The Tourism Cluster in the South Carolina Lowcountry

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Introduction:

In 2002, South Carolina business leaders invited Dr. Michael Porter and the Monitor Group, L.P., to assess the state's competitiveness. While South Carolina had experienced economic growth in the last decade, many were concerned that wage growth lagged behind and unemployment remained above the U.S. average.

Dr. Porter and his associates identified tourism as one of the state's four existing industry clusters. Using Porter's cluster theory, this paper examines what are the right kinds of assets to spur tourism cluster growth in the Lowcountry region of South Carolina. The paper is divided into three parts.

Discussion:

Four counties comprise the Lowcountry Tourism Region, bordered on the east by the Atlantic Ocean and on the west by the Savannah River and the state of Georgia. Interstate 95 traverses the region, providing access to the inland towns, swamps, nature preserves, riverbeds and artisan centers. The attributes of the Lowcountry – the unique ecosystem, early American history, seacoast location, and medley of cultural offerings – contribute to a thriving tourism cluster. Out-of-state visitor expenditures on tourism goods and services are a major "invisible" export in the Lowcountry.

Dr. Porter believes that long-term growth depends on industries maintaining a competitive advantage, enhanced by the location of business units or clusters. Porter's cluster theory provides a four-part diamond framework through which Lowcountry tourism and its components can be assessed: Demand Conditions, Factor Conditions, Inter-Industry Dependence, and Strategy, Structure and Rivalry. Demand Conditions in the Lowcountry are improving but lag behind other tourism-based markets due to the relatively small size and low per capita income of the local population. Factor Conditions - a mix of human, capital, and natural resources and related infrastructure – are good but not without challenges. While the Lowcountry tourism product is concentrated in Beaufort County, a majority of the labor force live in the neighboring counties. Unprecedented population growth, the constant threat of beach erosion, and protection of wetlands are challenges to economic development in the region. Inter-industry Dependence on tourism is high but not well-documented at the regional level. The final component of Porter's diamond framework is Strategy, Structure and Rivalry. Marketing partnerships, brand positioning, and business-friendly public policies contribute to a positive environment for the tourism cluster in the region.

There are three potential strategies the tourism cluster can employ to encourage cluster growth. First, they can expand the cluster members to include additional points along the value chain or industries dependent on tourism. Second, they can expand the cluster location to include the Georgia Sea Islands. Third, they can nurture the area's amenities through smart growth planning strategies.

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