

# Tourism potential assessment and product–market nexus in developing ethnic minority destinations

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*This research note evaluates the suppliers' perceived tourism potential of destination attributes and discusses the product and market portfolio identification issues in ethnic minority destinations at their infancy development stages. Findings from a field study in Congjiang County, China, show the emphasis on different values between the public and private suppliers – cultural values for the former and product values for the latter – may confuse market identification and targeting. Thus, this study suggests a market portfolio that bridges such differences and contributes to fulfilling immediate needs and long-term needs for sustainable ethnic cultural resource management and the residents' well-being.*

**Keywords:** *Destination market portfolio, Ethnic minority, Ethnic tourism, Remote tourism destination, Tourism potential assessment*

## 1 INTRODUCTION

Not all ethnic tourism destinations are the same. Whilst some are easily accessible, others could be remotely located, with less accessibility and poorer tourism infrastructure, especially those at their initial stage of tourism development. Thus, ethnic tourism destinations need meticulous evaluation of their tourism developmental potential, ethno-product portfolios and identification of target markets to wisely utilize their limited financial resources available and contribute to the sustainability of their ethno-resources. However, the fitness between product portfolio and market selection at the initial stage of ethnic tourism development, from the perspectives of the local supply side, has been overlooked (Yang and Wall, 2009). A mismatch between the product offerings and the ensuing tourists could be consequential to the tourism development of a destination.

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Likewise, the dissonance between the public and private suppliers on their preferences of market selection and ethno-resources to be prioritized could generate inconsistent positioning and marketing of the destination. In particular, research on ethnic tourism destinations by and large examined destinations that are either cosmopolitan cities or today is no longer at their infancy stage of a destination life cycle, such as Rotorua in New Zealand, Chiangmai in Thailand, and Yunnan in China.

As such, the core research objective of the current research note is to supplement the limited research on the fitness mechanism between ethno-product portfolio and market prioritization at different stages of ethnic tourism development. Building on McKercher and Ho's (2006) model of assessing the tourism potential of smaller cultural and heritage attractions and McKercher's (1995) model that sheds light on analysing the product–market portfolio that reflects the dynamics of the markets based on the different stages of development, the current research note examines the ethno-tourism context and reveals what attributes of ethno-tourism resources are prioritized by official and private suppliers respectively, and the rationales behind, and discusses the product–market portfolio of Congjiang after considering the characteristics of the market in different development stages.

Theoretically speaking, revealing the product–market portfolios as employed by the official and private suppliers respectively would shed light on how commercial viability and cultural values interplay when a market-portfolio approach is dominated vs. the resource-based approach. In addition, the current research note elucidates why 'O' (organized) is the pre-requisite in the VRIO framework (valuable, rarity, inimitable and organized) when a destination is rurally located and suffers from poverty with little financial resources to create an effective destination brand image. The resource-based approach, which prioritizes cultural values, leads to more sustainable development and targets better at the niche market (Peters, Siller and Matzler, 2011). Findings provide managerial implications to remote ethnic tourism destinations with limited financial resources.

The current research locus is Congjiang County (henceforth Congjiang) in Guizhou Province, China. The population consists mostly of members of ethnic minority groups such as Dong, Miao, Zhuang, Yao and Shui. The inaccessibility of the region during the past centuries caused poverty through stagnation (Xu et al., 2019). Yet, this also contributes to Congjiang in maintaining its ethnic villages that have not been much commercialized. Thus, maintaining authenticity is not an issue in Congjiang: the situation resembles Shackley's (2001) description of some places that are too 'authentic' where such excessive emphasis on authenticity would deter modern tourists from visiting despite their high cultural values.

Spurred by the Chinese government's desire to utilize tourism to mitigate the poverty of rural areas where most ethnic minorities reside (Li et al., 2020), both the local government and the tourist operators aspire to develop tourism in this region (Su and Sun, 2020). It is further supported by the size (4.89 billion domestic tourists as of 2023) and the growth (93.3% increase year-on-year as of 2023) of domestic tourism in China, especially post-COVID-19 (Ministry of Culture and Tourism of the People's Republic of China, 2024). On the one hand, generating a cash cow in the short run, that is, to have a good number of mass tourists attracted to a destination to maintain commercial viability and operational feasibility is crucial to private tourism suppliers. On the other hand, a destination's image, tourism sustainability and appropriateness of the market selected that could match the destination's image well may be deemed to be equally, if not, even more important than the one of commercial success to local authorities. In the context of an ethnic tourism destination that is remotely located and

with limited financial resources to have full-scale tourism infrastructure to be developed, identifying the ‘right kind’ of ethno-resources to be prioritized and the adequate market foci would be important. A diagnosis of Congjiang thus helps identify the attributes of ethno-resources that are valued at different development stages, particularly the initial stage, a research inquiry that has been seldom discussed in the context of ethnic tourism.

The research question for this research note is as follows:

*How does the assessment of the ethno-product portfolio of Congjiang interplay with market prioritization at different stages of its ethnic tourism development?*

## 2 ATTRACTION APPRAISAL AND MARKET PORTFOLIOS OF AN ETHNIC DESTINATION

Product attribute assessment and market portfolio analysis are the two important concepts in tourism destination marketing. Regarding product attribute assessment, some previous studies have evaluated tourism destination products in terms of their existing or potential merits (du Cros, 2001; McKercher and Ho, 2006). Du Cros (2001) proposes a two-dimensional model for understanding the tourism potential of cultural heritage attractions that considers the physical integrity or robusticity of a cultural asset and its market appeal.

McKercher and Ho (2006) suggest a tool that considers four dimensions of the values of an attraction. First, *cultural value* encompasses attractions’ degree of genuine reflection of a cultural tradition. Second, *physical value* concerns mobility on site, potential physical damage resulting from visitations, levels of wear and tear, and general appeal of the site and its surroundings. Third, *product value* concerns whether the attraction is attractive enough to retain the tourists’ attention and interest for sufficiently long; whether the effort required to visit the attraction is reasonably low; whether there are other attractions close by; number of similar assets around the attraction’s site, which could enhance its potential to be included in an itinerary; and degree of available information about the attraction. Fourth, *experiential value* concerns whether the attraction has the potential to provide an interesting, engaging or entertaining experience; the ability to cater to different expectations; perceived authenticity and the quality of interpretation offered.

This assessment tool enables a comprehensive evaluation of an attraction. In particular, it helps explain why some smaller cultural attractions fail to have high tourism potential even though they have rich historical and cultural content. While their framework is useful, it has not been applied in the context of ethnic tourism destinations that are remotely located, poor to start with and are at the beginning stage of tourism development.

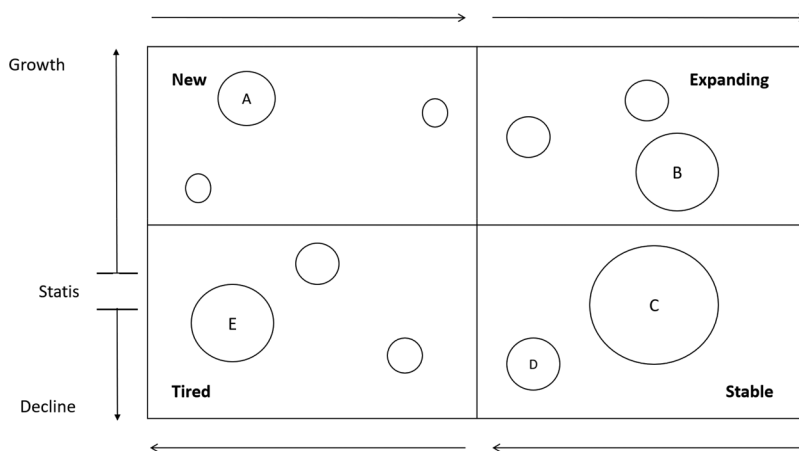
Market portfolio is another issue. The market portfolio focuses on identifying the markets that can match well the product offerings, and each market should be fed with its preferred product offerings as provided by a destination. However, as argued by McKercher (1995), even the most renowned market portfolio models in tourism studies fail to reflect the dynamic destination–market relationship that exists between a destination and the many markets it serves. Destination Market-Matrix (DMM) was thus suggested by McKercher (1995) as an effective tourism market portfolio analysis tool that can address the limitations of those existing models. The matrix considers the importance, life cycle, age in each life cycle stage, expectation of future performance,

the total number and the relationships among the markets involved in a destination area. The four cells show each life cycle stage – new, expanding, stable and tired. Each market is marked as a circle, the size of which shows the market size. The spectrum of growth to decline is represented in the vertical axis. The horizontal line depicts the age of each market – the circle – in the given stage. McKercher (1995) exemplifies the model with Figure 1. A represents a new market with a high level of growth potential; B is an expanding market; C is the largest and most stable market; and E represents a declining market.

Likewise in an ethnic tourism context, most of the literature presents general characteristics of a destination that are meant to be projected as the sellable attributes to the unsegmented market (Swain, 1989; Yang and Wall, 2009) without considering the dynamic relationship between a destination’s tourism stage and its target markets. Research gaps thus are found in terms of the consideration of the target market in the ethnic tourism context. The current research note thus examines the interplay and dynamism between ethno-product portfolio and market prioritization at different stages of ethnic tourism development.

### 3 METHODOLOGY

The current study adopts a phenomenological interpretive approach. Fieldwork and interviews were conducted in several ethnic minority villages in Congjiang in 2019. Through personal connection and snowball sampling, a total of 13 key informants contributed to the research. Informants were direct owners or members of the boards of directors of private agencies, officials who held senior positions at the local level. On average, each thematic interview lasted about an hour. The interviews aimed to reveal the informant’s evaluation of the potential of attractions in Congjiang based on McKercher and Ho (2006) and the reasons behind it. The corpus of qualitative data was individually examined by the research team and cross-checked by the members. Thematic coding was adopted, in which the coding process revolved around the



Source: McKercher (1995).

Figure 1 The Destination-Market Matrix

rationales for the nuclei to be included and prioritized for itinerary inclusion and destination promotion. Examples of the coding process are illustrated in Table 1. Statements that are of a similar nature are categorized within the same theme and are named according to the emergent meanings that reflect the research inquiry (Creswell, 2003).

#### 4 FINDINGS

##### 4.1 Tourism potential assessment by suppliers in public and private sectors

All informants admitted that Congjiang is a destination with very rich ethno-resources and their cultural significance is never doubted. Congjiang’s value assessment by the informants, based on McKercher and Ho’s (2006) conceptualization of the dimensions, is shown in Table 2. It appears that the government officials ranked cultural values higher than those who were in the private sector. Specifically, only three informants (ID11, ID12, ID13) valued experiential and cultural values higher, with two informants (ID12, ID13) being the ones who oversee the overall Congjiang tourism development. Product values in contrast were more importantly valued by mostly private suppliers (ID1–ID10). The most important attribute disclosed by the majority of the informants from the private sector indicated that cultural value was ranked the least important. On the contrary, whether a particular ethno-resource is worthy of promotion and development as an ethnic cultural attraction lies in its product value. The consensus from the

*Table 1 Examples of the thematic coding process*

Text	Initial codes	Sub-themes	Themes
Official interviewee: We have lots of ethnic minorities here, the culture and (ethnic) resources are different, it is indeed the main selling point to attract tourists who are interested in culture	<ul style="list-style-type: none"> <li>– Culturally exoticism, ethno-resource is worthy of promotion</li> <li>– The charm of Congjiang is rooted in ethnic culture resources</li> <li>– Attractive to cultural tourists</li> </ul>	Cultural values precede commercial values	Officials adopt resource-based view in product portfolio
An industry supplier interviewee: Only those with a special purpose, such as experimenting with a ‘son formula’ or who are seriously interested in anthropology will care to go there. There is nothing much to do in that village	<ul style="list-style-type: none"> <li>– Inaccessibility</li> <li>– Small business scale and size of visitation</li> <li>– Mass tourists are the main target</li> </ul>	High cultural values but low commercial viability	Private suppliers adopt a pragmatic market-based view in product portfolio

Table 2 Congjiang's values based on McKercher and Ho's (2006) conceptualization

Informant ID	Position a = Travel agency owner b = Government official	Most important		Least important	
		4	3	2	1
		ID1	b	Product	Physical
ID2	a	Product	Physical	Experiential	Cultural
ID3	a	Product	Physical	Experiential	Cultural
ID4	a	Product	Physical	Experiential	Cultural
ID5	a	Product	Experiential	Physical	Cultural
ID6	a	Product	Experiential	Physical	Cultural
ID7	a	Product	Experiential	Physical	Cultural
ID8	a	Product	Experiential	Cultural	Physical
ID9	a	Physical	Product	Experiential	Cultural
ID10	a	Physical	Experiential	Product	Cultural
ID11	a	Experiential	Product	Physical	Cultural
ID12	b	Experiential	Cultural	Product	Physical
ID13	b	Cultural	Physical	Product	Experiential

private suppliers is unorthodox compared to the ones in most of the ethnic and cultural tourism literature, in which the cultural value of a site is often valued and emphasized in tour inclusion.

The pragmatic worldview of the private suppliers is consequential to the attractions' inclusion in tour itineraries. Mass tourists were their prime targets and thus their selection of attractions was made according to their cash-cow segment's preference. The majority of the private suppliers critically considered operational easiness in assessing an attraction' overall appeal and to determine if the site should be included in a tour itinerary. If an attraction is not operationally performing well – if an attraction has no public toilet, no restaurant to accommodate large tour groups simultaneously, or if the accessibility to the attraction is bad with uneven hilly roads, and a long distance to approach each of them – the majority of the informants excluded it from their usual tour itineraries.

#### 4.2 Identification of the current and desired product and market portfolio

Private suppliers' unconventional selection seems to be driven by their faith in mass tourists as the only commercially viable market of Congjiang, at least at times when the research was undertaken. Presently, the limited tourism activity taking place in Congjiang takes mostly the form of all-inclusive package day tours organized by local travel agencies. Such a form of tourism implies that mass tourists – group package tourists – are identified as viable markets, while other types of tourists, those non-mass tourists, such as niche tourists, free independent tourists who travel in small groups, stay longer, searching for a richer and authentic cultural experience, are not considered by the private suppliers as potential or existing markets.

On the other hand, the sites that are not valued by the private tourism suppliers tended to be highly appraised by the official suppliers. In particular, private suppliers

had their considerations centred on ‘convenient accessibility’, ‘low effort required from the tourists’, ‘proximity to other attractions’ and ‘availability of tourism supporting facilities’. Those concerns may not be deemed to be equally important to other market segments, such as serious cultural tourists, who are willing to bear, or even prefer the remoteness and non-commodified state of a site, as commented by the local officials. Official suppliers’ perspectives corroborate McKercher’s (2002) insights that different product offerings should be provided to match well the segmented market’s needs that would appear in different stages of tourism development of a destination. In addition, officials appear to have a long-term vision and care more for a destination’s sustainable development. Their perspectives are in line with Peters et al. (2011) that adopting a resource-view-based approach is beneficial to the long-term sustainability of resource use, but it would require a strong vision and tactful resource management.

## 5 DISCUSSION AND CONCLUSION

The current research note reveals that private suppliers care more about McKercher and Ho’s (2006) product values and focus on the attractions that can attract mass tourists. The private suppliers tend to value ethno-resources that could cater well to the needs of the mass tourism market, failing to incorporate long-term views in understanding the market portfolio. This dilemma is often faced by destinations that are at the beginning stage of their tourism development that is, should one target the right market that matches the product offerings that the destination can offer, or should the destination strive to provide a variety of products that can attract tourists and markets as many as possible and as quickly as possible. To achieve this goal, careful tourism planning and managing the market portfolio is needed.

The DMM developed by McKercher (1995) suggests that it is perhaps wiser to manage the market portfolio that matches two different types of attractions – the attractions with higher convenience (i.e., high accessibility and a variety of facilities that are offered in the attraction for convenient sojourn of large groups of tourists who desire casual consumption of tourism products for a short period) than cultural values and those with higher cultural values than convenience. Moreover, with the severe financial constraints, Congjiang cannot afford the needed capital to build world-class tourist facilities in all villages – thus, careful tourism planning is needed for both the short term and the long run. According to the official informants, those who visit culturally centred attractions in Congjiang are less attracted by their commercial supporting facilities. To the local authorities, while the current mass market is important, those serious cultural tourists are the ones who are believed to enjoy uncovering the myth and charm of Congjiang by initiating adaptation while traveling, and such a market is expected to grow in the future. It is also important to note that, to the official suppliers, things are not always black and white. Different tourism offerings could accommodate the needs of both mass tourists and non-mass tourists, depending on the stage of tourism development.

Figure 2 describes the suggested application of McKercher’s (1995) DMM model to the case of Congjiang. The diagram shows that serious cultural tourists could have the potential to assist sustainable development by attracting them to currently ignored attractions that have low product values but high cultural values. This resonates with Wu et al. (2014) who argued the contribution of serious tourists to sustainable tourism in a similar context and UNESCO (2021) that has been addressing the growth of such cultural tourists and their roles in the recovery from COVID-19. Many potential

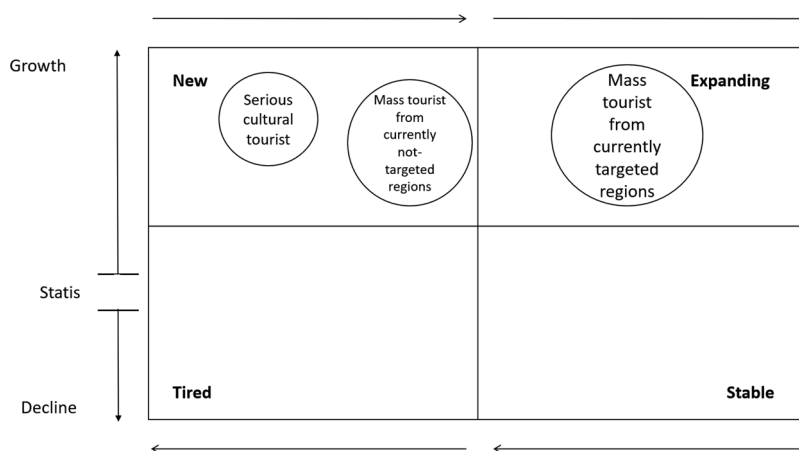


Figure 2 Destination-Market Matrix for Congjiang County

markets – serious cultural tourists – which are being overlooked at present by private suppliers of Congjiang are still in the Cell-New in the DMM model and are expected to grow to Cell-Expanding with an underlying assumption that the destination’s product portfolio is better understood to target the right market segments. Mass tourists, although seeking shallow cultural experiences, are still attracted by the ethnic minority culture due to accessibility and cultural uniqueness. While taking care of the cash-cow segment, suppliers are suggested to realize the potential and importance of emergent markets for sustainable development and should consider using differentiated marketing strategies with different product mix – especially in terms of the choice of attractions.

The research note thus reports the diagnosis of Congjiang by revealing the attributes of ethno-resources that are valued by both the public and private tourism suppliers and are in different development stages. By doing so, this study supported the usefulness of McKercher and Ho (2006) not only by identifying how each attraction has potential for tourism development – mostly utilized in past studies, such as Laing et al. (2014) – but also by adopting this as a framework to check different aspects of development potentials each group of suppliers addresses. Also, the product–market portfolio was effectively visualized by adopting McKercher’s (1995) framework to seek strategic and sustainable development of this ethnic tourism destination. Realistically speaking, organized commercial viability may take precedence over cultural values mainly because the private suppliers are likely to be hesitant to take risks to invest in the infrastructure and basic facilities to include culturally rich attractions with a lack of commercial values, as the findings from this research note support. However, this does not mean that such attractions, which currently are suffering from a lack of accessibility and capacity to accommodate tourists, should remain as *status quo*, leaving them being excluded from the development of the hardware. It is not an attempt to suggest that the findings of the current research note are perfectly generalizable in other destinations. Furthermore, limitations of this study exist in that this research note focused on the suppliers instead of a wider range of stakeholders, especially the ethnic minority groups. Nevertheless, in tourism research, each case report reflects a part of the diversified and sophisticated reality that exists in our world. Some ethno-destinations are

likely facing similar paradoxical issues, and the insights from the supply side would contribute to steering the direction of the region's tourism development and planning. Findings as such provide explanatory insights of the interplay and dynamism between ethno-product portfolio and market prioritization at different stages of ethnic tourism development.

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