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# The Potential for Developing Rural Tourism in Xiajin County, China: A SWOT Analysis

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## ABSTRACT

Tourism is becoming increasingly significant for the Xiajin County economy. The county has abundant natural, cultural and historical resources, and it would benefit from the development of rural tourism (RT). However, rural areas face many challenges in developing RT. The first step in overcoming these challenges is to engage in strategic planning, which is the process of determining a vision for the desired future and establishing how to get there. This study was intended to highlight the potential for RT in Xiajin County, China. The specific objectives of the study were to understand the current state of RT development in Xiajin County, to identify strengths, weaknesses, opportunities and threats and to provide possible strategies for development of RT in the county. Findings of the study indicate that to grow sustainable tourism, the Xiajin County government should develop, implement and monitor appropriate RT management and marketing plans that include identified weaknesses, strengths, threats and opportunities; its strategic focus should be to increase not only the volume of tourists, but also their spending and length of stay. In addition, the study proposes key recommendations for Xiajin County leadership to consider when developing tourism strategies.

Keywords: Rural Tourism, Xiajin County, China, SWOT Analysis, Strategic Directions

## INTRODUCTION

Rural tourism visitor arrivals reached 385 million in 2008 in China with the generation of \$8.82 billion revenue, 4.95 million direct jobs and 18.4 million indirect jobs. Currently, rural tourism (hereafter referred to as RT) has become an important part in the China tourism industry (Requirement for Comment Draft, 2009). Compared to RT in the Western world, China's RT started relatively late but developed rapidly. In the last 30 years, RT has significantly impacted the rural economy. According to the National Tourism Administration, RT can increase domestic demand, and also help the economy progress from an industrial-based to a service-based one. It is an essential economic development tool in rural China (The Second China Rural Tourism Summit, 2011). With the implementation of the National Rural Tourism Developing Plan 2009-2015, rural tourism must take advantage of the significant opportunities for further development.

China is rich in resources to develop RT, because 70% of tourism resources are located in rural areas. Strong rural cultures, unique folk customs, and beautiful farm views provide RT with significant

development potential. In addition, Shandong Province like all of China, it is made up of many ethnic groups, each with their own cultures and traditions. The rapid development of the economy has allowed China to enter the mass tourism development stage, and rural regions have become the new tourism hot spots (www.ce.cn, 2011). Furthermore, rapid urbanization is contributing to phenomena. While China was 26% urbanized in 1990, it reached 53.4% in 2009. This growth and the government's urban centric approach mean that more than 700 million Chinese live in urban areas (CPIRC, 2011). As a result, RT has great potential and appeal, not least because of it's the nostalgia for a more rural lifestyle and the counter-urbanization syndrome of urban residents.

Because RT is seen as an important means for rural development in China, all levels of government take active measures to improve the rural economy. This is illustrated by the RT development approach whereby the central government sets the direction which is supported by all other government ministries, who also market, and operate RT. This governments' and industry's effort should also allow creating distinctive brands built on the different local strengths and use the brand to drive development. Hence, many provinces and cities have been attempting to establish criteria, standards and plans to develop and upgrade their RT (Requirement for Comment Draft, 2009).

Unfortunately, rural areas face many challenges in developing RT as an economic tool. These include lack of qualified personnel, lack of community involvement, lack of strategic communications, business planning skills, and abundance of underdeveloped cultural and natural resources. To solve these problems, the China governments at the federal and provincial level have provided subsidies to develop unique tourism products by building on an abundance of natural and cultural resources and utilizing standardized training programs. However, this does not address the challenge of marketing and business skills at the local level. Due to limited budgets and lack of experts, the local government tourism divisions in rural areas face serious challenges to promote their area as a tourist destination. The first step to overcome these challenges is to establish strategic planning which is a process of guiding what a destination desires to be in the future and how to get there, since it is a powerful tool and basic requirement to survive in the competitive market place.

Therefore, the main aim of the study is to focus the potential for developing rural tourism in Xiajin County, China. The specific objectives of the study are to understand the current situation of rural tourism development in Xiajin County; to identify strengths, weaknesses, opportunities and threats in rural tourism and provide the possible strategies for development of rural tourism in Xiajin County, China.

## RURAL TOURISM

RT involves tourists' relaxing as well as witnessing, experiencing, participating in or studying activities that form the core of country life (Liu, 2006). These are the great attractions of the rural area itself and the related agricultural businesses, natural resources, folk customs and scenery. Wilson, Fesenmaier, Fesenmaier and Van Es (2001, p.132) pointed out that "since the 1970s, economic restructuring and farm crisis have greatly reduced rural communities' economic opportunities". These changes made historic development strategies less viable, forcing many to look for non-traditional ways to sustain themselves. One of the most popular approaches has been through tourism and its associated entrepreneurship opportunities because of this sector's ability to bring in revenue generate jobs and support retail growth. In the 19th century, farm tourism developed rapidly in the United

Kingdom, France and Spain (Roberts & Hall, 2001). With increasing industrialization and its corollary of urbanization, city dwellers developed strong desires to tour and vacation in rural areas. Therefore, the United States, Japan, Australia and other countries pursued rural tourism actively, and accumulated abundant experience in developing rural tourism over more than one hundred years (Lu & Zhou, 2009).

RT is a higher level of leisure-oriented new tourism types, which is based on farm or agro-tourism but far more than that, it emphasizes leisure and fun experiences and participation in rural related activities. There are probably three gradations of tourism products, the first is scenic spots or city sightseeing, the second is exhibit, culture or holidays touring, and the third is RT. RT is at the highest level of this pyramid structure; the higher position of this structure, means the higher valuable customs. Thus, the target market of RT is a small group of middle and upper socioeconomic consumers who are strongly interested in rural values and cultures. This led experts to believe that RT is not only an appreciation and reflection of rural scenery, but also an immersing into it (Wang & Wang, 2010). Beyond these influences, there were many other causes that pertain more to economics.

## ECONOMIC AND RURAL TOURISM DEVELOPMENT IN XIAJIN COUNTY, CHINA

Shandong Province has a total of 17 cities and 139 county administrative units. Xiajin County is one of the 139 administrative units, and its economy ranks in the lower half of the province. Its historic and other tourism resources are similar to those of the other rural regions of Shandong province, which makes it broadly representative for planning or developing rural tourism marketing strategies (China Central Government, 2010).

Located in the northwest of Shandong province, China, Xiajin County was selected as the study site. It is located northwest of the Yellow River alluvial plain and it is rich with hilly terrain. It has a warm temperate climate that is referred to as a sub-humid continental monsoon climate with distinct seasons. Xiajin County's land area covers 882 square kilometers with a population of 0.49 million. It is one of the 11 counties in the Dezhou area (China Central Government, 2010).

Xiajin has unique resources for developing RT. There are large pieces of ancient forest in Xiajin, which occupy 20 thousand acres including three main types of trees and it is an outstanding resource in the plains area. There are 30 thousand trees that are over 100 years old, and the whole forest includes 55 sections made up of 117 categories and 210 species of trees. Economically productive forests of fruit trees such as pear, apricot, peach and persimmons are abundant in the area. The total radius of this area is 120 thousand acres; the forest coverage rate is 61.8%. Xiajin County has long been known as a "northern deciduous museum" and a "small fruit village". This is the unique natural heritage in Xiajin, a "natural oxygen bar" for visitors. Along with this natural scenery are ancient local customs, legends and historical figures. These are all integrated into the "original ancient River soul". The leisure tourism resources are rich and unique in Xiajin, and the leisure tourism industry are infants as a result of this (Gao Hongbin, 2011).



Figure 1. Location of Xiajin County, Shandong Province, China

Table 1. The Top 10 Rural Regions in the Dezhou Area by GDP

County	GDP (million RMB)	Growth Rate (%) (2008 - 2009)
Qihe	17,700	18
Linyi	16,100	16
Pingyuan	14,250	15.1
Yucheng	13,700	14
Lingxian	13,500	13.6
Decheng	13,500	13.5
Leling	13,100	16.8
Ningjin	12,500	13
Wucheng	12,000	13.5
Xiajin	11,890	12.6

Resource: Xiajin County Government Work Report, 2009

Shandong province is the sixth richest province among 22 provinces in China. The economic output of the Xiajin County was 11,890 million RMB in 2008-2009 which is the 10<sup>th</sup> largest in the Dezhou Area behind 9 rural counties except Qingyun County. That figure is based on current 2008 RMB (nominal GDP). During the years of 2008-2009, Xiajin GDP grew at an annual rate of 12.6% in nominal terms which are lower than most counties in the area (Xiajin County Government Work Report, 2009). Its major urban target markets are Jinan and Qingdao in the same province where more than 90% of tourists come from. Xiajin County's tourist arrival numbers have grown at a faster rate since 2009 and tourist arrivals to Xiajin County reached 1.3 million in 2010. Furthermore, total spending by tourists to Xiajin County in 2010 stood at 10.1 million RMB which is a volcanic increase on the same period last year (Xiajin County Government Work Report, 2010).

## METHODOLOGY

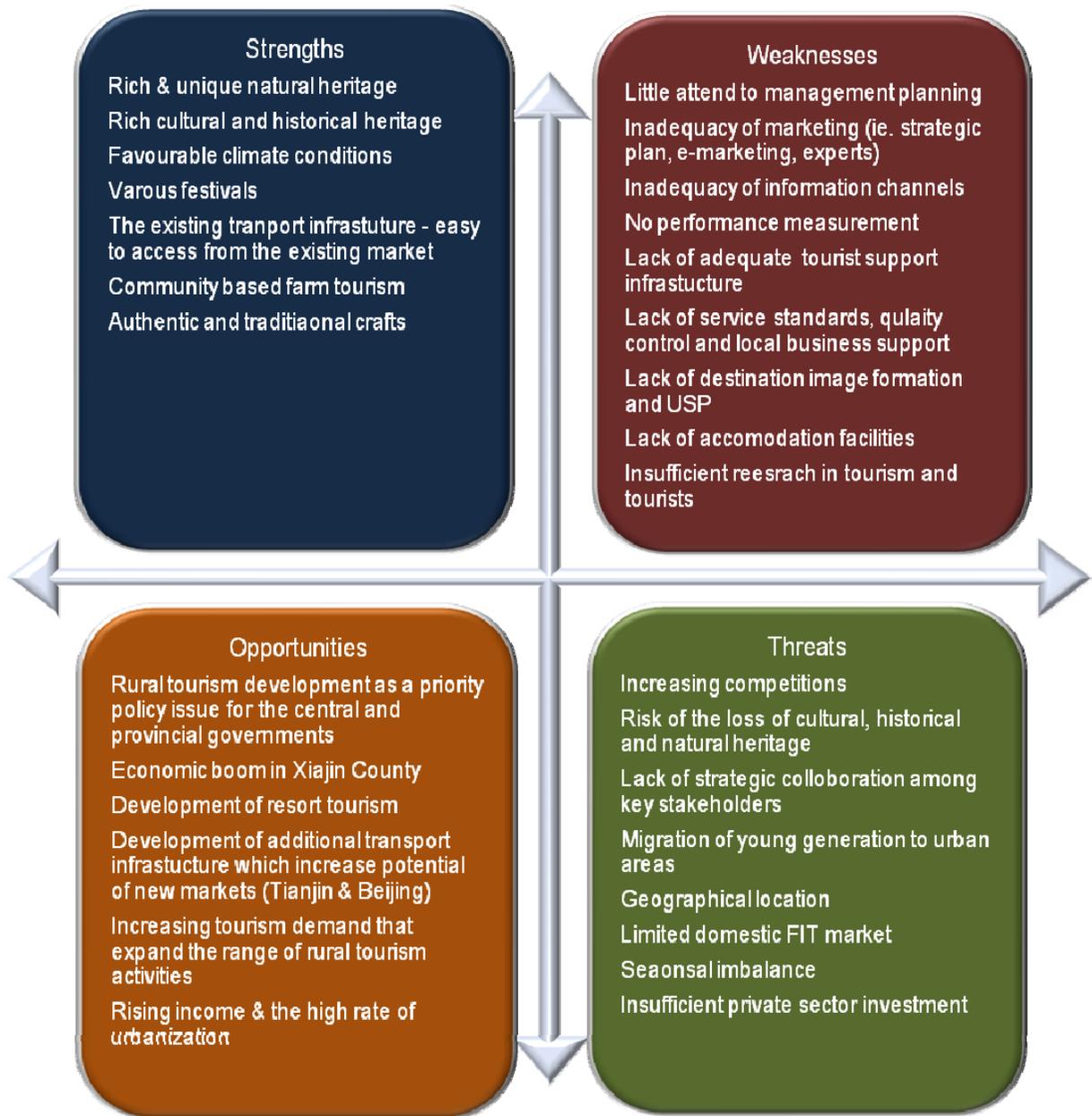
This research used a case study approach to achieve the study objectives. Data were collected through in-depth interviews with local government officials, local farmers and local business owners, as well as through document review and observations. Semi-structured interviews (using 10 open-ended questions) were conducted with local business owners and local government officials who work in tourism-related divisions (Tourism Management Bureau, Culture Bureau, News and Press Bureau, Sports and Games Bureau, Broadcasting TV Bureau, Statistics Bureau and Technology Bureau). The interview questions were designed to allow participants to describe both the current rural tourism (RT) development in Xiajin County and their experiences working to develop tourism in the area. Participants were encouraged to reflect, expand and elaborate on their experiences. In addition, unstructured interviews were conducted with local farmers who have been engaged in RT. They were asked to provide their opinions and perceptions of the existing tourism industry as well as their expectations and anticipated challenges in increasing tourism development.

To assess the current state of RT development for the study site, a SWOT analysis was employed. As Johnson and Scholes (1999) indicated, SWOT analysis is a flexible technique used to identify and evaluate the strategic factors that assist or hinder the destination government in reaching its full potential. Therefore, SWOT analysis was used to assess the current state of RT development, as well as the local government and its environment in Xiajin County, China, as a first step in the development of a strategic planning system. For this study, a simple diagram of the components of a SWOT analysis framework was used.

## FINDINGS

The results of the SWOT analysis of rural tourism in Xiajin County, China, are summarized in Table 2. On the one hand, having recognized RT as a major engine of economic growth, employment generation and poverty alleviation, the Chinese government is willing to provide full financial support for its development. In addition, because of its economic boom, China has become highly urbanized, which has triggered a nostalgic desire among the people to return to rural areas that have been romanticised in their minds.

Table 2. The Results of the SWOT Analysis



On the other hand, ever increasing competition between destinations in the same region has not been addressed by local and regional governments. Limited and undifferentiated product offerings create seasonal imbalances and attract only package tourists, which increases the high level of visitor leakage in Xiajin County. Furthermore, current development concepts used in China involve government-centred mass development with little private-sector investment or strategic collaboration among key stakeholders at the community level.

With a mild climate and four distinct seasons, Xiajin County has an abundance of natural resources and a richly varied cultural and historical heritage, which offers ample opportunities to develop niche tourism products, including ecotourism, cultural tourism and ethnic festivals. Recently, the local and provincial governments have prioritised their attempts to increase tourism. However, internal obstacles have hindered their efforts. These obstacles include service standards, qualified labour shortages, infrastructure (facilities and amenities) development, destination marketing and management organization that includes a research division, a preservation and conservation plan for rural cultural, historical and natural heritage, the development and implementation of marketing and management plans and a paradigm shift from government-based to community-owned, private sector-based tourism.

## DISCUSSIONS AND RECOMMENDATIONS

Rural tourism is a relatively new concept in the Chinese tourism industry. However, with full support and great interest from the central and provincial levels of government, it has huge potential for future development and a substantial economic impact. To grow sustainable tourism, the Xiajin County government must develop, implement and monitor appropriate management and marketing plans that include identified weaknesses, strengths, threats and opportunities, and its tourism strategic focus should be to increase not only the volume of tourists but also their spending and length of stay. In addition, based on the analysis results, the following recommendations are proposed.

1. Develop a destination management organization.

A destination management or marketing organization (DMO) is a fundamental unit which takes a leading role in developing rural tourism, implementing tourism policies, developing and delivering sustainable tourism services to current and potential tourists and communicating with the tourism industry. It is a must-have organization to meet the challenges of increasing competition and the demands of today's sophisticated tourists. Thus, Xiajin County must develop a DMO to further develop and increase viable tourism in the region, as the current government tourism division cannot provide such services due to a lack of expertise in tourism.

2. Define the primary forms of RT for Xiajin County and develop differentiated and community-based tourism products.

Because it can be difficult to define rural tourism, before developing tourism products which differentiate it from competitors, Xiajin County needs to define what forms of RT to develop. For example, many rural destinations in China have attempted to develop mega-resorts, which is not preferred for long-term sustainability. Instead, Xiajin County should focus on pure forms of rural tourism, such as farm-based agri-tourism, ecotourism and cultural and historic tourism. Based on strategic plans, which are crucial to successful RT development, the county must develop unique products in terms of tourist preferences, tourist needs, buying behaviour and greater differentiation. As a first step, the county government should conduct a survey to determine the demand drivers of RT in Xiajin County.

3. Increase awareness of and create a unique brand image for Xiajin County.

Brand recognition of Xiajin County is low without cross-provincial reach and recognition and, thus, the county government needs to create a unique brand identity that will increase destination awareness and improve destination image in its target market segments in Jinan, Qingdao and other major cities in Shandong and other provinces. Xiajin has been known as the "Kingdom of Ancient Trees" the

“Paradise of the Self-driving Tour” and a “Leisure Attraction”. However, there has been image confusion regarding Xiajin County among the target market segments because the county government has never launched a brand positioning strategy. Therefore, to represent the core essence and enduring characteristics of Xiajin County and to focus on its core target markets, a branding positioning strategy should be developed, implemented and regularly monitored to build a competitive advantage for Xiajin County among its competitors in Shandong province.

#### 4. Develop and implement effective communication strategies.

It is important to establish effective communication strategies so that tourists become informed and motivated to visit Xiajin County. Most local businesses do not have a presence on the Internet even though they are willing to develop a website. In particular, as a potentially effective advertising and promotional tool for rural tourism, information and communication technology (ICT) is a key component in sustainable tourism. ICT can influence the chosen target market segments by communicating emotional and functional/rational benefits of rural tourism to overcome challenges associated with such destinations (i.e., isolation, distance and budget limitations).

#### 5. Develop and implement a sustainable management plan.

Among the three major components of rural tourism at the local level—development, marketing and management—the management component has received the least attention, even though it is crucial for long-term sustainability. Management of rural tourism involves conservation and preservation of natural, cultural and historical resources, protection of the environment and provision of high-quality visitor experiences. It is strongly recommended that the Xiajin County government develop and manage the destination based on the principles of sustainable development: economic viability, social responsibility and ecological soundness.

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