Selling Adventure Tourism: A Distribution Channels Perspective.

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Summary

This article examines the distribution channels structure as well as the underlying factors influencing the most prominent channel choices within the adventure tourism industry. It is based on in-depth interviews with adventure tourism operators in Queenstown, New Zealand. The findings suggest that the distribution structure is similar to other attraction sectors and that business size has some bearing on the 'length' of the distribution chains. However, regardless of business size the sector places a clear priority on 'at destination' distribution and the factors underlying this choice were found to be varied and reflective of both sector-specific demand and supply characteristics.

Keywords: adventure tourism, soft adventure, distribution channels, Queenstown, pre-selling, cultural capital

Selling Adventure Tourism: A Distribution Channels Perspective

More than a decade after Jerry Mallett (in Goeldner, 1994), of the Adventure Travel Society, noted the outlook for adventure travel to be excellent and for it to become the foundation for tourism in coming years most will agree that, while the latter has not eventuated, the evolution of adventure tourism has been a spectacular one. As such, adventure tourism is commented by Callander and Page (2003) to be a burgeoning segment of the international tourism industry, while Ewert and Jamieson (2003) recognise it as “one of the newest and fastest growing sectors of the tourism industry” (p. 81) - indeed, Cloke and Perkins (1998, p. 186) even speak of “the explosion of adventure tourism”. Yet, despite the fact that it is laden with high expectations academic and industry understanding of the adventure sector and the broader adventure phenomenon is modest and fragmented. This is in part due to adventure tourism only recently establishing itself as an academic line of inquiry (Ewert and Jamieson, 2003), but more significantly because it is a very complex and dynamic tourism phenomenon. Swarbrooke *et al.* (2003, p. 5) allude to the level of novelty that adventure tourism offers both the business and study of tourism, and emphasises the consequential need to explore this phenomenon in greater depth,

> *“adventure tourism is at the cutting edge of world tourism, and its newness merits a comprehensive examination, unhindered by the confines of traditional delineations.”*

An area of enquiry that undoubtedly merits a ‘comprehensive examination’ in this context is that of distribution channels. Tourism distribution channels are described by Gartner and Bachri (1994) as the link between suppliers and consumers of tourism products. On this Knowles and Grabowski (1999) add that an effective distribution system is critical to the successful development and marketing of tourism products. When then coupling this pivotal role of tourism distribution channels with a sector recognised as growing and highly dynamic, the need to develop a thorough and systematic understanding of adventure tourism distribution issues is undeniable.

Accordingly, this paper seeks to contribute to a greater understanding of both the study and managerial dimensions of adventure tourism by examining its distribution channels system. Specifically, it explores the structure of this system before it proceeds to shed light on the underlying factors shaping the most prevalent channel choices. The research for this paper was generated by examining the adventure tourism industry in Queenstown, New Zealand. The rationale for the site choice is two-fold. Firstly, New Zealand, and Queenstown specifically, is both marketed and perceived as a major adventure destination (Bentley *et al.*, 2003; Swarbrooke *et al.*, 2003), which now boasts a sizeable, well-established and diversified adventure tourism industry. Secondly, the research on which this paper is based is part of a larger project, funded by New Zealand's Foundation for Research Science and Technology, entitled 'Innovation in New Zealand tourism through improved distribution channels'.

The project started in 2002 and seeks to systematically examine different types of distribution channels, to identify the factors that influence the behaviour and motivations of all channel members (including visitors), to assess the extent to which different channel structures, practices and relationships influence yield, and to ultimately recommend best channel management practices for different markets, regions and forms of tourism (Pearce and Schott, 2005). The project aims to meet these objectives by adopting a comparative, integrated, multi-stage approach (Pearce, 2003), which involves examining distribution channels across different destinations, sectors and markets and ultimately integrating the results. This approach facilitates the formulation of subsequent recommendations on best channel management practices (Pearce, 1993). To date, papers have been produced taking a destination or sector specific approach (Pearce and Tan, 2004; Pearce *et al.*, 2004; Pearce and Tan, 2006; Stuart *et al.*, 2005), examining suppliers' and intermediaries' adoption of the Internet (Tan and Pearce, 2004), and investigating the demand perspective of tourism distribution channels (Pearce and Schott, 2005).

As it is one of the project's aims to identify sectoral similarities and differences, this paper contributes by examining distribution channels of an attraction sector that constitutes both an important component of the country's tourism product and is ever-expanding – adventure tourism.

ADVENTURE TOURISM

Despite a number of attempts to define the concept of 'adventure tourism' consensus remains to be lacking within the academic community; indeed as the boundaries of knowledge are receding the number of proposed definitions and conceptualisations appear to be increasing. A recent proposition that adopts a fresh perspective by identifying an individual's state of mind as the central factor in the creation of 'adventure' is offered by Swarbrooke, *et al.* (2003), who believe that an adventure tourism experience will (p.16):

- be of a heightened nature – a stimulating context will induce a range of emotions (of which excitement will be key), and separate it from everyday life
- entail intellectual, physical or emotional risks and challenges – these will be absorbing
- be intrinsically rewarding, providing opportunities for enjoyment, learning and self-development

While the research broadly adopted this rather comprehensive definition, its focus and subsequent discussion are dedicated to physically adventurous forms of tourism activities.

According to Millington (in Swarbrooke *et al.*, 2003), the international adventure tourism market, representing sport and nature tourism, accounts for about 7% of all international trips taken in 2000, which translates to between 4 and 5 million trips. He further estimates the potential market share for adventure tourism to represent 14% of international trips. In the context of Australian and New Zealand outbound markets, PATA (2003) identifies that 27% of Australian tourists and 23% of New Zealand tourists are adventure travellers, which equates to nearly three million Australians and roughly half a million New Zealanders.

"Adventure tourism is a complicated and somewhat ambiguous topic!" (Swarbrooke *et al.*, 2003, p. 4). The most commonly enlisted means of discriminating between different aspects of this diverse market segment is the 'hard'-'soft' dimension, although classifications vary from author to author (Hill, 1995; Cloke and Perkins, 1998; Ewert and Jamieson, 2003; PATA, 2003; Ryan and Trauer, 2004). For the purpose of this research Hill's (1995) characterisation is useful as it addresses the central themes in the context of adventure tourism,

> Hard Adventure: Refers to activities with high levels of risk, requiring intense commitment and advanced skills.
>
> Soft Adventure: Refers to activities with a perceived risk but low levels of real risk, requiring minimal commitment and beginning skills; most of these activities are led by experienced guides.

Hill (1995) elaborates that ‘hard’ adventures require real skills in dangerous situations, where participants usually join together because of an intense interest in some activity outside the confines of commercial outfitting. On the other hand, in ‘soft’ adventure tourism skill and expertise is purchased along with the use of specialised equipment required for engaging in the chosen activity. Enlisting this distinction, the businesses interviewed for this research can predominantly be categorised as offering ‘soft’ adventure tourism, with only few possessing any ‘hard’ traits that mostly relate to participants’ skill levels.

Another widely recognised aspect of adventure tourism is that the consumption of adventure tourism products will be intrinsically rewarding. However, few authors have acknowledged the notion that adventure tourism products can also provide the consumer with extrinsic rewards, which can for instance be examined in the context of Bourdieu’s (1984) theory on ‘capital’. Beedie (2003a) and Kane and Zink (2004) apply this conceptualisation in the context of ‘hard’ adventure activities such as mountaineering and kayaking. The authors argue that these activities provide platforms to accumulate ‘symbolic capital’, defined by Bourdieu (1984) as “the acquisition of a reputation for competence” (p.291), which ultimately converts into ‘cultural capital’. Due to the notion of ‘competence’ as a defining characteristic of ‘symbolic capital’ this concept is limited to active, ‘hard’ adventure activities. However, while no direct reference to this could be found in the literature it appears reasonable to suspect that other aspects of Bourdieu’s capital construct may be embedded in ‘soft’ adventure. Because extrinsic rewards are believed to be contributing motives for tourists to consume adventure products, the notion of capital is also examined by this paper.

The sector's prominent supply characteristics are largely related to the factors initially motivating individuals to enter the adventure tourism sector. Several authors note for example that most past and present adventure tourism businesses have been set up by people who themselves have a primary interest, and often passion, for engaging in adventure tourism activities (Cloutier, 2003; Swarbrooke *et al.*, 2003). These types of entrepreneurs are generally referred to as lifestyle entrepreneurs and will usually set up enterprises that allow them to pursue their former hobby as a full-time profession. The implications of the resultant emergence of a completely new service industry (Cloutier, 2003) are that these operators are not guided by profit maximisation but by an interest to balance an enjoyable lifestyle with a reasonable standard of living (Swarbrooke *et al.*, 2003). While this observation is still true for many conventional life-style entrepreneurs, Cloutier (2003) also remarks that there is an increasing realisation amongst adventure operators that good business management is not unnecessary in this sector, but a crucial element to "ensure a financially rewarding living from the lifestyle of adventure" (p. 242). This adjustment in business values is driven by the increased competition, direct and indirect, which is a by-product of the significant growth experienced by this form of tourism over the last decades. A further characteristic of this sector, its domination by small businesses (Cloutier, 2003; Swarbrooke *et al.*, 2003), has also become somewhat less defining recently as the sector is experiencing an increasing move toward bigger business and more professional management (Cloutier, 2003). A case in point is New Zealand Bungy operator AJ Hackett. After humble beginnings in the late 1980s, in 2006 AJ Hackett has four jump sites, five non-bungy but related adventure products, a designated marketing team and roughly 100 full-time equivalent (FTE) employees in New Zealand. The company also produces a clothing label and has further bungy jump operations in Australia, France, Germany, Indonesia, Macau (SAR), and the USA. Despite this transformation from a niche market for life-style entrepreneurs into a vibrant, dynamic and competitive sector personal contacts formed during many years of working in the sector continue to form the basis of business start-ups, marketing contacts, and training programmes for owner-operators and managers of larger operations alike (Cloutier, 2003).

TOURISM DISTRIBUTION CHANNELS

The literature on tourism distribution channels has attracted increasing attention in recent years, but continues to exhibit sizeable gaps. As noted by Pearce and Tan (2006), some texts outline the prominent characteristics of tourism distribution channels in general (Buhalis and Laws, 2001; Alcázar Martínez, 2002), while empirically-based articles tend to focus on pairs of distribution channel partners, such as suppliers and wholesalers (Crotts *et al.*, 1998), or hotels and travel agencies (García-Falcón and Medina-Muñoz, 1999). However, despite the recent wide-ranging contributions by the earlier-outlined project, the underlying factors influencing the choice of distribution channels remains under-researched. This neglect is most noticeable in the context of attractions that are, despite their role as a core component of the tourism product, perceived to possess comparatively simple distribution systems (Pearce and Tan, 2006).

In essence distribution "is what makes the product available" (Wahab *et al.*, 1976, p. 96), "the link between the producers of tourism services and their customers" (Gartner and Bachri, 1994, p. 164). As Pearce and Tan (2004) point out, the links between producers and consumers may be made directly or indirectly via one or more intermediaries (e.g. wholesalers, inbound and outbound operators, retail travel agencies, tourism organisations, etc). The authors elaborate that a range of different channel structures may occur in any market or destination, and that the selection of appropriate distribution channels entails a trade-off between market coverage and cost.

Examining distribution channels for heritage and cultural tourism in New Zealand, Pearce and Tan (2004) found operations to vary considerably with regard to distribution channels use. They comment that the larger, more commercially-oriented operations are likely to have active and explicit distribution strategies and practices, while the smaller operations often have very limited or ad hoc strategies of distribution. The lack of resources in terms of staff time and budget were found to be key factors in explaining the degree of activity undertaken. With regard to the distribution structure of this sector, Pearce and Tan (2004) observe that different channels are used for international and domestic visitors, as well as by the group and independent segments within these markets (Figure 1). Before concluding that "distribution channels for heritage and cultural tourism are complicated" (p.235), the authors also identified three distinctive factors influencing supplier's choice of channels and distribution structure in this sector: breadth of product appeal, capacity issues, and whether a product is commissionable.

[insert Figure 1 here]

DISTRIBUTION CHANNELS AND ADVENTURE TOURISM

In line with the phenomenon itself, the literature on adventure tourism has experienced considerable growth over the last two decades. However, much of this literature focuses on a small range of topics, of which the most popular is the risk construct in adventure tourism (Walle, 1997; Palmer, 2002; Ryan, 2003; Gyimóthy and Mykletun, 2004; Cater, 2006), and the associated incidences and implications of accidents and injuries (Bentley and Page, 2001; Bentley *et al.*, 2001a; Bentley *et al.*, 2001b; Callander and Page, 2003; Page *et al.*, 2003; Morgan and Fluker, 2003; Page *et al.*, 2005). A number of authors also explore consumer experiences of adventure tourism within the context of specific adventure activities, such as mountaineering (Beedie, 2003b; Pomfret, 2006), white-water rafting (Fluker and Turner, 2000), and white-water kayaking (Kane and Zink, 2004). Additionally, adventure tourism has also been investigated as a broader cultural phenomenon (Cloke and Perkins, 1998; Cloke and Perkins, 2002) and in terms of its 'place' in tourism research and dominant theories (Weber, 2001).

A review of the literature in the context of distribution channels reveals, however, that to date merely three publications have addressed any aspect of distribution in the context of adventure tourism. Two of these publications (PATA, 2003; Sung, 2004) are empirical examinations of adventure tourists' use of channels of distribution, while the third discusses distribution channels more broadly and does not appear to be empirically grounded (Swarbrooke *et al.*, 2003).

Sung (2004) found that the majority (54%) of an Adventure Club of North America sample preferred 'partially inclusive trip' arrangements involving intermediaries, while 28% reported a preference for self-arranging their trips. The sources of trip information reported were: magazine/others (29%), friends and relatives (26%), agent/operator/destination marketing organisation (23%) and Internet (22%), on which Sung (2004) notes that a variety of sources were generally preferred over relying on just one.

The PATA (2003) report examines distribution channels in terms of information sources and booking methods of accommodation and transport products by adventure tourists from Australia and New Zealand on their last overseas trip. The report found that the most important information source used by both nationalities was friends and family, followed by previous visits and Travel Agent. Unlike Sung's findings the booking behaviour was found to be dominated by direct bookings in the PATA study.

Swarbrooke *et al.* (2003) note that distribution channels can be complex and that the distribution of adventure tourism products often involves the use of numerous channels; however these suggestions appear to be observations rather than research findings:

- Direct 'at destination' to individuals through the company's office
- Direct 'at destination' to groups through the company's office
- Tailor-made packages for local hotels and travel agencies
- Tailor-made packages for externally based tour operators
- Directly via the Internet

While acknowledging that brochures remain to be the mainstay of most adventure tourism marketing, they speculate that, "the Internet probably plays a greater role in adventure tourism marketing than it does in other sectors" (p.160). They substantiate this claim with the following points: the Internet is a form of promotion and distribution that suits small and medium enterprises, the communication of regular product updates is possible, the Internet allows day and night receipt of bookings from clients anywhere in the world, and the Internet serves as a relatively inexpensive form of promotion that is very effective in targeting niche markets like adventure tourism.

This review of the literatures has demonstrated that while the adventure sector is important, very little is known about its marketing practices and channels of distribution. As such, this article seeks to contribute empirically grounded knowledge to a neglected area of tourism research.

ADVENTURE TOURISM IN NEW ZEALAND

According to Statistics New Zealand (2002) international visitors to the country are increasingly in search of adventure and iconic adventure products such as the ski plane, jet boating, and zorbing were invented, and bungy jumping popularised, by New Zealanders. This increasing association of New Zealand, culture and landscape, with representations of adventure is equally noted by academics (Hill 1995; Berno *et al.*, 1996; Cloke and Perkins, 2002; Bentley *et al.*, 2003; Swarbrooke *et al.*, 2003). Indeed, New Zealand is widely regarded as the pioneer of adventure tourism, which has its roots in domestic tourism and is strongly embedded in the country's culture.

On the sector's market share Bentley *et al.* (2003) note that in 1999 11% of international visitors to New Zealand participated in adventure tourism. While it is difficult, due to this sector's diverse nature, to verify or update this figure, data on participation in specific adventure tourism activities is available (Table 1).

[Insert Table 1 here]

All of the activities listed in Table 1, most of which are heavily reliant on commercial operators to provide the required equipment and skill to participants, have seen an increase in visitor numbers over the previous eight years. While the growth of international arrivals to New Zealand, which is about 57% from 1997 to 2004, has a significant bearing on this trend, the increase in popularity of adventure activities (Table 1) outstrips the growth in international arrivals by a considerable margin. Thus, it is a fair assumption that the adventure tourism sector in New Zealand is buoyant but also increasingly competitive, as innovation remains to be a trademark of this sector; Parabungy for example, which is a fusion of parasailing and bungy jumping, entered the market as recently as 2003. This increasing level of competition, in a context that is unique to adventure tourism, is well illustrated by one of the research respondents,

> *"I think our most important market are definitely people that want the biggest, the highest, the scariest. It's like there's a bungy war that goes on, who's got the highest, and the Parabungy has got the highest…which will drive Hackett [largest bungy operator] insane".*

The nucleus of New Zealand's adventure tourism sector, and in the eyes of many the 'adventure capital of the world', is Queenstown on the country's South Island. Queenstown has a resident population of less than 20,000, received about 1 million visitors in 2003, of which about 40% were international, and generated nearly NZ$400 million from tourism (TRCNZ, 2005).

To contextualise the study site it is worth noting a number of points with regard to adventure tourism in Queenstown. Firstly, adventure products are sold as add-ons, with very few exceptions, and not included in tour packages. Secondly, unlike in many other tourism sectors the distinction between independent and group tour travellers is blurred. This is a function of the choice of many adventure tourists to travel on, and ultimately book the respective adventure activity through 'backpacker bus' providers. Of these 'backpacker busses', some include transport and accommodation, while others are simply 'hop on-hop off' transport operators that do not include accommodation. Given that the adventure products are sold as add-ons and that both types of backpacker bus operators use sales commissions as an additional source of income, product providers will usually receive an indirect booking for a group of people without always recording the 'type' of bus operator. To compound this issue, product providers' classifications of backpacker bus clients differ, which, given that one respondent business considered this market to account for 35% of volume, renders traveller type segmentation precarious in this context.

METHODOLOGY

The methodology enlisted is of a qualitative, face-to-face nature due to an identified need for the researcher to be able to interact with the respondent and explore certain themes in greater depth. This qualitative approach is consistent with the project's other supply-side research (Pearce and Tan, 2004; Pearce *et al.*, 2004; Tan and Pearce, 2004; Pearce and Tan, 2006), as well as other distribution channels research adopting a supply-side perspective (Buhalis, 2000; Yamamoto and Gill, 2002). Accordingly, structured in-depth interviews were conducted with the marketing manager, general manager or owner-operator of adventure tourism businesses in Queenstown during November and December 2003. The sample was drawn by initially obtaining a frame of 40 companies primarily from the regional tourism organisation's website, which was divided into activity clusters. Owing to the fact that the research aim is to examine a broad cross-section of adventure tourism businesses, an attempt was subsequently made to select no more than two businesses of differing size from each of these activity clusters. As a result, a sample of 30 businesses was contacted. Ultimately 16 were interviewed representing micro, small, medium as well as large operators in adventure tourism terms and spanning more than 10 activity types (Table 2). Each interview lasted between 45 minutes and 1.5 hours, was tape-recorded and subsequently transcribed to capture the full richness of the material.

Because it was felt that the size of a business may have a strong bearing on the distribution strategy adopted and indeed the distribution channels used, it is critical to differentiate between adventure tourism businesses of differing sizes. For the purpose of this article the number of employees will be enlisted as the determining factor of business size, as this classification can be operationalised with ease and is widely used in a New Zealand context (Cameron and Massey, 1999). Using the below definition by Morrison (1996) to guide the classification process, the following full-time equivalent employee classes were deemed appropriate to represent business size in the New Zealand adventure tourism industry: micro business 0-3 employees, small business 4-10 employees, medium sized business 11-25 employees, and large business 26 and more employees.

> *"a small tourism business is financed by one individual or small group and is directly managed by its owner(s), in a personalized manner and not through the medium of a formalized management structure…it is perceived as small, in terms of physical facilities, production/service capacity, market share and number of employees" (p.400)*

Respondent businesses were highly cooperative and at times disclosed information of a commercially sensitive nature. In an attempt to honour this level of confidence and in respecting the wishes of some not to attribute information to their business, the findings will be presented by simply acknowledging the size of the business when providing quotes. However, due to only two respondent businesses qualifying as 'small', the 'micro' and 'small' categories will be combined to represent all the smaller businesses (0-10 employees) in this context. The respondent businesses are profiled in Table 2 according to business size, activity type, and decade of establishment.

[insert Table 2 here]

FINDINGS

In keeping with the distribution channels concept, the findings will be presented in three distinctive sections. The first section will focus on the 'bridge between supply and demand' (Alcázar Martínez, 2002) by investigating the structure of the distribution system. The paper will then proceed to examine the characteristics influencing the most noteworthy channel choices as reported by the respondent adventure tourism businesses; initially the demand characteristics, followed by the supply-related factors.

The examination of the distribution system structure revealed considerable channel diversity. Businesses were found to utilise a variety of channels, including a range of direct as well as indirect ones. Additionally, indirect channels were observed to include a varying number of intermediaries; short chains were enlisted as well as those that incorporated up to three intermediaries. As such, businesses reported working with inbound operators, wholesalers and travel agents as part of the same chain, while some also distributed their product via short chains in terms of working with only overseas wholesalers, travel agents or local booking agents. Drawing a comparison with the heritage and cultural attractions sector (Figure 1) then reveals similar structural patterns. As previously observed by Pearce and Tan (2004), the complexity of the distribution strategy and spatial reach of the channels were found by this research to also be strongly correlated to the size of the business. As such, virtually all the micro and small businesses focus on short chains for distributing their product, while the medium and particularly the large operators possess very targeted distribution strategies that make use of a great spectrum of channels involving varying geographical dimensions; 'in market', 'while travelling' and 'at destination'. A channel which deserves specific attention in this context, as it has the ability to reach consumers in all of the geographical dimensions and because it is heralded as "revolutionizing the marketing of adventure tourism" (Swarbrooke *et al.*, 2003, p.161), is the Internet. This research found that many respondents acknowledge the Internet's strengths as a cost-effective tool of bridging the void to the consumer. While the ability of the website to generate bookings, which were found to account for 0.5% to 30% of sales, was recognised as important the great majority of respondents saw its primary role as a highly-effective mechanism for raising product awareness and providing product education.

> *"I would say it's quite important to us. We don't get a huge number of bookings through it although you can book through it…it's more of a reference point for people. It gets a lot of hits. I think people use it to find out about [product], say when they're up the Coast [West Coast] and then they'll make a booking when they get to town" Large Business*

This role and use of the Internet is consistent with New Zealand's broader attraction sector (Tan and Pearce, 2004).

However, despite the complex structure of the distribution system in adventure tourism the most effective and therefore most maintained channels were reported, by businesses of all sizes, to be the direct and indirect channels that are concentrated 'at destination'. This finding is a consequence of a variety of factors that are both defining and indeed inherent traits of adventure tourism. These same sectoral characteristics are also responsible for adventure products being sold as add-ons to tours packages and rarely pre-sold to independent travellers. Thus, the next section of the analysis will explore these factors in some depth because (i) they distinguish adventure tourism from other attraction sectors, and (ii) they impede the pre-sale of adventure products and are thus the underlying reasons for the strong focus on 'at destination' channels. The analysis will initially examine the interview transcripts in the context of the reported demand-side characteristics followed by those of the supply side. Noteworthy findings, more broadly related to the distribution of adventure tourism products, will also be discussed.

The analysis revealed three demand-side characteristics to act as inhibitors to the pre-sale of many adventure tourism products. These were identified as a widespread perception among consumers that many of Queenstown's adventure products are impulse purchases, a reluctance by adventure tourists to commit to a structured itinerary and the notion that both products and prices can be assessed most effectively at the destination. The first of these then was reported in the following context,

"The big problem is, it's an impulse product. It's not a product you

usually plan to do. Some people may, but generally you don't sit down and plan to do it. If you're right on site you go, I'll do it!" (Large Business)

A number of businesses consider their products to be impulse products, which as a result do not lend themselves to being pre-sold, but are rather spur of the moment purchasing decisions. Often watching someone 'consume' the product acts as a very powerful stimulus.

> *"Bungy jumping is a spur of the moment thing. Parasailing is a spur of the moment thing…so they [adventure tourists] will book when they get here" (Medium-sized Business)*

Many respondents mirrored this view but refined the 'impulse' element in the context of their product. As such, the 'impulse' nature of the product can be strongly linked to weather conditions for example,

> *"our activity tends to be a spur of the moment type thing. If it's a nice day we'll get a lot more bookings than if it's a grey day" (Micro/Small Business)*

A further, in part related, factor is the reluctance of adventure tourists to commit themselves to specific dates,

> *"It doesn't happen. Committing to an itinerary, travel plans…you know, you think oh well, on such and such a day…I want to go jet boating, para-ponting, take a ride on the ship, I think the customers just don't want to commit to that sort of detail." (Medium-sized Business)*

This point, echoed by a number of other respondents, emphasises the notion that adventure tourists seek elements of adventure not only in the activities purchased but also in the way they travel. A structured itinerary would limit the adventurous nature of the travel style because flexibility and a degree of uncertainty are often perceived as important ingredients in adventurous travel. Another medium-sized business frames the reluctance by adventure tourists to pre-book by discussing the consumer response to the sector's dynamic nature,

> *"people are aware that Queenstown is an adventure capital. It's a magnet for adrenalin junkies or whatever. They know there's a lot of competition down there. They prefer to wait until they arrive…Let's see what they've got when we get there because there's always new and innovative products available… in two months time when we get there, there could be something different because it's a continually-changing, high competition sort of market…and they would prefer to shop around once they get here"*

As noted earlier, the adventure tourism sector is highly dynamic and largely dominated by people with a passion for their product and strong entrepreneurial spirits. This is then embodied in the nature of the sector and in the fact that in relatively short time spans products may be dropped, new ones invented or old ones transformed. There is a strong sense of competition in seeking to provide the ultimate product, the one that is essentially the most 'extreme' and will hold the greatest appeal. The most popular products are often those that bestow the greatest prestige, in the eyes of other 'adrenalin junkies', on the 'adventurer' that has consumed the most 'extreme' product; such as the highest bungy jump. These dynamics epitomise the relevance of Bourdieu's 'capital' construct to adventure tourism.

Additionally, the expense and personalised nature of some of the high-end adventure products is also recognised as a factor motivating people to only book the product when 'at destination',

> *"people who are going to spend (large sum) want to speak to the people that do it. So they want to see I'm not an idiot. You're going for a couple of hours, they want to see that it's with a nice person and not a cowboy. So they want to speak direct so wait until they get here" (Micro/Small Business)*

Apart from the factors relating to the lack of pre-selling in adventure tourism, a number of other observations were made that contribute to an improved demand-side understanding of distribution channels. These are the noteworthy roles played by word of mouth and the concept of ‘souvenirs’ in adventure tourism. In their study of adventure tourists in Queenstown, Berno *et al.* (1996) commented that 77% of bungy jumpers, 65% of white-water rafters, and 53% of jet boaters purchased souvenirs, of which consistently more than 80% acquired souvenirs that depicted themselves participating in the activity. Thus, the propensity of adventure tourists to purchase souvenirs appears to be relatively high. This is presumably in part a consequence of the consumer regarding the activity as a ‘once-in-a–lifetime’ experience that thus deserves documentation, but ultimately it can also be interpreted as a tool employed to catalyse the generation of extrinsic rewards. The photos, and increasingly video recordings, of the consumption process are purchased by participants with a perceivably strong intention of presenting them to an audience. If interpreted in the context of the ‘capital’ construct, this then relates to the notion of deriving profit from a newly acquired capital, obtained by consuming an adventure product, which ultimately translates into prestige and distinction within the individual’s social environment. Due to the inherent traits of adventure tourism activities as representing strong images of risk and uncertainty, the concept of ‘capital’ and the search for extrinsic rewards is arguably embedded in adventure tourism to a much greater extent than in other tourism sectors. This, in turn, also provides rationale for the popularity of t-shirts in certain groups of tourists that declare the wearer to have accomplished a particular bungy jump for instance.

While these souvenirs will then presumably play a significant role in both the purchasing decision and post-consumption enjoyment of the product, they also act as highly valued marketing tools and indeed channels of distribution for the providers of the products. Souvenirs of individuals consuming adventure products not only serve as very effective indirect marketing mechanisms but are also in most cases high yield add-ons,

> *"one is the t-shirts and the best one I suppose is the CD photo sales. Because we take photos of people doing [activity], and we sell them a CD of their day's activities. They take that CD and show their friends…sooner or later some sales will come back because of the photos" (Micro/Small Business)*

Particularly for businesses offering air-based products, photo and video sales appear to be important for both revenue generation as well as indirect marketing,

> *"so it's a once in a lifetime thing to do…also make sure you pay for all the videos and photos to prove you did it" (Large Business)*

However, some respondents have acknowledged the marketing muscle embodied by these 'souvenirs' and have thus decided to include them in the overall product price,

> *"One of the things that's built into our package is a photo roll included and that is one of the primary tools how everybody's seen what [our activity] is like…which works" (Medium-sized Business)*

While in many other sectors of the tourism industry souvenirs enjoy a somewhat dubious repute, within adventure tourism they are in high demand and presumably regarded as 'sexy' rather than 'tacky'. The wide-ranging appeal of souvenirs in this context, as a mechanism for consumers to acquire both extrinsic as well as intrinsic rewards, provides considerable potential for businesses to increase revenue but more importantly to consciously use this channel for the indirect marketing of products.

This popularity of capital-laden souvenirs is strongly related to the important role played by word of mouth as a trusted source of information for adventure tourists, as previously observed by PATA (2003) and Sung (2004). This is not surprising when bearing in mind that the 'backpacker' segment, where "word-of-mouth referral is the most important source of information" (Keeley, 1995, p. B-9), presents a sizeable proportion of adventure tourism. As such, word of mouth has proven to be the most effective channel of distribution for a number of respondents,

> *" it's hard to start the season but once you get the momentum going we find that it's the people that come with the trip that sell the next trip to the next people coming through. If our people asked you in the middle of summer, where did you hear about us? They'd say, well it's from people who have just done it. That's where a lot of our business comes from" (Micro/Small Business)*

On the whole, the discussed factors then appear to be inherent to adventure tourism as the consumers of adventure products display certain traits that are not readily observed in other sectors. Indeed, the fact that they seek out adventure tourism products which are defined by thrills, excitement and uncertainty set them apart from mainstream tourists and reveal that the manner in which they travel and ultimately their purchasing behaviour is likely to be driven by very similar motives.

The examination of the supply-side perspective, with particular attention to factors impeding product pre-sale, also reveals a diverse number of interesting findings. For example factors relating to business performance and the need to prioritise certain channels over others were found to be influencing the wide-spread focus on 'at destination' distribution. Specifically, the common practice by many businesses to align the scale of investment with the likely return that a specific channel will provide resulted in many operators commenting that extensive offshore marketing and pre-selling to entice tourists to visit Queenstown is not a priority. This is due, firstly, to the respondent's belief that Queenstown holds iconic destination status which renders marketing unnecessary; and secondly, to a reliance on the marketing efforts of the larger adventure tourism providers as well as the Regional Tourism Office to market Queenstown and maintain its adventure image. This has then resulted in many operators only actively targeting tourists once they arrive at the destination,

> *"Well their [large adventure businesses] marketing machinery actually helps ours in the way that they sell this place" (Micro/Small Business)*

However, it was interesting to find that when devising their distribution strategy large operators also acknowledged a certain reliance on both New Zealand's destination appeal and again Queenstown's iconic status as a tourist destination,

> *"We've sort of had a strategy where we've really made sure we look after our market around New Zealand, the South Island, Queenstown, because they come anyway and we'll get them when they're here" (Large Business)*

As noted earlier, 'at destination' distribution is recognised as very important by all respondents and this strong emphasis is ultimately reflected by businesses spending the majority of their marketing budget in and around the destination; indeed in the case of many respondents this was in excess of 80%.

Shedding some light on 'at destination' marketing the research found the most commonly-mentioned distribution expenses to be brochure-distribution related and advertising in activity guides for the greater region or the destination itself. Some less conventional and essentially more ‘adventurous’ marketing efforts were also noted. For example some businesses ‘sponsor’ evenings in a bar frequented by backpackers by playing videos of the activity for much of the evening and ultimately giving away a free skydive, canyoning trip, or bungy jump. Similarly proactive strategies are pursued by a number of operators who provide promotional videos of their product to backpacker accommodation and ‘backpacker busses’ to show in the reception area and on the way into town in the case of busses.

The remaining supply-side factors driving ‘at destination’ distribution are related to the characteristics of the adventure products themselves. The first of these is strongly linked to the notion of risk and its mitigation in the context of adventure tourism. Unfortunately, the adventure tourism sector has had numerous large and small-scale tragedies, including several fatalities in Queenstown during the last decade. But as reflected by a large business, the industry appears to have learned from these tragedies and control product-inherent risks more effectively,

> *“Well given what Queenstown's all about, it's amazing that we [adventure tourism industry] don't have more of them [injuries and fatalities] because everyone's throwing themselves off something. Thousands are doing it everyday. I think the worst we've had is we broke a guy's leg”*

As such, one of the paramount obligations of commercial adventure tourism providers is the identification and mitigation of potential risks and thus the creation of a safe environment for their clients. The success of this objective is, as was observed on a number of occasions such as the Interlaken canyoning disaster, strongly linked to weather conditions. This daily concern for suitable weather conditions renders pre-selling, particularly in the eyes of air-based operators (tandem para-gliding, tandem skydiving, tandem hang-gliding, hot air ballooning), an unattractive option. Due to safety procedures and regulations only certain weather conditions are suitable for the safe provision of the product; this results in many days when the activity is not offered. This then has significant implications for any bookings received and possibly already paid for. Many businesses find it too time-consuming and costly to reimburse intermediaries offshore, or even outside the destination. Hence, many operators felt that the 'at destination' stage of distribution requires significantly less administration to deal with cancellations and they consequently favour the short, localised channels.

> "The main reason it's difficult for us to service out of town bookings is the weather factor…so if a booking is made, the client arrives but cannot [activity] then all of a sudden we get into this major refund problem. So then the clients need to go and talk to the original booking agent which might be someone in the US, therefore we're also under the law of that particular state…we say if you call us the first day you arrive we can suggest the best dates for you that you should come [activity]" (Medium-sized Business)

A closely timed itinerary compounds these difficulties, which has resulted in some businesses not targeting offshore group tours nor the growing group conference and incentive market.

> *"if people are on a tight schedule…and they've got their jet boat at 9.00, their bungy at midday and their skydive at 3.00; we have a 33% cancellation rate because of weather so a lot of people, like corporate for example, find it hard to use us for incentive group packages because they need to know at 2.00 that they will all go…our product is a problem if they can't rebook…whereas say the backpackers in town, yeah they can't go at 9.00 because it's cloudy but the cloud's going to lift by 11.00, they'll just go and have a coffee, so it's not a problem for them" (Large Business)*

The clients' skill levels and state of health have also been identified as encumbering the desire of some respondent businesses to pre-sell their products. A number of ‘active’ adventure products require clients to possess certain skill levels (guided mountain biking tours) or levels of health or body size (canyoning). If clients are booked for an activity without satisfying certain criteria, this can result in great inconvenience as well as financial loss for the affected operators, which predominantly sell high-quality, personalised products with small-group participation. Thus, these products require sales staff in destination booking offices as well as wholesalers and inbound operators elsewhere to have a good level of product knowledge. A notion of distance decay was expressed in that the further the sales staff is from the actual product the greater the range of products they sell, which often results in a lack of specific and detailed product knowledge. The businesses concerned by this necessity for particular skills or characteristics are actively pursuing product education as a means of mitigating this predicament, but find this task challenging enough ‘at destination’ thus not pursuing channels further away.

> *“with the intermediaries it is the training of them and getting them to know your product. Ordinarily, I'll use the example of Queenstown itself, that we have let's say the booking office as an intermediary, and hotels. Their staff change every year…I pay the company commission when they sell a product but they don't allow time to do the training in selling my product. ” (Micro/Small Business)*

In dealing with these challenges different strategies are enlisted by businesses.

> *“we really need to educate those staff…I have sat down with them and said, we cannot have novices on our[activity]. Three days later, three people turn up and they can only just ride the bike. It's pointless them coming on our trip because it's steep and technical… so you need to get the people that are booking your trip, on the trip, so they know exactly what it's about. So it's education and visual – videos” (Micro/Small Business)*

In this context, a number of the smaller businesses enlist the help of the Internet to improve product education with both consumers and intermediaries in mind,

> *"even people who are selling my product will look at it [website] and get information and learn more about it rather than just looking at a brochure" (Micro/Small Business)*

However, some are coupling the objective of improving product knowledge with the intention of bypassing sales agents, which will ultimately allow them to describe the nature of the product and assess clients' skill levels themselves,

> *"that's why the Internet could really take over because I'll cut them [unknowledgeable sales staff] out as quickly as possible. And that's why I always have the free phone number on my brochures and posters so they can ring me directly" (Micro/Small Business)*

As previously with the analysis of the demand side, a number of other interesting observations were also made.. These observations relate to the issue of capacity constraints as experienced by some of the smaller businesses, the dynamics of competition in this sector, and the importance of referral networks in adventure tourism.

The first of these factors, one also noted as presenting a strong influence on channel structure in the context of attractions more broadly (Pearce and Tan, 2004), is the fact that a number of the micro and small businesses provide highly personalised, low capacity products. Often they do not have the ability to accommodate group bookings, which in turn explains the heavy reliance of a sizeable part of the industry on independent travellers; this is mirrored in the distribution channels utilised by these businesses, which make no effort of targeting groups.

> *"Don't really do groups…I operate a maximum of six people because it's a personalised service, it's not bulk tourism and it never will be. That's not the nature of it" (Micro/Small Business)*

Others express this in terms of not pursuing new channels nor targeting specific markets, *“We've got enough demand for what we can supply so it's just working quite well at the moment. We seem to be able to just sort of cope with it” (Micro/Small Business)*

While this sector of the tourism industry is widely recognised as highly dynamic and thus competitive, this notion of competition appears to impact on the respondent businesses in both positive and negative ways. The positive dimension is well illustrated by one of the micro/small businesses, in that competition can be beneficial in establishing an activity’s identity and association with a location,

“it's interesting, the other company started up about two years ago and we've quietly been increasing our volume of work since that time…It is perceived as a larger industry if there's more than one operator. So people go, oh all right – this must be what you do here and then they go down to choose who to go with”

Another business echoes this positive spin on competition,

“There’s four or five bungy jumps. And there’s four or five jet boats. So the word jet boat goes out and so does the word bungy. But we’ve only got two voices in terms of [our activity] so yeah, there’s room for competition” (Micro/Small Business)

Yet, some also acknowledge the challenges of operating in a highly competitive sector that presents both direct and indirect competition. Mechanisms widely used to remain competitive in Queenstown’s adventure tourism industry were found to include: greater efforts by those operators less reliant on specific weather conditions to pre-sell products i.e. by means of increasing their relationships with inbound operators; the packaging of several adventure products into a ‘combo’, and the establishment and maintenance of strong strategic relationships. The most recognised of Queenstown’s ‘combos’ is the ‘Awesome Foursome’, which appears to have achieved somewhat legendary status and consists of a jet boat ride, a bungy jump, a helicopter flight and a white-water rafting trip in one day. The target market for combos, of which there are now in excess of 15, is clearly identified by one of the large businesses,

> *”predominately international. Those products are mainly targeted towards the backpacker market…they want to do as many activities as they can for the least amount of money and they’re here for the biggest experience so they do the big Awesome Foursome one-day adventure“*

The provision of these combos is based on strong alliances and used strategically by mostly larger businesses to retain competitive advantage,

> *“the thing we have to deal with is we have to change people’s thinking and their decision-making to show them actually that it is a product which you can pre-book and the way we do that is by comboing it with other activities so the person feels they’re getting a good deal by pre-purchasing it before they get to us” (Large Business)*

Additionally, strategic alliances, which appear to be well established throughout the adventure tourism industry in Queenstown, play an important role in referring clients to providers of other activities. The referral system is based on strategic alliances but also the principle of a reciprocal relationship. Some of these alliances are verbal agreements while others are highly formalised. Irrespective of the type of agreement, though, the research found personal relationships to be highly valued and actively maintained across the board. This applies not only to the inter-business, horizontal relationships but also the vertical relationships connecting suppliers with intermediaries such as booking centres, accommodation providers and tour leaders.

> *“that’s a big part of our business is personal, yeah. Like your relationships have to be very strong” (Large Business)*

CONCLUSIONS

This paper has explored the much-heralded (Swarbrooke *et al.*, 2003), yet under-researched and in academic terms underrepresented (Beedie, 2003a), phenomenon of adventure tourism and more specifically the commercial adventure tourism sector in Queenstown. The findings reveal the sector's distribution channel structure to be similar to heritage and cultural attractions. While a complex distribution system was discovered to be accessible by adventure tourism businesses, the sector considers its distribution priority to be solidly 'at destination'. The only channel with significant potential to provide distribution 'in market' and 'while travelling' that was widely used and supported by businesses across the board was the Internet. Interestingly, though, the Internet's key strengths remain to be its capacity as a product education tool in the eyes of most respondents; its capability as a booking channel is seen as beneficial but of secondary importance.

Consistent then with the observed focus on 'at destination' distribution, the research found that pre-selling of adventure tourism products was not common practice. This was identified to be a consequence of both specific demand and supply characteristics that were felt to be inherent to this unique sector. The lack of interest exhibited by tourists to pre-book adventure tourism products was considered to be a ramification of the nature of many products as 'impulse' purchases that are stimulated by witnessing other people consume the product. Additionally, the respondent businesses thought that adventure tourists are reluctant to commit to early bookings because they may feel that this would limit the flexibility of their travel itinerary and inhibit them from searching out the best-value and most-recent product. While this may appear as a disadvantage for the suppliers of adventure tourism, the research found that many businesses do not consider pre-selling a priority and in fact even discouraging it by means of strategic distribution channels use. The rationale for this is in part financial while in other cases being a function of adventure product inherent characteristics. For example in the context of pre-selling as a mechanism for ensuring destination visitation many businesses felt that this was unnecessary as they believed that, due to its iconic status, tourists would visit Queenstown regardless; the businesses would then target these visitors once they arrive.

Yet, this interesting concoction of a distinctive group of entrepreneurs serving a distinctive segment of the tourism market has also produced other noteworthy phenomena. As such, a marketing tool that has become somewhat of a trademark for this sector, the 'adventure combo', was found to be used strategically by clusters of predominantly large operators as a means of increasing volume and maintaining competitive advantage. Inherent to this marketing approach are strategic alliances, which appear to be wide-spread in adventure tourism, both as formalised relationships and as informal referral networks. It was also interesting to note the significance of souvenirs in the context of adventure tourism as they were found to be highly valued by businesses for marketing purposes, while also interpreted to be of great significance to consumers of adventure products in the context of the acquisition of social capital.

The findings presented emphasise the unique dynamics characterising this sector and illustrate it to be a distinctive segment of tourism. These dynamics were also found to be the underlying reasons that prompt the strong 'at destination' distribution favoured by both demand and supply sides. This results in the blurring of some of the conventional distinctions between distribution and promotion.

Many questions regarding this sector, in particular with reference to its business dimensions, unfortunately remain unanswered. While this paper has contributed to a greater understanding of distribution channels in the context of Queenstown's adventure tourism sector, it is unclear how these findings relate to the expanding adventure sectors in other countries and continents. Additionally, the findings presented with regard to both supply and demand characteristics are based on interviews with suppliers of adventure tourism products. Thus, there is a need to test some of these findings by means of consumer-based research and to conduct similar research in other contexts. Due to the sector's dynamic and innovative nature, it would also be intriguing to explore the impacts that on-going advances in communication technology, mobile in particular such as video calling, picture messaging and video messaging, will have on it and its distribution structure. A range of 'fresh' direct and indirect marketing opportunities may be developing for adventure businesses as a result of these technological advances.

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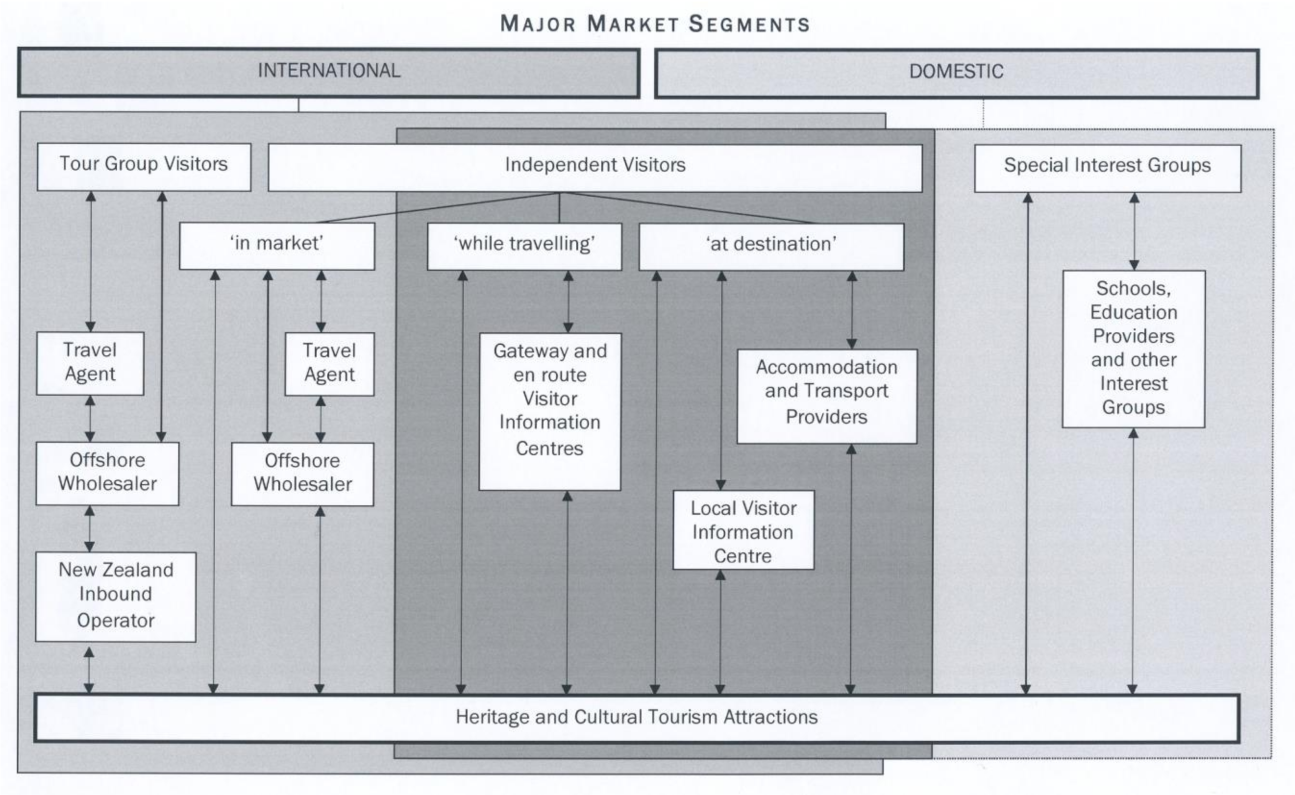
Figure 1. Distribution Channels for Heritage and Cultural Attractions in Rotorua and Wellington



Source: Pearce and Tan (2004)

Table 1. Adventure Tourism Participation by International Visitors 1997-2004

Activities	**1997** *in (000)*	**1998** *in (000)*	**1999** *in (000)*	**2000** *in (000)*	**2001** *in (000)*	**2002** *in (000)*	**2003** *in (000)*	**2004** *in (000)*	**% change 97 to 04**
Tramping **(≥ 1 Day)**	134	161	165	234	200	213	306	317	+137%
Jet Boating	143	173	158	179	175	171	200	225	+57%
Glacier Walk	125	124	148	164	140	159	245	256	+105%
Bungy Jumping	65	78	82	82	101	96	105	101	+55%
Caving	29	48	64	76	80	67	86	57	+97%
Kayaking Sea	18	23	27	36	46	52	81	74	+311%
Rafting - White	42	51	42	51	40	50	66	61	+45%
Parachuting	4	21	20	24	34	31	69	40	+900%
Kayaking River	14	14	11	22	19	25	25	27	+93%
Rafting - Black	18	16	16	16	19	22	34	24	+33%
Mountain Biking **(Off-road)**	14	15	11	12	15	19	17	18	+29%
Gliding	4	3	3	0.8	3	13	54	39	+875%
Ballooning	2	6	6	6	10	9	8	6	+200%
Paragliding	10	8	6	14	8	6	3	10	+0.01%

Note: Participation levels are recorded in thousands (000)
Source: Based on data from TRCNZ (2005)

Table 2 – Respondent Businesses' Profiles

Activity Type	Size (FTE employees)	Decade of establishment
Canyoning	Micro	1990s
Hot air Balloons	Micro	1990s
Mountain-biking	Micro	Since 2000
Mountain-biking	Micro	Since 2000
Hang gliding	Small	1990s
Hang gliding	Small	1990s
Wilderness Experience	Medium	1980s
Bungy Jumping	Medium	Since 2000
Jet Boating	Medium	1960s
4-wheel drive tours	Medium	1980s
Para-gliding	Medium	1990s
Skiing and hiking excursions	Medium	1980s
Jet Boating	Large	1970s
White-water rafting	Large	1990s
Skydiving	Large	1990s
Bungy Jumping	Large	1980s

Note: The numbers of employees were found to fluctuate considerably as a result of seasonality; the categorisation in Table 2 is thus based on an estimated annual average of full-time equivalent employees.