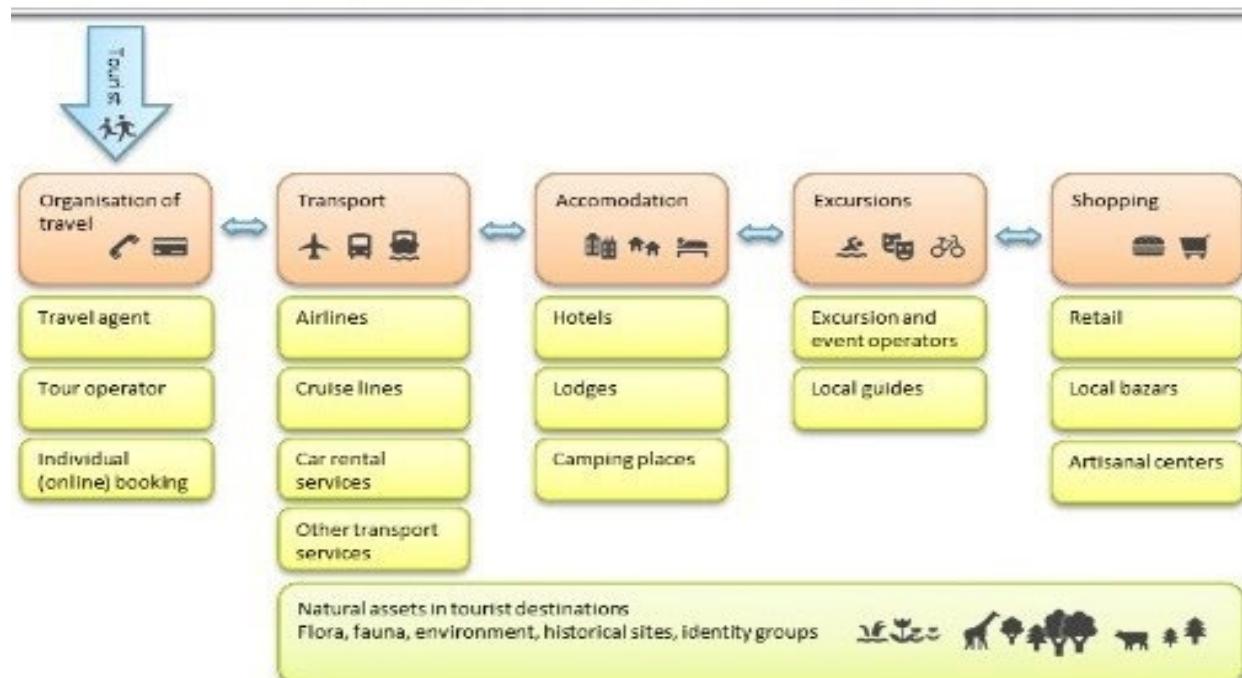
If you are a community like Galena, Illinois (www.visitgalena.org), Fredericksburg, Texas (www.visitfredericksburgtx.com) or San Juan Capistrano, California (www.sanjuancapistrano.org) you have opportunities for **Escape Visitors** (working couples on weekends and retirees during the week). These visitors are looking for:

- Unique boutique hotels or Airbnbs for lodging.
- A wide array of non-chain food and drinking establishments.
- Educational and cultural attractions, including docent services.
- Recreational opportunities including walkability and hiking and biking trails.
- Other related amenities like spas, antique stores, and specialty shops.
- Finally, they want to make sure there are strong services from garages to healthcare.

When you put all of these goods and services together you have a visitor-specific value chain, our next topic.

Building Out Your Unique Tourism Value Chains. We do want to introduce more deeply the concept of value chains or **micro-clusters**. Consider the illustration in Figure 5 on the next page. A strong value chain, rooted in specific kinds of visitors (e.g., destination to day visitors), have a collection of inter-related goods and services, needs, and wants.

Figure 5
Tourism Value Chain



Source: www.slideshare.net

We suggest a simple exercise, based on your targeted visitor market segments, to explore strengths and gap opportunities in your specific tourism-related value chains.

- What are the attractions that are drawing specific visitors to your community?
- What kinds of accommodations do these visitors prefer?
- What are the kinds of food and drink establishments preferred by these visitors?
- Are there special shopping desires associated with these visitors?
- What kinds of basic support amenities are essential (e.g., healthcare, broadband, etc.)?

Your community can find resources to help your entrepreneurs discover and explore various likely and targeted visitor market segments and their needs and wants. Remember, this is a huge potential for existing businesses that can add products and services specific to this market research. In doing so, these ventures will generate sales and increased profits. Sales and increased profits mean more jobs, better jobs, and stronger tax bases for your community.

Friend Groups, Families, Couples and Couple Groups

For many destination visitors, they are particular kinds of groups. Within these groups, there are differing needs and wants. Think about a younger couple with two elementary-age children. This is a long weekend outing. The parents want quality time with their kids, but also want alone time as a couple. During part of the day, the couple want to visit a cultural site and have lunch together. But what

to do with the kids who are not interested in such an experience? Can arrangements be made for them to visit the local community pool with some degree of oversight and with arrangements for an appropriate lunch? After a family dinner, can the community arrange for reliable childcare so the parents can go out and have time together? When considering your visitor market segments, think about not only the group's needs, and wants, but the desires of individuals within the group.

Remember, your best answers come from finding creative ways to learn from your visitors. Make this market research fun and rewarding. Then use it to build out your value chain.

Ensuring Second-to-None Hospitality. Visitors want to feel welcome. Chances are good that visitors to your community could and will include a much more diverse group of people (e.g., race, ethnicity, age, gender orientation, politics, faith, etc.), when compared to the permanent residents of your community. Strong hospitality training is recommended, including cultural sensitivity training. Whether it is the local police officer, convenience store clerk, or the docent at the local cultural attraction, appropriate hospitality is essential to an optimal visitor experience. Working with your entrepreneurial ventures, your community can support regular, robust, and sophisticated hospitality training, creating a Disney-like experience for every visitor every day. Consider reaching out to resources at your university or state tourism agency for curriculum help and instructors.

Embracing Collaborative Opportunities. Various entrepreneurs, collaborating within a value chain or micro-cluster, have a wide range of opportunities to work together. Collectively, a community in partnership with interested entrepreneurs can undertake the following value-adding, cost-cutting, and cost-sharing activities:

- Visitor Market Segment Research and Analysis
- Marketing – Robust Social Media
- Informational Website
- Universal Reservation Services
- Visitor Packages (e.g., lodging, attractions, experiences, meals, etc.)
- Hospitality Training and Support

Resources You Can Use

Tourism is big business in rural America. There are lots of resources available that can help your community grow a more entrepreneurial tourism economy contributing to your community's economic diversity and vitality. We encourage you to check out resources available through the U.S. Department of Agriculture Rural Development (www.ers.usda.gov) and especially a recent USDA Rural Development Resource, ***Recreation Economy at USDA – Economic Development Resources for Rural Communities***.

It is time to wrap up our strategy exploration related to tourism-based entrepreneurial development.

For many rural communities, where the dominant economic driver is some form of natural resource extraction (e.g., forest products, fisheries, energy, mining, agriculture, etc.), tourism and visitor attraction can create spending and diversify the area economy, creating a wide range of entrepreneurial development opportunities.

From the Mexican Riviera to Estes Park, Colorado



Continental Divide in Rocky Mountain National Park

In 2020 and 2021, the world pandemic health crisis has dramatically impacted our freedom to travel and even attend our favorite local café, coffee shop, or theater. As hope rises with increasing vaccinations by mid-year 2021, we will begin to travel once again. For America, rural America offers diverse playgrounds from well-known parks, like Rocky Mountain National Park near Estes Park, Colorado, to the resorts along the Mexican Riviera. For my wife, myself, and our family, these two destinations are annual events. In the depths of winters with cold and weak sunshine, we travel to the Mexican Riviera for a week's break, soaking in the sun and spectacular Mexican hospitality. When temperatures rise above 100 degrees and humidity lasts throughout the night, we travel to the Rockies for warm days, spectacular hiking trails, vistas, and cool nights.

Both the Mexican Riviera and Rocky Mountain National Park are apex visitor attractions, drawing millions of visitors annually. Most rural communities do not have these kinds of assets. But nearly every rural community has some hospitality assets based on our typology offered earlier in this strategy paper. As is the case with all development, we encourage you and your community to focus on your genuine assets and opportunities. By starting with your assets and opportunities, you can grow your optimal hospitality economic sector, enriching area residents and drawing visitors that energize your economy.

How e2 Can Help



e2 Entrepreneurial Ecosystems helps communities increase prosperity through entrepreneur-focused economic development and ecosystem building. Led by [Don Macke](#), e2 has a national team of practitioners who bring research, coaching, incubation, market intelligence and other expertise to this work.

What We Do

- **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building eEcosystem strategies that work.
- **Analytics Support.** e2 helps communities and regions understand their entrepreneurial potential through research and data. Explore some of our research tools and reports [here](#).
- **e2 University (e2U)** is our platform for sharing more than 1,000 guides, papers, stories, tools, and resources with communities wanting a deep dive into eEcosystem building. Don Macke leads the e2U team with analytics support from **Cathy Kottwitz** and report preparation from **Ann Chaffin**. Special recognition for their e2U legacy contributions goes to **Dana Williams** and **Deb Markley**, LOCUS Impacting Investing.
- **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City**, **SourceLink**, **Edward Lowe Foundation**, **Kauffman Foundation**, and **NetWork Kansas**. We are a founding member of [Start Us Up: America's New Business Plan](#), a coalition dedicated to strengthening entrepreneurship across America. Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

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[NetWork Kansas](#), a 501c3 nonprofit organization dedicated to developing an entrepreneurial ecosystem in Kansas, is the home for e2 Entrepreneurial Ecosystems. NetWork Kansas connects aspiring entrepreneurs, emerging and established businesses, to a deep network of business building resource organizations across the state.

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