

Cooperative Marketing for Small Business Growth and Regional Economic Development: A Case Study in Wine Tourism

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Abstract

The shift in paradigm from large corporations being the source of employment growth and the driving force in regional economic development to a broad acceptance of SMEs being the engine in job and wealth creation has resulted in policy makers and academics alike having a renewed interest in this sector of the economy. Within the Australian context, like most other nations throughout the world, small business plays a vital role in contributing to overall economic performance and improvement in the economic well-being of individuals, regions and the nation as a whole. This paper presents research findings relating to a collaborative regional initiative being pursued by two industry associations in a rural regional centre in South Western Australia. A cooperative integrated marketing strategy is being developed as a measure for building relationships and stronger linkages between SMEs comprising the tourism and wine industry sectors with a view to promoting SME growth and regional economic development.

Introduction

It is now well accepted amongst academics and policy makers that the small business sector plays a vital role in contributing to the overall economic performance of economies (Dean et al 1996; Karlsson et al 1993). In Australia small businesses comprise 96.9 percent of all business entities in the private non-agricultural sector and account for over 56 percent of private sector employment (Department of Industry, Science and Technology (DIST) 1995). This dominance of small business is even more pronounced in most rural regional centres throughout Australia where the economic well-being of these communities is almost totally dependent upon the entrepreneurial spirit and activities of small business operators, local authorities, local and regional industry associations and community groups.

In September 1994 small business employment in Australia stood at 3.5 million persons experiencing an average annual growth rate of 3.6 percent over the previous eight years. This employment growth rate was more than twice the average for total employment and just over five times the average for big business (DIST 1995). In the year to September 1994 recreation, personal and other services was the third fastest growing industry sector for

small business employment increasing by approximately 13 percent following finance, property and business services (33.6%) and transport and storage (20.3%) with an overall industry employment growth of just eight percent (DIST 1995).

A substantial number of small enterprises in Australia operate in the tourism industry. This sector, like the SME sector, is highly heterogeneous. It is a labour intensive industry employing a wide range of skilled and unskilled workers across a wide range of industry sectors including the hotel/restaurant trade, wholesale and retail trade, transport industries, manufacturing, entertainment and personal services, and more recently agriculture. In 1994/95 some 5.2 million tourists travelled around Western Australia alone. This tourist activity generated an estimated \$2.2 billion in direct visitor expenditure (\$3.445 billion in direct and indirect expenditure) and accounted for 4.5 percent of the state's Gross State Product. In May 1996 some 74,500 people (an estimated 8.9 percent of the state's workforce) was employed in tourism related jobs. Between 1991/92 and 1995/96 tourism related employment grew at an average annual rate of four percent, double that across all other industries (WATC 1996). Current and projected growth in this industry present huge growth opportunities for SMEs involved in and linked to tourism related activities.

The purpose of this paper is to bring together the findings of previous tourism and wine industry research studies and to relate these to the results of the wine tourism research undertaken by the authors in the Augusta-Margaret River Region in South Western Australia. This research forms the foundation for developing a cooperative integrated approach to marketing wine tourism products in the region with a view to promoting the growth of SMEs operating in both the tourism and wine industry sectors, creating a business climate conducive to new firm formation and business expansions and contributing to local and regional employment growth and economic development.

Small Business, Job Creation and Economic Development

During the 1960s large corporations capitalising on economies of scale were identified as the primary engines of economic growth and development. More recently the alternative view is that small business is the key element and driving force in generating employment and realising economic development. This paradigm shift has brought a revival in the belief in smallness, entrepreneurship and individual initiative at local, regional, national and international levels.

The important contribution of small business to economic development and job creation is now well established in the literature (Birch 1979, Karlsson et al 1993, O'Neill 1993, Markusen and Teitz 1985, Storey 1985). From the time of Schumpeter academic literature on economic growth and development has espoused the central role played by the entrepreneur in the growth process though it has been argued by some that the full extent of the entrepreneurial role has been understated, often ignored and generally inadequately understood (Kent 1982). The entrepreneur as innovator, capitalises on profitable opportunities and when successful achieves a temporary competitive advantage within the marketplace until competitors imitate or supersede this innovation. Innovation by one spurs on innovation by others. A thriving market economy is thus characterised by dynamic change. Structural change and subsequently economic development becomes a product of entrepreneurial activity whereby new business start-ups and business expansions exceed the rate of business deaths and contractions (Davidsson et al 1993, Birch 1979). Birch's initial study in 1979 identified that 66 percent of the net employment growth in the USA between

1969 and 1976 was accounted for by SMEs. Similar findings resulted from a study of the US economy undertaken by Reynolds and Maki in 1990 in which they contended that new firm births and small enterprise expansions were a major source of job creation in the US economy and concluded this process played a significant positive role in regional economic change (Davidsson et al 1993, p150). Davidsson, Lindmark and Olofsson (1993) in their Swedish research reported empirical results that supported the concept of small business contribution to employment growth and indicated that about one-third of jobs created resulted from births while the other two-thirds was attributed to business expansions.

Within the context of local and regional development Street (1987, p26) contended that:

Local small businesses and community-based operations to service existing and future populations of regional centres now appear to be sensible avenues for regional economic development. The economic climate of the 1980s suggests that most growth will continue to be in the small business area. Regional economic strategies and the techniques employed to elucidate them are beginning to reflect the requirement of local communities to develop business ventures and local employment to meet the needs of existing and expected population, rather than to assume that the attraction of development from outside will create the necessary flow-on effects.

This viewpoint is supported by John Conroy (1987) who argued that in the economic climate of the 1980s (and continuing into the 1990s) local small business and community-based operations will form the path for most regional economies to realise local economic development. Further O'Connor (1987, p37) contended that:

An important emphasis of regional initiatives has been the recognition that development will need to tap local and existing firms especially in the service sector, or to encourage new firms to enter gaps in the local hierarchy. This form of thinking is new in regional development efforts, which were preoccupied with attracting large industrial firms.

While much of the discussion surrounding contributions made by SMEs has focused on economic factors, it is recognised that a multitude of non-economic benefits are also associated with SME growth especially in rural regional areas. Some such contributions include:

- Countering the drift of people to cities
- Protection and maintenance of the 'rural culture'
- Employment and rewarding career opportunities for youth
- Provision of unique and specialised products generating a regional identity
- Enhanced local facilities and infrastructure benefiting all
- Personal fulfilment and satisfaction

- Building community pride
- Creation of a quality lifestyle

The Australian Wine Foundation (1996) identified its industry as one of very few national industries that is genuinely concentrated outside metropolitan areas hence plays a vital role in regional development, employment generation, business growth, tourism and corporate investment. It emphasised that while six percent of Australian wineries account for 85 percent of the national crush, the small firm contribution to the success of the industry has been substantially more than proportional to their size. This local contribution of SMEs in the wine industry is highly evident in the Augusta-Margaret River region.

Building Business Relationships for Small Business Growth

Recently much SME research has focussed on strategies for addressing the issue of business development being constrained by inherent factors largely related to either diseconomies of scale or scope and the trend towards the development of business networks or linkages (both formal and informal) and strategic alliances as a viable business growth option (for example Dean et al 1996; Gibson et al 1996; Brown and Butler 1995; Monsted 1993). It has been postulated that such networks will enable businesses regardless of size to combine resources, skills and information to achieve results not possible through individual independent efforts. Opportunities for the establishment of business networks and resultant cooperative behaviour arise whenever firms utilise similar information technology, capital equipment, labour supplies and materials or are confronted with similar distribution or marketing problems (Dean et al 1996). Research into manufacturing and service firms in Australia undertaken by Dean, Holmes and Smith in 1996 revealed that service firms were more inclined to be involved in business networks (75% of surveyed firms in informal networks and 30% in formal networks) with the overall growth of the SME being the most significant benefit identified by firms.

Gibson, Weaver and Dickson (1996, p116) argue that

The new global marketplace demands that to survive SMEs must learn to cooperate - often not only with other SMEs but also with large organisations [and]

Support organisations have a critical role to play in providing basic research, coordination and training for SMEs seeking out cooperative relationships ... The goals of coordinating efforts should be to provide the information, facilitation, and communication critical to successful cooperative relationships between alliance participants.

In relation to the role of structures and organisations in the economic development process of local areas, Richard Kirwan (1987) identified, amongst other strategies, fostering cooperation between existing businesses and supporting product development as proactive measures to stimulate local economic development and employment growth.

It is within the context of these theoretical frameworks that the August-Margaret River Tourism Association in collaboration with the Margaret River Wine Industry Association successfully attracted a substantial government grant and took the initiative to research the relationships between tourism and the wine industry in the region. Its objective was to improve its understanding of these relationships and linkages between tourism and the wine industry, to share this information with regional stakeholders and players and to utilise this improved understanding in the development of a cooperative marketing strategy encompassing both industry sectors. Ultimately it aims to build on the region's comparative advantages, value adding by encouraging firms to create new and enhanced wine tourism products and to promote the growth of SMEs in the region and foster local economic development.

The Marketing Significance of Wine Tourism

The Australian Wine Foundation (1996, p1) in its 2025 Strategy for the Australian wine industry stated that:

Wine is more than a beverage, it has become a lifestyle product with a high degree of complementarity with food, hospitality, entertainment, the arts and tourism.

In its vision for the wine industry in Australia it states:

The underlying values that will drive people in the industry will be integrity (which will ensure community acceptance), a pioneering and innovative spirit, a culture of collaborative competition, a strong and demonstrated customer focus, an emphasis on quality and a commitment to financial success. (1996, p4)

Much of the recent resurgence of the wine industry can be attributed to the development of wine tourism. Despite its growing importance and significance to many rural regional areas, little research exists on wine tourism and winery visitors. Tim Dodd (1995) in his research of the Texas wine industry examined the pros and cons of cellar door sales and the development of wine tourism. Amongst the advantages identified were:

- Opportunity for customers to try new and little known products at little or no cost
- Building brand loyalty
- Opportunity for increased margins
- Alternative distribution outlet (particularly significant for small wineries with no established reputation)
- Source of marketing intelligence (for existing and new release wines)
- Educational opportunity in a non-threatening environment to develop wine appreciation, create awareness and improve knowledge on wines and the wine industry

These advantages are countered to some degree by increased costs and capital requirements, high dependence on cellar door sales limiting growth opportunities and greater time management requirements.

A better understanding of cellar door visitors would enable winery proprietors and owners of other tourism related enterprises typically associated with the tourist segment that visits wineries to develop specialised tourism products tailored for this market segment and better marketing programs. It is towards this end that a cellar door marketing survey was conducted in the Augusta-Margaret River region.

A South West Wine Tourism Strategy for Regional Economic Development

Individually the tourism and wine industries are major contributors to the South West economy in Western Australia both having enormous growth potential. The establishment and development of wineries and the growth of tourism in the region have been strongly intertwined so both sectors stand to benefit from greater cooperation.

In 1992/93 tourism expenditure in the region was estimated at \$230 million (SWDC 1989) with tourist numbers having grown at an average annual rate of nearly three percent over the past ten years (DCT and SWDC 1996). The wine industry was worth around \$35 million, producing nearly half the state's annual total value of wine production in 1996 (DCT 1996). Winemakers and wineries are beginning to see themselves as an important element in the tourism industry and a significant asset to the region with some even suggesting that the growth and development of the tourism industry in the area would have been considerably lower in their absence.

An opportunity exists for wineries to capture a greater share of the tourist dollar through increased collaboration between wineries and tourism operators, the upgrade of cellar door facilities, enhancement of tourism services at the cellar door and cooperative marketing efforts fostered by industry associations.

Wine tourism in Australia is currently valued at approximately \$400 million with a potential value of \$1100 million. Victoria has lead the way in promoting wine tourism as a niche market in Australia. Cooperative promotion and marketing efforts between Tourism Victoria and the Victorian Wineries Tourism Council has contributed to Victorian wineries attracting 1.9 million visits in 1994/95, an increase of almost 16 percent over the previous year, generating in excess of \$100 million to the Victorian economy. This level of industry growth has motivated wineries to extend their cellar door operations to include food with some offering specialised quality menus to compliment their wines and accommodation (Tourism Victoria 1995).

The Cape to Cape region (the geographic area surrounding the Augusta-Margaret River communities) is the most developed tourism area in the South West and has a thriving wine industry. The region has comparative advantages in:

- wineries producing premium quality wines gaining international recognition

- beautiful coastline and world renowned surfing beaches
- national parks, unique forests and spectacular rural scenery
- extensive natural and man-made recreational activities (eg caving, fishing, diving)
 - cultural events (eg Leeuwen Estate concerts and wine festivals)
 - high quality local arts and crafts
 - relaxed rural lifestyle and rural setting
 - proximity to the state's capital city

These comparative advantages create opportunities for winery and tourism related enterprises to work together to develop packages of new wine tourism products targeting selected tourist market segments.

The Research

Objectives and Method

The Augusta-Margaret River Tourism Association in its document 'The Cellar: Opening the Door to Tourism' has a stated objective to:

... improve the understanding of the visitor to the cellar door and better integrate the wine and tourism industry, thereby increasing profitability for both industry sectors.

To achieve these outcomes market research was undertaken in the wine tourism industry in the Cape to Cape Region. This research was conducted in a series of stages. Initially exploratory research was undertaken to gain a better understanding of the nature of the industries, to identify the characteristics and perceptions of relevant players in the wine tourism industry and to identify salient factors to include in a questionnaire for cellar door visitors. This exploratory research took the form of in-depth interviews with owners and managers of accommodation houses, general tourists and cellar door visitors and a focus group with winery owners and managers. To enable a better understanding of the relationships between tourism and the wine industry it was decided to formulate two questionnaires, one for the general tourist and a second specifically for cellar door visitors. This would allow a comparison of the two groups to be undertaken to establish the existence of any significant differences in characteristics, motivations and behaviour.

The exploratory research was followed by a survey of the 42 industry association member wineries (of which 28 responded) aimed at establishing the nature of the wine tourism product offered and owner/manager attitudes towards tasting fees and preferences in types of cellar door visitors and a pilot survey of cellar door visitors (30 responses received). A full survey of cellar door and Tourist Information Centre visitors was then conducted

during the months of October, November and December 1996 (a total of 578 useable responses received; 461 cellar door visitors and 117 general tourists).

Some resistance was experienced to being involved in this study amongst some of the larger member wineries even though it had been initiated and strongly supported by their industry association. They considered themselves to already have good consumer knowledge and saw no benefits to be derived from such a cooperative arrangement. The marketing research and development of an integrated strategy was viewed by most as an alternative to their own research and marketing efforts rather than a valuable complement. Despite this tendency response rates amongst small, medium and large production wineries were uniform.

Findings

The findings presented relate to the information gathered in the exploratory research, the cellar door survey and the survey of winery proprietors that comprised this wine tourism research. The results are compared with two other research studies undertaken - a general tourist survey of visitors to the South West conducted for the development of the South West Tourism Strategy (1995) and a 1994 Texas wine industry survey undertaken by Dodd (1995).

The Wine Tourism Product

A large proportion of wineries have developed value added wine tourism products consisting of more than just tastings and sales of a wide range of premium quality wines. Forty three percent had a restaurant or cafe style eating facility, 71% offered some form of entertainment (mostly background music), 68% had souvenirs and local produce for sale, 55% sold arts and crafts, 64% provided exhibitions, 45% offered picnic/BBQ areas, 54% had public gardens and 45% provided attractions for children (playground, animals etc). Many others had such additions planned for their facility within the next five years. Only 18 percent however provided on site accommodation facilities with only one other planning this addition within the next five years (Hitchins et al 1996). Continued development of the wine tourism product by upgrading and enhancing the cellar door product will enable wineries to capture a greater share of the tourist dollar.

The Significance of the Cellar Door

On average cellar door sales account for approximately 34 percent of sales revenue for wineries in the study area with 15 percent reporting this to be in excess of 80 percent of sales revenue (Hitchins et al 1996). This result is consistent with trends elsewhere. For example a study of 32 Washington wineries revealed that 22 percent of all wine was sold through tasting rooms while a New York winery study found that 48 percent of wineries sold in excess of 60 percent of their production to cellar door customers (Dodd 1995). From this it can be seen that wine tourism in the Cape to Cape Region contributes substantially to wineries though potential exists for this to be expanded.

Attitudes and Preferences of the Wineries

Amongst those participating in the focus group discussion strong support existed for the development of good working relationships and stronger linkages between the two industry associations and winery and tourism related business operators. Concern was

expressed however over the lack of inter-regional cooperation particularly with neighbouring tourist destinations. This is particularly important in developing a consistent regional image, a uniformly high tourism product and integrated tourism experiences for visitors who do not recognise lines on a map.

There was a recognised need for both industries to work together to provide a community educational program to improve community understanding and appreciation of the value of wine tourism in the region in order to foster greater community support and build more positive attitudes towards tourism development in the region.

Wineries dislike being used by some visitors strictly as a source of 'entertainment' having no real interest in or intention to purchase wines. While the wineries recognise the everyday individual or small group cellar door visitors to be their primary and currently most lucrative customer, participants expressed a strong interest in working together to target the wine specific tour group market segment. This preference was reinforced by the survey results. Tour groups bring spill-over benefits as they tend to be large purchasers of souvenirs and local products sold at the wineries.

It was felt amongst wineries that a need exists for the development of off-season tourism packages to reduce problems associated with seasonality and coping with peaks in the wine tourism industry. Cooperation between a variety of wineries and tourism related enterprises (eg bushwalking tours, farmstays or B&Bs, restaurants, art and craft firms) to 'package' specialised winter tourism products targeting tourists with the flexibility to travel in off-season periods and are seeking a relaxing nature-based or culture-based rural experience.

Smaller boutique wineries perceived themselves as 'hosts' to their cellar door visitors capitalising on the opportunity to provide their customers with 'an educational and enjoyable experience'. This was seen as an important strategy in developing visitor appreciation of wines and the wine industry and building brand loyalty.

The matter of introducing tasting fees proved to be a dividing issue amongst not only individual wineries but individuals within the same winery. Currently approximately half the region's wineries charge a tasting fee for groups of more than ten but 88 percent of winery owner/managers (mostly the smaller operations) consider such charges inappropriate for individuals and small group visitors. Twelve percent of wineries charge for all tastings with the fee discounted from any wine purchases made. These wineries reported that charges had not discouraged visitors to the cellar door informal feedback indicating that many visitors felt more comfortable trying the full range of wines and less obligation to purchase when they did not care for them. This view received some support in the survey results with 70 percent of respondents indicating that they would definitely or probably still visit the wineries if a two dollar tasting fee was introduced.

The Role and Perceptions of Accommodation Houses in Wine Tourism

A wide range of accommodation houses exist in the region catering to a variety of different tourist groups. A cross-section of these were included in in-depth interviews. Proprietors in these establishments perceived themselves as playing a significant role in disseminating information about the wineries and other tourist attractions to their guests. Most locations carried some wine tourism literature averaging five to six brochures. Only nine percent of cellar door visitors specified literature from accommodation houses as a

source of information about the wineries however 65% identified word of mouth, some of which is likely to comprise of information provided by the accommodation house proprietors.

Few proprietors sent their guests to the Tourist Information Centre tending to draw on their own knowledge, experiences and available literature to meet the informational needs of their visitors. Some indicated that they provided their own lists of recommended attractions and 'mud maps' as guests generally did not want to pay for maps. Some visitor feedback to accommodation owners/managers related to poor service experienced at the Tourist Information Centre. In this light it is worthy noting that in the 1995 *South West Tourism Strategy* survey only 37% of visitors interviewed in Margaret River indicated that they acquired their tourist information from the Tourist Information Centre compared to 93% in Bunbury (a nearby regional centre in the South West of Western Australia).

It is evident that opportunities exist for wineries and related tourism operators to build relationships with accommodation houses and tap into this potentially valuable channel of information dissemination and promotion.

The majority of accommodation house proprietors (63%) indicated that visitors at their establishments sought a variety of tourist activities and that wineries are just 'part of the package'. Approximately one-quarter emphasised the importance of the wineries with one owner stating that '.. if there were no wineries in Margaret River there would be no tourism'. Sixteen percent of accommodation houses indicated that people at their establishments were simply not interested in wineries. The general indication was that wineries give the region its appeal but it is by no means the sole attraction.

The General Tourist

The perceptions of the accommodation houses were largely reinforced in our own discussions with tourists visiting the Tourist Information Centre in Margaret River and are further supported by the survey results contained in the 1995 *South West Tourism Strategy* document. The latter undertook a telephone survey of 200 Perth residents that had visited the South West within the last twelve months and a street intercept consumer survey of 267 visitors at four major tourist destinations in the region (including 68 at Margaret River). The most significant motivations identified for visiting the region were its beauty and the scenery/sightseeing, the beach and coastline, the peace and quiet to have a break and the wineries. While wineries did not appear to be either the sole or most significant reason or attraction visited it did emerge as a key element.

The Cellar Door Visitor

Most cellar door visitors came from Perth (the state's capital) and stayed two to three days. Thirty five percent were first time visitors to the region while approximately one-quarter (27%) visited two or more times a year. Ninety six percent expected to return to the region for another visit (73% stating they would definitely return). Most cellar door visitors came with no children and were in small groups (1-4 adults). Most respondents (54%) identified the wineries as the most important attraction drawing them to the region with 86% ranking the wineries as one of the top three most important attractions. A variety of attractions were also identified however as places visited during the stay (see Table1).

Table 1 Major Attractions Visited on this Trip

Attraction Visited	Percentage of Responses
Wineries	93%
Beach/coast	74%
Scenery/relaxation	66%
Restaurants	63%
Galleries	43%
National Parks	35%
Caves	32%

The average number of wineries visited was five with nearly half of the respondents indicating that they visited three or fewer. Cellar door visitors expressed a preference for wineries with a restaurant/cafe (70%), local produce on sale (73%), a garden and picnic area (52%) and a gallery or arts and crafts on display or sale (44%). However when asked to identify the main reasons for selecting specific wineries to visit, these facilities did not emerge as significant factors. The existence of on-site accommodation and a children’s playground did not appear to be important amongst visitors.

A comparison of the research findings from the cellar door survey in Augusta-Margaret River and the Texas Wine Industry study on selected variables are presented in Table 2.

Table 2 Comparison of Cellar Door Visitors in the Texas and Augusta-Margaret River Wine Industries

Variables	1994 Texas Wine Industry Study (n = 636)	1996 Augusta-Margaret River Wine Tourism Study (n = 578)
Visitor demographics	Mostly female, high income and education, 92% under 61 years of age.	52% female, 55% with university degree, 67% professionals and managers, 71% under 45 years and 88% under 55 years.
Visitor origin	85% from within state; 15% out of state.	62% within state (50% from capital city); 29% other states; 9% international.
Average expenditure at wineries	Total \$23.41 Wines \$18.80 (78%) Souvenirs \$4.61 (22%)	Total \$276.64 Wines \$134.48* (49%) Souvenirs \$8.14 (3%) Local Produce \$16.83 (6%) Arts/crafts \$34.61 (13%) Restaurants \$82.58 (30%)

Perceptions of wines Taste Quality Price Value	Rated positively by 95% Rated positively by 91% not assessed not assessed	Rated positively by 98% Rated positively by 97% Fair to good; 46% rated this fair/poor Good to very good; 25% rated this fair
Important attributes affecting wine purchase decision	Taste and quality of wines and winery cleanliness most important.	Wine taste and quality most important.
Perceptions of winery environment	Wineries rated positively on service (95%), courtesy of staff (80%) and staff friendliness (75%). Wineries rated less favourable on staff knowledge (56%), staff believability (61%) and professionalism (57%).	Wineries rated positively on staff friendliness (98%), courtesy of staff (97%), quality of service (96%) and staff knowledge of wines (96%).
Consumer behaviour Average monthly wine purchases	3.35 bottles \$30 per month	6.45 bottles; 0.81 casks \$92.27 per month
Place of purchase	69% grocery & liquor stores 22% restaurants 8% wineries	80% retail outlets 8% wine clubs 11% wineries 2% other
Consumer characteristics	Most people have existing knowledge and interest in wines.	52% described themselves as knowledgeable or highly knowledgeable in wines; 88% indicated an interest or high interest in wines
Source of winery information	Not surveyed.	Word-of-mouth (65%), own knowledge (57%), tourist map (44%) and signposts (33%) most frequently identified. Local tourist information centre mentioned by only 24% and other centres by 13%.

* Average strongly influenced by a small percentage purchasing large quantities of wine.

While there are many similarities in the results of the two studies with cellar door visitors having high levels of knowledge and interest in wines, being relatively young and well educated and considering the taste and quality of the wine of primary importance in making purchase decisions, it is apparent that the wine tourist in the Australian study is a heavier consumer of wines and spends significantly more in absolute terms on wine purchases during visits to wineries. Restaurants at wineries also attracted relatively high levels of expenditure

by cellar door visitors reflecting the interest amongst this consumer group in combining dining with their experience of consuming good quality wine.

Opportunities for Cooperation and Improved Relationships

The interdependence between the tourism and wine industries in the Augusta-Margaret River region is strongly evident. The local tourism and wine industry associations are proactively working towards improving relationships between these sectors at the industry and regional levels providing support in market research information, coordination and cooperative marketing. These activities provide for a better understanding of the wine tourism market and development of a more highly profiled regional identity for the mutual benefit of all players within industry. While these organisations can create a climate conducive to the development of cooperative behaviour and can actively promote the development of business relationships, the ultimate responsibility in acting on these opportunities and making them become realities lies with individual firms.

SMEs in the wine tourism sector need to take the initiative to act on the opportunities identified within the marketplace utilising the new market information and improved understanding of cellar door visitors resulting from this study to build relationships with other interested firms to create new innovative and appealing wine tourism products. A clearly identifiable opportunity for building relationships exists between wineries and accommodation houses in the region. Further wineries need to examine ways of enhancing tourism services at the cellar door offering cellar door visitors a highly value added product. Given the high level of interest in arts and crafts and local produce amongst wine tourists, wineries should seek out local partners in these businesses to supply such products and act as an additional channel for these firms to market their goods. Since the majority of tourists seek to undertake a variety of activities while in the region firms need to work together to 'package' tourism products comprising of different combinations of attractions, activities and experiences tailored for different categories of visitors with varying interests and amounts of time to spend in the area.

The opportunities abound. It is simply a matter of being sufficiently entrepreneurial to explore the options and work with others to create tourism products that are unique and provide contributing SMEs with a competitive advantage.

Conclusions

With the shire of Augusta-Margaret River traditionally having amongst the highest unemployment rates in the South West it comes as no surprise that local community members and firms would welcome an opportunity to become less reliant on traditional sources of production and channel resources into ventures with the potential to generate substantial employment growth and local economic development that can be sustained in the long term.

According to the Australian Wine Foundation (1996, p7) the wine and tourism industries have the common objective of "... capturing and presenting a unique sense of place to consumers ...". The tourism industry has a fragmented structure with a huge range of private enterprises and shareholders. The large number of small operators in the industry in the Augusta-Margaret River region has resulted in a large quantity and wide range of tourism products however diseconomies of scale and scope inhibit SME growth. Effective cooperative 'packaging' and marketing of specialised tourism products reflecting the unique

attributes of the region offering relevant and memorable tourism experiences targeting different types of tourists is an opportunity firms in the region could exploit as a growth strategy. With strong growth in and higher expenditure patterns of interstate and international visitors these market segments offer the most lucrative value adding segments for targeting.

Potential also exists for developing stronger linkages between local enterprises and tourism products in other sub-regions of the South West. This necessitates proactive coordination by the tourism and wine industry associations and cooperative promotional and marketing activities.

For many small wineries, especially those motivated by lifestyle factors, wine tourism is already their core business. Through marketing research of cellar door visitors winery proprietors and tourism operators in the region stand to gain a better understanding of the demographics, attitudes and behaviour of this tourist segment becoming better placed to develop and implement more tailored integrated marketing strategies. The sharing of this market research information amongst the entities comprising these industries potentially enables individual firms and groups of enterprises to identify opportunities for the further development of business linkages and networks which will allow them to pursue business initiatives to further enhance growth.

According to one highly successful entrepreneurial Western Australian winemaker

... with the industry being so competitive, smaller wineries will have to fight to maintain their niche in the marketplace. "Today's consumer is very demanding and expects a high level of service. If these wineries have cellar door facilities they will have to improve their quality of staff and their overall presentation. It is going to be a harder fight for the wine dollar and marketing will play a big part in where people will survive".

(Business Directions, 61, p12)

The economic and social climates in the Augusta-Margaret River region is set for SMEs in the wine tourism industry to seek out and build business relationships with a view to enhancing their growth opportunities. The first step has been made by the tourism and wine industry associations in collaboration with each other to provide marketing research information to assist with the development of such relationships and is proactively taking measures to foster a cooperative culture amongst firms particularly wineries, tour and tourist attraction operators and accommodation houses.

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