

PROMOTIONAL METHODS USED BY HOSPITALITY-RELATED FIRMS IN CLOSE PROXIMITY TO PENNSYLVANIA RAIL-TRAILS

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ABSTRACT

Rails-to-Trails Conservancy is a nonprofit organization that was established to facilitate the conversion of railroad beds into trails for recreational use. This study examines the promotional techniques used by hospitality-related firms located close to Pennsylvania rail-trails. Emphasis was placed on assessing the extent to which businesses choose to list their property in the Conservancy's guidebook and/or have a link through RTC's trail-link web site. Respondents to a mail survey generally felt that being located close to a rail-trail generates traffic and revenue and that it is valuable to list through RTC. Firms not listing through RTC cited a lack of awareness. Study participants indicated that the Internet and word of mouth are their top two promotional methods.

Key words: Promotion, Rail-trails, Tourism, Internet, Hospitality Marketing

INTRODUCTION

In a 1996 report, Rails-to-Trails Conservancy (RTC) estimated that 131 million Americans regularly bike, hike, skate, or jog for exercise, sport, or recreation (Howser, 1997). RTC, based in Washington, D.C., was established in 1987 to facilitate conversion of America's abandoned railroad beds into trails for public use. There are over 1,200 such trails in existence in the U.S. today and more are being planned.

Early on, landowners near the trails feared that rail-trails would lead to increased problems with vandalism and a subsequent decrease in property values. Those fears have not been substantiated. Trail users are generally friendly and responsible individuals who respect the rights of nearby property owners and appreciate the beauty of the natural surroundings (Howser, 1997). The trails also play an important role by contributing to the economic revitalization of many small and rural communities. Some established businesses that had previously been struggling have adjusted to meet the needs of trail users, and new establishments that offer trail-related services have developed and flourished.

Contributions from rail-trails lie primarily in the areas of increased tourism; specifically, new jobs, additional payroll and sales tax revenues for state and local governments, and health benefits for recreational users of the trails. Studies have also shown that rail-trails are a valuable amenity for both businesses considering relocation and families wishing to buy or build a new home (Howser, 1997).

Although investigations have been undertaken to determine the economic benefits of rail-trails, very little research has focused on the promotional techniques used by hospitality-related firms in close proximity to the trails. That was the primary purpose of this study. Of particular interest was the level of awareness and usage of RTC promotion vehicles by the businesses surveyed.

A variety of trail-related establishments (i.e., bed and breakfasts, bicycle shops, campgrounds, etc.) were surveyed to determine their primary promotional methods. A particular focus of the study was to determine why such businesses do (or do not) choose to list their facility in the *Pennsylvania Rail-Trails* user guidebook published by RTC's Northeast Regional Office which is located in Harrisburg, Pennsylvania.

This guidebook (Rails-to-Trails Conservancy, 2003) provides a description of each of the rail-trails in Pennsylvania along with information important to trail users such as where the trail and parking facilities can be accessed, the trail length and surface (i.e., asphalt, limestone, etc.), handicapped accessibility, and the types of activities permitted (i.e., hiking, biking, horseback riding, cross-country skiing, etc.). There is also a map which shows the roads leading to the trail and the trail itself. For a \$100 fee (Tomes, 2004), businesses can choose to have their property listed so that the map will specify the location of each respective business along with its phone number. Additionally, all participating businesses are listed in alphabetical order at the back of the guidebook with all relevant contact

information (i.e., address, phone, fax, e-mail). The guidebook is published every year.

Currently, the Pennsylvania office of RTC is the only one that actively solicits businesses to purchase a link from RTC's Trail-Link web site. This service is also available for a \$100 fee. Given the burgeoning use of the Internet and the expectation of continued growth, it was deemed appropriate to assess usage of this promotional tool by the business establishments surveyed. Determining the extent to which respondents employed the Internet to reach potential customers, as well as their perceptions about the medium's ability to generate patron traffic and revenue, were of particular interest.

LITERATURE REVIEW

The research conducted to date on this topic has been sparse. Consequently, the literature on advertising methods used by bed and breakfasts, the advantages and disadvantages of Internet use in tourism marketing from the perspectives of both consumers and firms, and the estimated profitability from cyclist patronage was reviewed.

In October and November 1996 a survey was mailed to 198 B&B managers located throughout the US (Lubetkin, 1999). There were 92 respondents. A second survey was mailed to 300 B&B guests the following February and April (n=154). Respondents were asked to rate the usefulness of various forms of advertising. Owners/managers reported that word of mouth, brochures, Mobil and AAA guidebooks, Chambers of Commerce, B&B guidebooks, and the Internet (in order of importance) were the most useful. However, guests rated (in order of importance) word of mouth, B&B guidebooks, Mobile and AAA guidebooks, magazines and newspapers, the Internet and CD-ROMs, travel agencies, and Chambers of Commerce as being the most helpful. Those results suggest that B&B owners should find better ways to incorporate magazines, newspapers, and travel agencies into their promotional plans (Lubetkin, 1999). The author also stated that both the available literature and his own study suggest that it typically takes three years for a B&B to become profitable. It was also noted that it generally takes about three years to both garner listings in advertising and promotional vehicles (such as the AAA and Mobile guidebooks) and to develop enough past guests to generate sufficient word-of-mouth advertising. It was concluded that the challenge is for properties to acquire those advantages as soon as possible.

The Travel Industry Association of America reported that 92% of all Internet users took a trip of 100 miles or more in the preceding year and that 45% took five or more trips in the same time frame (Travel Industry Association of America, 1998). The 1998 survey also found that 6.7 million American adults had used the Internet to make travel arrangements in the previous year. Further, it was stated that 29 million travelers used the Internet for travel-related searches in 1996, and just two years later that number more than doubled to 70 million (Travel Industry Association of America, 1998). This is indicative of the Internet's rapid growth and tremendous potential for travel and hospitality-related businesses.

The advantages and disadvantages of marketing via the Internet have also been explored empirically. Firms benefit due to low-cost marketing, increased customer satisfaction as a result of a shift in control, easier entry into new markets, and the possibility of competing on dimensions other than price (Hoffman and Novak, 1996). However, according to Hoffman and Novak (1996) businesses were troubled over the actual execution of their web site and the lack of established criteria to assess effectiveness.

Benefits to consumers include easier access to information that lends itself to a more informed decision-making process, consumers being in control of when and what sort of information is desired, and 24/7 availability of needed information (Hoffman and Novak, 1996). Consumer concerns revolve around ease of use, privacy, and security (Graphic, Visualization, and Usability Center, 1997; Hoffman and Novak, 1996).

A research team from Michigan's Small Business Development Center (McCue, 1998) also evaluated the viability of the Internet for growing a business. The team recruited 15 firms, helped them develop web sites, and monitored their progress over the course of one year. Although many of the firms experienced frustration with maintaining and marketing their web sites, the firms were able to obtain new business, attract more customers, and penetrate new markets. McCue (1998) concluded that Internet advertising is valuable because it can reach a potentially larger and more targeted audience with greater cost effectiveness than traditional advertising methods.

Another study of 114 inns and B&Bs (82.5% in Canada and 17.5% in the US) found that there were fewer costs in the long run from marketing through the Internet (Lituchy and Rail, 2000). In particular, one respondent noted that costly brochures were eliminated, postage costs were substantially reduced, and information about

new products and services could be disseminated quickly. Other participants liked the immediate access to information facilitated by the Internet and the ability to take reservations online and post updates frequently. The added benefits of customers knowing what to expect and international exposure were also noted (Lituchy and Rail, 2000). Disadvantages cited were the impersonal nature of the medium, the lack of adequate time to devote to their web page, and too much competition on the web.

The attractiveness of trail users as a target market should not be overlooked. Bicyclists have been found to be a profitable group. The manager for Oregon's Department of Transportation's Bicycle and Pedestrian Program stated that, because cyclists travel so light, they actually spend a lot of money eating out, buying food in markets, and staying in campgrounds and hotels (Steves, 2003). Estimates from economic data collected on Oregon's Coast Bike Route found that cyclists spend about \$150 a day when staying in motels and eating out. Likewise, an analysis of the use of the Allegheny Trail Alliance system in Western Pennsylvania during the 2002 trail season found that the average expenditure on lodging for groups who stayed overnight was \$21.36 per person per night (Farber et al., 2003). That study also found that the average spending on bikes and equipment was \$117.47 per person per year. Forty-seven percent of that amount (\$55) was estimated to have been directly attributable to spending along that trail system (Farber, et al., 2003).

METHODOLOGY

In October 2003, 92 surveys were mailed to business owners who have hospitality-related establishments located close to a Pennsylvania rail-trail. A second mailing was sent to non-respondents the following month. This process yielded 48 usable surveys and an overall response rate of 52%. Businesses selected for inclusion in the study were identified by examining the 6th, 7th, and 8th editions of the *Pennsylvania's Rail-Trails* guidebook and conducting an Internet search to identify hospitality-related firms located within 2-1/2 miles of a Pennsylvania rail-trail. In addition, a few informal interviews were conducted with several business owners.

RESULTS

The majority of respondents defined their business as either a bed and breakfast facility (38%) or a bike/outfitter's shop (35%). Other participants operated food service enterprises (4%), campgrounds (8%), hotels/cottages (4%), and general stores (2%). Fifty-two percent of the respondents indicated that the rail-

trail either runs through (or along) the edge of their property or that it is a half mile or less from their establishment.

Approximately 47% of the participants provide one or more trail services. Of those who make such services available, 48% offer bike rentals, 35% have secure bike storage, 30% provide shuttle service to the trail, and 26% prepare box lunches and/or furnish bike tools and repair service. Other services that were available to a lesser extent included snacks and refreshments (17%), maps (13%), free bikes (9%), trailside assistance (4%), bike tours (4%), and camping/cross-country skiing rental and sales (4%).

According to survey respondents, 51% believe that having a rail-trail in the vicinity of their business is very important. The remaining participants conveyed that the trail is somewhat important (27%), important (16%), or not at all important (7%). Follow-up questions asked respondents to estimate the percentage of customers that come from the rail-trail as well as the annual revenue generated by this group. A somewhat surprising 57% estimated that 10% or less of their customer base is from the trail. Another 28% indicated that 11-33% of their customers come from the trail, followed by 8.5% who ascertained between one-third and one-half. Only a few respondents reported that more than half of their customers were the result of people visiting the trail. When asked to estimate the annual dollar value of revenue generated from trail users, 23% put this figure at less than \$500; 35% stated \$500-4,999; 23% reported \$5,000-19,999; and 14% estimated over \$20,000. The remaining 5% were unsure.

Study participants were also asked to comment on any advantages or disadvantages associated with having their business located close to a rail-trail. The 30 advantages listed tended to center around the following themes: (1) provides guests with another tourism option in a given area thereby increasing traffic/exposure, (2) offers a safe recreational area, (3) creates more revenue throughout the season, (4) attracts a more upscale group and more of the family-type customers desired, and (5) gets non-cyclists to ride (selling a lot of bikes to people who would not ride otherwise). It is noteworthy that, when asked to identify disadvantages, over 80% of the respondents left this area blank or specifically stated "none." The few disadvantages reported (only one respondent each) were muddy feet and clothes, a small amount of vandalism and trash, horses on the trail presenting problems, discourteous motorists who demand that cyclists remain only on the paths and off the road, hunters who resent recreational use by non-hunters, and a bike shop owner

who reported selling more bikes, but the less expensive ones since the trail is flat and non-technical.

When asked, "Have you ever listed your property in the Pennsylvania (PA) guidebook published by the Rails-to-Trails Conservancy (RTC)?" just over 70% of the respondents said they had. This relatively high percent was expected given the location of the properties. Of those that had listed, 72% had done so two to three times and the remaining 28% had listed four or more times (the guidebook has been published eight times to date). When asked, "To what extent does a listing in RTC's PA guidebook build traffic at your property?," 64% reported slight to moderate impact, 12% responded that it had no impact, and 3% reported great impact. The remaining 21% simply "didn't know." When asked if they would recommend that other businesses located close to a trail advertise in the book, 69% indicated they would, while the remainder (31%) stated they were unsure.

Survey participants who had never listed their businesses in the PA guidebook were asked to choose (from a provided list) as many reasons as were applicable for not subscribing. Fifty-seven percent were not aware of the option, 21% were either not interested or were never asked, 14% felt it was not cost effective, 14% reported they couldn't afford a listing, and 7% weren't aware of the cost. An encouraging finding was that 46% of the businesses not listed previously indicated a willingness to do so in the next year or two. Another 11% said "maybe," 8% said it would depend upon the cost, 4% wanted more information, and the remaining 31% were a definite "no."

A similar series of questions were asked regarding whether the business ever had a link for its property on RTC's Trail-Link web site. As previously mentioned, Pennsylvania was the chosen state for this study because at the present time it is the only office that actively solicits businesses to have their web site linked to RTC's Trail-Link web site. Thirty-two percent of the respondents did report having such a link. Of those, 59% felt it had a slight to moderate impact on building traffic at their respective facility, 27% reported a great impact, and 14% believed the link had no impact whatsoever. Fifty-two percent reported a willingness to recommend this link to other businesses located close to a trail, 40% were unsure, and the remaining 8% would not.

Of the 68% of respondents who do not have a link, the reasons given were that they weren't aware of the option (41%), it is not cost effective (18%), they can't afford it (18%), their business doesn't have a web site

or it is currently under construction (9%), they aren't aware of the cost (6%), they're not interested (6%), or that they're not sure if they'd want a link (9%). However, 43% of the respondents who have never had a link indicated that they anticipate having one in the next year or two.

When all respondents were asked if they anticipate advertising via RTC next year, 45% reported they plan to promote their business in the PA guidebook and on the Trail-Link web site, 26% expect to use the guidebook only, and 5% intend to employ the Trail-Link web site only. The remaining respondents did not plan to advertise through either vehicle (10%), were unsure (12%), or required information on costs (2%).

As noted earlier, a key area of interest was learning more about the promotional methods used by the hospitality-related firms in the study. When asked to list in order of importance the most cost effective ways to promote their property, an Internet web site was mentioned as the #1 or #2 method by 20 respondents. The importance of the Internet was also confirmed in a telephone interview with the owner of a B&B. She communicated that she acquires most of her business from online sales and that she had listings through the Latrobe and Pittsburgh Chambers of Commerce (Libertini, 2003). Word of mouth was a close second (n=19). None of the other promotional methods mentioned was listed as either a first or second choice by more than ten respondents. The importance of the Web was further demonstrated by the fact that 72% of survey respondents were linked to at least one other tourism web site (other than the RTC Trail-Link site).

Respondents were also directed to specify commonly used promotion vehicles through a checklist question. The prevalent methods included a business web site (78%), brochures at tourism bureaus (63%), word of mouth (44%), newspaper advertising (39%), Internet/web/e-mail advertising (30%), direct mail (28%), magazines (24%), travel agencies (22%), radio (22%), billboards (17%), TV (15%), and brochures distributed through local businesses (13%). Other techniques mentioned by less than 10% of the sample included visitors' and convention bureaus, bed and breakfast associations, and sales promotion.

In terms of monies spent annually for advertising, 43% budgeted between \$100 and \$999; 26% reported \$1,000 to \$4,999; 12% invested \$5,000 to \$9,999; and 19% stated \$10,000 or more.

DISCUSSION & RECOMMENDATIONS

The findings suggest that hospitality-related businesses located close to a Pennsylvania rail-trail recognize the benefit of having a trail nearby. Over 93% of the respondents believed location was important. It also appears to build revenue for non-hospitality firms near a trail like the Stereo Shop located in Greensburg. That business is mentioned in the Pennsylvania guidebook as a directional marker to help visitors find the Five-Star Trail. A personal interview with some of the employees revealed that the Stereo Shop doesn't do much advertising with RTC because it's difficult for someone to carry a 65 inch TV on a bike. However, one of the employees mentioned that the GPS systems sold by the store are in demand by hikers and bikers (Stereo Shop, 2003).

Other important insights were gleaned from the research. For instance, 30% of the study participants communicated that the trail generates \$5,000 or more in annual revenue for them. Two-thirds of the participants who listed their property in the Pennsylvania guidebook reported it had an impact on generating traffic and, indeed, all of the businesses that had done so listed for more than one year. Subsequent inclusions in the guidebook appear to reflect the viewpoint that a listing is beneficial in building traffic and also the notion that consistency and reinforcement are important elements of advertising.

Further, the survey results clearly indicate that business owners are well aware of the growing role the Internet plays in tourism marketing. Almost 72% of the respondents had their properties linked to a tourism web site other than RTC's. The Internet was also cited most often as one of the top two most cost effective ways to promote the business.

Almost 32% of the respondents were linked currently to RTC's Trail-Link web site and this percentage is expected to grow in upcoming years. While 46% of the respondents plan to have both a guidebook listing and a link with RTC in the near future, 5% expect to only employ the Trail-Link web site. So it appears that if respondents follow through with their stated plans, fully 50% will have a web site link through RTC. When one of the authors asked the Program Coordinator at RTC's Harrisburg office whether she thought the web link would eventually replace the guidebook, her response was "no" (Tomes, 2004). It is her belief that trail users wish to carry the guidebook with them because it maps out the trails and various points of interest along the way.

A primary reason businesses do not list in the Pennsylvania guidebook is a lack of awareness

concerning that option (57%). While cost appeared to be troublesome for some (14%), this did not seem to be a major issue and some participants reported not knowing the cost or never having been asked to list their business. Likewise, lack of awareness (41%) appeared to be a factor in limiting the number of businesses having a link to RTC's Trail-Link web site. Again, while cost was a consideration for some (18%), other respondents did not know the cost or simply needed to construct a web site.

A key recommendation is for the Pennsylvania RTC office to penetrate the marketplace more fully by increasing awareness of the benefits of rail-trails, in general, and its guidebook and Trail-Link web site, in particular. Word of mouth is a powerful promotional mechanism. It is suggested that an attempt be made to have a major newspaper (i.e., *The New York Times*) develop a feature article on the subject. Rail trails as health-oriented tourist attractions (in a natural setting) should be emphasized. This topic is timely given recent sociocultural concerns about obesity in general, diabetes in children, escalating heart disease among women and the low carb phenomenon sweeping the country.

RTC can increase awareness and usage of its guidebook and Trail-Link web site in a variety of ways. A cost effective method would likely be e-mail solicitations to hospitality-related businesses located close to the trails followed up by personal telephone calls. Another cost effective technique would be the mailing of a letter and/or brochure addressing the benefits and costs of advertising through RTC. Small businesses that are operating on a limited promotions budget might respond to a package deal that offers both the guidebook and web link at a reduced combined rate or a package that offers a discount for signing up for two or more years at once with payment for subsequent years due at a later date. Providing incentives to current users to solicit new patrons (e.g., offer a 10% discount for each new listing) is another option.

Although the study did not address the costs and benefits of RTC providing the Pennsylvania Trail-Link option, given the continued growth in the use of the Internet by travelers planning trips, it seems prudent for RTC to examine the pros and cons of soliciting trail-side businesses in other US states. The travel market is increasingly using the Web to plan trips and individuals who are interested in hiking and biking opportunities do need information about places to stay, restaurants where they are welcome to eat, and facilities that can render assistance in the event of a bicycle-related problem. Hospitality-related businesses stand to gain from this

momentum, provided that interested customers will know where to find them.

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