Entrepreneurial networks in backpacker businesses in Mexico and Malaysia

A thesis submitted to

the University of Kent at Canterbury

in the subject of Management

for the degree

of Doctor of Philosophy

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August 2013

Declaration of Originality

I hereby declare that this thesis and the work reported herein was composed by and originated entirely from me. Information derived from the published and unpublished work of others has been acknowledged in the text and references are given in the list of sources.

Canterbury, 27th August 2013

Signature

Abstract

Backpacker tourism, as a niche market of international tourism, is experiencing on-going signs of massification and commodification, and it is served by entrepreneurs with a variety of business motivations that range from lifestyle-orientation to profit-motivation. Since its beginnings in the 1970s, increasing numbers of former backpackers have turned from consumers to producers of tourist services and resettled into popular destinations – often into so-called 'backpacker enclaves'. In these enclaves, they open small accommodation facilities or other services, but little is known about the development of backpacker supply services.

While network analysis has been applied in a variety of academic research areas, in the field of tourism studies, the study of networks has not been applied to backpacker tourism and its service providers. The subject of this research is therefore to shed light on the changing dynamics of social, communication and exchange networks between providers and consumers of services in the context of increasingly commoditised backpacker tourism.

In two well-established urban and two rural backpacker destinations in Mexico and Malaysia, in-depth interviews were held with backpacker entrepreneurs. Both countries have a history of backpacker tourism since the 1960s and are located on regional backpacker trails.

This research has shown that there the nature of backpacker tourism and its services is a reaction to the changing composition of the backpacker market and regulatory framework. Strategic skills in backpacker services that used to be acquired through strong social networks between hosts and guests have changed to exchange networks between growth-oriented service providers and consumers. In Malaysia, as a result of weaker social and stronger exchange networks, the entrepreneurs' knowledge and innovation is now often acquired by means of copying other businesses approaches. In these highly commoditised and concentrated backpacker enclaves, the result is a strong division between producers and consumers, while in dispersed enclaves such as in the urban enclave of San Cristobal de las Casas, where backpackers spend extended amounts of time and lifestyle, entrepreneurs-run businesses, social networks between producers and consumers of backpacker services continue to thrive. As a result, not only are social networks stronger,

allowing backpacker services to continue to innovate, but lifestyle entrepreneurs continue to run businesses successfully, and the division between producer and consumer is less clear.

Network analysis has proven to be a useful tool to explain the dynamics of the commodification of backpacker services, and with increasing commodification, the shift from social to exchange networks give insight into the development of backpacker tourist services, its massification and the reaction of service providers to that change.

Keywords: networks, business motivation, backpacker tourism, Mexico, Malaysia

Acknowledgements

It all started in March 2008, when - after a presentation on Zipolite at a conference on backpacker tourism in Shimla (India) - Mark Hampton asked me whether I would consider doing a PhD on the evolution of backpacker services together with him at the University of Kent. I had developed a passion for service providers in small-scale tourism after my master's degree in human geography and after working in tourism development in national parks in Mexico. As a result, I was immediately excited by the idea of doing more work in this area, comparing different tourist destinations, not only in Mexico, but also in other parts of the world that have attracted backpacker tourists since the 1960s.

This thesis is the conclusion of the travel I have made myself in the course of the past four years. During this time, I had the chance to return and travel 'with' backpackers in the country I knew, Mexico, and the country I knew little about prior to this work and to which I was introduced by Mark Hampton: Malaysia. In both countries I had the opportunity to see backpacker travel through the eyes of the locals, as hosts and as service providers. I want to thank Sylvain Caillé and Albert Timmer who helped me through this long journey with their support and without whom I would never have managed to conclude this PhD. This work would of course not have been possible without the tremendous support and also the patience from both my supervisors Mark Hampton and Alison Dean. Together with my supervisors, I also want to thank my PhD colleagues Andres Silva and Caroline Walsh for lending me an ear, or taking a break when I needed to.

My family has always stood behind me throughout the years, and next to my parents and my brother and sister, I want to especially thank my grandmother, as it was she who triggered the desire to travel to far-away countries from when I was a young boy. My friends have been there for me, throughout the years, and helped me see take the necessary step to see outside the scientist's box when they saw I needed to. I would also like to thank Ludger Brenner and his family, who offered me his help during my stays in Mexico, and who has always been a good colleague and friend throughout the years. Likewise, I would like to thank Amran Hamzah who opened me so many doors in Malaysia and showed me some of the paths I had to follow; paths that led to some of the most rewarding encounters with people I would have never had the chance to meet otherwise. Stefan Loose was an incredible resource on the past of backpacker travel in Southeast Asia, and I would like to thank Dave Elliott and Peter Pan for allowing me to use their pictures of

near virgin beaches on the Perhentian Islands and Zipolite. Of course, I would like to thank all the people in San Cristobal de las Casas, Zipolite, Georgetown and the Perhentian Islands, too many to mention individually but all of them remain in my memories, be it in Mexico or in Malaysia. I am extremely grateful to all those men and women who dedicated their precious time to me, sitting down with me to answer all the questions I had regarding their life and work, and who – with their open hearts and minds - allowed me collect all the information that comes together in this piece of work.

I thank you all, and I would like to dedicate this book to all of you.

Jörn Fricke

Abbreviations

Abbreviation	Name	English Translation
BANCOMEXT	*Banco Nacional de Comercio Exterior*	National Exterior Commerce Bank
CHDC	Cameron Highlands Development Committee	
CN	communication networks	
CRB	Colonia Roca Blanca	
ExN	exchange networks	
FBI	Federal Bureau of Investigation	
FOGATUR	*Fondo de Garantía de Fomento de Turismo*	Fund for Tourism Guarantees and Promotion
FONATUR	*Fondo National de Turismo*	National Fund for Tourism
GDP	Gross Domestic Product	
GOM	Government of Malaysia	
IDB	International Development Bank	
IMF	International Monetary Fund	
INFRATUR	Trust for the Promotion of Tourism Infrastructure	
CIP	*Centro Turistico Integralmente Planeado*	Integrally Planned Tourist Resort

KOMTAR	*Kompleks Tun Abdul Razak*	Tun Abdul Razak Complex
MOCAT	Ministry of Culture, Arts and Tourism	
MTPB	Malaysia Tourism Promotion Board	
NAFINSA	*Nacional Financiera S.A.*	National Development Bank
NAFTA	North American Free Trade Agreement	
NDP	National Development Policy	
NEP	New Economic Policy	
NKEA	National Key Economic Areas	
NGO	non-governmental organisation	
OECD	Organization for Economic Cooperation and Development	
PAN	*Partido Acción Nacional*	National Action Party
PRI	*Partido Revolucionario Institucional*	Institutional Revolutionary Party
RTMP	Rural Tourism Master Plan	
R&R	Rest and Recovery	
SARS	*Severe Acute Respiratory Syndrome*	

SCT	Secretaria de Comunicaciones y Transportes	*Ministry of Communication and Transport*
SCUBA	Self-Contained Underwater Breathing Apparatus	
SECTUR	*Secretaria de Turismo*	Ministry of Tourism
SERI	Socio-Economic Research Institute	
SMTE	small and medium-sized tourism enterprises	
SN	social networks	
TDC	Tourism Development Corporation	
TNC	transnational corporations	
UNESCO	United Nations Educational, Scientific and Cultural Organization	
UNWTO	United Nations World Tourism Organization	
USA	United States of America	
WTTC	World Travel & Tourism Council	
WWF	World Wildlife Fund	
YMCA	Young Men Christian Association	

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Chapter 1 - Introduction

This first chapter of the thesis will place this research into the wider discussion of network analysis and introduce the idea of social, communication and exchange networks. The dynamics of backpacker tourism, from 'backpacker' to 'backpacker entrepreneur', and the academic view on the change from drifter to 'mass' backpacker will be sketched before I introduce the conceptual model that is the basis for this research.

1.1 Network analysis

Our globalised world is a world of networks, between individuals who form and connect in social networks, or larger units such as businesses that connect through professional and other networks (Urry, 2005). Thanks to the ease of transport and communication, as well as the speed at which people and information move from one place to another, networks have become increasingly complex and manage to connect not only the cities and other densely populated regions of the world but far beyond the urban hubs, into remote rural areas. In such an increasingly globalised and connected world, the development of networks has raised interest in the analysis of networks which has resulted in academic research that made use of network analysis starting in the 1990s (Wasserman and Faust 1994; Degenne and Forse 1999; Scott 2000), and with academic theories that stress the importance of relationships and integration (Levin and Cross 2004).

Social network analysis looks into the relationships between entities in a system that can be made up of persons, groups or organisations. Networks and networks analysis have come a long way since their beginnings: according to Scott, Cooper et al. (2007) different academic traditions merge together in what has become social network analysis today. One tradition considers networks as variations in relationships of different social actors, relationships who affect these actors, while actors themselves attempt to have influence on these relationships (Stokowski 1992). However, a more ethnographic, qualitative approach developed in political science where academics attempted to trace the allocation of resources within social systems (Wellmann 1988). More recently, natural sciences such as physics have entered the world of social network analysis to discover the organisation of network structures (Boccaletti, Latora et al. 2006). While network analysis in the general business environment has been largely quantitative, network analysis in tourism is and has been predominantly qualitative in nature (Scott, Baggio et al. 2008).

Network research traditionally attempted to describe and analyse relationships within bounded groups (Stokowski 1992). However, Bott (1971) took the concept of the network beyond the physically bounded groups and into the network 'space'. Network analysis therefore deals with *"simultaneous relationships and interactions among a set of social actors and then analysing how structural regularities influence the behaviour of the actors [...] Relationships are not always symmetric, reciprocal, voluntary, or public, and as a result, people have differential access to information, resources, opportunity, or other benefits that relationships might provide."* (Stokowski 1992:213). Similar to the situation in industrial districts (see also: Boschma and Lambooy 2002), horizontal, trust-based linkages between entrepreneurs could facilitate the transmission and exchange of (tacit) knowledge in order to improve learning and innovation processes. For small and medium enterprises, Szarka (1990, in Tinsley and Lynch (2001)) distinguishes three kinds of (intermingled) networks:

a) Exchange networks (ExN) that are made of companies/organisations which a small firm has commercial transactions with resulting in business for and livelihood of the small firm (monetary exchange, financial costs, income generation)

b) Communication networks (CN) that are organisations with non-trading links which inform its business activities, for example, consultants/advisors, local and central governments, and agents with official and semi-official information flow.

c) Social (normative) networks (SN), which are family, friends and acquaintances of the owner and his employees.

This can be further broken down into the personal networks and concrete contacts with specific individuals as well as the wider cultural dimension, i.e. values, attitudes and behaviour, in which actors are immersed. Networks can also be of informal and formal nature (Ioannides and Petersen 2003). Urry (2005) argues that globalisation has caused tightly coupled networks to integrate with connections between peoples, objects and technologies that go beyond multiple and distant spaces and times. The same product or service is then delivered in more or less the same way across the network[1]. And while

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[1] Next to global networks, Urry (2005) also distinguishes global fluids which are not networked in a simple way. Examples are world money, automobility, social movements, etc.

networks can be studied as snapshots in time, relationships between actors are constantly changing in interaction with their external environment. Thrift (1996) (in Scott, Cooper et al. (2008:183)) therefore calls for research into the 'dynamic' nature of networks.

Research has shown how varied the networks can develop in different settings. Saleille (2007) explored the relevance and dynamics of local and non-local networking in the Ardèche region (France) (figure 1). After immigrating to a rural community, immigrant entrepreneurs who started up a business (B) started off their local networks as functional relationships with local elites (CN and ExN). These functional relationships were necessary to connect and develop a 'local' reputation and then become more affective along the way (SN)[2]. Non-local networks, be it social or professional, tend to have existed prior to the move to a rural area, usually with the place of origin and tend to be affective in character. Given the economic limitations in rural areas, these non-local networks are considered crucial to the immigrant entrepreneurs' economic success.

Figure 1: The Dynamics of networks among neo-rural entrepreneurs in the Ardèche region (France)
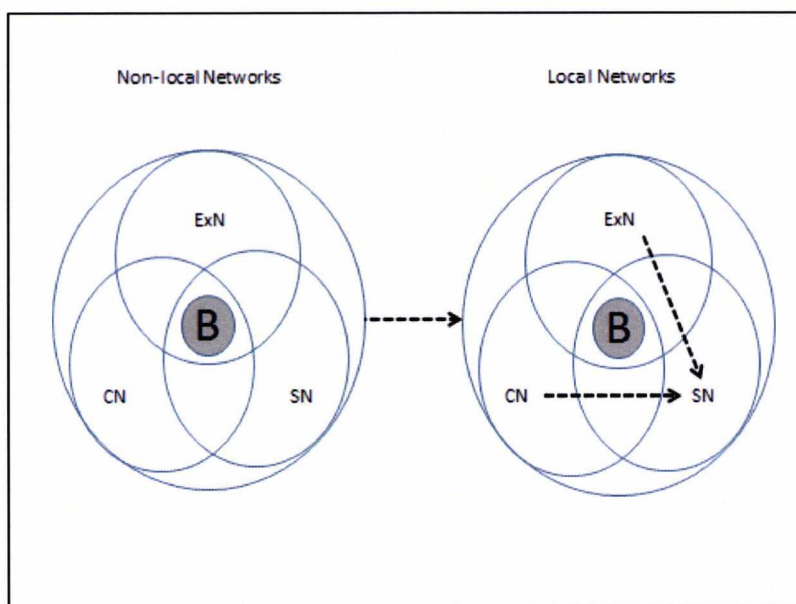
Source: adapted from Saleille (2007)

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[2] Neo-rural entrepreneurs might need to adapt to rural norms which are considered different to urban norms. However, Mellow (2005:66) also states that this could be the result of a construction of rural-urban difference in the mind of neo-rural entrepreneurs.

The tourism industry, or rather a 'group' of industries (Cooper, Fletcher et al. 2005), that are cross-sectorial in character and that connect units of small and medium-sized service providers and their consumers across the globe can be ideal in the way that it reflects the nature of 'networks' and their complexities (Scott, Cooper et al. 2008). Tourism is a 'joint' product, a result of cooperation and competition, and it is this mix that characterises the activities of businesses that are involved in tourism - a situation that is also referred to as *coopetition* (Porter 1980, Bengtsson and Kock 2000; Tinsley and Lynch 2001). Buhalis (2000) argues that most tourist destinations are the result of supply networks, and that destinations grow or decline depending on the development of successful networks. The analysis of these and other relevant relationships that develop within networks could therefore prove fruitful to the understanding of the tourism industry (Knoke and Kuklinski 1991).

With increasing competition among tourist destinations at a global level, small and medium-sized tourist enterprises (SMTEs) can make use of networks to enhance growth potentials, increase flexibility and share marketing information, innovation and broaden their network base (Novelli, Schmitz et al. 2006).

Contrary to Saleille (2007), local networks for lifestyle tourism entrepreneurs in the community of Westport (Ireland) did not evolve into more affective ties with the social or professional milieu; and only when their approach shifted from a lifestyle to a more business-oriented approach did they get involved in formal cooperation (Mottiar 2007). Moreover, contrary to the situation in the Ardèche region described by Saleille (2007), Lardies (1999) found that migrant entrepreneurs in Cataluña - thanks to a large number of previous visits - had already managed to establish a considerable local network prior to their relocation.

As tourist businesses often regard each other as competitors, trust, ties and social capital (Inkpen and Tsang 2005), the willingness to engage in networks towards long-term benefits for the business gains importance. The emerging perspective is that economic activity is embedded in society and that an entrepreneur needs to develop social capital through networks based on experience. It is these (contractual and affective) networks that can provide external sources of information, support, finance and expertise and in return allow mutual learning and boundary crossing (Inkpen and Tsang 2005; Cope, Jack et al. 2007; Saleille 2007). The question therefore arises how the dynamics around networks between

profit-motivated and lifestyle-oriented entrepreneurs are configured and how they develop when entrepreneurs come from a different cultural and/or economic background than the members of the local community they move into.

Even though social network analysis in tourism has received increasing attention, the field of backpacker tourism and the specific features of its development, as well as the inherent networks have not been subject of academic research, similar to the common absence of government attention to this part of the international tourism market. While governments have focussed primarily on the development of large-scale tourism, only in few countries such as Australia (Ipalawatte 2004), Malaysia (Hampton and Hamzah 2008) and South Africa (Visser 2004) has backpacker tourism received active government attention and support. Hampton (2013) states that, although there had been limited attention from academics for backpacker tourism in the past, researchers have shown increasing interest starting in the 2000s and with a study area that stretches beyond Southeast Asia, into Africa (Visser 2004) and Latin America (Brenner and Fricke 2007). The few studies on backpacker supply have shown that, in the absence of government initiatives and the lack of interest by (large) investors, backpacker destinations appear to have developed their own dynamics (Cohen 2006; Brenner and Fricke 2007; Welk 2010) and with evolutionary patterns that also appear to differ from the traditional Tourist Area Life Cycle as defined by Butler (1980).

Despite the fact that backpacker tourism has characteristics that develop within strongly bound physical and social networks, there has been no analysis of the social networks of backpacker service providers so far. *Even though backpackers are known to travel through 'networks' and in circuits (Cohen 2004), and the fact that the networks between entrepreneurs and customers in backpacker tourism could provide a rich source of information on the development, dynamics and the quality of networks between service providers and tourists, there is a lack of academic literature on the quality of networks in this field of tourism research.* In this context, the aim of this research is to add to the body of academic literature on the development of tourism networks, by means of investigating a) the quality of networks between producers and b) between producers and consumers of the backpacker tourism market in four backpacker destinations. In the light of commodification processes of backpacker tourism (Cole 2007), lifestyle and profit-oriented entrepreneurs and their respective relationships/networks will be researched to

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understand the dynamics behind the processes that define the development of backpacker services today.

1.2 From backpacker to backpacker entrepreneur

Young people from all over the world enjoy travelling abroad whether as an overseas experience (Wilson, Fisher et al. 2008), as a gap year (O'Reilly 2006) or just a two-week break to travel abroad. And while backpackers travel through most parts of the world, they discover that many other young people who travel have the same idea, with a backpack on their back, a guidebook in one hand, on the quest for budget accommodation while they travel along backpacker 'trails' through individual countries or across regions, often in developing countries where their budget will allow them to extend their travel (Loker-Murphy and Pearce 1995). 'Backpacker' travel, as this kind of travelling has come to be called, is a worldwide phenomenon and has spread into the most remote parts of the world.

Modern-day backpackers follow the footsteps of the first hippie travellers who left North America, Europe and Australia in the quest for the 'other', seeking exotic places that were yet to be connected to the worldwide network of air connections (Cohen 1972; Cohen 2010). Starting in the 1960s, these individual tourists opened up the door to destinations in Central America, Northern Africa and Asia, most of all India and Nepal, one of the 'musts' among their favoured destinations (Email, respondent #105). On their way, they lived on a budget, made use of the available local resources and got in touch with the local population and their culture (Riley 1988). And while in urban areas, backpacker hostels became more numerous as they gained popularity, rural areas in developing countries, where backpackers used to sleep in simple A-frame or ramshackle palm-thatched huts, improved the quality of backpacker accommodation by offering free-standing bungalows, cabins or chalets. This accommodation continues to be characterised usually by a make-shift style but, in more developed destinations and with a more affluent backpacker demand (Hannam and Diekmann 2010), they can offer quite sophisticated facilities that tend to show little difference to the regular tourist facilities. Towards the end of the 1980s, many cities and backpacker destinations in the countryside between the source countries and the most popular destinations were aligned along backpacker trails like pearls on a chain. As a result, networks of popular backpacker destinations developed, destinations that attracted increasing numbers of budget tourists who could now easily reach these

once remote destinations, thanks to a well-developed network of air, overland and overseas connections that connect any place in the world.

Eventually, many of the former backpackers decided to relocate and start-up a business in the destinations they had visited in the past. Turning from the consumer to producer of services (Ateljevic 2000), they became members of the communities that had offered them their hospitality.

Similar to the physical transport networks which developed along the backpacker trails, entrepreneurs in backpacker tourism - locals and immigrant tourists alike - had to tap into a variety of networks in order to successfully run a backpacker business. Entrepreneurs in small and medium tourism enterprises were indeed the subject of academic research (Lardies 1999; Paniagua 2002; Ioannides and Petersen 2003; Li 2008), but researchers paid little attention to those entrepreneurs who run businesses in backpacker destinations nor to their motivations which range from lifestyle to profit-motivation, and to how they cope with a tourist market that has experienced profound changes over the past fifty years and was often neglected by governments which preferred to support - more prestigious - large-scale tourism .

1.3 From drifter to 'mass' backpacker

Within international tourism development, backpacker tourism has become a substantial market segment of international tourism (Hampton 1998). However, the composition of the backpacker scene has changed since the 1960s and what started off as an expression of a countercultural movement in the 1960s and 1970s has begun to experience increasing levels of commodification and massification, as the backpacker tourist phenomenon became increasingly up-market and mainstream (Cohen 2004; Hampton 2010; Hannam and Diekmann 2010; Hampton 2013). The idea of a gap year and decreasing costs for long-haul air travel (including round-the-world tickets) helped shape the backpacker movement of today (Riley 1988; Cohen 2004; O'Reilly 2006). It could be argued that the destinations that were visited by travellers in the 1960s have developed into backpacker resorts with the necessary infrastructure to meet contemporary backpacker demand: boutique hostels featuring fewer dorms or communal sleeping facilities but more private bathrooms and air conditioning, and withe coffee bars and internet cafés mushrooming around them. Full moon parties, once a feature of only a small number of destinations in Asia are now a common feature throughout the backpacker world (Brenner and Fricke 2007). In many

places, backpackers seem to be attracted by that specific 'backpacker atmosphere' where they can mingle with other travellers and exchange information, and perhaps even team up with other fellow travellers for the upcoming stretch of their trip (Anderskov 2002). As a result, in numerous communities of less developed countries, backpacker tourism has become one of the most important sources of income (Cohen 1982; Hampton 1998; Anderskov 2002; Scheyvens 2002; Visser 2004; Brenner and Fricke 2007). Nonetheless, as opposed to conventional mass tourism, backpacker tourism is still often neglected (or even actively discouraged) by official development policies (Hampton 1998).

And while this kind of tourism had received wide attention among scientists and researchers, backpacker tourism only very slowly started to attract their curiosity. As soon as the first articles were published in the 1970s and 1980s, it was the backpacker tourists themselves who appeared to be of interest to the academic community, more than the communities of those who were visited and the service providers who started to make a living from backpacker tourists. Moreover, there was a strong scientific and geographical bias towards Southeast Asia, Australia and New Zealand while other parts of the world, such as Africa or Latin America, remained largely undiscovered by researchers[3].

Dating back to the 1960s, backpackers have been travelling to Mexico – following the so-called 'Gringo Trail' – on their way from the USA down into Central America. Other than the conventional tourists who spent their vacation in major tourist destinations, backpackers – on their quest for the secluded paradise - ventured into more remote coastal areas or further inland (Stock 1997). Even today, some of these destinations continue to predominantly attract a large number of backpackers (Berghe 1994; Cohen 2006; Brenner and Fricke 2007). Numerous former backpackers have decided to relocate and open a business in one of the destinations they used to visit in the past. As a result, next to the Mexican population, these places are now inhabited by a mix of people from all over the world, especially Europe. *Consumers* of tourism services have turned into *producers* of these services, and they do so with a certain head-start – in terms of financial resources and knowledge - compared to many locals. Locals have usually lived within their community and outside the (Western) backpacker culture until their community was

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[3] It is unclear why there has been such a strong academic bias towards Southeast Asia and Australasia, but it could be argued that the higher level of commodification (Australia and New Zealand) and a strong presence of English-speaking backpackers in Southeast Asia could have been reasons why Anglophone researchers focused on these regions.

discovered by an adventurer. At the same time, Mexican authorities have neglected this segment of the tourism market, and little research has addressed its development (Brenner and Fricke 2007).

Similar to Mexico, Malaysia has been popular among backpackers dating back to the 1960s and 1970s, albeit less than neighbouring Thailand, with its more *laissez-faire* attitude (Braddock 2005). Nonetheless, several places along the Malaysian coast have experienced backpacker travel for a long time. Upon their arrival in Singapore, or travelling up north from Indonesia, hippies would stay in various places along the coast, always pushed forward by developers who preferred well-developed mass tourism to hippies in batik (Cohen 2004). Things have changed since the 1970s, and today Malaysia has increased its efforts to present itself as a country that can attract international tourism, with a more proactive government policy on backpacker tourism and an increase in backpacker tourism arrivals (Hamzah and Hampton 2010).

The research question is therefore:

To what extent is innovation and knowledge diffused among local and non-local networks in backpacker enclaves of less developed countries in reaction to increasing commodification of backpacker tourism?

In Chapter 2, first, the definitions of *backpackers, backpacker accommodation* and *backpacker enclaves* are established. It will give an overview of academic publications in the field of backpacker services and supplies as well as business approaches among entrepreneurs in small and medium tourism enterprises, with a focus on less developed countries. Moreover, the nature of networks will be established to display their dynamics in the context of migrant entrepreneurs. Chapters 3 will set the context of tourism development in Mexico and Malaysia and how backpacker tourism can be placed in the wider field of tourism development and government policies, Chapter 4 will critically reflect on the methodology of the research, the selection of research location, timing and sampling as well as the research methods that were used to answer the research questions. The first part of Chapter 5 will give more detailed information on the evolution of backpacker tourism in the selected backpacker destinations in Mexico before proceeding into the analysis of the professional background, business motivation and the dynamics of networks among backpacker entrepreneurs and tourists, marketing and

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promotion of businesses. Similarly, Chapter 6 will describe backpacker tourism in the two Malaysian research locations before providing a detailed analysis of the networks in these locations. The concluding part, Chapter 7, will attempt to answer the aforementioned research question, making use of the information revealed in the course of the research and suggest future areas of research.

Chapter 2 – Backpackers and backpacker entrepreneurs

2.1 Introduction

The aim of this chapter is to elaborate on the definitions and academic discussion surrounding backpacker tourism – tourists, entrepreneurs and enclaves – as well as the wider field of entrepreneurs in small and medium-sized enterprises with a focus on less developed countries. While the inter-disciplinary character of tourism studies provides for a wide range of theoretical approaches to choose from and backpacker tourism demand has been researched in a variety of fields, the entrepreneurial supply side of this specific segment of the tourism market has so far received little attention. This chapter will therefore situate my research within the broader literature on networks and small and medium tourism enterprises and raise new questions as to what could be added to the established perspectives.

2.2 Definitions

2.2.1 Backpackers

At the beginning of the 21st century, people of all ages, but especially in their twenties, are travelling the world along circuits or trails with no fixed itinerary, staying at cheap hostels or hotels in an attempt to stretch their budget as far as possible. Their trademark is the backpack they carry, thus the referral to 'backpackers' or 'mochileros[4]' and, in countries such as Australia, they now arrive in such large numbers that the circuit they travel on is sometimes referred to as a 'backpacker conveyor belt' (Lockyer 2010). There is no reliable data on the size of the international backpacker market. One study from Australia suggests that 10 per cent of all incoming international tourists to Australia could be considered 'backpackers' (Government of Australia 1995). Hampton (2013) applies this percentage to the total number of international to Thailand, which would add up to around one million backpackers in Southeast Asia in 2010[5].

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[4] In Mexico, the term 'mochilero' (Spanish for backpacker) can refer to a Mexican 'drifter' who can often be seen selling handmade jewellery in backpacker destinations, or an international budget traveller. The former is frowned upon and not considered important to tourism development but rather an outcast of society, while the second is considered an important part of the tourist circuit, less dependent on seasons and with a considerable level of expenditures in some parts of the country.

[5] One owner of a travel agency in San Cristobal de las Casas said that about 10 per cent of his customers were walk-in, individual customers (the other 90 per cent being organised package

The origins of backpacking are often traced back to various 'travelling' traditions such as the Grand Tour of the European nobility (Cohen 1973), pilgrimages and artisan journeymen (Adler 1985) as well as hostelling and hitchhiking (Westerhausen 2002). Nonetheless, the direct antecedents of modern-day backpacking are to be found among the mostly Western hippie travellers - also referred to as 'drifters', 'explorers' or 'wanderers' - who travelled to Latin America, Northern Africa and India in the 1960s and 1970s (Cohen 1972; Vogt 1976). By the 1980s, the majority of these travellers did not adhere to the hippie lifestyle anymore, and would rather be called 'budget travellers' (Riley 1988), a term they had phrased themselves. Instead of drifting aimlessly, begging, being more hedonistic or anarchistic than the rest of Western society, these budget travellers were primarily middle class, well educated, and often professionally employed, escaping their everyday routine and ready to postpone personal or professional obligations. Due to their extended travels, they needed to live on a budget (Riley 1988). Various guidebooks such as the *Lonely Planet* had introduced the term 'backpacker' in the early 1980s (Hampton 2013) prior to the scientific usage. Previously, however, this term had been used in North America to refer to 'trekkers' and eventually came to be used for individual travellers because of the backpack they carried for their trips. It is in Australia, one of the hubs of commercialised backpacker tourism, where a definition of the term 'backpacker' appeared first in a scientific publication (Pearce 1990). According to Pearce's definition, backpackers have a preference for budget accommodations, seek social interactions with other travellers, are independent and flexible in their plans, prefer longer rather than brief holidays and have an emphasis on holidays that are informal and participatory. Compared to the earlier drifters, these backpackers appear to be less alienated from their own societies (Cohen 2004), a thought supported by Richards and Wilson (2004: 28) who state that modern day backpackers look for difference in other cultures more than they feel alienated from their own. Maoz (2007) in her study among Israeli backpackers suggests that if backpackers do feel alienated from their home societies (Westerhausen 2002), this may be the result of age and experience, as older backpackers seemed to be more alienated than younger ones.

There appears to be regional differences between various backpacker markets. While in Australia, backpackers seem to be predominantly between 18 and 30 years old, spend at

tourists). Based on the information of the largest travel agency in San Cristobal de las Casas, it could be argued that backpackers in Central America make up a similar percentage of the total tourist market as in Southeast Asia or Australia.

least four months in one country (given that Australia is a large country to explore), consider 'holidays' to be their main motivation and take part in commoditised services such as adventure tours, sites and events (Loker-Murphy 1996), backpackers in Europe seem to be less interested in the commoditised aspect of backpacker tourism, less thrill-seeking, preferring to look for a value for money, and to engage into activities outdoors and social encounters (Thyne, Davies et al. 2004). Little research has tried to analyse backpacker markets in various regions of the world, the generating counties and the socio-demographics of backpackers as well as their respective travel decisions, but anecdotal evidence suggests that English-speaking backpackers are overrepresented in Southeast Asia and Australia, while non-English speaking backpackers dominate the backpacker market in Central America.

With the exception of Australia, South Africa and Malaysia, backpacker tourism has been largely neglected by tourism planners and government officials in the past. Since 2000, and more even after the global economic crisis of 2008, the securities of endless growth in the consumption of upscale tourism products have started to fade, giving more impetus to the budget sector and to the modern-day backpackers who seem to come from a wider demographic. The internal diversification of the backpacker market into a market segment of older backpackers, sometimes referred to as 'greypackers' (Sullivan 2009), has therefore received increasing attention from the academic community (Thyne, Davies et al. 2004; Hecht and Martin 2006; Cave, Thyne et al. 2008), while the more affluent 'flashpackers', usually in their early 30s, and with a well-paid job to return to have been less researched while receiving considerable attention from practitioners wanting to tap into this segment of the backpacker market (Hammond 2007; Wissmath and Schwecke 2009).

2.2.2 Backpacker accommodation

Among the services that cater to backpackers, budget accommodation facilities, especially so-called 'backpacker hostels' remain the most important link within the infrastructural network that facilitates the backpacker phenomenon worldwide. Backpacker hostels have long formed an integral part of backpacking culture, as they provided a community, a space within which knowledge could be exchanged, and where by means of communication with one another backpackers could create and validate their identity. While other services catering to backpackers can serve a similar purpose, the simple fact that the latter will

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spend extended periods of time in and around their accommodation makes the backpacker hostel the most important link of the backpacker system (Pearce, Murphy et al. 2009).

Loker-Murphy and Pearce (1995) argue that the origins of modern backpacker hostels date back to the establishment of the Young Men's Christian Association (YMCA) and this could certainly be true for 'international' backpacking especially in the Anglo-Saxon world, as the originally British YMCA offered budget accommodation in numerous countries worldwide. However, other researchers see the origins of hostelling in Germany, when a teacher took his students on a school trip and sought accommodation in schools along the Rhine (Clarke 2004). These hostels were the predecessors to what would become the international network of youth hostels (McCulloch 1992), similar to the YMCAs, but secular in nature. However, in German-speaking countries, Scandinavia and France, the journeymen years could be considered an even older travelling tradition – separate from the Grand Tour of the European nobility – which followed established routes between towns and cities and with its own network of accommodation facilities, the so-called *Herbergen* dating back to the fourteenth century. The close relationship between the journeymen and the staff of each *Herberge* was also expressed in how they refer to the owners as 'father' or 'mother', and staff as 'brother' or 'sister'. Journeymen therefore had their own accommodation network - similar to the drifters later in the twentieth century - although towards the end of the nineteenth century many of them started to stay at other hostels and inns, sometimes at YMCAs (Wadauer 1998).

After the rise of mass tourism, one of the most important features of the drifter tourists of the 1960s and 1970s was the idea that they were not regular mass tourists and, as such, that they often sought contact with local people on their quest for authenticity (Cohen 2004). Along with this quest for authenticity came the need for accommodation that would allow them to relax from the hardships of their journey. Therefore, along the travellers' trails, gathering places appeared (Vogt 1976), where they could get together with people who shared the same values and interests (not necessarily local people apart from the owners and staff). Some of these places acquired a legendary status; single cafés and hotels like the *Hotel Yeni Metap* or the *Pudding Shop* in Istanbul (Turkey), *the Amir Kabir Hotel* in Teheran (Iran), or streets like the Chicken Street in Kabul (Afghanistan) and Freak Street in Kathmandu (Nepal) (Niemeyer 2007). While drifter tourists used to seek accommodation in a parallel circuit of 'freak' hotels (Cohen 1973) that were cheap and

conveniently located and where they could exchange information, engage in petty trade (e.g. jewellery, 'ethnic' clothing) or consume drugs, by the end of the 1980s, an infrastructure of cheap transportation, budget hotels and youth hostels had developed parallel to the mass tourism market (Loker-Murphy and Pearce 1995). The fact that backpackers in those days did not demand too high a quality of service (Riley 1988) meant that local people, with little capital at their disposal, could start up businesses and make a living based on budget tourism (Scheyvens 2002; Welk 2004; Brenner and Fricke 2007), thereby entering into processes of globalisation (Edensor 2004, in O'Regan (2010)). With increasing massification of the backpacker phenomenon towards the end of the 1980s, independent backpacker lodging facilities therefore mushroomed, as case studies from Australia and New Zealand show (Markward 2008). In Australia, this growth of backpacker centres triggered the interest of outside operators and competing tourism sectors (Westerhausen and Macbeth 2003; Welk 2010), creating an infrastructure that channelled the backpacker movements along established lines and created a backpacker bubble from which it was increasingly difficult to escape (Doorne 1993 in Markward (2008)). Along with guidebooks which started to appear in the 1970s and cater to the individual traveller, such as the *Lonely Planet*, the *Rough Guide* (among others) the *Guide du Routard* (for French-speaking travellers) or *Stephan Loose* (for German-speaking travellers) and more recently the Internet, this triggered a growth of backpacker tourism and their accommodation facilities (Welk 2004). By the 1990s, the former drifter hotels had been all but replaced by the modern backpacker hostel which became an integral part of the backpacker travel network infrastructure, where "the same 'service' or 'product' is expected and 'delivered in more or less the same way across the network'"(Urry 2005: 245).

Depending on the regulatory framework, these hostels have appeared unevenly all over the world, either because of the strict regulations in place locally or because of legal barriers not allowing foreign involvement and investment which complicated capital and knowledge transfer (O'Regan 2010). With commercialisation came increasing competition, as the aim of hostels is to become part of the backpacker network, and some managed to gain a better position than others, sometimes copying successful hostel designs, rather than offering a 'local' product (Visser 2004; Welk 2010). In Zipolite, developer tourists seem to have had a major impact on how these hostels are designed, as they possess prior experience in tourism which gives them strategic knowledge on how to run a successful backpacker hostel as compared to the local population which often finds itself pushed to

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the side-line of businesses as developer tourist-run businesses take control of most of the backpacker market (Urry 2005; Brenner and Fricke 2007). Australia and New Zealand have both been the pioneer countries in terms of the commercialisation of backpacker travel and services (Wilson, G. et al. 2007).

2.2.3 Backpacker enclaves

The case studies in this project are based on businesses situated in so-called backpacker enclaves, sometimes also referred to as 'traveller centres', 'backpacker meccas' or 'backpacker ghettoes' (Westerhausen 2002). Howard (2007:73) states that the concept an enclave *"often refers to a sizeable area quite distinct from surroundings, with backpacker-patronised businesses and inexpensive accommodation, often dormitories"*. There is no single definition of such a backpacker enclave, even though guidebooks such as the *Lonely Planet* do mention the 'backpacker area' of a city, while researchers or journalists may refer to a specific area in a city as the 'backpacker enclave'. Well-known examples for such enclaves are the Khao San Road in Bangkok, Thailand (Sørensen 2003), Byron Bay in Australia (Westerhausen and Macbeth 2003), Jalan Jaksa in Yogyakarta, Indonesia (Hampton 2003), but also former 'hippie centres' such as the Chicken Street in Kabul, Afghanistan or the Freak Street in Kathmandu, Nepal (Niemeyer 2007).

Backpacker enclaves are considered spaces where backpacker can interact among themselves (Sørensen 2003) and with locals (Teo and Leong 2006). Businesses that cater to backpackers in these enclaves strive to produce a local and global feel (Ateljevic and Doorne 2005), offering a 'metaspace' which allows backpackers to be suspended from the hardships of travel and the challenges they face when encountering a culture different from their own (Hottola 2005). Within these enclaves, backpackers find accommodation facilities, bars and cafés where they can spend time with other backpackers, service providers and local people and, through the Internet, communicate with the world outside the enclave to talk to friends and family, or make travel arrangements (Teo and Leong 2006). As Johnson (2010: 103,104) puts it:

> *"The backpacker enclave is a dynamic space that creates and allows for a series of connections between a range of people and facilities; enclaves are spaces of communication and activity; they are sites where backpacker interactions are played out and where backpacker experiences can happen."*

Even though backpacker enclaves have been part of the backpacker phenomenon and some even date back to the very beginning of backpacker travel in the 1960s (Cohen 1973), literature on the service providers catering to backpacker tourists in such enclaves has so far been limited to a handful of case studies in Thailand (Westerhausen 2002; Hampton 2003; Howard 2005; Cohen 2006; Howard 2007), Australia (Westerhausen and Macbeth 2003) and Mexico (Brenner and Fricke 2007). In one of the few comparative research projects on backpacker enclaves, Howard (2007) mentions different useful types of enclaves based on size, centrality of location in a city, number of nearby tourist attractions, host nations' culture, wealth and visa policies. One possible distinction of different types of enclaves derives from the urban or rural setting (Cohen 2004). In rural enclaves, it appears that backpackers tend to spend more time and therefore potentially interact more with local people. Howard (2005) differs between functional and destinational types, whereby the former offer conveniences (such as a consulate or a transport hub) while the latter might offer a specific attraction, such as a beach or a historic site. Another typology offered by Howard (2007) distinguishes between concentrated and dispersed backpacker enclaves. Examples of concentrated enclaves are defined by a high level of concentration of tourist facilities, such as travel agencies, guesthouses, bars, Internet facilities such as cafés and wireless facilities in hostels (Scheyvens 2002), while dispersed enclaves are spread out over a wider area with a functional mix of tourist and non-tourist infrastructure. Backpackers make use of these enclaves in many different ways: while Hottola (2004) stresses the need of 'suspension' from foreign travel, similar to Vogt (1976) who said that travellers need to replenish energy from the hard travel in areas that are foreign to them, a 'home' feeling away from home, more recent research in the Khao San Road has shown that that backpackers use an enclave for a variety of purposes ranging from convenience, to travel arrangements, to access inexpensive accommodation, to acclimatise after entering Thailand or simply as an area of entertainment (Howard 2005).

Cohen (2006) also mentions that few of the backpacker facilities are used by backpackers alone, and that all kinds of tourists make use of these facilities, thereby opening up the concept of an enclave to a larger variety of businesses and services. Given that domestic tourism in developing countries will often follow specific seasonal patterns that depend on national holidays, it could also be argued that many backpacker enclaves will be 'temporary' enclaves that open up to a wide range of tourists during high season. And while physical concentration of backpacker services will obviously produce a 'visible'

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enclave to the outsider, in other locations backpacker services could also be tied through relatively tight social or professional networks, either through the owners or backpackers, that produce a network enclave structure. The question remains whether enclaves should be classified along a continuum of these uni-dimensional typologies, or whether they offer a mix of characteristics.

Based on this lack of clarity in the definition surrounding backpacker enclaves, Richards and Wilson (2004:274) state that *"...our picture of the structure, development and dynamics of enclaves is still poor"*.

2.3 Definitions of Tourist Entrepreneurs

2.3.1 Entrepreneurs in Small and Medium-sized Tourism Enterprises (SMTEs)

Traditionally, the hospitality industry has been characterised by small, peripheral, seasonal businesses that are in many cases family-run (Getz and Carlsen 2005). Barry (1975) defines a 'family business' as an enterprise that is controlled by family members of one single family, which can be single ownership (sole proprietors) or several owners (referred to as *copreneurs*). According to Chua, Christman et al. (1999), the vision of dominant family members is the essence of a family business. This vision entails that the business is being used for the betterment of the family, if possible from one generation to another (Getz and Carlsen, 2005).There is no single definition for a 'small business' but Morrisson, Rimington et al. (1999:19) suggest that in the hospitality sector, a 'small business' is:

> *„Financed by one individual or small group, directly managed by its owners in a personalised manner and not through the medium of a formalised management structure. It may or may not be affiliated to an external agency on a continual basis for at least one management function. In comparison to the largest unit of operation within the industry, it is perceived as small, in terms of physical facilities, product/service capacity, and number of employees."*

Getz and Carlsen (2005) state that entry barriers into smaller tourism business types are low, as they require minimal capital investment or specialist knowledge, and compared to large-scale tourism other industries, qualifications are not a necessary prerequisite. Because of their small size, their desirable location as well as their connection with leisure or lifestyle preferences, small-scale tourism businesses appeal to single owners or families.

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As a result, small businesses tend to be embedded within local communities, which can lead to higher local multiplier effects and fewer leakages compared to large-scale tourism development (Rodenburg 1989; Weaver 1991; Hampton 1998; Brenner and Aguilar 2002; Hampton 2003). Their ability to market characteristics and demand satisfaction – especially in niche markets – makes them instrumental to regional development. On the 'negative' side, they often defy economic logic in their manner of operation, they are highly fragmented and difficult to control and they show a high variability of product quality and visitor experience (Morrisson, Rimington et al. 1999). The question that will be picked up later in the model is to what extent social networks experience 'barriers' and whether small-scale entrepreneurship in different communities can *experience* difficulties when outsiders try to start-up a business in such a community.

Entrepreneurs in SMTEs have been categorised according to the time they spend in the tourism destination (McMinn and Cater 1998), their motivation (Morrisson, Rimington et al. 1999; Ateljevic and Doorne 2000; Ioannides and Petersen 2003; Shaw and Williams 2008) and their management approach (Johnson and Rasker 1995; Paniagua 2002; Getz and Carlsen 2005). However, the application of traditional social, psychological and economic perspectives to entrepreneurship in tourism and hospitality is difficult. The motivation to start-up a small tourism business is often related more to lifestyle preferences than to profit or security (Ateljevic 2000; Getz and Carlsen 2005). The concept of 'lifestyle', however, is extremely difficult to define as it is based on very subjective criteria. Kuratko and Hodgetts (2004:362) came up with a definition in which independence, autonomy and control were the driving forces:

> "*Neither large sales nor profits are deemed important beyond providing a sufficient and comfortable living for the entrepreneur.*"

Thus, even though profit-motivated entrepreneurs in tourism share some common traits with entrepreneurs in other economic sectors[6], there are many that start up small businesses with a different approach to business activities and "*who are not motivated by a desire to maximize economic gain, who operate businesses often with very low levels of employment, and in which managerial decisions are often based on highly personalised*

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[6] Morrisson et al. (1999) sum up a variety of traits such as 'growth realization', 'maximization or potential opportunities' and the establishment of franchises or joint ventures.

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criteria". (Morrisson, Rimington et al. 1999; Dewhurst, Dewhurst et al. 2006:13) define these entrepreneurs as lifestyle entrepreneurs who *"are likely to be concerned with survival and maintaining sufficient income to ensure that the business provides them and their family with a satisfactory level of funds to enable enjoyment of their chosen lifestyle"*. Among those entrepreneurs in a tourist destination who have moved there to start up a business, researchers can therefore classify entrepreneurs on a continuum with two extremes that are based on underlying motivations and reasons for their decision: at one end of the continuum, entrepreneurs are driven by non-economic - environmental, social or even ethical - motivational factors, with the aim to support a certain lifestyle rather than develop a profitable business (Morrisson, Rimington et al. 1999; Ateljevic and Doorne 2000); at the other end of the continuum, entrepreneurs are driven by economic motives (Paniagua 2002) (Figure 2):

Figure 2: Lifestyle and profit motivation
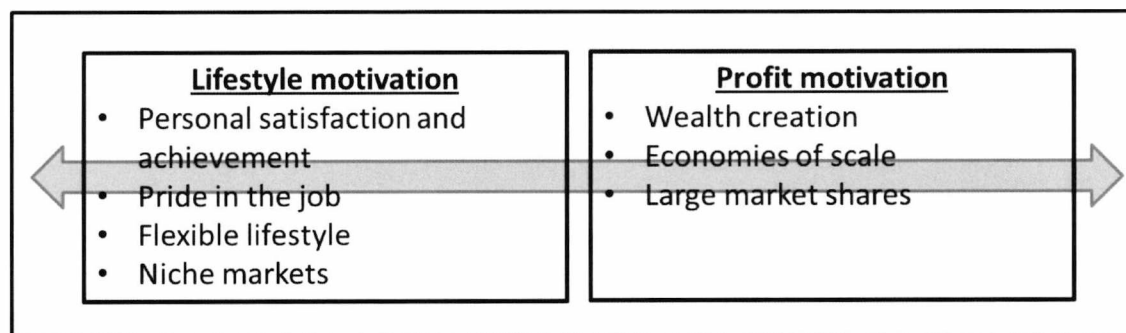
Source: adapted from Paniagua (2002)

In pioneer research on migrant entrepreneurs in Cornwall (United Kingdom), for instance, Williams et al. (1989:1650) mention lifestyle entrepreneurs for whom involvement *"is as much a form consumption as it is of production"* and who set up a business *"to be able to 'consume' its landscape and life-style."* They refrain from upgrading their facilities (e.g. en-suite bathrooms) as it would require investments that can only be achieved through an intensification of business activities and conflicts with their lifestyle aspirations.

Regarding the entrepreneurs' motivation, Lardies' (1999) findings in the Yellowstone National Park (USA) show similar results to Johnson and Rasker's (1995) study on entrepreneurs ten years earlier in the same location with a predominance of non-economic motivations, even for pre-retirement migrants. Lardies also argues that, given their lifestyle

motivation, urban-rural migrants must be seen as an issue of consumption rather than production: *"Rather than employment and a concern for profit maximisation, they are driven by lifestyle dictates."* (1999:489). Migrants consciously decided to leave behind the metropolitan work structures, consumption patterns and lifestyle. This picture also arises from research on urban-rural migrants in Spain that - despite the fact that they lack any kind of formal training or experience in tourism - seek self-employment and flexible working hours (Paniagua 2002). As to the impact on the local community, Paniagua goes further by stating that - even though there are also clashes among newcomers and local leaders - it is the newcomers who seem to enhance the 'unique' values of a destination as they *"are most interested in conserving the cultural or material identity of their new communities."* (2002:368). Lifestyle entrepreneurs could therefore be situated in between consumers and producers of the tourism product, and with their experience as tourists - and often prior entrepreneurial experience – they could be the key actors in developing a service-oriented tourism strategy in rural areas (Williams et al. 1989).

However, the economic impact of lifestyle entrepreneurs in tourism is ambiguous. On the one hand, as their motivation is generally considered non-economic, their presence can put constraints on local development opportunities (Shaw and Williams 1998). Dewhurst and Horobin (1998) state that communities with an increasing dependency on tourism and hospitality services could encounter problems with lifestyle entrepreneurs as they lack the motivation and drive to expand their business. On the other hand, Ateljevic and Doorne (2000) point out that those lifestyle entrepreneurs – despite the fact that they might reject economic growth opportunities – can nonetheless offer development opportunities when catering to certain niche segments that share a certain perspective on lifestyle and values, such as backpackers. They are often *"individuals who previously visited the area [...] and make this move to seek and opportunity to engage in extended lifestyle experiences, which reflect the traditional motivations of 'backpackers'."* (Ateljevic and Doorne 2000:386). They can therefore successfully tap niche tourist markets such as the backpacker market. The introduction of innovations into this niche market allows them to create that necessary 'sense of place' and community, 'real' and 'authentic' experiences that can lead to development in the future.

Lifestyle entrepreneurs can also be trailblazers for a later group of entrepreneurs with more profit-oriented motivations (Paniagua 2002), which in return can have a positive

economic impact on the economic development of a destination. Based on their findings of their research among urban-rural migrant entrepreneurs in the Yellowstone National Park in Wyoming (USA), Johnson and Rasker (1995) suggest that, when attracting businesses to rural areas, there are significant differences between first generation (*old-timers*) and second generation entrepreneurs (*newcomers*) with regard to the importance of quality values (e.g. scenic beauty, quality of environment, desire to live in a rural atmosphere). Among economic, qualitative, community and recreational values, community attributes were slightly less important to newcomers. Communities would therefore need to be aware of the fact that old-timers and newcomers when moving into a rural area might gradually shift from a lifestyle and community-oriented approach to a more profit-driven and profit-motivated business plan. Even though economic values remain important to urban-rural entrepreneurs, communities should therefore consider the importance of a *sense of place*, quality-of-life amenities and shift from *"wholly economic competitive efforts to incorporating the quality-of-life amenities"* (Johnson and Rasker 1995:415).

In a more critical approach to lifestyle entrepreneurship on the island of Bornholm (Denmark), Ioannides and Petersen (2003) point out the key barriers to innovation (i.e. weakly developed innovative networks and excessive public funding that fails to stimulate innovation) and subsequent development with small-scale tourist enterprises in peripheral and highly seasonal destinations with a weak competitive environment. However, on the island of Flores (Indonesia), Cole (2007) points out the importance of socio-cultural barriers (high power distance, uncertainty avoidance and collectivism) and the government's role in hindering entrepreneurial activities (stricter visa requirements and belittling village people) as inhibitors to economic development. Despite these obstacles, members of local communities have developed global networks with individual outsiders ('friends') who provide income opportunities and social status.

2.3.2 Entrepreneurs in SMTEs in Less Developed Countries

Immigrant tourism entrepreneurs from abroad or urban areas in less developed countries and their impact on local communities have only been mentioned in few individual case studies. Starting in the 1990s, researchers have started looking into the issue with individual case studies (Cohen 1983; Smith 1992; Schauber 1995; McMinn and Cater 1998; Brenner and Fricke 2007). Among the different entrepreneurs who became engaged in tourism development on the beaches of Phuket and Koh Samui in Southern Thailand,

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Cohen (1983) distinguished four types, ranging from complete insiders to complete outsiders: locals, islanders, mainlanders and foreigners. Development was very much influenced by ethnic identity and power relations between the Chinese and the Thais. Partnerships with outsiders were only established when there was a direct financial need. Cohen saw tourism development as a struggle of locals to retain control over their resources against the invasion of outsiders` interests. While locals and islanders of different ethnic origin battled for their position in tourism, foreigners – whose lifestyle falls between that of Cohen's 'drifters' and regular permanent tourists – engaged in informal business activities due to legal constraints that kept them from gaining access to the formal labour market. However, in absence of the support that locals had support within the local community, foreigners were highly vulnerable. The only way for foreigners to get local support was through the establishment of affective local networks, i.e. through friendships with local owners or a local spouse who then became the official owner of a business.

In the beginning of the 1980s, the small island of Boracay (Philippines) experienced deliberate tourism development that started catering to international expatriates from major cities around the Pacific Rim (Smith 1992). Thanks to bilingual Filipinos and word-of-mouth promotion among tourists, Boracay quickly became a prime budget tourist destination that also attracted (drifter) tourists. Towards the end of the 1980s, the first profit-oriented developer-tourists with investment capital and business expertise entered `partnerships` with local Boracayans to get access to property titles. The number of businesses grew rapidly and with no signs of qualitative innovation. Changing demand among backpackers led to increased investment and deregulated 'up-market' development. Smith (1992) mentions the local network system of traditional leadership that should serve as an informal regulatory and power structure. However, the lack of social cohesion and the disruption of social structures through accelerated tourism development and weak official institutions that failed to enforce regulations resulted in unsustainable development with negative environmental, economic and social consequences.

Schauber (1995), in her research on tourism development on Koh Samui (Thailand), focused on `immigrant tourists`, that is tourist entrepreneurs who had visited the island before and where they had decided to relocate and settle permanently. In order to make a living, they had decided to enter the tourist industry and offer a variety of services. Due to

their cultural closeness to the tourists, these entrepreneurs had become closely connected to tourism development on the island. Similar to the situation described by Cohen (1983) before, immigrant tourists continued to face legal and social obstacles before and while starting up a business. Especially in the early years of tourism development, towards the end of the 1970s, foreigners and locals experienced a time of intensive communication, passing on relevant information on how to run a backpacker business. With increasing investment, however, the relationships between locals and foreigners became more formal and more based on economic grounds. While foreigners established more up-market businesses, locals went on to compete in the low-budget category. Additionally, locals were often not hired for jobs in tourism because of their lack of (English) language skills. The local network among immigrant tourists was weak and often limited to people of the same nationality, a result of a high level of competition and the heterogeneity of the tourist industry. There were also on-going problems of communication (none of the interviewed foreigners spoke Thai) and cultural conflicts between locals and foreigners, which led to violent, sometimes deadly, confrontations. Moreover, corruption of government officials made it extremely difficult to establish more formal arrangements between locals and foreigners. Concluding, Schauber (1995) saw the position of the foreigners had changed from 'mediators' to outward-oriented 'innovators' who had brought with them the necessary know-how for tourist businesses. They were accompanied by innovative locals who had studied in Bangkok. However, their presence was problematic due to the economic and cultural difference between them and the local population and on-going problems in the way locals and foreigners related to each other: "(...) *differences that are not smoothed out with the development of tourism.*" (1995:134)

McMinn and Cater (1998) give the example of Ambergris Caye (Belize), where the property market is liberalised and foreigners are legally allowed to purchase land. They classify tourists in Belize in three groups:

a) The *developer-tourist*, who resettles into Belize,

b) The *condo-tourist*, or owner of a 2nd home, and

c) The *itinerant tourist* (or standard tourist).

Schauber's immigrant tourists as well as lifestyle entrepreneurs would fall into the first category. However, given the proximity to the US-American source market and the

consequent upscale development of tourism activities in Ambergris Caye, McCinn and Cater's definition includes much more profit-driven developer-tourists whose activities have increased tremendously over the past 30 years, especially among hotel owners. Local entrepreneurs are involved in smaller restaurants and boutiques. The feeling among local leaders was that foreigners had taken over development and decision-making (more of a worry for local leaders than the rest of the community), with a tendency to offer employment to other foreigners and therefore less potential for future development among the local youth. However the biggest source of conflict was the rising cost of land and the fact that locals then felt as second-class citizens in their own land. The political power of locals and their ability to take decisions on behalf of their community seems to be an important factor in the acceptance of the outsiders entering the community.

In Zipolite (Mexico), Brenner and Fricke (2007) show how, even in a tourist destination that has remained a backpacker destination for over more than 30 years, developer-tourists become key players in tourism development. Even in the early days of drifter and wanderer tourism, at a time when destinations and local communities had barely started to receive visitors, a number of individual travellers had already decided to settle and start-up businesses in destinations they had visited before as travellers, especially in those backpacker destinations which had evolved into miniature backpacker resorts or enclaves. Their prior experience as backpacker tourists had provided them with the necessary knowledge needed to offer the kind of services contemporary backpackers were looking for. This also gave them a head start compared to members of the local community, apart from the small local elite. Findings indicate that in the early days of backpacker tourism, although their behaviour and attitude caused some friction, their presence had benefits on local economic development (Brenner and Fricke, 2007)[7]. However, with increasing popularity, commodification and the changing physical, virtual and cultural mobilities (Hannam and Diekmann 2010, Paris 2010) of backpacker travel - and possible need to generate more income - many entrepreneurs started to improve and invest into their businesses in order to position their destination on the backpacker travel circuit. Brenner and Fricke (2007) argue that, once backpacker tourism gains momentum, the local population becomes marginalised with the influx of more business-oriented entrepreneurs.

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[7] According to the lifestyle entrepreneurs in the Yellowstone Park (Johnson and Rasker, 1995), their main motivation to move to a rural area was the quality of life and their fundamental business strategy was to maintain a certain lifestyle.

Next to these first generation immigrant entrepreneurs, which Shaw and Williams (2002) would have called 'small employers', a new generation of entrepreneurs, 'owner-controllers' and 'owner directors' often of national urban origin, started to build up and invest in businesses with higher yields for investment (Johnson and Rasker 1995), thereby accelerating the up-market development of backpacker destinations. These often possess the necessary knowledge and financial means to meet the modern backpacker demand. In competition with local community members, they can transform the destination into a competitive arena of backpacker accommodation facilities and services. While lifestyle entrepreneurs and some members of local elites might successfully adapt to the up-market development and successfully compete with it, other members of the local communities fall behind and can only compete with cheaper prices to attract the bottom-segment of backpacker tourists (Brenner and Fricke 2007). Changing and very dynamic backpacker mobilities force businesses to adopt more and more sophisticated strategies as lifestyle entrepreneurs (Johnson and Rasker 1995) are complemented or sometimes replaced by more profit-minded developer tourists and businesses and local elites take over the more profitable segments of the backpacker market while the majority of local communities are either confined to the lower strata of the backpacker market or fall behind (Brenner and Fricke 2007).

2.4 Conclusion

This chapter has discussed the increasing diversification and commercialisation of backpackers, their most popular accommodation facilities, and the enclaves which develop around this kind of tourism as well as the networks that seem to have developed around the backpacker circuits. Yet, little research has been done that has tried to explain the dynamics and the changes of services and the people involved in offering these services to backpackers and how they make use of their respective networks and the impact it as on their businesses. Drawing on the wider academic literature on networks in tourism and in the field of small and medium-sized enterprises, the motivation behind the start-up of a business seems to be of relevance to the development of the destination, as lifestyle approaches could be gradually replaced by more profit-motivated motivations, and various kinds of networks and their dynamic configurations seem to be of relevance to the success of these businesses.

The following conceptual model (figure 3) illustrates the structure that this research follows in order to explain the influence various networks of service providers with different professional backgrounds and business approaches have on the development of services in backpacker destinations. Business motivations, skills and knowledge and promotional activities are considered to influence the dynamics of networks both between entrepreneurs themselves and between the entrepreneurs and (backpacker) tourists. In the predominantly informal and small-scale environment of backpacker tourism services, relevant skills and knowledge appear to be tacit and acquired either by experience or through contact with backpackers, therefore - next to inter-entrepreneurial networks - networks between entrepreneurs/owners and backpackers are assumed to be important in order to acquire relevant skills and knowledge. Moreover, within the community of entrepreneurs/owners – locals and non-locals as well as lifestyle or profit-motivated - these networks are configured according to the model adapted from Saleille (2007) and Szarka (1990) as exchange, social and communicative networks. This thesis will therefore shed light on the dynamics of these networks in four selected urban and rural backpacker enclaves, given the rapid development and commodification of backpacker tourism since the mid-1970s.

Figure 3: Conceptual model
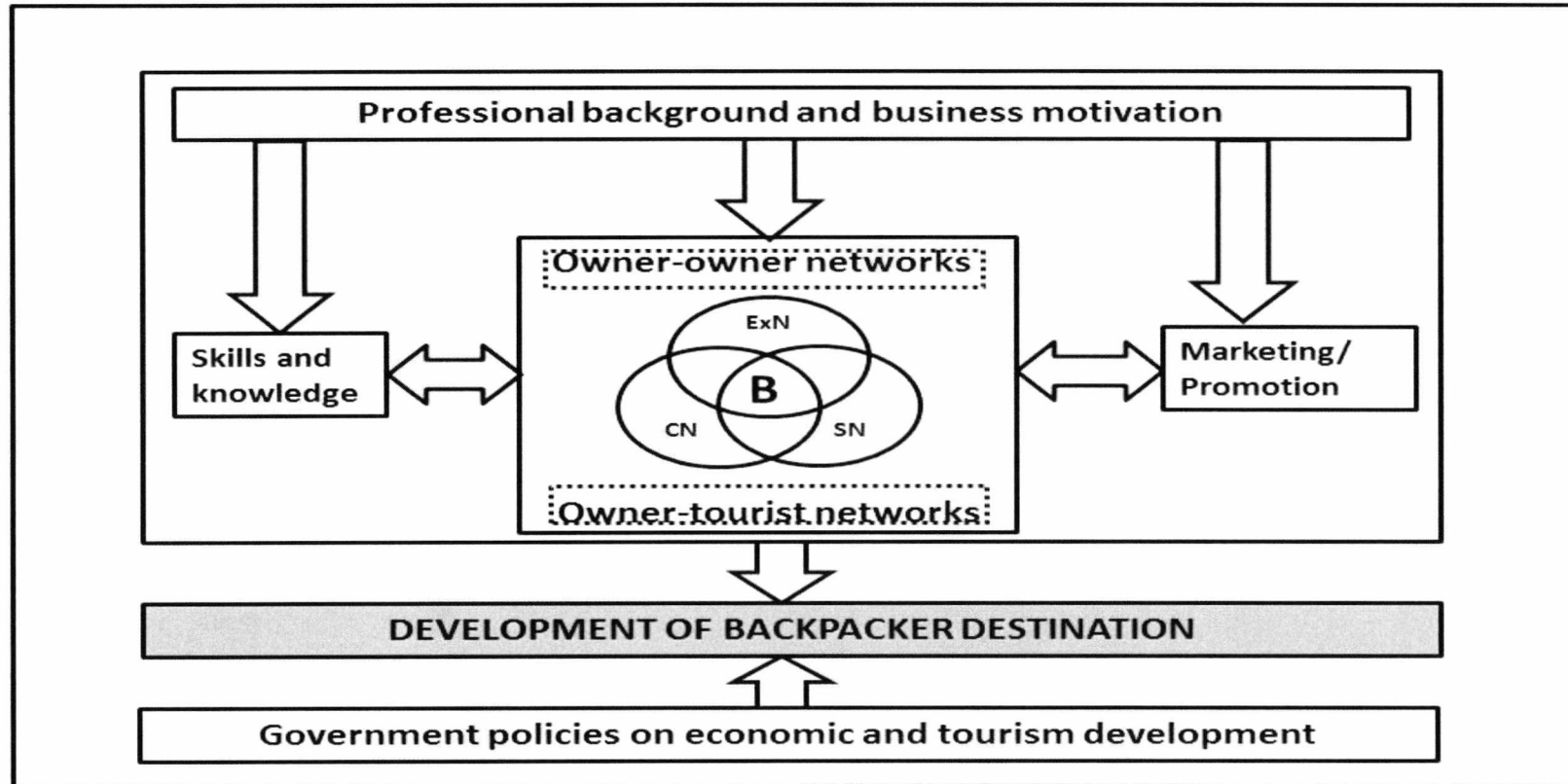
Chapter 3 - Tourism Development in Mexico and Malaysia

3.1 Introduction Mexico

Chapter 2 explained the methodology and research methods that were used for the research. This chapter, in turn, will give an overview of tourism development in the Mexican and Malaysian context, starting with an historical sketch of the early years of international tourism activities that date back to the middle of the 19th century (Mexico) and the late 18th century (Malaysia). Political and economic motivations to national tourism development in both countries will be discussed including the rise of individual travellers that date back to even before the traveller period of the 1960s.

In Mexico, tourism development moved from market-driven activities in small, yet increasing numbers, to a post-war top-down strategy of State-driven tourism development that led to the birth of international tourist destinations such as Cancún and Los Cabos. This resulted in Mexico being among the most important receiving tourist countries worldwide with a stable number of about 20 million tourists per year and £8 billion of tourism receipts in 2010, making Mexico the tenth most visited country worldwide (United States - Mexico Chamber of Commerce 2011) (figures 4 and 5). After petroleum and remittances, tourism is the third most important source of foreign earnings, and 2,5 million jobs depend on tourism industries (United States - Mexico Chamber of Commerce 2011). While the direct contribution of travel and tourism to the national GDP in Mexico was £41,6 billion (899,4 billion Mexican pesos) - or the equivalent of 5,8% - in 2012, the total contribution, which includes wider effects from investment, supply chain and induced income impacts, was £90 billion (1,945 billion Mexican pesos) or 12,5% of the national GDP (World Travel & Tourism Council 2012).

Figure 4: International tourist arrivals in Mexico 1998 – 2010
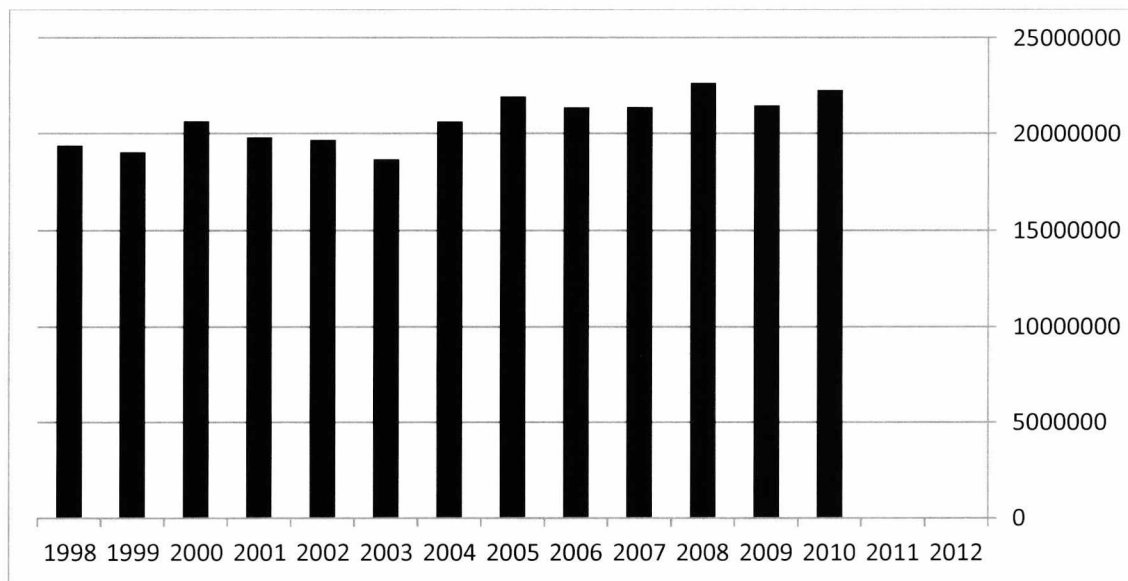
Source: World Travel & Tourism Council (2012)

Figure 5: Tourism Receipts in Mexico 1998 – 2010 (£ million)
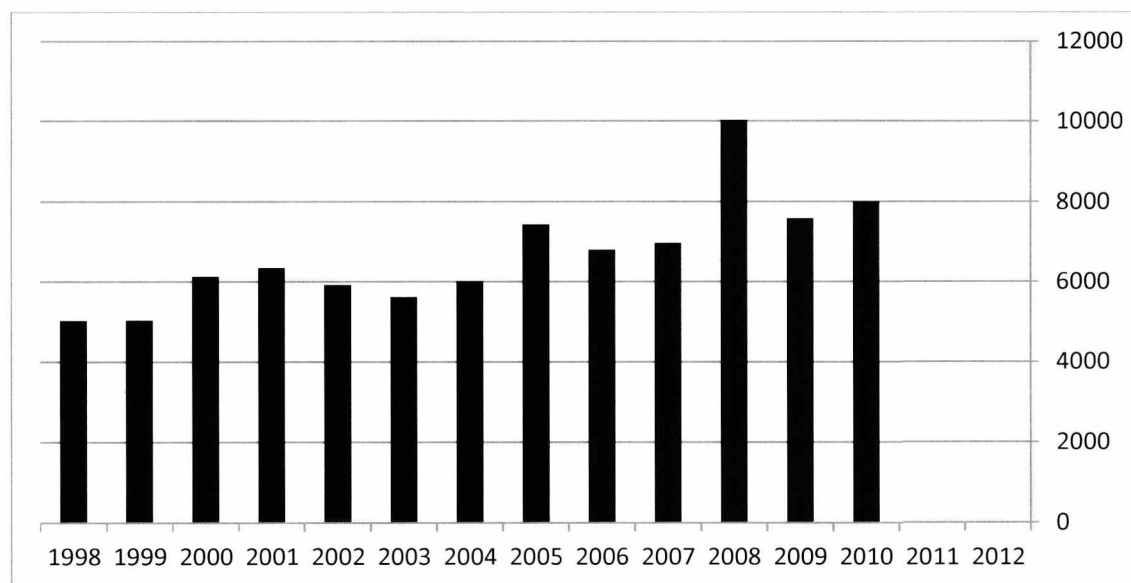
Source: World Travel & Tourism Council (2012)

3.1.1 The early years of Mexican tourism

Even though most researchers agree that tourism in Mexico as State-driven economic development strategy originated in the 1960s (Clancy 2001; Brenner and Aguilar 2002), the idea of modernising the country in 1920s through the improvement of its infrastructure - after the turmoil of the Mexican revolution of 1911 - had already triggered tourist movements across the country. Boardman (2010) even argues that the very first travellers or "proto-tourists" - apart from clerics and scientists - were US-American soldiers who spent their free time in Mexico during the US-Mexican war (1846–1848) and who travelled across the country as soldier-tourists, sending letters back home or writing books. This helped to create an image of Mexico among US-Americans, with destinations such as Jalapa (also spelled *Xalapa*), Veracruz, Puebla and Cholula or Mexico City together with the remnants of the ancient Aztec capital Tenochtitlan, and volcanoes such as the Popocatepetl, and defined the tourist hotspots for future regular tourists (figure 6).

Figure 6: Tourist destinations in Mexico (mid-1800s)
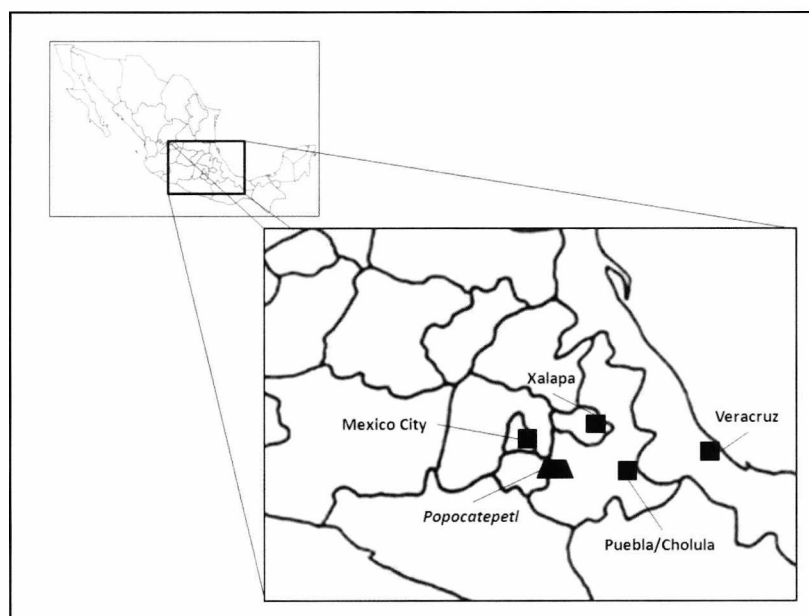
Source: Boardman (2010)

Up until the 1880s, the books that were written by these soldier-tourists were recommended by tour promoters for travels to Mexico (Boardman 2010:33). In 1884 and 1885, following the footsteps of these initial travellers, the recently constructed railroad networks that connected Mexico City with the US-Mexican border down from

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Ciudad Juarez and Laredo, allowed the first 'real' tourists, even package tourists, to travel to and around Mexico (Boardman 2010:29).

3.1.2 Archaeological tourist sites and cultural attractions, *'lo Mexicano'*

It is in the early twentieth century that scientists unearthed many of the famous pre-Hispanic archaeological sites such as Teotihuacan (just an hour's train ride from the capital Mexico City), but also Monte Alban and Mitla (in the central valleys of Oaxaca), La Quemada (Zacatecas) and Xochicalco (Morelos). The presentation of the pyramids of Teotihuacan on the 100th anniversary of Mexican Independence in 1911 coincided with a tourism infrastructure boom with increasing numbers of hotels and restaurants. In the 1880s and throughout the times of the Porfirian[8] regime, the Mexican railway network had expanded tremendously, allowing tourists to travel down from the US-American border into the centre of the country, and then on to the most important archaeological sites. The excavation and reconstruction of the pyramids at Teotihuacan was also an initiative of the Porfirian regime to promote foreign investment and make use of indigenous culture to create and propagate a 'new' Mexican identity. This identity is also referred to as *'lo Mexicano'*, a dual heritage that is a combination of Spanish and Indian in preparation of the 100th anniversary of Mexican independence in 1911. President Porfirio Diaz never had the chance to celebrate this event, as the Mexican revolution broke out just before the centennial and he had to go into exile. However, among the varieties of Indian cultures which had existed in Mexico, the government selected the Aztec culture and its remains in Central Mexico as they were considered the forefathers of modern-day Mexico and allowed the government to promote a patriotic, but also centralist Mexico, at the expense of powerful per-Hispanic empires in other parts of the country, such as the Mayas or Zapotecs. Due to this decision, tourism was concentrated in the region in and around Mexico City (figure 7). Only later in the twentieth century did the Mexican government spread its incentives across the country in an approach to promote economic and tourist development in other parts of the country (Brenner and Aguilar 2002).

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[8] Porfirio Diaz (1830 – 1915) was the President of Mexico from 1877 to 1880 and from 1884 to 1911. Diaz encouraged foreign investment, especially in the construction of the railroad network, bridges, mines and the irrigation of fields. However, much of the wealth leaked out of the country or was concentrated in the hands of the small upper class. Towards the end of his government, the economy declined, debts and poverty levels increased, all of them factors that resulted in the Mexican revolution of 1911 (Encyclopaedia Britannica 2011)

Figure 7: Mexican tourist destinations at the beginning of the 20ᵗʰ century
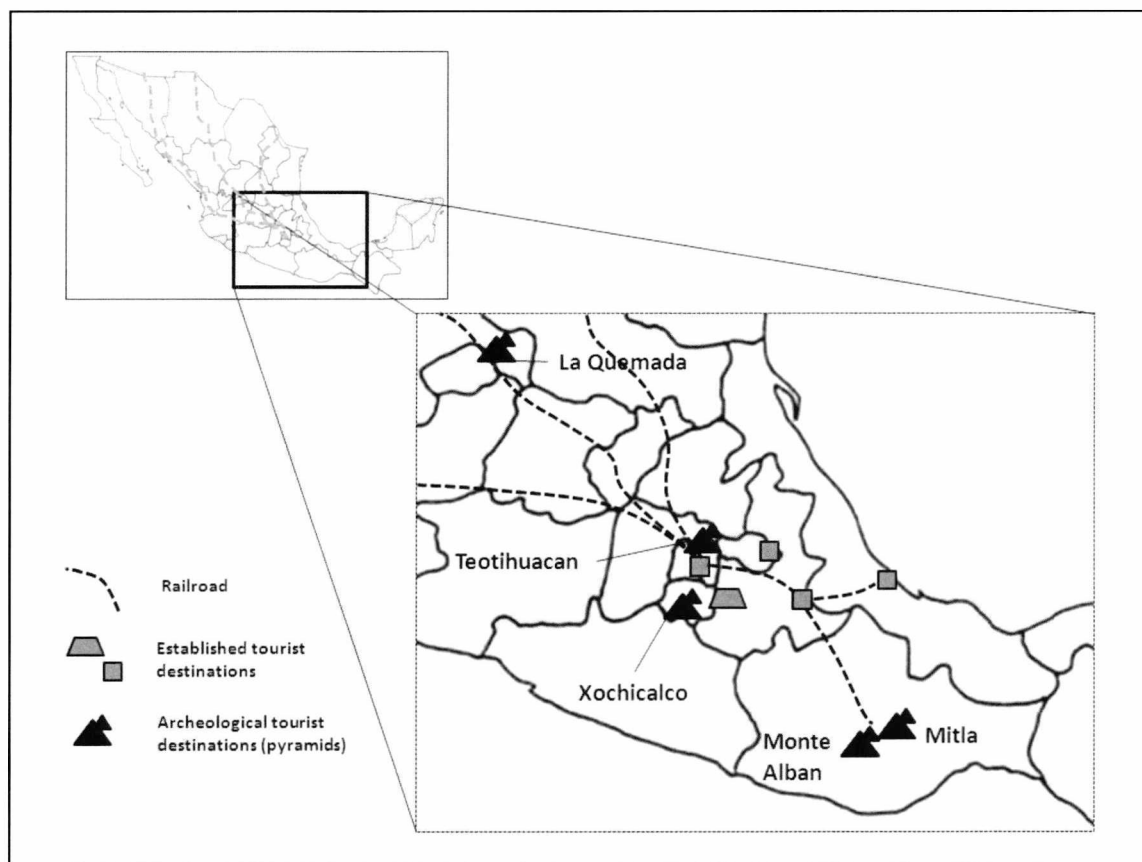
Source: Own design after Clancy (2001)

The intention was to attract European and American tourists, and at the Teotihuacan site, the first State-financed museum was built (Clancy 2001), as well as a Japanese garden, in an attempt to make the landscape look more appealing to tourists. Towards the end of the nineteenth century, thanks to an improvement of transport facilities such as steamships and railways, many souvenir-collecting Europeans had already explored the Mediterranean hotspots in Italy, Greece and Egypt with companies such as Cook Tours (Sigaux 1965). This also applied to pre-Hispanic collectors' items, a new rage, after Chinese culture and artefacts and so-called primitive cultures of Africa, Oceania and the Inuit cultures of the Arctic had lost some of their novelty (Williams 1985).

> "There is nothing like it. Cheops is a little taller than the Pyramid of the
> Sun, some of the Mayan temples are better preserved; but nowhere else
> in Mexico can you catch such a feeling for the grandeur of earlier peoples

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and their monuments as here at San Juan Teotihuacan." (Bowman and
Dickinson 1935:207)

Alongside the interests of the European and American *bourgeoisie*, archaeology had
developed as a formal academic discipline in the late nineteenth century, and the
archaeological sites of Mexico started to attract an increasing number of archaeologists
from Europe and the USA, scientists who could be considered the first tourists to many of
these pre-Hispanic sites. In their wake, Mexican and non-Mexicans with a non-scientific
background went to see these places, some of them gathering what they could find,
to then sell it to collectors around the world. And finally, regular sightseers appeared as
tourists to Mexico in small numbers. Estimates are that no more than 8,000 foreign tourists
visited Mexico in 1920 (Ramirez Blanco in Clancy 2001:42). The subsequent growth of
tourism throughout the 1920s and 1930s was also a result of the will of the Mexican
government to modernize and democratize the country. After the turmoil of the
revolutionary years, there was a need to create the conditions to attract investment from
abroad. At an economic level, the 1920s were therefore a decade in which tourism was
seen as a space where - through the cultural and natural diversity of the country – Mexico
could recover international investment, bringing together entrepreneurs, governors and
civil society (Mateos 2006). A collaboration of entrepreneurs on both sides of the border
triggered the growth of infrastructures, such as road connections and accommodation
facilities, beyond the border area into central parts of Mexico and laid the base for the
future development of mass tourism after the 1950s (Saragoza 2001). The political agenda
behind the promotion of tourism was to establish closer ties between US-American and
Mexican societies, as an add-on to political attempts to get the two countries closer
together, at an individual and cultural level (Berger 2010).

*"Taken together, tourism was a much more diffuse, subtle, and ordinary
strategy of public diplomacy because it could be carried out in the course
of a normal activity – vacationing – and by ordinary people."* (Berger
2010:111)

And while tourism development in the late nineteenth and early twentieth century was
based on affluent international travellers who were interested in culture and
archaeological sites, Mexicans themselves now started to discover the cultural highlights of
their own country and travelled in the footsteps of these American and European visitors

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(Perez Montford 2006). Most of them came from the major cities of Central Mexico and wanted to take advantage of the health benefits that were assigned to being at the seaside, to *"relieve anaemia, fortify the blood and strengthen one's appetite among other things."* (Garcia Diaz 1992:227). Starting in the late 1920s and 1930s, the first paved roads also connected selected Mexican cities making it even easier for tourists to travel around the country. Together with the ever expanding railway network, people were now able to move with ease across many parts of the country.

Apart from the government intention to promote a Mexican identity through a mix of a pre-Hispanic and modern Mexico, cities with a lively folkloric culture like Veracruz also started to interest tourists and tourism developers. The city of Veracruz and its carnival were therefore part of a government programme that made use of Mexican folklore to promote tourism (Perez Montford 2006). The main idea was to attract domestic tourists but international 'bohemian' travellers (Wood 2010:85) who often travelled via steamship to Mexico also landed in Veracruz to visit the city. As a result, a tourist economy started to develop around the events during the holiday seasons (Easter, Christmas and Carnival). Businesses and the local government soon realised the economic benefits of tourism, and by 1930, Veracruz was the first Mexican city to establish a tourism association in order to promote the city (Wood 2010).

At a national level, tourism promotion beyond Mexican archaeological heritage was considered increasingly important, and in 1929, after years of leaving tourism development to the market and with little or no government involvement apart from the promotion of nationalism around Mexican cultural heritage, the Mexican governments started actively to study and promote tourism. By 1930, the National Chamber of Commerce had its first meeting with special attention to motor tourism (Wood 2010:96) and in 1936 the Mexican part of the Pan-American Highway was completed, thereby creating a road connection between the US-American border and Guatemala (Clancy 2001:96). Throughout the 1930s, international tourism arrivals continued to increase, from 30,000 in 1930 to about 139,000 in 1939 (SECTUR 1991 in Clancy 2001:42). However, these numbers do not reveal the number of 'real' tourists as they include Mexicans who lived abroad and many day-trippers who crossed the border from the USA (figure 8).

Figure 8: International tourist arrivals Mexico by land and by air 1930 – 2010 (in millions)[9]
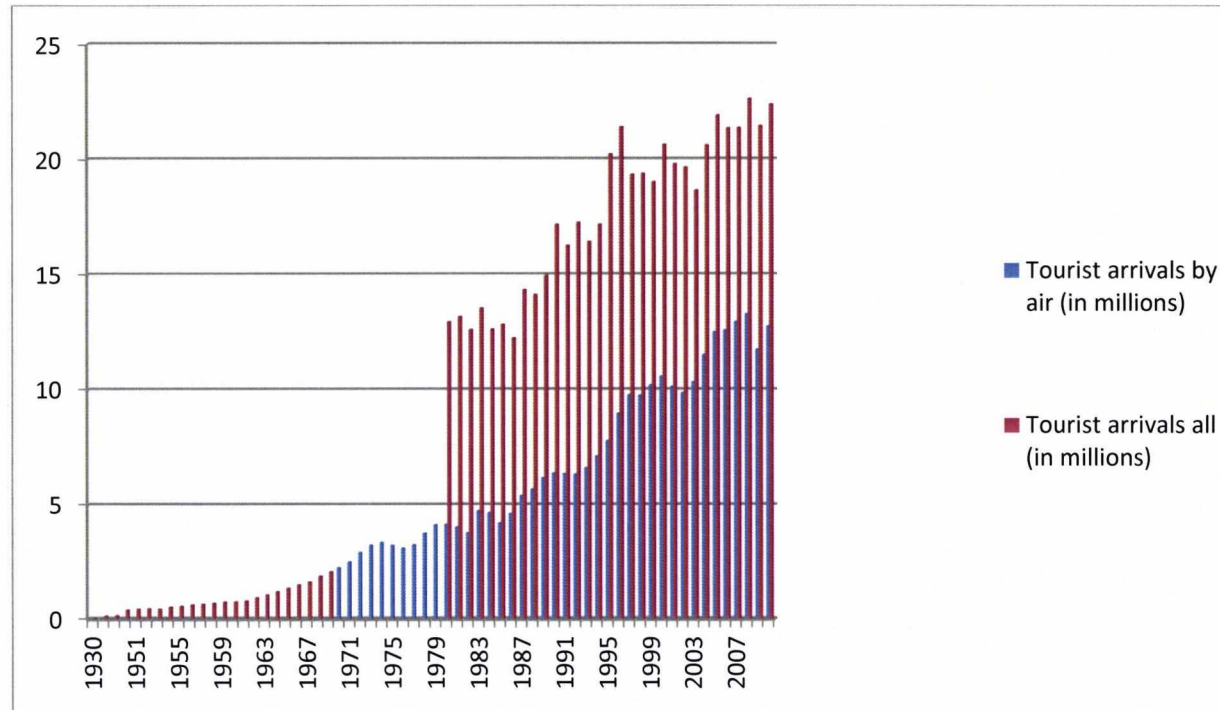
Source: SECTUR (2011), Clancy (2001)

[9] The Mexican authorities did not make a distinction between arrivals by air and overland until 1970. Starting in 1981, land crossings by day-trippers from the USA were counted.

Sharing a land border of more than 1.969 miles with the USA, and still in the pre-jet plane era that would allow for larger numbers of overseas visitors, nearly all of these international tourists were US-American citizens who could now travel to Mexico by car, and they concentrated in those places they could reach the easiest by car or railway, i.e. major cities, especially the region in and around Mexico City, the seaports of Veracruz and Acapulco and the border region (Jud 1974:26). Baja California, where an organised tourism industry had been established just across the border from Southern California by the 1920s, could be considered an extension of the Californian *pleasure periphery* (Turner and Ash 1975). The attractions in so-called 'Baja' included red-light tourism, gambling, racing culture, bullfights and *jai alai* (pelota games). In a similar way to Acapulco later, Hollywood stars were at the forefront of this wave of tourists, plus the attire of a certain kind of 'mafia chic' (Schantz 2010:132). After flourishing in the 1920s, border tourism was given a blow with the mass repatriation of Mexican immigrants between 1929 and 1933 (Johnson 2005), the repeal of prohibition in the USA in 1933 and Mexico's ban on casino gambling in 1935. However, Mexico's image in the USA as a country where 'anything goes' and alcohol, gambling and sex are readily available, had been established (Schantz 2010).

3.1.3 Authentic Mexico vs. Sun and Sea in Acapulco

By the 1930s, Acapulco – even more than Veracruz - had already acquired a reputation among US-Americans as a seaport that fulfilled all the images of *'lo Mexicano'*. The city had developed into a "Sun and Sea" tourist destination for US-Americans and Mexicans alike, with more than 10,000 tourists in peak season during Easter and Christmas, often camping or sleeping in their cars (Sackett 2010). Most of these tourists, however, stayed in their closed hotel environments, and experienced quite little of the Mexican world around them:

> *"Despite the fact that this is the Mexican Riviera, the winter resort for*
> *Mexicans as well as Americans, curiously enough, you see few tourists*
> *on the streets. Only evidences of them are around the plaza, where*
> *women sell heads made from coconuts, necklaces of shell and all the*
> *other outlandish perversions common to sea resorts. [...] No sign of*
> *tourists, because they are hidden away in their hotels with their private,*
> *harboured beaches."* (Bowman and Dickinson 1935:147)

Driven by the presence of such prestigious Hollywood stars as John Wayne, who owned a hotel in Acapulco since the 1950s (Wilkie 2006:108), the image of Acapulco was that of an authentic Mexican place on the Pacific Coast, with the prestige of only being accessible by air for tourists who wanted to spend their holiday there. Acapulco was *"the first international resort to have depended primarily on air-borne tourists"* (Turner and Ash 1975:94 in Clancy 2001:43). The alternative to taking the plane would have been the road that was finished as an extension of the road network through Mexico in 1927. A rail connection to Mexico City was being blocked by stakeholders who feared to lose their monopoly on mule transport between the capital and Acapulco. The lack of a railway connection also left Acapulco out of the early tourism promotion that pushed ahead destinations such as Veracruz, as that promotion was the responsibility of the railway companies (Sackett 2010).

Starting in the 1930s, a different kind of American tourist had started visiting the colonial cities of Central Mexico, such as Taxco, San Miguel de Allende and Guanajuato (Saragoza 2010). These places that had started off as silver mining towns soon developed into major non-planned tourist destinations. Two American communities were living in Mexico in those days: international business people and embassy staff, as well as left-wing expatriates, among which many West Coast migrants, e.g. from Hollywood. They often had to look for smaller cities to live than Mexico City, and therefore moved to San Miguel de Allende, Guadalajara, Oaxaca, Cuernavaca for cheaper costs of living, and better 'hiding' from the FBI and other authorities (Anhalt 2006). A good example of early bottom-up tourism development is the case of San Miguel de Allende, where tourism had begun with the help of a foreign artists' colony. The Mexican film actor and tenor Jose Mojica had purchased property there in 1935 and housed parties with national and international celebrities (Pinley Covert 2010). Artists like Mojica attempted to preserve the architecture of San Miguel similar to the city of Taxco, *"to position San Miguel as a likely candidate for protection under recent federal legislation aimed specifically at the preservation of historic and 'typical' towns"* (Pinley Covert 2010:191). After the decline of its silver mining industry and in an effort driven by Toussaint, a Mexican historian, to revitalize the economy through preservation and tourism development, the city of Taxco had been granted protection under State conservation law in 1928. This move had placed Taxco *"on the regular circuit for artists and other tourists by the mid-1930s"* (Pinley Covert 2010:189). Similar moves were planned for San Miguel. Finally, in 1939, State legislation declared San Miguel a

'typical' town, together with the cities of Puebla and Queretaro. An art school was founded that would attract artists from all over the world in search of what was referred to as '*mexicanidad*'. US-American artists, leftists and bohemians found San Miguel very attractive, as their own artist colonies in Santa Fe and Taos - and by the 1940s even Taxco - were considered too commercialised and spoiled by 'invaders' (Bowman and Dickinson 1935:197).

The 1940s saw an increasing promotion of Mexico as a country worth visiting, not that different from the United States, and it did not fulfil the stereotype that was often attached to it by its Northern neighbours, such as Mexico being country where eating local food was dangerous, Mexicans being inefficient and a place where drinking water was dangerous (Fagg 1941). Being a country that could be explored on a budget, it proved to be an ideal holiday destination for US-American tourists in wartime when American tourism in Europe came to a halt.

> *"This boom has probably three causes: the war, which shuts off Europe*
> *as a travel haunt; the new Laredo-Mexico highway, and the cheapness*
> *of living for Americans, owing to the decline of the peso in relation to the*
> *dollar."*(Martin 1940)

An upsurge of tourism was the result, increasing from 165,627 tourists in 1941 to 254,844 in 1946 (Berger 2010). After the War, several factors, such as an increasing economic prosperity and free time in First World countries, technological advances in transportation, the exposure to foreign countries during the war and the removal of government restrictions on travel and foreign exchange, led to a veritable tourist boom in Mexico, with arrivals increasing from 164,000 in 1946 to 401,700 in 1950 (Clancy 2001).

For Acapulco - which would come to be the number one Mexican beach destination until the construction of Cancun in the 1970s, the major shift came with the presidency of Miguel Aleman Celasco (1946 - 1952) as it was he who initiated the construction of an international airport. The post-war tourist boom - together with heavy State interventions and the interests of developers - turned Acapulco from a fishing port into a modern tourist resort. However, this development came at a price, as tourism development was closely tied to the interests of the political classes and needs, and demands of local communities

and people were widely ignored. Ejido[10] land was expropriated and farmland was sold to investors from Mexico City to build second homes. As a result, the function of Acapulco was changed from residential to tourism (Sackett 2010:165). Local people who had run small informal businesses (so-called *puesteros*) did not have the means to pay the rent for newly upgraded establishments and were pushed to the side-line of tourism development. While in the 1930s, tourists had bought their food and drinks from food stalls run by these local *puesteros*, major development interests pushed the informal economy out, increasing levels of commercialisation:

> "The Junta Federal gave the best locations, including bathrooms and changing rooms, to outsiders who had not previously run stalls on the beach. These tenants, unlike the former *puesteros*, paid even higher rents (six times) but had both a monopoly on these key resources and a second-floor terrace restaurant." (Sackett 2010:169)

Already in 1927, a road from Mexico City to Acapulco had been built, but it was not paved until 1954, and it was only then that tourism took off (Maher 2000). In the meantime, the segregation between a foreign circuit in up-market establishments and a domestic circuit in middle and down-market establishments was on its way, and this pattern would continue into the planned resorts later in the twentieth century (Wilson 2008; Sackett 2010). Visitors in the early 1950s were foreign tourists, weekend visitors from Mexico City and property owners. For some, Acapulco had turned into the *"Saint Moritz of the tropics where Americans fast and rich are supposed to go for big game fishing as well as dancing"* (Sackett 2010:166). However, Acapulco - as almost any other major tourist destination in Mexico (Brenner and Aguilar 2002) – developed into a rich, wealthy tourist area and a poor, residential, local area (Wilson 2008). And, despite on-going problems in the field of sanitation and waste water treatment, the self-contained nature of most of the tourist establishments made it possible for the visitors to ignore these issues and enjoy their stay in Acapulco 'inside the bubble'. By the late 1950s, Acapulco had turned into a full-fledged

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[10] An *ejido* is communal rural land that is owned for public use based on land tenure systems that originate in pre-Hispanic times. The *ejido* structure was a promise given to the rural population in the Mexican constitution of 1917, but it did not take effect until 1934 under the presidency of Lazaro Cardenas, when large private estates (*latifundios*) were confiscated by the government, broken into small communal plots, and given to local peasant cooperatives (Hart 1989). This meant the end of the *latifundios* (large estates) that existed before the Mexican revolution. (Hinojosa Ortiz 1983)

tourist resort, including high-rise hotels, internationally-oriented entertainment and promotion by international airline companies and blockbuster Hollywood movies such as *'Fun in Acapulco'* starring Elvis Presley and Ursula Andress (Thorpe 1963). At the same time, the city was also experiencing the downside of large-scale development with high levels of mass migration from the region with large-scale informal settlements as a result (Clancy 2001:178). Little of this 'other side' of the tourist coin was visible to the tourist in Acapulco who remained within the tourist bubble, similar to most of the incoming tourists later in the twentieth century, and the Mexican government officials were keen at continuing tourism development in this manner (Brenner 2005).

Starting in 1927, tourists who followed the expanding Mexican road network that would allow them to visit Taxco, Cuernavaca and finally Acapulco. And while many of these tourists were following the beaten track that had been prepared for them by massive private and government investments into the tourist infrastructure and preferred to remain within the tourist bubble, other tourists, like US-American bohemian[11] travellers - as a precursor of the backpacker travellers later in the century - ventured into more off-the-beaten-track places like San Miguel de Allende for extended stays, sometimes even resettling to the city:

> *"While most American travellers preferred to visit sunny exotic beaches or take quick trips across the border in their new automobiles, others sought the experience that cities like San Miguel offered: quiet cobblestone streets, historic architecture, and a cultural, bohemian atmosphere, untainted by hordes of tourists and the consumerism emerging with the post-war boom. [...] They usually stayed for longer periods than typical tourists did, often for a few weeks or even a few months. Many came with the intention of staying a few weeks but later chose to make San Miguel their permanent home."* (Pinley Covert 2010:202)

The federal government saw that tourism development in San Miguel was not going according to its own ideas of a top-down approach to politics (Vaughan, M. and Lewis, S. 2006), as it wanted to make use of the city in the discourse on authentic Mexican culture

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[11] On 'Bohemia', see Gold (1993)

after the revolution, a discourse that included the glorious past (i.e. pyramids) and a great future (i.e. modern metropolis) rather than promoting an 'artsy' idea of authentic local Mexican culture promoted through bottom-up tourism growth (Pinley Covert 2010:184). However, the government was not very successful at suppressing the artists' plans. In the 1950s, anticipating large numbers of US-American tourists, the Pan American Highway was completed, which branched out towards San Miguel. The city was promoted by travel agencies, Hollywood movies, and US-Americans newspapers such as the *Chicago Daily Tribune* and the *New York Times* (Pinley Covert 2010:200). But even though more conventional tourists started to visit the city, artists and bohemians, such as those from the "beat" movement[12] (e.g. Jack Kerouac, Allen Ginsberg) and later hippies and other individual travellers continued to choose San Miguel as one of their prime destinations.

> *"Allen Ginsberg, Neal Cassidy, and Jack Kerouac's legendary long hours at La Cucaracha bar probably did little to advance transnational understanding. Subsequent word of their exploits in Mexico nevertheless helped inspire – for better or worse – a young generation of gringo travellers."* (Wood and Berger 2010:376)

Mexico, as the country with the nearest alien culture to America, fascinated these people. Writers such as Kerouac, Burroughs and Ginsberg spent extended stays in Mexico and wrote poems about their experiences that they then shared with the beat community in California (Campbell 2003). Allen Ginsberg also travelled to Yucatan and Chiapas to see the Maya Culture (Gunn 2006). Their idea of Mexico, as a magical place to travel to, is reflected in Kerouac's description of his arrival in Mexico:

> *"Behind us lay the whole of America and everything Dean and I had previously known about life, and life on the road. We had finally found*

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[12] *"Beat movement, also called Beat Generation, American social and literary movement originating in the 1950s and centred in the bohemian artist communities of San Francisco's North Beach, Los Angeles' Venice West, and New York City's Greenwich Village. Its adherents, self-styled as "beat" (originally meaning "weary," but later also connoting a musical sense, a "beatific" spirituality, and other meanings) and derisively called "beatniks," expressed their alienation from conventional, or "square," society by adopting an almost uniform style of seedy dress, manners, and "hip" vocabulary borrowed from jazz musicians. Generally apolitical and indifferent to social problems, they advocated personal release, purification, and illumination through the heightened sensory awareness that might be induced by drugs, jazz, sex, or the disciplines of Zen Buddhism."* (Encyclopædia Britannica 2011)

the magic land at the end of the road and we had dreamed the extent of

the magic." (Kerouac 1998:276)

Mexico's 'magical' attraction to the countercultural movements of the USA (and later of other parts of the world) would continue throughout the hippie era and then on to contemporary backpackers of the late twentieth century.

3.1.4 Post-War Period to 1970

During the post-war period, Mexico entered a phase where tourism grew twice as fast as all Mexican exports put together (Jud 1974:21, 29). Still, tourism activities were concentrated along the US-Mexican border, Mexico City and Acapulco. Increasingly, the federal government realised the importance of tourism to generate foreign exchange, while at the same time acknowledging the cultural impact that tourism had (Clancy 2001). In 1956, the Fondo *de Garantía y Fomento de Turismo* (FOGATUR) was founded by presidential decree as a trust within the National Development Bank (NAFINSA). This was the first time that a federal entity focused on tourism development alone and its mission was to promote tourism and to provide loans for tourism-related projects (Jud 1974). With tourism concentrated along the US-Mexican border, tourist hubs in major cities as well as tourist centres along the Pacific Coast and in order to spread the economic benefits that tourism had, the Mexican government saw the need to develop accommodation infrastructure outside these traditional tourist hubs and catch up with the world trend of tourism development (Jimenez Martinez 1990). Until then, hotels had often been small, family-run businesses with few links outside Mexico (Clancy 2001). Only in Mexico City and Acapulco could you find a handful of large international hotel chains, such as the Hilton and Inter-Continental (Cockroft 1983:152; Schedler 1988:138).

The Mexican federal government turned FOGATUR into an autonomous government body in 1958, and in 1961, under President Miguel Aleman, the National Tourism Council was created, an institution that would consult with and offer advice to federal tourism authorities together with the public and private sector. Until the late 1960s, the major tourist destinations in Mexico were Mexico City, Taxco and Acapulco, Mazatlan, Veracruz, Puerto Vallarta and Merida (Turistampa 2012). Major international events were going to take place in Mexico, with the Olympic Games in 1968 and the Football World Cup in 1970 and in preparation for these events, tourist infrastructure had to achieve international standards. Yet, apart from these two major events, there was basically no expansion of

infrastructure or development of new destinations, but rather maintenance and promotion of the aforementioned ones. Mexico's economy - outside tourism - was still going strong and the need to promote tourism development beyond the destinations that had been established did not occur to the Mexican government until the 1970s, when the policy of import substitution made the export of Mexican products uncompetitive on the world market and loans from the OECD, IMF and World Bank became available for tourism development (Gullette 2004).

If at all, it appears that tourists who travelled to less prominent destinations along the Pacific Coast in the 1960s did so regardless of national promotion campaigns that still ignored the potential of the Mexican Coast for tourism development. Among these tourists of the 1960s who travelled 'off the beaten track' were hippy travellers heading down from the USA. Contrary to individual intellectual beatniks, hippies travelled in larger numbers, and sometimes even founded communes in places further inland –in places like Huautla de Jimenez or San Jose del Pacifico (Oaxaca), Palenque (Chiapas), or further south in Guatemala (Schawinski 1973), where they could get drugs such as magic mushrooms or *peyote* (Interview Enrique Ramirez). Eventually, Mexican officials came to consider these travellers as a threat to the 'establishment', a threat that derived from their alternative look and often excessive drug consumption (Interview Enrique Ramirez). So-called 'hippie raids' were the result (Berghe 1994). Consequently, individual 'counter-cultural' travellers, the ancestors of backpacker travellers who were to arrive later in the twentieth century, gradually left Mexico behind to discover more far-away places in Central and South America as well as India (Gunn 2006).

In May 1969, the Mexican President Gustavo Diaz Ordaz set up a national tourism development trust fund, the *Fondo de Promoción de Infraestructura Turística* (INFRATUR), within the Central Bank, which was staffed with bank officials. This move was supported by the World Bank, the Interamerican Development Bank, the Interamerican Reconstruction Bank and their respective institutional branches, such as the International Finance Corporation and the Export-Import Bank, showing how tourism development was predominantly seen as a means to react to balance of payments pressures. INFRATUR's task was to organize the modernisation of tourist facilities and trigger investment from

private actors in the CIPs[13]. Many regions in Mexico were also lagging behind economically, and needed an impulse to improve the employment situation. In order to do this, and in a strong top-down planning approach, INFRATUR was well funded and granted extensive legal powers, i.e. the right to expropriate land from local communities, which resulted in numerous conflicts (Clancy 2001) like in Zihuatanejo, where *ejidos* had never been compensated for expropriated land (Peterson 2011).

3.1.5 After 1970: From 'Lo Mexicano' towards State-Planned Sun and Sea

After the failure of the Mexican economic policy at import substitution (Massey et al. 2008), President Echeverria (1970 – 1976), who had headed the Department of Tourism before becoming president, reorganised tourism planning in Mexico. Consequently, starting in the 1970s, Mexico realised its potential to compete on the growing international market of sun and sea destinations[14], and with the financial support from international organisations such as the OECD, the IMF and the World Bank that promoted the development of mass tourism, the Mexican government selected tourism development as an 'export push', stimulating private investment while the State would take care of promotions (Clancy 2001). In 1969, due to increasing pressures on domestic economic policies, the *Banco de Mexico* – staffed with bankers, attorneys, architects and urban planners – commissioned a study (Banco de Mexico 2010) to determine potential export opportunities that would improve the economic situation in the short term, while at the same time being a self-financing, profitable and profit-motivated activity that would promote Mexican heritage and be beneficial to all Mexicans in the long term (Brenner and Aguilar 2002). The results suggested the development of new tourist resorts, the upgrading of existing resorts and the promotion and marketing of Mexico abroad. That same year, the Mexican president gave his approval to the development of these resorts (Torres and Momsen 2005), and in 1972, in an attempt to attract foreign middle-class tourists, especially US-Americans who had started to spend their holidays in the Caribbean but not in Mexico, the Mexican government selected a number of CIPs, as sun and sea sites that

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[13] The CIPs in Mexico are Cancún, Huatulco, Ixtapa, Sinaloa, Los Cabos, Loreto, Nayarit and Marina Cozumel (SECTUR 2013).

[14] While Florida was receiving 20 million tourists p.a. and the Caribbean region as a whole about four million tourists p.a., the Southeast of Mexico (i.e. Yucatan) only received about 60,000 tourists who visited the city of Merida and the Mayan ruins in its proximity (Clancy 2001, Medina 2010)

would be developed into international tourist destinations (Clancy 2001). However, INFRATUR did not have sufficient funding to successfully invest into such a large-scale endeavour alone. Therefore, in 1974, INFRATUR merged with FOGATUR to become the *Fondo Nacional de Fomento al Turismo* (FONATUR), a well-funded agency that was going to be the driving institution to develop large-scale tourism in Mexico until the end of the century (FONATUR 2013). The first pole was going to be Cancun, which was fully oriented towards international tourists as the destination was too far off to be visited by most Mexicans. Until then, the Yucatan peninsula had lagged behind economically compared to the rest of the country and had only recently been connected to the rest of Mexico by road in 1964. The growth of the Mexican economy in the post-war years was about 12 per cent annually, with 46 per cent in the Western part of the country but only 4 per cent in the East (Clancy 2001).After negotiating the acquisition of land with local communities, and with the development of the required infrastructure, massive investments by federal authorities started to build up the first CIP in Cancun. After proving to be a very successful project in terms of job creation and the number of tourists that it attracted (Clancy 2001), Ixtapa/Zihuatanejo and later Los Cabos and the Bahias de Huatulco became further FONATUR projects (Brenner and Aguilar 2002) (figure 9). At the same time, Acapulco and Veracruz attracted less and less foreign tourists and more domestic tourists, received less government support and went into decline (Clancy 2001). Other destinations, such as Manzanillo started to attract more international tourists:

> *"Manzanillo's admirers insist that it has everything Acapulco has to offer and more because its quiet charm has not been spoiled by commercialism."* (Maslin, 1952)

The competition with more modern resorts, a deterioration in the physical environment of Acapulco and its loss of appeal as an 'elite location' all led to a decrease in international arrivals who now preferred to spend their holidays in Cancun (Lins Riberiro and Lessa de Barros 1994).

Figure 9: FONATUR poles

Source: adapted from Brenner and Aguilar (2002)

Cancun, as the Caribbean destination, was designed to become the number one player in Mexican tourism in the future, while Ixtapa/Zihuatanejo was planned as a destination for international and domestic tourists alike, and to take away pressure from Acapulco. Similar to tourism planning in other parts of the world (International Tourism Consultants 1969), the approach in all tourism poles was to separate the tourist zone from residential areas (Hiernaux-Nicolas 1999), but in Ixtapa, conflicts with *ejidos* in neighbouring Zihuatanejo who held constitutional property rights occurred until a reform of Article 27 in the Mexican constitution in 1992. In that year, President Salinas changed the constitution and allowed for the sale and rent of *ejido* land instead of expropriating it, a measure he took in preparation of Mexico's accession to the North American Free Trade Agreement (NAFTA) zone in 1994 (Gerber and Kerr 1995). This was yet another example of Mexico's top-down approach to tourism planning, where solutions to underdevelopment were considered 'technical' rather than 'political' (Escobar 1995) and with little concern for social or environmental problems that could occur. However, apart from the directly affected *ejidos*, tourism planning did not face a lot of societal opposition, as the Centrally Integrated

Projects were planned in the sparsely populated periphery of the country, and other tourism stakeholders in the country were actually hoping their situation would improve from a general increase in international tourism (Clancy 2001:59).

But in order to develop a competitive position in tourism at an international level, the Mexican State was aware of the need of foreign investment and know-how in the tourism sector and, also, the need to offer hotels which had trade names that were known in the most important source market, the USA (Clancy 2001). Constitutional restrictions on foreign ownership[15] that existed along the border and coastal areas were partially bypassed in 1971 with a trust mechanism, *fideicomiso*, while at the same time, contrarily to what was happening in coastal areas and as part of their import substitution policy, Mexico tried to delimit foreign investment in the rest of the economy with more restrictive laws. In history, Mexican governments had traditionally been wary of international intervention in domestic affairs, and restricting ownership along the border and its coasts was seen by them as a measure to prevent 'invasions' from the outside world. However, in order to promote economic growth and with a more liberal approach to economic development, these rules were gradually removed in order to allow foreign direct investment into the tourism market. At first, this only applied to large projects planned by FONATUR, but by the beginning of the 1990s and with Mexico entering NAFTA in 1994, property ownership and tourism development was liberalised and opened to foreigners (Mateos 2006).

The intention behind the planning of tourism poles in remote parts of the country was to counter the lack of regional development and to produce export revenues (Hiernaux-Nicolas 1999). By thoroughly planning tourist poles, the Mexican government also wanted to prevent the worst side effects of tourism from happening, such as pollution, land speculation, hyperinflation, as well as rapid and unzoned growth that produced informal settlements around the tourist destinations, like in Acapulco (Ramirez Saiz 1989). The background to this major government push was the ability to invest large amounts of money after Mexico had discovered major oil reserves in the Gulf of Mexico. Mexico therefore managed to increase its tourism activities until the early 1980s, with government

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[15] In Article 27, Section of the Mexican Constitution of 1917, it is said that *"under no circumstances shall foreigners be authorized to acquire direct ownership of land and waters within a zone of one hundred kilometres [62 miles] along the borders, and fifty (kilometres) [31 miles] along the shores."* The establishment of *fideicomisos* was a measure that would allow foreign capital investment in before restricted areas.

authorities taking on four areas of tourism development: the planning, the provision of infrastructure, entrepreneurship and the assumption of risk and finance (Clancy 2001). All of these were ground-breaking moves towards the sun and sea tourist destination that Mexico was going to become in the following decades. With establishment of tourism poles, the State also recognised the importance of air travel for incoming tourism. In 1970, less than 4% of international tourists travelled by air, but by 1980 that percentage had risen to 60% (Martinez 1990:161).

Apart from this shift in focus, several institutional changes also took place during this period:

- The largest Mexican hotel chain 'Nacional Hotelera'[16] became State-owned and was selected as a main provider of accommodation in the newly established tourist poles, and in 35 cities throughout the country (Turistampa 2012).

- INFRATUR and FORGATUR merged to become FONATUR (National Fund for Tourism Development), the main agency for the promotion of and investment in the CIP's and the main source of finances for other tourism projects.

- The government turned the 'department' of tourism into a ministry called SECRETARIA DE TURISMO (SECTUR), thereby upgrading its status and autonomy[17].

While SECTUR staff often had and has a political background with a high turnover depending on the outcome of elections, FONATUR is more meritocratic, quite independent and autonomous because of its funding from the World Bank and the International Development Bank (IDB), and through land development and sales (Clancy 2001:57). This difference in background among the staff of the two institutions often led and still leads to conflict between them (Brenner and Aguilar 2002). Nonetheless, their cooperation led to

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[16] Next to the Hilton, Nacional Hotelera S.A. was the only major hotel chain operating in Mexico at that time (Turistampa 2012)

[17] The function of SECTUR is to develop and lead the development policy at a national level; to promote, in coordination with State authorities, the national tourism development areas; to register providers of tourist services according to terms established by law ; to authorize the prices and rates of tourism services, previously registered under the terms of laws and regulations, and to participate with the Ministry of Finance in the setting of prices and tariffs for tourism goods and services by federal public administration; to regulate, guide and stimulate tourism protection measures and monitor their implementation, in coordination with federal and state agencies and municipal authorities, and to set and, where appropriate, amend the categories of providers of tourist services branches (interview, SECTUR).

considerable success and towards the end of the 1970s, beginning of the 1980s, they started to develop tourism beyond the poles, throughout the country as a whole. During the 1970s, the exchange rate of the peso compared to the US dollar was unfavourable and there was growing competition with other sun and sea destinations. This led to a devaluation of the peso by 37.5 per cent in 1976, and 14 per cent in 1977 (Arkel 1997). By the late 1970s and early 1980s, Mexico had developed more and more international debt problems through overreliance on oil sales and a trade deficit which resulted in inflation and a high public debt.

After devaluation of the peso in 1982, enjoying a preferential exchange rate, Mexico turned into a 'bargain destination' for tourists, especially in places where prices were not based on the US dollar (Interview Ludger Brenner). While hippie travellers - referred to as *mochileros* (from the Spanish word *mochila* for backpack) - had discovered many remote parts of Mexico and Central America dating back to the 1960s and 1970s (Anderskov 2002), after 1982 they were followed and eventually replaced by predominantly European backpackers (Berghe 1994) (Interview Enrique Ramirez), who could afford to fly to Mexico as soon as air ticket prices from Europe dropped in 1982 (Richmond 1982). However, backpacker guidebooks that had already gained popularity in other parts of the globe were still rare and less precise as to which route to follow prior to the publication of the first *Lonely Planet Mexico* in 1982 (Franz 1983). Interviewees in the research locations also stated that the first real wave of backpacker tourists did not arrive in Mexico before long-haul flights from Europe started in 1982. Anecdotal evidence suggests that they spread the word about destinations such Zipolite on the Pacific Coast, Tulum on the Caribbean Coast, or San Cristobal de las Casas in the highlands of Chiapas, during their travels through the South of Mexico, and that they were the path-breakers for the wave of cultural tourists that was to follow later in the 1980s (Clancy 2001). Other destinations they visited in Mexico included cultural cities of the South (Oaxaca, Merida) and coastal resorts (Zipolite, Tulum, Isla Mujeres).Disregarding tourist seasons and often travelling alone or in twos, as in other parts of the world where backpackers travelled, most of them were well-educated young people at a college/university level, travelling in local transport and trying to learn Spanish. In the places they visited and stayed, there was an increase in small, modest, locally-owned one or two-star hotels, *posadas* (Spanish for small hotel) and eateries. Their drug consumption was considerably lower than the hippies' had been, but again just like in other parts of the world where travellers arrived, many locals showed a disregard for

backpackers because they ended up spending less than conventional tourists (Berghe 1994; Brenner and Fricke 2007).

Another result of the devaluation of the Mexican peso was the move to privatize the Mexican tourism industry after 1982 (Brenner 2005). Gradually in the 1990s, under President Salinas, FONATUR would have less control (Brenner 2005) and tourism policies would move away from the 'youth segment' into more affluent and older target groups, such as rich retirees, older wealthy travellers and baby boomers (Brenner and Aguilar 2002).

The results of the institutional changes and government planning in tourism were that the State had become the most important player in Mexican tourism. Rather than the traditional image of *'lo mexicano'*, through the Mexican government's drive to promote the new IPC's, Mexico had become primarily a beach destination. This is not a surprise, given the dominance of coastal tourism before and the fact that interior destinations only attracted about 30% of all tourists (Molinero 1982). The State acted as a 'banker' that paid for basic infrastructure and as an 'entrepreneur' to develop the first facilities (Bennett and Sharpe 1982). FONATUR, for instance, built the first hotels, as private investors did not want to risk investing into a new tourist destination from scratch (Clancy 2001:62). FONATUR also managed to get a franchising agreement with the French Club Méditerranée ("Club Med") to build hotels in three of the poles, just after the airports had been built in the 1970s. With all inclusive installations, they could operate even without the necessary services in other parts of the destination ready for usage. During the first ten years of operation, FONATUR's investments added up to US$1.5 billion (SECTUR 1986). Without FONATUR's activities, hotel facilities in Mexico would not have developed as they have, as expansion and upgrading depended to a large extent on FONATUR. Between 1974 and 1992, more than a third of all government credits went to the States of Quintana Roo and Guerrero (Cancun and Ixtapa) and more recently FONATUR has invested increasing amounts in the States of Oaxaca (Huatulco) and Baja California (Los Cabos) while development has received additional impetus from BANCOMEXT, especially for the so-called *megaproyectos* (megaprojects). There has clearly been a focus on upscale, international-quality developments, especially Five Star and *gran turismo* hotels catering predominantly to foreign tourists (Brenner and Aguilar 2002). By the end of the 1970s, international hotel companies had started to dominate the high-end hotel segment;

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however, overall investment in the hotel sector was predominantly national (about 90%) (Clancy 2001:78). Even though most of the hotel rooms in Mexico - across the board - are Mexican-owned, international-class establishments of *gran turismo* level are in foreign hands (i.e. TNC's) for 100%, of which 71% are of *gran turismo* and Five-Star level (Schedler 1988:138). So even though some Mexican firms have managed to enter the market for international class tourists, *"the distributional patterns of industrial transformation have become narrower as ownership and control has become more centralised"* (Clancy 2001:79).

This concentration of foreign ownership and development of high-end tourism continues in the newer projects, such as the Megaprojects[18] initiated in 1989. These projects are self-contained mini-resorts, including lodging, some transportation and recreational services. They are still 'planned' resorts but with a larger variety of natural settings and activities, beyond the regular sun and sea tourism, in reaction to a more segmented tourist market. Many of these projects target high-end tourists, while some of them aim at campers, fishing, and more modest border travel. The majority is set-up as "gated communities" with restricted access for outsiders and therefore also limited contacts with the surroundings, and aim at competing with a European market offering similar amenities. FONATUR still plays a major role in planning, infrastructure, financing and entrepreneurship among these projects, but only large-scale investors can enter the market because of the sheer size of the projects (SECTUR 2011).

3.1.6 The 1990s and onwards

At the turn of the decade, tourism in Mexico continued to grow as the federal governments started to take measures in 1989 that increased liberalisation of trust mechanisms (*fideicomisos*) in formerly 'prohibited' zones along the border and the Mexican Coast. Trusts that had been valid for only 30 years could now be automatically renewed upon request. This measure triggered ever higher levels of foreign direct investment. After 1988, international air traffic grew outside the USA and Mexico (Economist Intelligence Unit 1993), so that by 1991, 31 foreign carriers from outside Mexico and the USA were serving the Mexican market (Secretaria de Comunicaciones y Transportes 1991). The planned tourist poles in Mexico showed tremendous success and in

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[18] The term *megaproyectos* is a term coined by the Mexican press when referring to prestigious large-scale tourism projects and is rarely found in government documents.

1991 received 25% of all international arrivals to Mexico[19] (SECTUR 1982; Berghe 1994), and while the vast majority of international tourists came from the USA, Europeans tourists dominated the cultural destinations of the South, such as Oaxaca and Merida. In the city of Oaxaca, similar to what happened in San Miguel de Allende and Taxco before the war, artists and intellectuals had already managed to see the benefits of culture and tradition and promoted it (Kastelein 2010). In 2004, Oaxaca received 133.819 foreign visitors, of whom 56.27% were Europeans and 34% came from the USA and Canada (SECTUR 2005). *"Key European markets such as German and French tend to deliver a higher income traveller (as well as budget travellers, but weighted to the higher income, more discerning person)"* (Kastelein 2010:363). It was not until the 1990s that Mexican tourism authorities, which until then had almost exclusively focused on the development and promotion of sun and sea tourism, started to realize that tourism to Mexico was finding it hard to compete with other international cheaper sun and sea destinations and that tourism could help in preserving living cultural traditions beyond the pyramids and pre-Hispanic culture (Brenner 2005) as they identified three areas for an increasingly segmented tourist market:

1. Colonial Cities, such as Queretaro, Puebla, Oaxaca, San Miguel de Allende or Merida.
2. *Ruta Maya/Mundo Maya* (both promoting '*lo mexicano*'), to attract tourists to the interior of the country, and to add on to the Riviera Maya (Cancun and rest of Caribbean).
3. 'Megaprojects', to attract mostly highly affluent tourists (other than campers and fishermen) in a trend towards capital-intensive development and increasing competition in the sun and sea sector (with Cuba, Jamaica, Aruba)

In 1994, Mexico entered the NAFTA and in the following year, Mexico was hit by another financial crisis, which resulted in the devaluation of the Mexican peso. This led to a halt on construction, with several indebted firms and the bankruptcy of several properties. In the Southern State of Chiapas, the Zapatista uprising took its toll on tourism and the image of Mexico as a whole as a 'safe' destination became at risk. International resorts gradually

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[19] In 1991 and 1992, Mexico received about 6 million international tourists, a slight decline to the 1980s due to the overvalued Mexican peso which made travel from the USA more expensive. After the peso crisis in 1994, international tourism recovered (SECTUR 1982).

turned into 'national' resorts, while it took the country until 1998-99 to recover from the shock.

3.1.7 Post-PRI development after 2000

In 2000, after 71 years of governing the country, the *Partido Revolucionario Institucional* (PRI) lost the federal elections and was replaced by a president from a different political party, Vicente Fox, from the *Partido Accion Nacional* (PAN). With respect to tourism development, this marked a major change, as the PRI had been closely tied to SECTUR and FONATUR that had served as brokers between private capital investment and the tourist industry for decades (Brenner and Aguilar 2002). Another reason for a change in tourism policies was that the Mayan Riviera and the area around Puerto Vallarta had been 'distributed' among investors; therefore Vicente Fox turned his attention towards the North (e.g. Los Cabos). As a result, private Mexican investors could enter the arena, and although there is no official documentation of the change, anecdotal evidence suggests that local governments had more say over tourism development than before. FONATUR started to have less and less influence, as a policy shift pushed it out of hotel construction and management into a focus on the construction of infrastructure (Saragoza 2010).

In 2001, the Mexican government initiated a cultural tourism project called *Pueblos Magicos* (Magical Towns) to promote inland destinations for their history, art, and cuisine. The idea was to achieve a high level of community involvement in presenting local customs and traditions. However, the *Pueblos Magicos* is predominantly a promotional programme which had difficulties in getting off the ground, because the selected destinations were not prepared for it and did not have the financial or organisational means to put the projects into practice (Interview SECTUR).

3.2 Introduction Malaysia

In contrast with Mexico, Malaysia had a slow start, with international tourism arrivals beginning only in the 1970s. Today, Malaysia is the ninth most visited country in the world with nearly 25 million tourist arrivals and tourism receipts that surpassed £12 billion in 2012 (UNWTO 2012) (figures 10 and 11). Direct contribution of Travel and Tourism to the national GDP was £13,3 billion pounds (65.3 billion Malaysian ringgit) or 7% in 2012, while the total contribution (incl. wider effects from investment, supply chain and induced income impacts) was £29.8 billion (146,4 billion ringgit) or 15.6% (World Travel & Tourism Council 2012). Tourism ranks as the third largest earner of foreign income and provided 1,8 million jobs in 2010 (Tourism Malaysia 2012).

Figure 10: International tourist arrivals in Malaysia 1998 – 2012

Source: WTTC 2012

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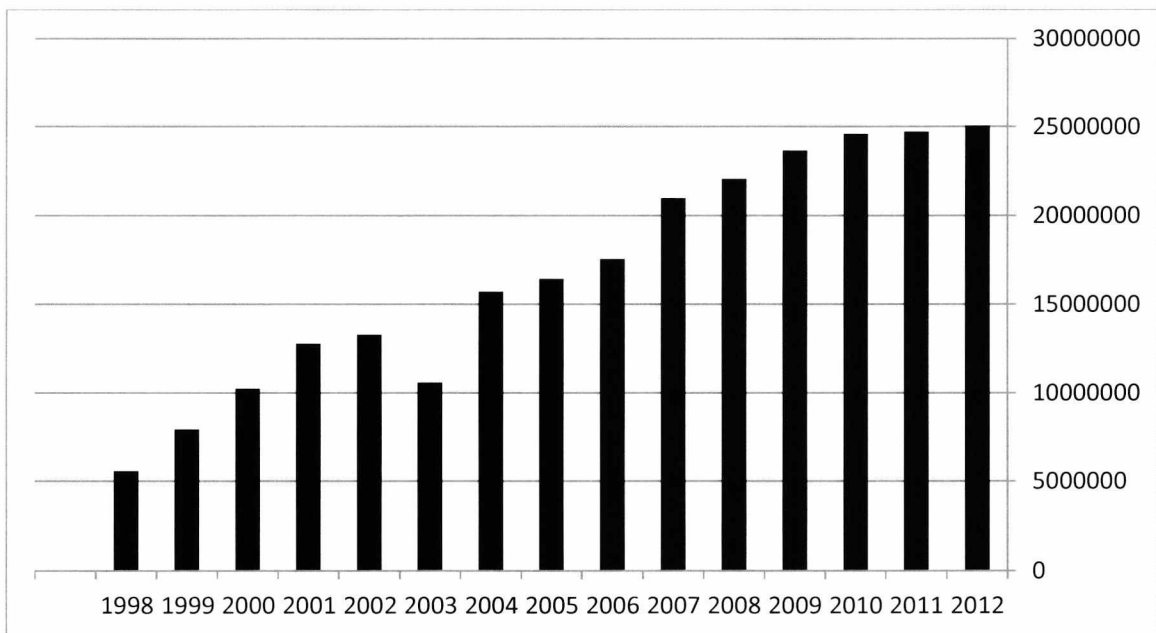
Figure 11: Tourism Receipts in Malaysia 1998 – 2012 (£million)
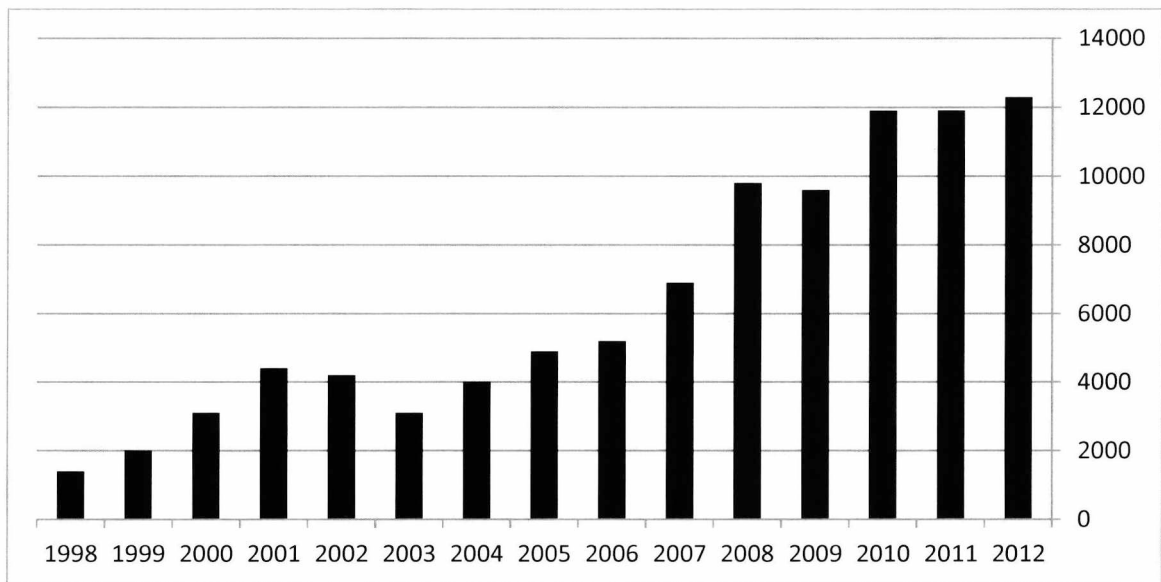
Source: WTTC 2012

The second part of this chapter will shed light on the history of tourism development in Malaysia, from the first "hill stations" under colonial rule, to the involvement of government agencies after independence and the results of the various tourism strategies that have been implemented. Finally, as part of a backpacker route through Southeast Asia, the development of backpacker tourism in Malaysia will be mentioned, from the 1960s, when the first hippie travellers arrived on their way to India, to the modern day backpacker.

3.2.1 "Going to the hills" - Tourism in British Malaya (1786–1957)

Tourism to Malaysia, or British Malaya[20], dates back to the times when British colonial expatriates who lived and worked in hot, tropical climates initially considered stays in the cooler highlands as a way of curing diseases, stress and fatigue. And as the East India Company did not allow its employees to return back home for the holidays, there was a demand for places of refuge in the colonies (Aiken 1987). "Going to the hills" was a growing custom among those people whose economic status would allow them to spend

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[20] Until gaining independence in 1957, Malaysia was part of the British Empire and will therefore be referred to as British Malaya.

some time at a resort and make their stay in the colonies less uncomfortable (Spencer and Thomas 1948). The government of the times played an active role in promoting 'tourism' to the hill stations by pacifying hill tribes and financing the construction of road infrastructure to these places. King (1976) states that hill stations throughout the British Empire displayed three important features: a particular set of environmental preferences, distinctive residential models for the colonizers, and the idea that hill stations had health benefits to living in the hotter plains. Marzuki (2010) therefore suggests that, dating back to the eighteenth century, trips to these locations could be considered among the first forms of Western tourism in developing countries.

> "[...] the lowlands everywhere from western India around to northern China and southern Japan are so hot, humid, and uncomfortable for some part of the year that the white man suffers acutely when continuing to reside there. [...] it is true that the white man is better off in the Orient if some relief from continued heat can be found." (Spencer and Thomas 1948: 638)

Apart from the British colonial expatriates, a number of businessmen from Europe and Asia travelled to and from British Malaya. However, travel was very difficult and expensive before steamships arrived in the region in 1845 (Aiken 1987). Even Asians who were not involved in business travel had a tradition of travel, either for work, pilgrimage or leisure (Hesse 1980). Among the first real 'in-coming' tourists who travelled to British Malaya for pure leisure were artists such as Rudyard Kipling, Hermann Hesse[21] or Charlie Chaplin who visited the region at the beginning of the twentieth century.

The first hill stations appeared in the late eighteenth century in British Malaya and the Dutch East Indies. However, it was not until the nineteenth century - after military expeditions to the mountainous areas of their respective colonies - that the colonising powers realised the benefit of the mountain climate and that hill stations emerged in British India (Kanwar 1998 and Baker 2009), Ceylon, the Philippines, French Indochina (Jennings 2003), and even China and Japan (Spencer and Thomas 1948). Hill stations became outposts of colonial settlements that were also very specialised in their function of

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[21] Hermann Hesse's parents and grandparents from his mother's side had worked in India as Christian missionaries. His writing was influenced by Chinese philosophy and was widely read by the beatnik and hippie youth in North America.

expressing colonial power, some hill stations effectively turning into the residences of power of the colonial executive, as in the case of Shimla (India) [22], Baguio (Philippines) or Buitenzorg (Dutch East Indies) (Reed 1979).

Next to their, at times, political function, nearly all of the hill stations had the more recreational function of a metropolitan spa or the seaside bath resort (Aiken 1987). The landscapes, weather conditions and architecture reminded European colonial expatriates of their home countries, a break from traditional Asia, and many of them who had the chance therefore moved to higher altitudes for prolonged stays. The first people to travel there were sick soldiers who were treated away from their work in the hot lowlands, and British officials who, when the hill station was within a short distance, would work in their urban offices during the week before heading for the hills on weekends (Spencer and Thomas 1948 and Georg 1998). But after the mid-century, they were soon followed by civilians, many of whom were women (Kanwar 1984), for pure leisure and amusement (Reed 1979). The population within these hill stations was exclusively European, based on the idea that living close to native people could cause health problems[23]. However, after World War I, the reasoning based on health issues quickly changed to political motivations, being separated from the native people and their culture, no matter what status they had. Whatever reasoning was used, native people were only allowed to stay in the hill stations as the expatriates' servants (Georg 1998).

> "[The hill stations] *symbolised colonial domination and gave a concrete aspect to the duality of colonial society by creating a visual distance between the colonisers and the colonised.* " (Georg 1998:26)

Life in Oriental cities with their bad sanitation and hot and humid climate was a difficult life to live for many expatriates. European expatriates and visitors staying in British Malaya could therefore feel at home away from the foreign culture that surrounded them in the lowlands, socialize with each other, and enjoy the nostalgic memories of home. There appeared to be a longing for anything that was European in a world that was dominated by

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[22] The first hill stations in India were established in 1819 and 1821 (Aiken, 1987: 425).

[23] In 1900, the Royal Society gave the following advice to the Secretary of State for the Colonies to separate Europeans and natives: "*Segregation from the native is at present the only scheme for preventing malaria that offers the least possibility of success in Africa [...]*" (Georg 1998:7).

foreign cultures. As such, the hill stations could be considered a means of physically segregating European and Asian cultures in the British Empire.

> "*Chinese everywhere, the secret rulers of the East, Chinese shops everywhere, Chinese shophouses, Chinese craftsmen, Chinese hotels and clubs, Chinese tea houses and brothels. In between, an alley full of Malays or Klings (Indians) [...] Later, when I left the downtown area, the alleys continued to sound and glow behind me, through the night, and in the hotel an Englishman let the gramophone play an upper-Bavarian Yodel quartet for his solitary entertainment.* " (Author's translation from Hesse 1980:22,23)

Penang Hill was the first hill station in British Malaya, located on the island of Penang, while other hill stations were located on the mainland of British Malaya (figure 12): Maxwell's Hill (Bukit Larut) (founded in the 1880s), Fraser's Hill (Bukit Fraser) (after 1918), a number of highlands spots that have been used informally as hill stations but later abandoned (Spencer and Thomas 1948). But the most important destination was to become the Cameron Highlands, developed in the 1930s after the other hill stations had proven to be too small and limited for any major development.

> "[The other hill stations] *were small, lacking space and amenities for the increasing numbers of expatriates in administrative, extractive and commercial occupations that were drawn to Malaya as British influence and commerce spread.*" (Freeman 1999:21)

Later in the twentieth century, the Genting Highlands were planned to become a modern version of a hill station (Reed 1979).

Figure 12: Hill stations in Malaysia
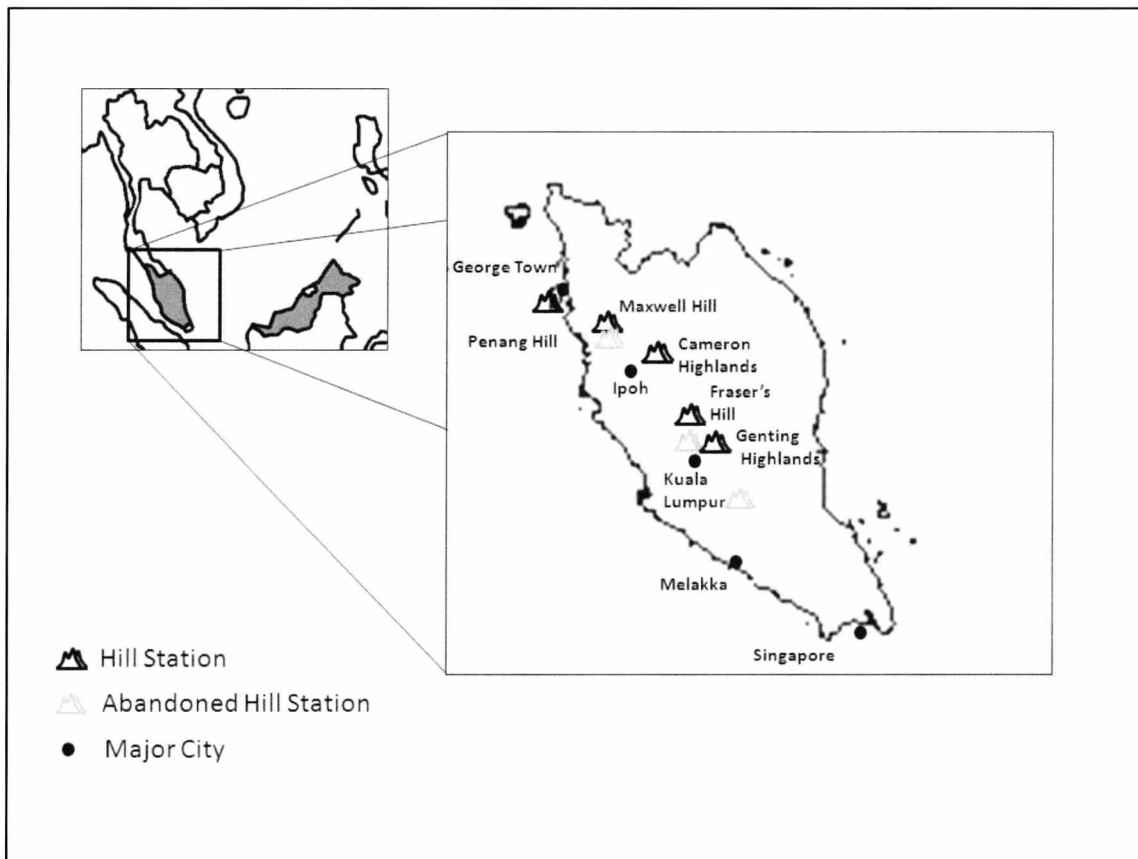
Source: Own design 2011

3.2.1.1 Penang Hill

The first hill station in British Malaya was Penang Hill, established in 1789, soon after the foundation of Georgetown in 1786. On Penang Hill, there was very little infrastructure apart from a few bungalows[24], and even though hill stations in British Malaya were intended to parallel their counterparts in India, none of them had the facilities that could be found in the Indian hill stations, such as pubs, libraries, shops or a church (Spencer and Thomas 1948). The total population of Penang Hill was probably never higher than 300 inhabitants (Journey Malaysia 2011). Hill stations could rather be considered 'imperial belvederes', early-day second homes for the colonizers who sought a British 'bubble' away from Britain. The hill stations provided them with a beautiful natural setting, the possibility of walking and horseback riding, and a getaway from the life in the low-lying city such as

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[24] Buildings in hill stations were referred to as 'bungalows' while houses in the lower-lying towns were called 'houses' or 'residences'. The architecture for the bungalow was inspired by Madras houses, where many of the officials who worked in Penang had come from (Aiken 1987). Madras (today Chennai) and Penang always had a strong connection, which is also reflected in the steamship service that existed until the 1970s and the flight connections that existed until recently.

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Georgetown (Aiken 1994). Staff and services were often provided by Chinese immigrants, as carriers, servants or shop holders (Journey Malaysia 2011). The early architecture and gardens reflected influences from India, Malaya and Britain, a style that changed to a stricter, more metropolitan style in Victorian times (Aiken 1987). Initially, the function of the hill station was for private residences and as a sanatorium, later in the nineteenth century, the owners of the Eastern Oriental Hotel in Georgetown bought one of the larger houses and converted it into a hotel, the first step away from the 2nd home function towards a real tourist destination. Hermann Hesse, during his visit to Penang in 1911, wrote:

> "At the top [of Penang Hill], it was cool and hazy, changing clouds, thick mist just like in the mountains back home, soon brief views on the valleys below and the blue sea with fog-steaming islands, under these weather conditions, the hotel resembled a mountain chalet in the Alps or the Black Forest." (Author's translation from Hesse 1980:138)

Plans had been made in 2010 to change the appearance of Penang Hill radically with the construction of a major hotel, but an outcry among the people of Georgetown who organised opposition to the plans was successful (Singh 2011).

3.2.1.2 Maxwell's Hill

Maxwell's Hill, in the State of Perak, was selected as a hill station by William Edward Maxwell, who had been appointed Assistant Resident of the State of Perak in 1875. Maxwell was a Malay scholar and therefore very much familiar with the local culture, which was a far cry from most of the other members of the Victorian colonial expatriate society. For the planning of this hill station - which was conveniently located only 6 kilometres away from the town of Taiping -, he was inspired by the hill station in Shimla (India), a hill station that was also referred to as the 'queen of the highland towns' (Barr and Desmond 1978). Despite its difficult access over a dirt track, Maxwell's Hill soon attracted the usual senior officers and their wives, other members of the higher society, as well as artists who sought the pleasure of a hill station and the climate of England in a tropical country (Journey Malaysia 2011).

> "Most of the time we have been here it's been like English April weather, without the harsh winds. We had fires every evening, and I

have had to go to bed with, not that the cold made it necessary, but

because it looked bright and cheery." (Aiken 1994:92)

In World War II, the access road was widened (and then paved in 1948) to facilitate access to the hill station. When the Japanese occupied British Malaya and Taiping was made its administrative centre, the officials also used Maxwell's Hill as a residency (Journey Malaysia 2011).

3.2.1.3 Fraser's Hill

A gold-seeking Scotsman named Fraser discovered the location of the future hill station Fraser's Hill (Bukit Fraser), some 100 kilometres away from the capital Kuala Lumpur. Instead of gold, he discovered tin, and soon miners - most of them Chinese - started working in the area. Initially, Fraser's Hill was nothing more than a mine, but towards the turn of the century, the British considered the location, not far from the tin mines of Ipoh, as a suitable location for a hill station. World War I making it difficult for British expatriates to return to Europe for a holiday, they therefore looked for a place where they could get a feel of home in British Malaya. But it was not until 1919 that an access road was built and in 1922, the hill station 'Fraser's Hill' was opened with bungalows and private homes, a rehabilitation centre for soldiers, a 'country club' and a golf course, water supply and a post office. The regular pastimes included games of croquet, teas and cocktails (Journey Malaysia 2011).

> *"A resplendent table had been prepared; all the government crockery*
> *and silver with the bull's head crest, the whole stock of bottles arrayed*
> *like skittles on the sideboard...cocks, ducks, a suckling pig were laid*
> *before us." (Fauconnier 1930:105)*

Hainanese were employed who took care of the houses as house sitters or as servants and staff, and as soon as Malaysia became independent and the British left in 1957, it was these former Chinese servants who opened their own teahouses in major cities around Malaysia (Journey Malaysia 2011).

3.2.1.4 Cameron Highlands

All of the aforementioned British Malaya hill stations were more modest and less equipped than the Indian hill stations (Aiken 2002). Another hill station, the Cameron Highlands, doubly-functioned as an important agricultural centre in Malaysia and therefore

experienced an economic growth beyond any of the other hill stations. The highlands had been 'discovered' in 1885 and mentioned in a letter by William Cameron, a British government surveyor working in British Malaya. The area in the central highland area of the Malay Peninsula seemed to offer good climate, distinctive ecology and economic potential (Freeman 1999). Even though first steps were taken to open the area through the construction of a path in 1897, confusion over the location of the Cameron Highlands put a halt to any plan in 1905. The following plans were made in the 1920s by Sir George Maxwell, who was the son of the founder of Maxwell's Hill and also Chief Secretary of the Federated Malay States from 1920 to 1926. After George Maxwell had realised that Fraser's Hill was getting too crowded and did not lend itself to the cultivation of agricultural produce, a few successful expeditions confirmed the location of the 'Cameron Highlands' and the government decided to open a new hill station that would offer more development opportunities (Freeman 1999). Initial plans were inspired by the hill stations Nuwara Eliya (Sri Lanka) and Baguio (Philippines), with planning that took care not to disrupt local communities of shifting cultivators, and to prevent the *"haphazard development of Fraser's Hill"* (Freeman 1999: 24). The Cameron Highlands Development Committee (CHDC), which was appointed in 1926, played an advisory rather than a decision-making role, as individuals such as Maxwell and, after 1930, Sir Cecil Clementi took the relevant decisions that would define the shape and structure of the Cameron Highlands (Freeman 1999). However, the global economic recession between 1926 and 1930 stopped planning and construction once more and when the new High Commissioner to the Federal Malay States, Sir Cecil Clementi, was appointed and visited the plateau, all former plans were set aside and the Cameron Highlands 'redesigned' for predominantly agricultural production and with a more English appearance.

> *"The government of the Federal Malay States moved deliberately in founding the Cameron Highlands by making substantial investments in roads, dams, electrification, and a large agricultural experiment station and by simultaneously encouraging private participation in the developmental process."* (Clarkson 1968:35)

However, the economy did not recover as expected and travel for international tourists from Europe was still too expensive, unless they were travelling on business trips (Pirie 2009). Instead of large numbers of expatriates heading for the Highlands, it was Chinese

and Tamil people who opened their shops along the roads, and the area turned into a multi-ethnic agricultural area with minor recreational functions. During World War II, British and Indian soldiers spent their time off in the Cameron Highlands, in the company of the many British women who resided there. When British Malaya was occupied by the Japanese from 1942 to 1946, the British had to leave and in the 1950s, 'the Emergency', a guerrilla movement in British Malaya, prevented them from returning to the highlands.

Between Independence from Great Britain in 1957 up until the 1990s, none of the aforementioned hill stations experienced any major development, until the Genting Highlands and the Cameron Highlands were (re)developed in the 1990s. The major change compared to the hill stations of the past is that the clientele that was made up exclusively of members of the expatriate community before Malaysian independence (Spencer and Thomas 1948) is now composed mostly of domestic tourists and international holidaymakers (Aiken 1994). The development of the Malaysian hill stations is displayed in figure 13:

Figure 13: Hill station development in Malaysia (1789 – 2011)

Hill Station Development in Malaysia
(1789 – 2011)

Penang Hill	**1789** **1895** E & O Hotel owners 1905 Crag Hotel buy hotel	Domestic tourist destination 1993: large-scale tourism development stopped by citizen movement

1789

1905
1895   E & O Hotel owners
Crag Hotel   buy hotel

Domestic tourist
destination

1993: large-scale tourism
development stopped by
citizen movement

Penang Hill

Transport by coolies
and horses

1923
Funicular railway

2011: new large-scale
development plans

Private expatriate residences & sanatorium   First Chinese residences

Maxwell's Hill   **1880**   Private expatriate residences & sanatorium
Chinese community members supply services from Taiping
No agriculture, difficult access

Fraser's Hill   **1917**   Government-built access road
Bungalows (for colonial elite), golf course, boarding school
Access considered too restricted for major hill station site

Cameron Highlands   **1926**   1926 – 1931 C. H. Development Committee
Beginnings of access road, first tea estates,
zoning of areas
1931 - 1935: Pahang State Government
Access roads and paths, water-supply,
rest house

1990s: international standard
resort-hotels, golf courses

After 1935: private investment
Tea estates, vegetable smallholdings
Chinese and Tamil-owned shops
Private schools, golf course hotels

Genting Highlands   **1969**   Private investment
International Tourism
Hotels
Casino

| 1800 | 1900 | 1957 INDEPENDENCE | 2000 |

Source: own design 2012

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3.2.1.5 Genting Highlands

The Genting Highlands were opened to the public in 1969. Founded by two Asians, a Chinese businessman who had discovered the potential of the Genting Highlands in the beginning of the 1960s, and a Malay politician, no public money was invested in the construction of infrastructure. Based around a hotel and a casino, the setup is very different from the traditional hill stations in Asia: in an independent Malaysia, the concept of segregated space between expatriates that was applied in the hill station of the British Empire was replaced by a multi-ethnic space open to anyone. The background to this concept was the political desire to attract domestic and foreign tourists in order to improve the national balance of payments. The Genting Highlands were also designed to be the location of the first legal casino in Malaysia. (Reed 1979)

3.2.2 From the beginnings of Tourism Development after Independence (1957) until 1990

Government authorities did not get involved in tourism before independence until the Cultural Department was founded in 1953. First efforts to promote tourism started until the 1960s (Oppermann 1992) with the opening of the Ministry of Culture, Sport and Youth (Mohammed 2001 in Marzuki 2010). Malaysia's economic plans are organised according to five-year plans, and the First Malaysia Plan (1966 – 1970) did not refer to tourism. However, it was in this period, the late 1960s, that Penang, Kuala Lumpur and Singapore became Rest and Recuperation destinations [25] for US soldiers who were fighting in the Vietnam War (Brandli 2001). Their impact on tourism, together with the Australians and British soldiers of the air force who were stationed at airbases on the mainland, was a less desirable one, as they often made use of the sex workers who were working in some streets of Penang. A more severe impact of R&R activities is documented in Bangkok (Thailand) where hundreds of massage parlours, night clubs and bars opened in reaction to the presence of American Vietnam soldiers (Ouyyanont 2001)

> *"What happened was...they came here, and they were staying at different hotel, on Penang Road, Chulia Street...in one of the best hotels anyways here. But then,*

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[25] Rest and Recuperation or 'R&R' is a term used by Americans to describe the time off the daily chores, work, and to have fun. The US military then used the term to indicate time soldiers had off duty. There is little information on R&R in Malaysia and why exactly Kuala Lumpur and Penang were chosen, but possible reasons could be the availability of an airport/air strip to land planes coming from Vietnam.

you see a lot of difference, in the sense that there are a lot of new whorehouses...you know what I mean?...everywhere." (Interview, respondent #68)

Apart from the occasional traveller who strayed and came through on his way to Australia (Williams 1966), few foreign tourists went to visit Malaysia. Western tourists started to spend their holidays in Malaysia in the 1970s with the start of regular long-haul flights to Southeast Asian destinations[26]. Tourism in Peninsular Malaysia developed primarily in cities along the West Coast beaches and islands (figure 14)

Figure 14: Major tourist destinations on peninsular Malaysia
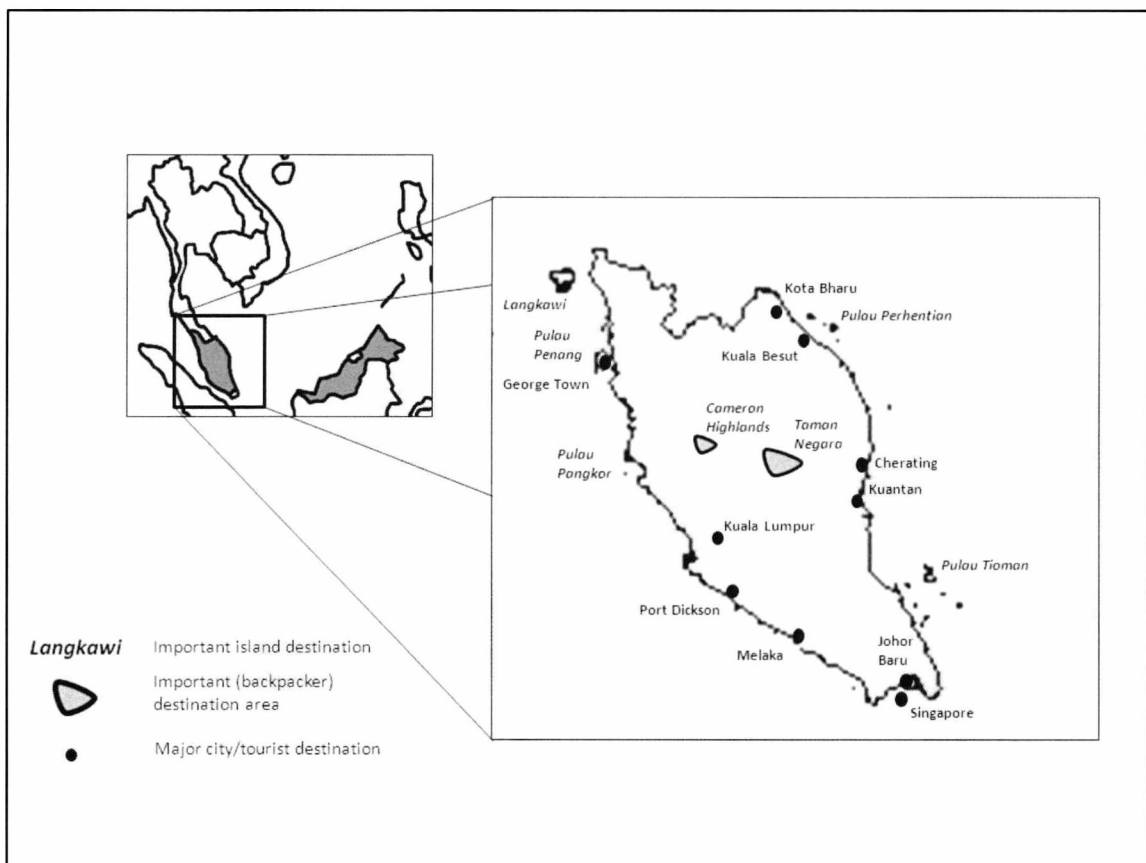
Source: Own design 2011

While domestic and international tourist arrivals were slowly increasing, locals were starting to complain about the growth of tourist infrastructure on their once natural

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[26] Information about the arrivals of tourists crossing land-borders before 1970 is not available as these statistics were not gathered. Most of these are day-trippers from Singapore and Thailand (Oppermann 1992).

beaches like Tanjung Bungah and Batu Ferringhi, close to Georgetown on the island of Penang.

> *"Nestling not only in Tanjung Bungah but also in Batu Ferringhi and farther down in Telok Bahang, the seaside residence of the rich evade the reach of the long-armed hoteliers constantly looking for fresh beaches to conquer [...] Since the last war [World War II], such encroachment of the public beaches has deprived Penangites of a considerable part of their heritage – free and ready access to the sea."*
> *(Khor 1995:50,51)*

Up until the 1980s, apart from the island of Penang, all the islands of Malaysia were dependent on fisheries as a main source of income (Wong 1993).Not only had tourism development started to have an impact on the access to the sea, but in locations like Pulau Tioman local fishing communities were evicted from their land, and on Pulau Penang, the international airport was built on rich farmland (Hong 1985). Day-trippers from the island of Penang and the mainland close-by were the first customers, but eventually bed-and-breakfast operations developed and later chalets. Eventually, mass tourism infrastructure developed; hotels and resorts where locals felt that Western tourists were favoured and beaches given to foreigners while locals started to feel discriminated against and pushed aside (Khor 1995:207). Similar to the hill stations, the spaces for Westerners and locals were kept separate.

3.2.3 Hippie travellers in Malaysia

While Europeans had travelled the overland *Hippie Trail* from Europe to India and some of them on to Australia in the 1960s and 1970s, most Americans headed south over the *Gringo Trail* into Central and South America while Australians were travelling north to India.

> *"I visited Penang for the first time on my first overseas trip [from Australia] in 1974. I was 19 years old, just fooling around at university, so was headed to see India which was basically the 'big deal' for all us vaguely hippy types back then. I've been there a couple of times in the 70s and a couple of times in the early 80s."* (Email, respondent #107)

On their way, they passed through Indonesia – remnants of this hippie travel circuit can still be found on some Indonesian islands (Hampton 1998) – Singapore and eventually Malaysia. While travelling through peninsular Malaysia, most of the travellers took the major roads along the West Coast, trying to travel as cheaply as possible. They could either take the train, local buses or even newspaper delivery trucks (Jenkins 1976). The East Coast was still very difficult to get to; only few travellers had the time and curiosity to discover this part of the country (Interview, respondent #81). If at all, they could go to Tioman Island (Interview Hamzah), as these destinations were connected to the travel route through major roads and ferry connections.

At the crossroads of different traveller routes that lead to Thailand, India, Indonesia, or further into Malaysia and eventually to Singapore, the locations of Georgetown and Batu Ferringhi became resting places for hippie travellers. From 1970 on, the arrival of Australian and European hippie travellers to Batu Ferringhi allowed local fishermen to earn some income without having to invest in major infrastructure and prices for accommodation were very low, just about 2 ringgit (Author's comment: about 30p in 1970) (interview, respondent #103). However, the Malay government did not approve of the hippie travellers and *"in 1974, more than 70 travellers were rounded up at Batu Ferringhi and promptly bundled out of the country."* (Jenkins, 1976:223,224)Georgetown was a port, and steamships would bring those travellers to and from Chennai (India) who were doing the overland trip from Europe to Australia and could not travel through Burma. As a result, they had to make a stop-over in Penang before continuing their travel (Interview Stefan Loose)[27]. Since local travel agencies also offered the opportunity to buy cheap flights, many travellers spent some time there to purchase a flight and gather the necessary information on how to continue with their travels (Interview, respondent #103). Cheap Chinese hotels offered affordable accommodation to the new-comers, where they could exchange information with seasonal travellers. Anywhere they went, hippie travellers were looking for alternative and cheap accommodation that would allow them to extend their journey as long as possible, and instead of staying at one of the tourist resorts, they often resorted

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[27] Chulia Street in Georgetown could be considered the predecessor to the backpacker enclave on the Kao San Road in Bangkok (Thailand). With the crackdown on opium dens and drug consumption in the early 1980s, Chulia Street lost some of its attire and travellers made Bangkok their new 'hub' (Interview, Stefan Loose).

to YMCAs, cheap Chinese hotels or to staying with local people (May 2002). Sometimes, they would even stay for free at Sikh Temples (Wheeler 1973).

> "In the 70s, early 80s, the Swiss Hotel was a run-down place (laughs). It must have been the cheapest place you could get on Chulia Street [backpacker enclave in Georgetown]. There weren't that many hotels anyway; today there must be something like 60 or 70 of them. Two Chinese brothers just put up some thin walls inside, and then offered accommodation. It was damn cheap, really didn't cost a thing. It was a meeting point for travellers; it used to be a real information booth. You would get to know people and they'd tell you "Man, the Perhentian Islands...there and there and this and that..." (Interview Stefan Loose)

On beaches like on Pulau Pangkor (Wong 1993), Pulau Tioman (Interview, respondent #98) or Pulau Penang (Interview, respondent #100), locals set up small-scale accommodation – named 'A-frames' for their shape - for budget travellers as early as the late 1960s[28].

> "When the first hippies arrived, they landed here. They stayed for 10 ringgit (Author's comment: about £ 1.36 in 1970) a day. I started building a few houses for them, at some point there were 10 A-Frames. The water [provision] was handmade; there was no electricity so we had petrol lamps." (Interview, respondent #98)

While organised tourism experienced growth and government support, hippie travellers who had started to venture up and down the Malay Peninsula on their way to India or Australia[29] were facing increasing levels of government repression (Westerhausen 2002). Countries in Southeast Asia eventually started to take precautionary measures to prevent hippie travellers from experiencing too many liberties (such as sex and drugs, which were very different to the local culture) and immigration notices were posted at border crossings warning young travellers that if they were found "*dressed in shabby or indecent clothes or*

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[28] Wong (1993) also mentions small-scale accommodation on other islands in the late 1960s, without specifying the names.

[29] Earliest accounts of hippie travellers in Southeast Asia date back to 1968, where an article in the Bangkok Post discussed the 30-day visa for 'hippie' tourists, as these travellers were known to travel 'penniless and smoke ganja'. The article mentioned 21 men and 4 women, a rather small community (May 2002)

living in temporary or makeshift shelters [they would] be deemed to be a hippie. [Their] visit pass [would] be cancelled and [they would] be ordered to leave Malaysia within 24 hours [...]" (Jenkins 1976:223). In the mid-1970s, this ruling was used to round-up Western travellers who were staying in Batu Ferringhi and Telok Bahang on Pulau Penang, as well as Tangjong Keling near Melaka, *"since they were in makeshift shelters"* (Crowther and Wheeler 1982:25). One could argue that the ruling was applied by the government perhaps to scare hippie travellers away from the beaches prior to their major development plans, while at the same time prohibiting bottom-up local development. The term 'makeshift shelters' could easily be applied to any simple A-frame hut that locals - with their limited financial means - had been setting up on various beaches in Malaysia.

With the Second Malaysia Plan (1971 – 1975), federal policies started to have an impact on tourism development in Malaysia. This plan proposed more destinations and tourism infrastructure in every State, the development of tourist destinations and infrastructure along the main arteries, a focus on the North and South of Peninsular Malaysia and the connection to Sabah and Sarawak by air. Wider economic policies such as the New Economic Policy (NEP) in 1970 also attempted to improve the situation of the *Bumiputera* (Malay Muslim community) by getting them involved in tourism through economic and business activities (Din 1982).

In 1972, the Conference of the Pacific Asia Travel Association took place in Kuala Lumpur. This was the first time an international tourism conference held in Malaysia provided government authorities with the necessary information about the possibilities of tourism development in the country. An outcome of this conference and of the increasing numbers of tourist arrivals in the early 1970s was the foundation of the Tourism Development Corporation (TDC) by the Malaysian government in 1972 as well as the creation of Malaysian Airline Ltd. (later Malaysian Airline System), both of which would become major players in tourism development in the future (Oppermann 1992). The government thereby acknowledged the importance of tourism and of the tourism industry for its development goals. Major investment was planned for the East Coast of Malaysia, along the coast but also the West-East connection from Penang to Kota Bharu and the road from Kuala Lumpur to Kuantan (Government of Malaysia 1976). Oppermann (1992) criticised these tourism development plans as not being able to alleviate the regional disparities, as the 'hubs' would continue to be concentrated in the cities. Benefits would therefore remain in the

urbanised areas and in the hands of the Chinese, who hold the main economic power in Malaysian cities.

When the National Tourism Master Plan was completed in 1975 (Sirat 1993 in Marzuki 2010), the objectives included the following:

- To outline the programme of tourism development that will fully utilize the natural attraction potential and social attributes of Malaysia as they relate to the requirements of domestic, regional and international tourism.
- To provide a basis upon which Malaysia may develop tourist potential in an orderly and balanced manner within the framework of the national development plan and the new economic policy.
- To provide income and employment potential for selected areas.

These areas included integrated tourist regions throughout the country, including Sabah and Sarawak in Eastern Malaysia. The intention was to spread tourism into the countryside and more remote areas of the country, thereby distributing economic benefits beyond the urban areas of the country. In this Master Plan, resorts were planned for islands of Penang, Langkawi and Pangkor. The Third Malaysia Plan (1976 - 1980) also called for a diversion of tourism towards the less developed East Coast (Wong 1993). The aim was to increase *Bumiputera* participation, as the federal government had initiated official government programmes to improve their economic situation in Malaysia as early as 1970 (Malaysia Tourism Promotion Board 1975; Government of Malaysia 1976).

The Third Malaysia Plan also added trade incentives to tourist projects, such as the granting of a pioneer status with government support to those who invested first in a tourist destination, locational incentives and the abatement of income tax for new hotels, and the improvement (i.e. expansion and modernisation) of existing hotels (Hong 1985). Promotional activities were aimed at attracting Western tourists to Malaysia, especially Americans, Europeans and Australians who were travelling mostly to Penang on a package deal and with charter flights. As mentioned in the preceding paragraph, the idea was to make Penang a gateway into Malaysia from the northern region. At the same time joint ventures with Western investors were developed to establish new sun and sea tourist destinations on an island (Pulau Besar) near the city of Melaka, close to Port Dickson, but also on the islands of Pangkor and Langkawi (Hong 1985). The Master Plan had already

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mentioned Langkawi as a potential tourist destination, but development did not start until the early 1980s, with the Federal and State governments investing into tourist infrastructure and the construction of an international airport in 1986. Langkawi can be considered a special case among tourist destinations in Malaysia, as in all other destinations, the private sector was the driving force behind the development[30] (Wong 1993). Along the East Coast, the Club Méditerranée established in 1980 in Cherating managed to attract a substantial number of tourists, a classic case of 'enclave tourism' (Britton 1982). In East Malaysia, plans were made to build one of the largest tourist complexes, covering 20.000 acres of coastal land, but only a fraction of this materialised in the end. The economic crisis that followed the recession years of 1974-1975 had a severe impact on tourism development in Malaysia. Tourist numbers from Western countries dropped and many of the hotels that had been built since 1970 were struggling. International class hotels at that time were depending heavily on Western tourists, as only about 20% of their guests were domestic tourists. The drop in tourist arrivals from Western countries lasted until the mid-1980s, as Western tourists were staying closer to home and considered Malaysia too far away to travel (Hong 1985).

Nonetheless, as a result of the dispersal attempts of the Malaysian government, up until the mid-1980s, the share of accommodation facilities outside Kuala Lumpur and Penang, the traditional hubs of tourist activities, continued to increase, especially in the East Coast States of Kelantan and Terengganu, both areas with a very high proportion of Malay population. Prestigious hotel brands, such as Club Med, the Hilton, Holiday Inn, Shangri-La, Hyatt and others, were branching out throughout the country, in an attempt by the federal government to trigger private investment. However, these international hotels also caused the problem of leakages, as little of the profits were retained in Malaysia itself (Hong 1985). As large-scale tourism infrastructure gradually developed on the East Coast, budget travellers felt they needed to push further and further north in a quest for more 'pristine' destinations.

> *"The nearest place where they were staying was Cherating, Kota Bharu...[...]. From 1988 to 1995, Cherating was one backpacker destination, then they moved to Rantau Abang, then*

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[30] Langkawi is also considered a 'pet project' by the Malaysian Prime Minister Mahathir (Interview Mark Hampton).

Marang...Perhentian...and Kota Bharu is popular. Or they take jungle train to Kota Bahru, Kuala Lumpur to Cherating, go south to Thailand, they follow the guidebooks which patterns to travel." (Interview, respondent #101)

Destinations more off the beaten track such as the Perhentian Islands were rarely visited until the late 1980s and beginning of the 1990s, when a highway was built that cut through the jungle of central Malaysia (Interview, respondent #81).

Backpacker guidebooks started to promote specific destinations on either coast in Malaysia and, with improved road infrastructure, there was now an alternative to the more popular West Coast that had been promoted in earlier guidebook editions. Formerly popular destinations such as Cherating attracted fewer travellers and those that were easier to get to, like the Perhentian Islands, started to gain importance on the circuit and gradually became a major stop on the Southeast Asian backpacker trail (Hamzah and Hampton 2010). The evolution of different backpacker destinations is reflected in the ways that guidebooks described backpacker destinations along the East Coast (table 1):

Table 1: Guidebook descriptions of East Coast backpacker destinations in peninsular Malaysia (1976-1988-2010)

	Student Guide to Asia - 1976	*Lonely Planet - 1988*	*Lonely Planet - 2010*
Cherating	• *Kuantan [close to Cherating] doesn't have all that much to offer (Jenkins 1976:243)*	• *beautiful little haven* • *popular travellers' centre* • *many people [...] settle down and stay for weeks." (Crowther and Wheeler 1988:216))*	• *was a major backpacker stop* • *only dedicated wanderers, surfers and intrepid backpackers make it out this way [...]"(Lonely Planet 2010:477)*
Pulau Perhentian	• *Besut is a quiet, slow-moving fishing village* • *resisted the onrush of Western civilization."(Jenkins 1976:243)*	• *getting back can be a little difficult [...] wait for a boat to come by [...]" (Crowther and Wheeler 1988:226,227)*	• *one of Malaysia's most popular backpacker congregation spots." (Lonely Planet 2010:481)*

Tourism development in Malaysia could still be considered moderate in scale up until the end of the 1980s (Bird 1989), when the Malaysian government started to engage into extensive promotion activities overseas (Saad 1998). Gradually, the overall share of accommodation facilities in the Eastern parts of Peninsular Malaysia decreased and tourism re-concentrated in the West. Of all the non-urban destinations outside Kuala Lumpur and Penang, only the archipelago of Langkawi managed to improve its position on the tourism market, according to Oppermann (1992), a result of a combination of various factors: the prime minister Mahathir came from the State of Kedah (and with him, the necessary government support) and the population of the islands has a relatively high

share of *Bumiputera*[31]. Moreover, an important Commonwealth conference was held on Langkawi, offering promotion of the islands at an international level. Additionally, a duty free zone was established there in 1987. Altogether, this resulted in an increase especially in domestic tourists coming to Langkawi.

1985 saw the foundation of a cabinet committee for tourism development which was to monitor all aspects of tourism development in Malaysia, until it was transferred to the Ministry of Culture, Arts and Tourism (MOCAT) two years later. By 1986, Malaysia had recovered from the lack of tourist arrivals and become one of the major tourist destinations among developing countries, as only Mexico had more tourist arrivals (Oppermann 1992). One year later, the MOCAT was founded, and the TDC became part of this new institution. After the economic crisis of the mid-1980s, tourism was now considered a means to improve the economic situation of the country. Inspired by the success of Thailand's "Visit Thailand" promotion campaign, Malaysia came up with a "Visit Malaysia 1990" to attract international tourists to the country (Oppermann 1992).

Despite the efforts of the Malaysian government and increasing tourist numbers, economic development was still very unevenly distributed, with the West Coast dominating the economy and the East Coast lagging behind. Even along the more developed West Coast, two single destinations managed to attract the highest number of tourists: Kuala Lumpur and Penang (Oppermann 1992). The vast majority of hotel rooms in the 1980s were to be found in Kuala Lumpur (a hub for business travel), followed by Penang, then Sarawak and Johor. Likewise, throughout the late 1970s and 1980s, the largest number of tourists visited Kuala Lumpur, the capital and airline hub of the country (about 75% of all tourists), followed by Penang (about 40% of all tourists) (Oppermann 1990). Both cities were serviced by airports - even though Penang only offered domestic flights - and connected to the railway and highway systems, key features for the development of urban tourism throughout Southeast Asia (Mullins 1999). Kuala Lumpur especially functioned as a gateway to other inland destinations (Oppermann 1992). Other parts of the country were more difficult to access for international tourists. They had to wait for infrastructural improvements by air or road that would only happen after the 1990s, especially the low-

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[31] *Bumiputera* is a Malay expression meaning 'children of the soil'. It refers predominantly to the native Muslim population and qualifying as a *Bumiputera* gives a Malaysian citizen certain economic and social benefits.

cost airline companies that only appeared after 2000 (Hamzah and Hampton 2010). With respect to island tourism, those islands that were close to the mainland and easily accessible were dominated by tourism driven by developers from the mainland who acquired land from local people. Islands that were more difficult to get to catered to long-term budget travellers, or those tourists who were looking for fishing or diving activities (Wong 1993). The States of Sabah and Sarawak in Eastern Malaysia only had a few roads, and connections were usually by boat. Along the East Coast of Peninsular Malaysia there was only one road, a slow railway and a few airports for the main tourist hubs, while the West Coast had a highway all the way from the Thai Border down to Singapore, buses and railways (Oppermann 1992).

3.2.4 Tourism in Malaysia after 1990

Compared to Mexico, or even countries such as Thailand, Malaysia started to develop tourism relatively late but its development has grown steadily since the 1990s (Hamzah 2004). In 1990, the Malaysian government developed the National Development Policy (NDP), which pointed out the need of achieving nationally integrated development in order to eradicate poverty. Implementation of the NDP was spread over two five-year Malaysia Plans until 2000. With respect to tourism, the idea was to promote a 'unique image' Malaysia - compared to competing Southeast-Asian countries - and to build up international infrastructure by:

- Diversifying tourism products and services
- Promoting and identifying markets (national and international)
- Involving the private sector in innovation through investment
- Involving local communities
- Developing communication systems for tourists (e.g. telephone lines in rural areas)

Next to the sun and sea tourism segment that had traditionally been a stronghold of Malaysia, the National Tourism Policy of 1992 did not have such as strong regional approach as the National Tourism Master Plan of 1975, and it started looking into new tourist fields, such as nature-based tourism, cultural and heritage tourism. Therefore, throughout the 1990s, Malaysia started to develop its cultural and natural tourist attractions. Most of the States adopted this strategy, especially the State of Sarawak, in Eastern Malaysia, which made use of its natural assets to promote tourism (Marzuki 2010). At the same time, Melaka and Penang started to present their cultural highlights and their

colonial architecture and shared heritage. Next to nature and culture, the plan also suggested promoting shopping tourism (Hamzah 2004).

Changes in budget tourism happened around the end of the 1980s and the beginning of the 1990s. In 1984, a German had been arrested in Penang and charged for the possession of a large amount of hashish. The traditional opium dens, a secret highlight of a visit to Penang, were closed (Stockmeier 2002). The media coverage of these events had two effects: firstly, many people who wanted to consume drugs while travelling now knew they had to avoid Malaysia. Secondly, many people who had not heard of Malaysia yet now knew that it was a country in Asia that was well worth a visit, as long as you refrained from taking drugs (Interview, respondent #103).

Starting in the early 1980s, aside from official government planning, increasing numbers of contemporary backpacker tourists had started to replace the former hippy travellers, as the overland hippie trail had dried out after the 1980 Soviet invasion of Afghanistan, and those that were left had decided to move on to more 'liberal' destinations in Indonesia and India after the government round-ups and more repressive drug laws in Malaysia of the 1970s and early 1980s (Interview, respondent #103). Rather than travelling overland, backpackers now flew into the international hub in Bangkok and continued their journey on from there (Hampton 1998). Instead of making Malaysia an integral part of the overland trip to India, as one of the major stop-overs in their trip plans, backpackers started turning to cheaper Thailand, with Bangkok (May 2002) and the Southern Thai islands (Hamzah 1995 in Hamzah and Hampton (2010)) as backpacker hubs.

The beach destinations on the Malaysian West Coast, such as Batu Ferringhi and Pulau Pangkor, had to face increasing competition from islands in Thailand, such as Phuket, that were relatively cheaper and had cleaner beaches, as well as from islands on the Malaysian East Coast that became more accessible thanks to a completed road connection between the West and the East Coasts (Interview Stefan Loose). Gradually, while 'drug-consuming' tourists feared government repression and looked for other destinations, tourist numbers in Georgetown increased. By the beginning of the 1990s, their numbers were large enough for individual entrepreneurs to open up backpacker accommodation facilities that did not cater to prostitutes (Interview, respondent #68). Specialised backpacker shuttle services[32]

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[32] On specialised backpacker transport services, see Hampton & Hamzah (2010).

were set up that would offer transport between backpacker destinations and to and from Thailand (Interview Kang)[33].

Of all incoming international tourists to Malaysia in 1990, about two thirds were from Singapore. This was due to the fact that the City State was then too small to provide all options for domestic tourists, to the existence of family ties between the two countries and to Malaysia being a cheaper destination than Singapore. Other important source markets were Thailand, Japan and Australia (Oppermann 1992). There was a need to reach out to a wider market. To achieve this, the NDP included the first Visit Malaysia Year in 1990, which - after some considerable success - was followed by another Visit Malaysia Year in 1994. Within Malaysia's system of five-year economic plans, even though there were tourism-related issues in the past, the first Plan which included tourism as a serious development strategy was the Sixth Malaysian Plan (1991 – 1995) which targeted specifically the increase in outgoing tourist flows. For the first time, the national government gave more attention to domestic tourism in an attempt to prevent foreign exchange from leaving the country (Marzuki 2010). The federal authorities defined specific tourist zones, and increased their efforts to attract investment from the private sector. By 1994, when the second Visit Malaysia Year campaign was held, annual growth figures for tourist revenues had increased to 69% (Hamzah 2004). Prior to 1990, Malaysia had always considered itself part of a circuit that included other Southeast Asian countries. With the 'Visit Malaysia Year' campaigns, the country started to promote itself as a 'unique' destination, a destination in its own right. However, image problems, and ever-changing slogans to promote the country, did not help in producing an 'image of uniqueness', so the country tried to find a way to make rather use of its cultural diversity to promote itself abroad (King 1993:107).

This strategy, that was continued into the Seventh Malaysia Plan (1996 – 2000) with the aim of improving local residents' entrepreneurial activities in tourism products and services, sent a clear message that domestic tourism was now starting to be part of the government agenda (Government of Malaysia 1996). The Sixth Plan had already identified a 'distinct Malaysian image and identity' (Oppermann 1992). This identity was then used in the seventh Malaysia Plan to develop and promote rural and community-based tourism as

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[33] Similar backpacker transport services exist in Thailand (Westerhausen 2002), Indonesia (Riley 1988; Hampton 1998) and South Africa (Visser 2004)

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well as eco- and agro-tourism (Hamzah 2004). In terms of financial support, most of the funds were allocated to infrastructure and destination development. The potential of nature-based tourism activities, especially eco-tourism, were reflected in the 1996 National Ecotourism Plan which called for planning, management and capacity to turn Malaysia into one of the major eco-tourism destinations worldwide (Nawayai Yasak 1996). Based on a detailed study by the WWF Malaysia, issues, strategies and action plans as well as site listings and development guidelines were developed. Despite the fact that federal authorities had never officially adopted the plan, it has been the base for ecotourism development in Malaysia ever since (Hamzah 2004). It was during those years that Southeast Asia was hit by an economic recession, with a decrease in tourism arrivals from 1997 to 1998, but numbers increased again afterwards with a net gain from 1996 until 2000[34]. However, the economic crisis and the shock wave it sent through its tourism industry made Malaysian tourism officials aware of the fact that they needed to diversify their source markets (Sausmarez 2003). When after September 11, 2001 European and US-American tourist arrivals dropped[35], the Malaysian government started to make use of the 'Muslim' identity of Malaysia to attract Muslim tourists, most of them from well-off Arabic countries (Henderson 2003). Many of these tourists come not only for the tourist attractions, but also for medical treatment, especially from Indonesia (Connell 2006).

With the Eighth Malaysian Plan (2001 - 2005), sustainable growth with respect to the economy, the environment, society and culture as well as income generation at local, state and federal level became the target of government policies (Government of Malaysia 2001). According to Hamzah (2004), it reflected Malaysia's will to see itself as a single destination, separate from Thailand and Singapore, and to develop a tourism strategy that focuses on strategic tourist markets, which includes cruise tourism, yachting and leisure boat activities. The idea was to tap into the luxury tourism market, also by means of fly-cruise packages, in order to benefit from the potential growth of these tourism segments in the future. With a view to promote tourism development in rural areas, a Rural Tourism Master Plan (RTMP) was developed in 2001. The plan was based on the idea that the Malaysian countryside needed to improve its poor quality of products and service, while

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[34] Only 5.5 million tourists travelled to Malaysia in 1998, but by 2000, arrivals added up to 10.2 million (Government of Malaysia, 2012).

[35] In 2003, only 10.5 million tourists travelled to Malaysia, compared to 12. 7 million in 2001.

offering a unique experience that made use of the beautiful countryside and its friendly people. Obviously, rural, coastal and eco-tourism overlap and again, with the difficulty of coordinating tourism development at state and federal level, the promotion of all three kinds of tourism in one single destination can lead to conflicts among involved authorities (Hamzah 2004).

In 2002, the federal government decided to establish a State Tourism Action Council (STAC) for each and every State. These councils are intended to create a link between the federal and the state level, focusing on organising events (Siti-Nabiha, Wahid et al. 2007). In 2004, the MOCAT was split, which lead to the creation of the Ministry of Tourism (MOTOUR), responsible for policy planning. Promotion and marketing is in the hands of the Malaysia Tourism Promotion Board (MTPB). Other departments that are indirectly involved in tourism include agriculture, fisheries, forestry, wildlife and national parks, aboriginal affairs and museums and antiquities. This variety of institutions and overlapping responsibilities can lead to problems, and the job of the Ministry is often more related to coordinating the work of the individual agencies than it is related to tourism as such (Hamzah 2004). Conflicts between the federal and the state level arise when State authorities feel they are not properly represented in the promotional campaigns organised by the federal authorities. Prior to the UNESCO World Heritage Site qualification that was granted to the cities of Melaka and Penang in 2008 (UNESCO 2008), the States where these two cities are located had already started to promote their own tourist destinations by themselves. Moreover, State governments did not coordinate their promotional campaigns, and therefore competed with each other in attracting tourists, producing an oversupply of activities, while most of the international tourists only stay in Kuala Lumpur and Penang when visiting Malaysia. The Ninth Malaysian Plan (2006 – 2010) continued on the path of sustainable development while stressing the need to promote domestic tourism and eco-tourism, through agriculture and rural product development (Marzuki 2010).

The 10th Malaysia Plan (2011 – 2015) proposes initiatives under the Tourism National Key Economic Areas (NKEA). It recognizes worldwide tourist 'megatrends' that Malaysia will have to consider if it wants to continue to perform successfully at an international level (Performance Management and Delivery Unit 2010).

1. Tourists have a tendency to trade up or trade down, which means that some travellers will spend large amounts of money for individual items or activities along

their trip, even though they might travel on a budget for the rest of their trip, while affluent tourists might 'trade down', which means they might want to spend less than their regular budget on certain items.

2. The world is witnessing the creation of global elites who have similar spending habits regardless of the cultural background they come from. As such, whether a tourist comes from the USA or the Arab Emirates is less important, as the services they will require will be similar. As a result, hotel facilities should be upgraded and the mix and quality of hotels should be improved.

3. The increasing pace of life produces the need to 'calm down', which can be achieved by offering spa or wellness holidays. Plans in Malaysia include focusing more on the medium-haul Asian tourist market from India and China, as those source markets seem to have the largest growth potential in the future, and there is a need to increase the yield, rather than the number of tourists. As to the facilities and attractions the country is trying to promote, Malaysia is trying to develop into a shopping haven with duty-free areas, and shopping precincts or premium outlets in the major cities.

All these facts lead to the conclusion that Malaysia will try, on the one hand, to position itself less as a 'budget' destination compared to its neighbouring countries like Thailand and Singapore, and, on the other hand, try to upgrade its tourist services in the near future to attract more high-end tourists. After the last Visit Malaysia Year in 2007, two more such events are planned for 2012 and 2017.

3.3 Conclusion

Altogether, with more than 100 years of tourism history to show for, Mexico has managed to position itself among the most important tourist destinations worldwide. As a country neighbouring the United States, Mexico has been on the forefront of tourism development dating back to the century. Individual travellers, adventurers and artists from the United States were among the first to discover its cultural and natural assets. At the beginning of the century, tourism was considered a political means of promoting a Mexican identity nationally and abroad. Only cultural highlights, such as handcrafts and pre-Hispanic heritage, together with the activities surrounding border tourism were at the centre of Mexican tourism. However, beginning with Acapulco and under increasing pressure to perform on the international tourism market, Mexican authorities institutionalised tourism

planning and development of sun and sea tourism, a shift that ended up producing internationally renowned destinations such as Cancun (Torres and Momsen 2005). These destinations are dominated by international hotel chains and service providers.

Starting in the mid-twentieth century, and with the improvement of the road network from the USA down south, businesses that served individual non-organised tourism began to develop in Mexico. Starting along the US-Mexican border and around Mexico City and gradually venturing into more remote regions of the country, North Americans were the first to discover those parts of Mexico that stayed 'off the beaten track' of regular organised tourists, tourists who focused on archaeological sites and sun and sea tourism in selected destinations along the coast. With the rise of a hippie counter-culture in the USA (and also Mexico) in the 1960s and 1970s, drifter tourists began to appear in Central and Southern Mexico in search of 'authenticity', as did European hippie travellers who travelled to Northern Africa or Asia in the same quest. Small hotels and hostels, run by local Mexicans, served these tourists. With affordable long-haul flights that brought increasing numbers of European tourists to Mexico in the 1980s, more and more individual and cultural tourists entered the tourist arena, and among these, numerous backpackers who ventured into the more remote parts of Southern Mexico and further into Central America. Cultural tourism in the South and Southeast and more small-scale tourism development was recognised by the Mexican government in the 1990s as a means to promote regional bottom-up development, while a growing domestic tourist market and increasing competition for international sun and sea tourist destinations at a global scale raised awareness among decision-makers that local development of cultural and eco-tourism could generate employment and income in the Mexican periphery.

In Asia, during colonial times, British Malaya was not considered a tourist destination as such, as tourism was still in its infancy, nor as an accessible destination, being too far away and too costly to reach apart from a number of business travellers. Nonetheless, hill stations that catered to the British expatriate community provided a 'bubble' in which Westerners could retreat and seek refuge from the sometimes overwhelming foreign Asian cultures surrounding them in the colonial cities. After independence, some of these hill stations were converted into tourist attractions, inspiring even the planning of a new hill station as a tourist attraction.

As a late-comer to international tourism and being far away from the original source markets in Europe, Australia and the USA, Malaysia depended on the availability of long-haul flights to attract large numbers of tourists, while day-trippers from Singapore (Hampton 2010) and Thailand continue to make up the brunt of tourist arrivals. As tourism development gained momentum during the 1980s, neo-liberal policies that would leave most of the investment to the private sector dominated policies in Malaysia. Only Langkawi is an example of major federal government investment inspired by the idea of improving the economic situation of the *Bumiputera*, and even this destination is supposedly a one-off as it was pushed by a Prime Minister with personal interests in its development. After a series of crises, Malaysia has started to tap into new source markets, benefitting from a diverse ethnic mix of Muslim Malays, Indians and Chinese. Its links with Muslim countries, India and China have triggered increasing numbers of international tourists from these countries and with promising economic results, their numbers are expected to rise in the future.

At the same time, parallel to the government plans, budget tourists have travelled through Malaysia as early as the 1960s, often spearheading tourism development, especially on beach and island destinations. The government has not always been in favour of budget tourism, and during the 1970s and 1980s, numerous raids against hippie travellers on the West coast have created the image of Malaysia of being stricter than liberal Thailand. Nonetheless, backpackers continue to travel and leave their marks along the backpacker trail that passes through Malaysia, potentially enabling local people with few financial means to earn a living as service providers. More recently, the federal government tried to promote backpacker tourism and conducted research funded by MOTOUR which fed into planning at federal level. However, at state level, and especially in the more conservative States along the East Coast, state governments ignored or contested this approach. As a result, little of the federal government incentive to promote backpacker tourism has been put into practice.

Chapter 4 - Research Methodology

4.1 Introduction

After introducing the theoretical approaches that have been established around the phenomenon of backpacker tourism and networks in the context of small and medium tourist enterprises, this methodology section starts off with an explanation of why an ethnographic approach to this research was chosen, with reference to the literature on qualitative research methods. It includes a review and justification of the selection of the four research locations, an explanation of how research activities were timed and how the respondents, such as backpacker service providers, government stakeholders and experts in the field of backpacker tourism, were found and sampled. An explanation is then provided as to why certain research methods were used, followed by an elaboration on the usefulness and limitations of research methods as well as the challenges faced when using analysis software.

4.2 Ethnography

Tourism studies deal with people, businesses and organisations that are subject to change over time. Given this fluctuation and in order to develop meaningful relationships with my respondents and to facilitate a better understanding of the research context, I opted for an ethnographic approach of case studies using qualitative research methods. In qualitative research, importance is placed upon the interpretation of the human dimension of society, to study phenomena in their natural setting, basically 'humanising' problems (Phillmore and Goodson 2004:4). Qualitative inquiry makes it possible to use a variety of research methods that are interactive and humanistic, thereby revealing information that is not pre-determined (Layder 1990; Sayer 1992; Baert 1998). The complexity inherent in real-life situations also requires methodological triangulation in the form of 'between-methods' that are interactive, multifaceted and simultaneous, especially the use of in-depth interviews and other qualitative research methods. By using a variety of methods, the risk of gathering misleading information is minimised and the level of reliability is increased. Moreover, the disadvantages of one single method can be compensated by an adequate complementary method to increase the validity of the research, as 'exceptions' that arise in one specific context can be filtered out and it becomes easier to generalise results. However, difficulties can arise when the same set of research methods need to be repeated in different settings – such as in the four selected research areas. I had to strike a

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balance between the need to exercise scientific rigor and find flexibility in the application of research methods, always taking care to report and justify any possible changes of methodology. In total, I spent three to four weeks between 2009 and 2011 in each of the four individual research locations in order to establish contacts with backpacker service providers, key informants and public authorities, through which I attempted to gather information on the development of unique as well as common features within and between backpacker enclaves.

4.3 Selection of research locations

While backpacker trails have existed since the 1960's, research into the businesses that cater to backpackers has been scarce and limited to a number of case studies. There appears to be a strong regional bias towards South or Southeast Asia, especially India (Häusler 1995; Wilson 1997; Hottola 2005), Thailand (Cohen 1979; Cohen 1982; Cohen 1983; Howard 2005; Howard 2007), Indonesia (Hampton 1998; Dodds, Graci et al. 2010; Hamzah and Hampton 2010; Hamzah and Hampton 2012) Australia (Loker-Murphy and Pearce 1995; Westerhausen and Macbeth 2003) and New Zealand (Ateljevic and Doorne 2000). Only recently have researchers started to look into backpacker destinations in other parts of the world, such as Canada (Hecht and Martin 2006), South Africa (Visser 2004), Scotland (Speed and Harrison 2004) and Latin America (Brenner and Fricke 2007; Shapiro 2009). However, international as well as domestic backpackers have been venturing down from the USA through Mexico into Central America over the so-called 'Gringo Trail'[36] for decades (Brenner and Fricke 2007), and Australians who wanted to travel to India in the 1960's and 1970's often started off by travelling through Indonesia and Malaysia, long before Thailand had turned into a backpacker hotspot (Email, respondent #107).

Backpacker enclaves, as defined in Chapter 2, could be considered the 'ideal' backpacker destinations, as they allow backpackers to combine two kinds of behaviour, outward and inward-oriented, in the same location, in a place where they can be 'suspended' between these two extremes (Lloyd 2003; Hottola 2005; Lloyd 2006; Wilson 2008). While outward-oriented behaviour involves travelling to far-away places and engaging with locals, inward-oriented behaviour makes them seek backpacker destinations where they can relax from the hardships of their travel for a few days, socialize with other backpackers and exchange

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[36] The (usually derogative) term 'gringo' is used my Mexicans and other Latin Americans to refer to US-Americans.

information (Elsrud 2001; Cohen 2004; Hottola 2005). Backpacker enclaves are located in a variety of settings: in urban commercial districts (e.g. Khao San Road in Bangkok, Freak Street in Kathmandu or the Warmoesstraat in Amsterdam) or in more remote rural[37] settings – most often along the sea coasts – where backpackers find a pleasant climate and setting (Schauber 1995). Some of these backpacker enclaves have a history of nearly 40 years of backpacker tourism development (Wilson 2008). To gain insight into the destination development along established backpacker trails, I therefore selected four destinations, two in Mexico and two in Malaysia, for my research.

In Mexico, Real de Catorce, Oaxaca, San Cristóbal de las Casas and Merida are considered the most important *urban* backpacker destinations, while Zipolite/Mazunte on the Pacific Coast and Tulum on the Caribbean Coast are long-established backpacker *beach* destinations (Noble, Armstrong et al. 2008) (Figure 15). Dating back to the 1950's and 1960's, travellers have taken the roads down from the USA into Mexico and further on into Central and South America, a trail sometimes referred to as the 'Gringo Trail' that follows major infrastructures such as the Pan-American Highway. However, a trail – as any backpacker trail – should not be considered a kind of conveyor belt, but rather an indication of where the movement of travellers concentrate along specific points of interest such as the aforementioned backpacker destinations.

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[37] The definition of the term 'rural' is problematic and objective criteria depend on the national context. Troughton (1999) suggests three categories for 'rural' areas: 1) marginal and rural-periphery areas, 2) rural-agricultural hinterland areas and 3) areas in the rural-urban fringe. He also challenges the idea that rural lifestyles are distinct from urban lifestyles. Internet and modern telecommunications ensure that *"urban norms stretch well beyond conventional urban boundaries"* (Troughton 1999:22). Even though individual lifestyles of rural people might have become more and more urban (resulting in a so-called *rurban* lifestyle), for my research I considered the 'rural' to be those areas located outside the urban agglomerations (categories 1 and 2) and assume that community ties are dominated by relationships that are closer to Tönn (Mellow 2005).

Figure 15: The Mexican backpacker trail and its major destinations
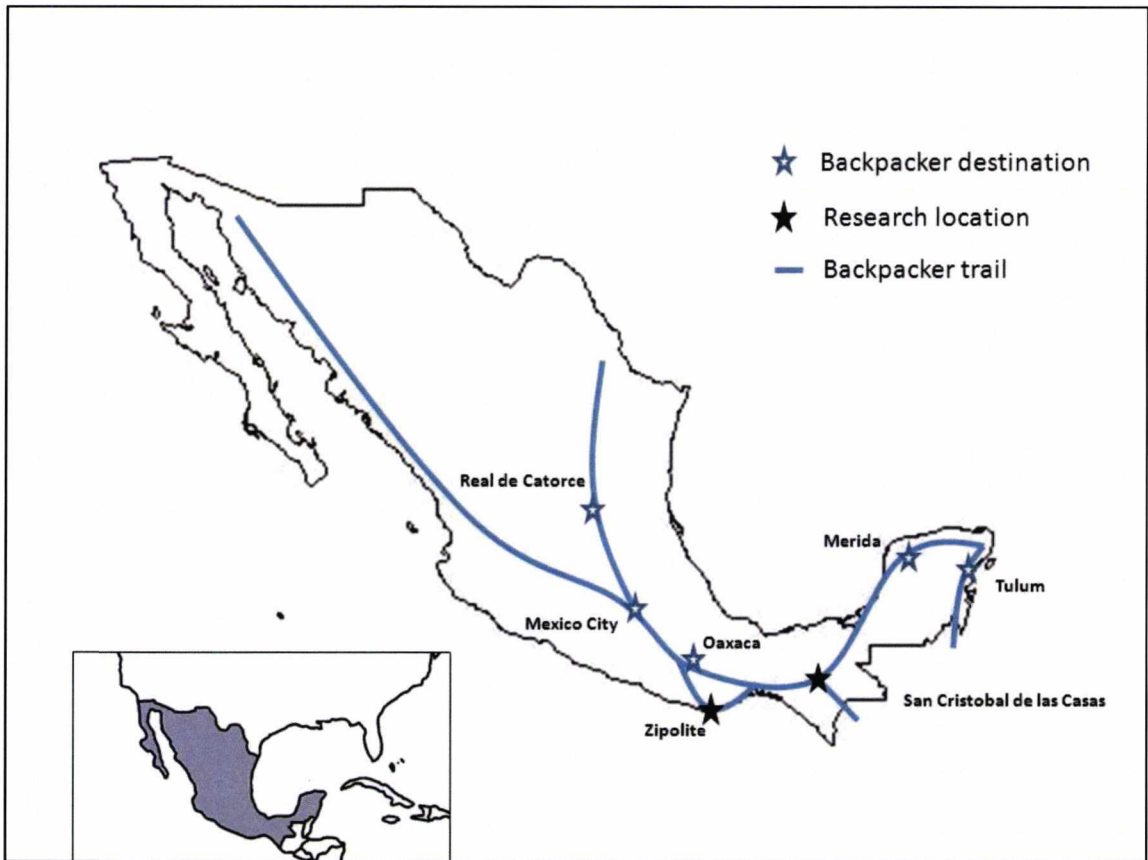
Source: Own design, 2011

For the selection of my research locations, I was looking for one rural/coastal and one urban destination in Mexico. Having lived and worked as a researcher in tourism in Mexico for several years and being fluent in Spanish, I did not require a great amount of preparation on how to do research in Mexico and how to approach local people and government representatives. As the beach of Zipolite had been the location of the fieldwork for my master thesis on the economic sustainability of backpacker tourism back in 2001, I was familiar with the cultural setting and the local circumstances. Guidebooks have also been recommending Zipolite for decades as one of the must-sees of the backpacker trail. Reading through the most recent edition of the *Lonely Planet*, the beach is described in a way that will most probably attract a large number of backpackers, as it promises relaxation at an extremely low cost that invites them to extend their stays:

"The beautiful stretch of pale sand called Zipolite [...] is fabled as southern Mexico's perfect budget chill-out spot. It's a place where you can do as little as you like and enjoy good food and inexpensive accommodation all in wonderfully elemental surroundings of crashing surf, pounding sun, rocky headlands and tree-covered hills. Inexpensive places to stay and eat line the beach, many still reassuringly ramshackle and wooden and with tall thatched roofs that help to create the unique Zipolite landscape. This is one of those magical places where you may find yourself postponing departure more than once." (Noble, Armstrong et al. 2008:768-769)

Comparatively, the quote from the 1989 edition said:

"This is one of those places that create bonds between strangers. Later, somewhere else in Mexico, you may hear a voice ask, 'You were in Zipolite, weren't you?' and you'll look up and say 'So were you!' Time takes a back seat in Zipolite and people often stay longer than they planned (if they planned). The place has a magic which stems from some combination of the pounding sea and sun, open-air sleeping, the strange rocket-like palm huts and rocky pinnacles, and (no doubt) the dope."
(Wayne, Spitzer et al. 1989:342)

The description therefore has experienced only minor changes over the years, also indicating the difficulties guidebooks appear to have at updating information at times. Therefore, even though nearby Mazunte has become very popular among budget travellers since the slaughtering of turtles was banned in 1990 and the village turned to (eco)tourism as a source of income, guidebooks continue to promote Zipolite as the number one backpacker hotspot along this stretch of the Mexican Pacific Coast. However, as incidents of violent crime and drug trafficking have made it increasingly difficult to 'relax' on the beach and this has become known to travellers along the backpacker trail through Central America, word-of-mouth is taking its toll on backpacker tourism (Interview, respondent #30).

While Zipolite and its neighbouring villages benefit from their relatively remote location on the Pacific Coast, San Cristóbal is a traveller's hub located at the junction of several backpacker trails. Since 1948, the Pan-American Highway runs by the town and

backpackers travelling by bus through Mexico have to go through San Cristóbal, while those backpackers planning to continue their travels through Chiapas into Guatemala and further south into Central America have to pass through San Cristóbal along the way. Again, the *Lonely Planet* guidebook promotes the city as a strategic backpacker destination, this time with an open-minded political touch that allows backpackers to explore the natural and cultural sites around it:

> *"Set in a gorgeous highland valley surrounded by pine forest, the colonial city of San Cristóbal has been a popular travellers' destination for decades. [...] A great base for local and regional exploration [...] the city is a hotspot for sympathizers of the Zapatista rebels, and a central location for organisations working with Chiapas' indigenous people. [...] San Cristóbal also has a great selection of accommodations, and a cosmopolitan array of cafés, bars and restaurants."* (Noble, Armstrong et al. 2008:811)

While I was familiar with the situation in Mexico, I had neither lived nor worked in Malaysia. However, I intended to compare an urban and rural coastal backpacker destination in Mexico with two destinations in Southeast Asia, and, if possible, outside Thailand. Not only had Thailand attracted most of the research on backpackers in recent years, but I also wanted to do research in a country where I could expect to do most of my research in English. When I assisted during the interviewing activities for a dive tourism project of my university faculty in May and June of 2009, I seized the opportunity to locate people on the East and West Coasts of peninsular Malaysia and conduct four initial informative interviews with Malaysian entrepreneurs about the history of, and their personal involvement in, backpacker travel in the country. The initial idea was to determine which backpacker destinations could be selected for my research based on their history of backpacker travel. The main urban backpacker destinations in Malaysia include the capital city of Kuala Lumpur and the UNESCO heritage sites of Melaka and Georgetown while the beach destinations or islands are Pulau Tioman and Pulau Perhentian Kecil and Besar, both on the East Coast of Peninsular Malaysia, as well as Langkawi on the West Coast (Williams, Bloom et al. 2010) (Figure 16). These backpacker destinations are located along the so-called 'Banana Pancake Trail', named after the omnipresent dish that is served to international backpackers in cafés and restaurants throughout the world. Just as the

Gringo Trail in Central and South America, this backpacker trail follows the main infrastructure and transport services that connect the main backpacker destinations with one another, even though smaller numbers of backpackers will stray from this beaten path and explore destinations that are more difficult to reach (Hamzah and Hampton 2010). The geographical location in Malaysia, however, is important as the East Coast experiences heavy rainfall during the monsoon season from November to February when all but a few of the tourist facilities shut down. Finally, I selected the Perhentian Islands (Kecil and Besar) on the East Coast, for the presence of international backpackers and the concentration of services on two beaches on the smaller island, and Georgetown on the island of Penang on the West Coast as it had a history of backpacker travel and was strategically located at the crossroads of backpacker trails between Indonesia and Thailand. As well, Georgetown has both a Thai and an Indonesian consulate, of which especially the Thai consulate draws large numbers of long-term backpackers from these two countries, and the city provides a confined and well-established backpacker enclave around a handful of streets in the historic centre.

Figure 16: The Backpacker trail in peninsular Malaysia and its major destinations
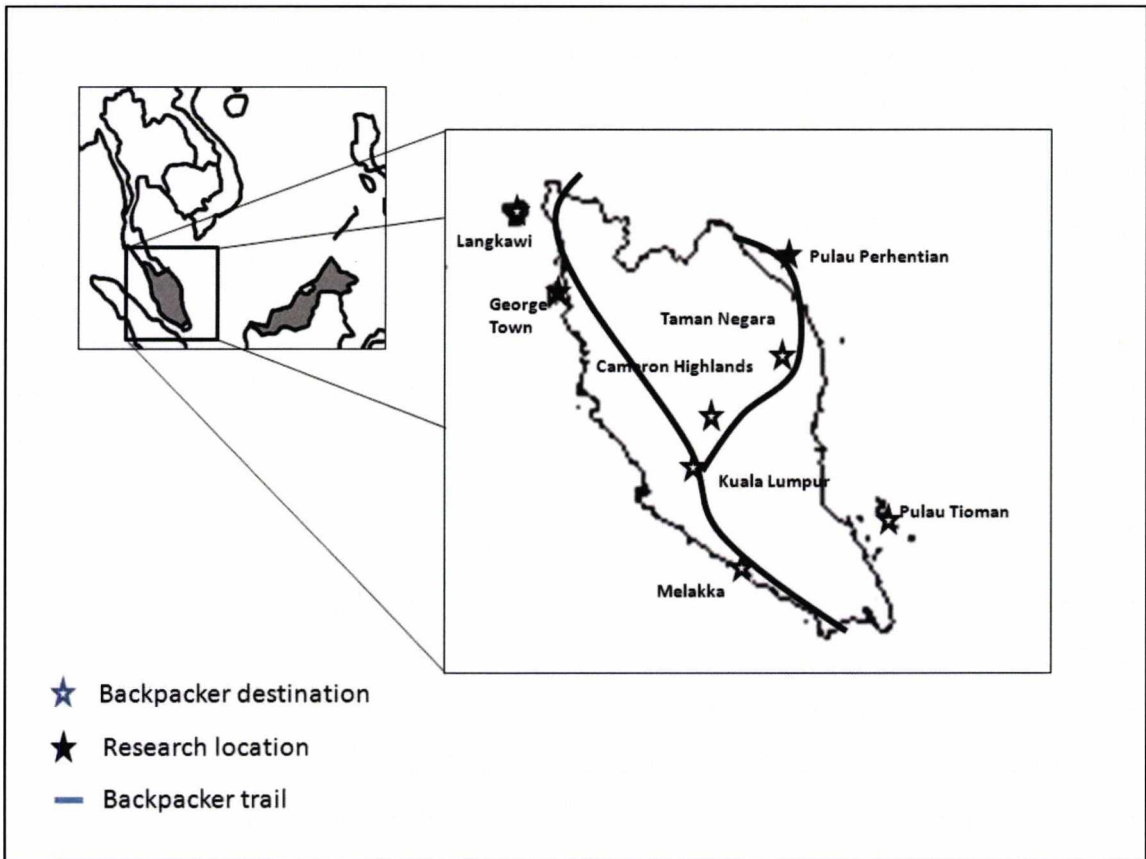
Source: Wikimedia (2008), own data (2011), Hamzah and Hampton (2010)

Together with the nearby beach village of Batu Ferringhi, Georgetown has a long-standing history of backpacker travel. The vast majority of backpacker services are concentrated in a small area around Chulia Street and Love Lane and therefore easy to locate. The city is popular among backpackers for reasons such as an abundance of cultural heritage and its strategic location between ferry and overland routes to and from Thailand, Indonesia and other parts of Malaysia. More recently, the budget airline company AirAsia has started servicing the airport of Penang, which makes it possible for travellers to reach Penang from numerous destinations in Hong Kong, Indonesia, Malaysia, Singapore and Thailand (AirAsia.com 2011). The destination therefore lends itself for a so-called 'visa run' for travellers to leave other Southeast Asian countries that are popular among backpackers, such as Thailand and Indonesia, and then re-enter with a renewed visa. For those backpackers who want to stay and discover Georgetown, they will find "*many of Georgetown's budget hotels and hostels along Lebuh Chulia [Chulia Street] in Chinatown,*

where a cosmopolitan array of backpackers congregate in the cheap restaurants and bars."
This street and Love Lane *"make up the heart of Penang's backpacker land, crammed with cheap hostels and hotels"* (Richmond and Harper 2007:174). Most of the backpacker services, such as Internet cafés, laundry services, travel agencies, bars and restaurants or food courts congregate in this pleasant neighbourhood, with its streets that are decorated with Chinese and colonial houses (Gloaguen 2008:183). To a backpacker using the *Lonely Planet* guidebook, Georgetown is portrayed as a must-see and probably a must-eat but interestingly enough, it also warns of the ghettoization of the backpacker scene:

> *"Georgetown is a mainstay on the Southeast Asian backpacker trail, and you'll have no problems finding friends here. We highly recommend leaving the hostel ghettoes and wandering through the sensory playground of Georgetown's backstreets [...] Be sure to eat up – the food here is arguably the best in Malaysia."* (Williams, Bloom et al. 2010:461)

As for the Perhentian Islands, they are one of the prime beach locations on the backpacker trail outside Thailand. After having visited the islands, I decided to pick the smaller island Pulau Perhentian Kecil for my research. The only permanent settlement on the islands of Perhentian Kecil and Besar is *Kampung Pasir Hantu*, also referred to as the 'fishermen village', with about 3,000 inhabitants on the small island. While most of the holiday-makers and tourists are accommodated in resorts on Perhentian Besar, Perhentian Kecil *"...has an abundance of cheap chalets and lively café-bars, and is popular with the younger backpacker crowd..."* (Richmond and Harper 2007:313). Kecil is also known for diving activities and its relative 'remoteness', rendering it an interesting destination for those backpackers looking for a more laid-back atmosphere than the more crowded backpacker islands of southern Thailand. Two beaches – *Teluk Aur* (known as 'Coral Beach') and *Pantai Pasir Panjang* (known as 'Long Beach') – make up the rural backpacker enclave with about 30 businesses, accommodation facilities, dive and snorkel services, cafés, restaurants, Internet cafés and shops, altogether. Of these two beaches, *"...the most popular spot is Long Beach [...] with a string of mostly budget chalets, cafés and a few tiny shops"*, while *"Coral Bay is another popular spot with an attractive stretch of beach and the best sunsets of the island"* (Richmond and Harper 2007:313). Again, the *Lonely Planet* feeds the backpacker 'tourist gaze' with the use of superlatives to describe the tropical setting, while ignoring numerous downfalls, such as water and waste management issues, drug problems

(and thus criminality) among the local youth and the increasing damage done to the underwater flora and fauna:

> *"Long Beach on Pulau Kecil of the Perhentian Islands is one of Malaysia's most popular backpacker congregation spots. The near-perfect crescent of white sand is clogged with guest houses but the jungle setting and chummy vibes are hypnotic, the turquoise water utterly sublime."*
> (Williams, Bloom et al. 2010:481)

4.4 Timing of research activities

Owner-managed tourist accommodation facilities require the owner to be present most of the time during high season, which often leaves them little time to spend answering researchers' questions. At the same time, the researcher wants to be able to observe the tourist activities as well as the interaction between backpackers and business owners. It is therefore important to time the stays in such destinations accordingly. Altogether, I spent eight weeks in Mexico divided into two separate stays of four weeks each. During my first stay, I spent two weeks in San Cristóbal during low season in November 2009 and two weeks in Zipolite during the shoulder season in December 2009. Backpacker tourist seasons are difficult to define as many backpackers travel for extended periods of time and therefore tend to follow the regular holiday periods less than do the regular tourists. However, weather conditions such as rainy seasons, as in peninsular Malaysia, or extremely cold mountain weather even in tropical climates can cause a decline even to less seasonal tourists such as backpackers. According to those interviewed businesses that cater to a wider group of tourists, high seasons in Mexico are around *semana santa* (Spanish for 'Holy Week', i.e. the Easter period), summer months and the Christmas holiday. In Malaysia, high season goes from November through February/March on the West Coast and from February/March to October on the East Coast.

I returned the following year to spend another two weeks in each destination during the shoulder season in June and at the beginning of July 2010. In Malaysia, my research activities were limited to a single stay of six weeks between February and March 2010, which is the shoulder season on the Perhentian Islands and high season for Penang. The timing proved to be chosen correctly in all four research locations, as I encountered few problems with services providers and their willingness to help me with my research. However, a handful of service providers appeared to ignore arranged appointments

multiple times, a sign of rejection that was never openly expressed. I then tried to rearrange the appointment, but after a second time I would remove them from my list. The sample is therefore a convenience sample, although I did try to locate and interview specific groups, focussing on locally and non-locally owned, owner-operated and staffed accommodation businesses, well established and new businesses, as well as various price ranges in each location. To identify these respondents, I made use of various editions of the *Lonely Planet*, the French *Guide du Routard*, and the *South American Handbook*, some of them dating back to the 1970's and 1980's, in an attempt to trace the development of the backpacker services over time. While in Mexico, in both research locations, two business owners from the very beginnings of backpacker travel were still around, the high level of turnover – especially in Georgetown – required a different approach to getting information about the early years of backpacker services. If the 'old' businesses had closed, their names could trigger memories among other interviewed business owners to help me find the former owners. Sometimes, individuals who were not actively involved in tourism services would also point out those who had previously run a business and were still living nearby, working in a different field, so I could interview them. I also had to look on online forums to get in touch with people who had travelled in the past to find information about the situation then, especially in Southeast Asia.

4.5 Sampling and finding backpacker services

As mentioned in Chapter 2, backpackers are a very heterogeneous group of tourists and so are the services that cater to them. Rarely did I find a hostel or other service that catered to backpackers alone. In most destinations, hostels or guesthouses also offer services to the domestic budget tourism sector rather than international backpackers alone. The slightly more upscale services especially attract diverse groups of tourists, for instance middle-class domestic tourists who often make use of the same facilities as backpackers. The idea of a 'parallel circuit' following Oppermann (1992) appears to only apply to a small number of backpacker service providers. With no total number of exclusive backpacker businesses to be 'counted' in my research location, I therefore decided to apply an opportunistic purposive sampling method (Patton 1990; Ryzin 1995; Maxwell 1997; Teddlie and Yu 2007) through which I tried to obtain a maximum variation of respondents for my research. To increase the variation of my sample, I made use of a variety of sources to locate the potential respondents:

a) Recent editions of guidebooks such as the Australian *Lonely Planet*, the French *Guide du Routard* or the German *Stefan Loose* were consulted to find the most recommended accommodation facilities.

b) Online resources such as *hostelbookers.com, hostelworld.com* were used to find the backpacker accommodations that were not mentioned in the guidebooks.

c) In urban backpacker destinations with a high turnover of businesses, I also walked through the streets and looked for backpacker services.

d) Specific more 'clandestine', unlicensed backpacker accommodation facilities in San Cristóbal de las Casas were found by 'word-of-mouth', or snowballing, e.g. recommended by other business owners who could direct me towards these facilities.

e) The high turnover of budget accommodation facilities created a problem, namely that of locating owners of former guesthouses that were mentioned in guidebooks of the 1970's or 1980's. Often, not even owners of current guesthouses could help me find the owners of those previous businesses. In order to obtain information about the past, I then had to find alternative sources of information, either a traveller who had spent time travelling in those days, or the publisher of one of the major guidebooks that covered Southeast Asia. Serendipity (Foster and Ford 2003) helped me find some of these people to interview them. While reading a book on the history of Penang, I googled the name of the author to find out more about the history of backpacker travel in the city of Georgetown. This author then put me in touch with a research institute where I attended a meeting on housing issues – which is not directly related to my study – and met other people involved in heritage conservation. One of these people was from England and had travelled to Penang in the 1980's and 1990's. She told me about a former guesthouse owner who now ran a bakery in my research area. Without the idea of engaging in many encounters with local people who had been involved in either tourism or heritage, these 'serendipitous' encounters would not have been possible.

Despite these efforts, there still remained a number of issues. In San Cristóbal de las Casas, for instance, there were some informal/non-licensed backpacker businesses that I did not manage to include in my research, especially, as they were hidden, illegal or not open during the season when I was there. As these 'businesses' only offered a small number of beds compared to the official, licensed hostels, their overall importance for the backpacker

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market is limited and the lack of information should not have a negative impact on my research. In all locations, some businesses had also closed down since the most recent edition of the guidebooks. In the end, I managed to conduct 95 interviews with service providers in all four research locations (see casebook at the end of chapter). Of these, 26 were done in San Cristóbal, 27 in Zipolite, 19 in Georgetown and 21 on Pulau Perhentian Kecil and Besar (Figure 17).

Figure 17 : Respondents in research locations

Zipolite (Mexico)
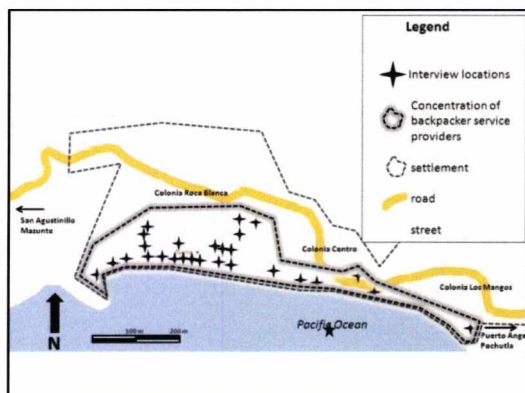
San Cristóbal de las Casas (Mexico)
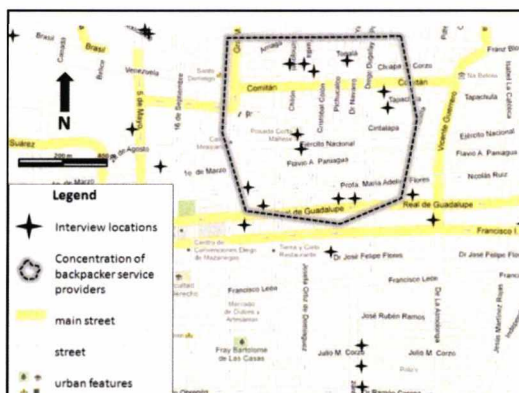
Georgetown (Malaysia)
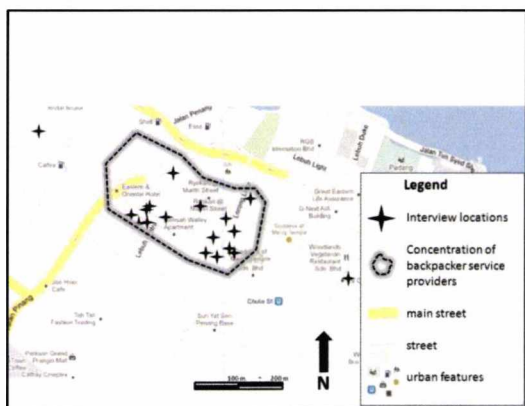
Pulau Perhentian Kecil (Malaysia)
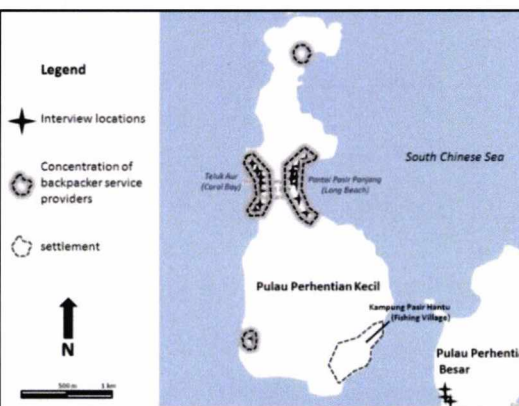
Source: Adapted from Google Maps (2010)

Another four interviews had been held with service providers prior to my research in the selected research locations. The average interviewing time was about 45 minutes (including the pre-research interviews), with a total interview time that amounted to about 68 hours and 38 minutes, and approximately 800 pages of transcriptions in total.

4.6 Research methods

4.6.1 Case Studies

The case study methodology is defined as *"a unique approach to research that concentrates on the study of complex phenomenon within a real life context. A hallmark of cases study design is the focus on collecting in-depth information, often using multiple sources of evidence to illuminate a single event or process"* (Lindstrom and Benz 2002:70). Making use of a case study methodology by qualitative research methods such as topic

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interviews, oral histories and participant observation, information was gathered on the development of unique as well as common features within and between backpacker enclaves. A great part of my research revolved around the history and evolution of the selected backpacker destinations. As these destinations had only rarely been the focus of scientific researchers, let alone historians, the idea was to find a 'history from below' (Trapp-Fallon 2003) to reveal the dynamics of development through time, with interview techniques that require a flexible, intimate and mutual approach (Oakley 1981 in: Trapp-Fallon 2003).

4.6.2 Focus Groups

The initial idea to make use of focus groups to retrieve information on the history of tourism development in the research locations had to be discarded. Generally speaking, the success of focus group discussions always relies on an open, trusting environment that does not attempt to persuade people or coerce opinions. Any attempt to build consensus has the potential to discourage divergent thinking – the very process that yields a diversity of ideas and that is crucial to high quality focus group results (Larson, Grudens-Schuck et al. 2004). However, the informal environment mentioned before made it very difficult to arrange appointments with individual respondents within the given time frame. Trying to find moments where more than two or three selected focus group members could have left their business to attend a focus group meeting was therefore even more difficult. Moreover, even though most service providers stated that competition was healthy and the relationship between business owners was fine, my observation – confirmed by interviews with more open and critical respondents – of the community proved that they were rather divided and reluctant to meet and discuss issues, present or past. As competition, time constraints and social norms would have gotten in the way when individuals were exposed to a group setting, focus groups could probably not have provided valid information. Therefore, to produce valid data at the individual level, face-to-face topic interviews or expert interviews were used (Caffarella 2002).

4.6.3 Topic Interviews

In the beginning of my fieldwork, my intention was to make use of semi-structured interviews with pre-written lists of questions that would then trigger more follow-up questions. However, I soon realised that respondents did not follow the line of inquiry but considered the interview more like a 'talk'. Very soon it became clear that questions that

were easily understandable for a respondent with a certain level of education would not trigger the same reaction from an illiterate respondent. Using different languages during semi-structured interviews (German, English, Spanish, and French) also resulted in difficulties when it came to pre-written questions. To obtain a higher quality of information, and possibly at the expense of scientific rigor, I then decided to use topic lists and follow-up questions rather than pre-written questions based on the conceptual model which was developed from the literature and is reproduced for the sake of clarity (Figure 18).

Figure 18 : Conceptual model
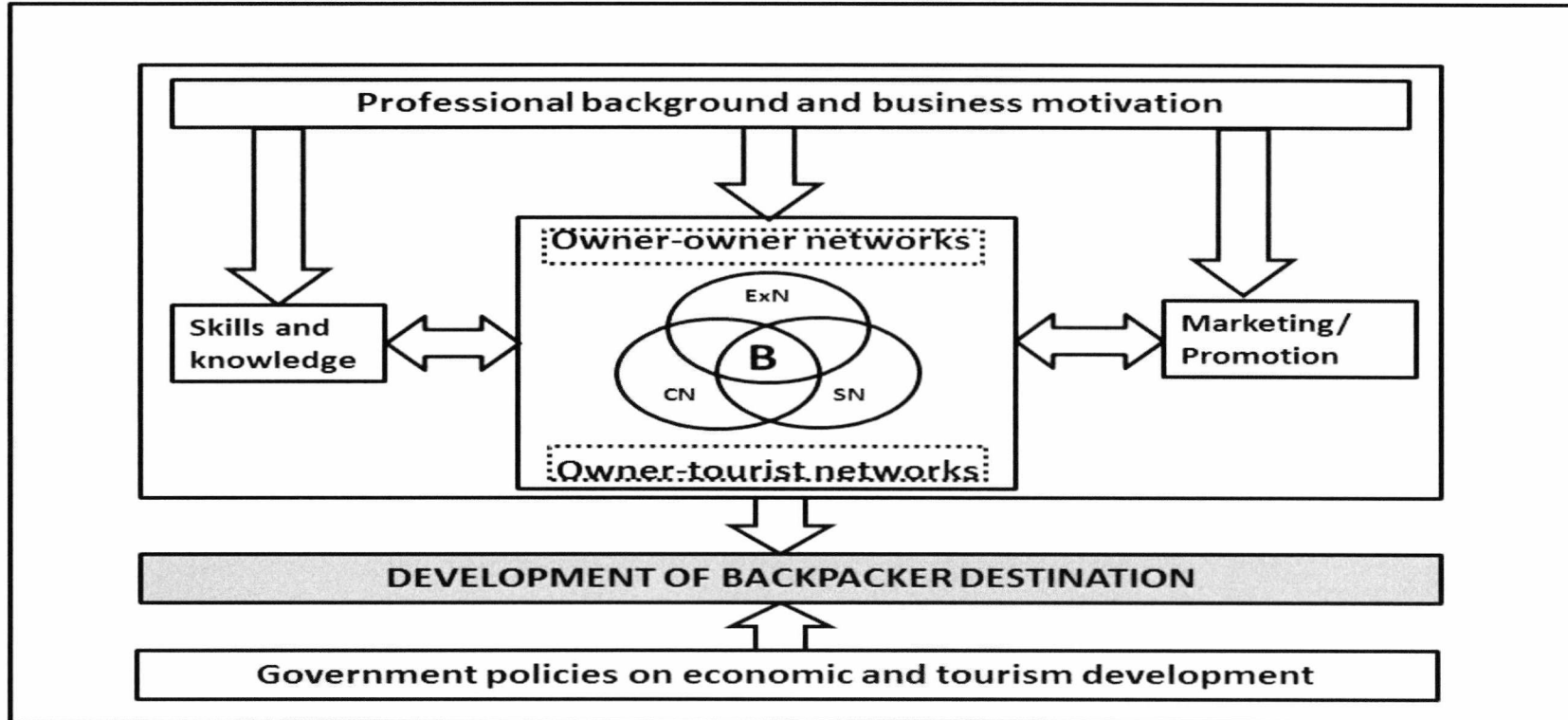
The topics included:

a) Socio-demographic information;

b) Entrepreneurship:

- Family background
- Education
- Work experience in or outside tourism
- Motivation to work in backpacker tourism
- Importance of that specific location (enclave)
- Other current business activities
- Future plans for their business.

c) Knowledge and experience in backpacker tourism, the importance of having relevant information about backpacker travel and change in time;

d) Social, communication and exchange networks:

- Networks with people, businesses and institutions (in and outside the destination)
- Relevance of these networks for the running of their business

e) Future prospects of business development

- Lifestyle orientation or profit-motivation.

The problem with extracting information, especially when it comes to qualitative research methods requiring a deeper relationship between the researcher and the respondents, and the inherent hierarchies that develop between the one 'asking' the questions and the one 'being asked' those questions have always been an emotional obstacle for me when doing fieldwork. In the past, I had encountered similar problems during my very first research experiences as a Master's student, and felt that when presenting myself as an academic, I was treated with a larger distance that I then had to bridge through empathy. Even though I, myself, did not feel superior to the respondent, the simple fact that some of these respondents were for instance illiterate could create a feeling of distance and reluctance to take part in an interview. The whole researcher-respondent relationship could complicate research activities as the position of an academic would actually intimidate the respondent. I therefore had to tone down my appearance and present my 'PhD research'

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as 'work for school', and the 'researcher' as a 'student'. I had also realised that the pre-interview talk, an introduction to the topic interview that would ease the respondent into an interview he or she would perceive rather as a talk than an interview, was of utmost importance. As a result, only four of the potential interviewees refused to take part in the research[38]. The extended length of certain interviews, some of which took more than two hours from beginning to end, also led to situations where I had to leave the relevant topics for a moment and start talking about and reflect on the experiences I had had as a backpacker, before returning to my topic list. I thereby attempted to give the respondent the possibility to see that we were not ranked in any hierarchical position of power, but that we were engaging in an equal 'give and take' situation, where they were helping me with their answers. The very informal character of backpacker businesses also caused many problems and required the interviewer to return to businesses numerous times before an interview could actually be done. This is a very tiresome process, physically and mentally, which delimited the maximum number of interviews that could be done per day (and per destination, because of the limited timeframe). Nonetheless, the interviews proved to be very informative as well as rewarding in their results.

In the end, depending on the research location and the ease with which respondents could communicate in Spanish in Mexico or in English in Malaysia, the interviews went very well. My language skills in Spanish and my knowledge of the Mexican culture provided a good base for very productive and open interviews in that country, especially when they ended up being very time-consuming, and I was glad to be able to communicate with my respondents at a level that put them at ease. In Malaysia, I had the impression that those service providers who were in contact with tourists at a personal level and therefore had acquired higher language proficiency were eager to share their thoughts and ideas, while those who struggled with English had to respond within their abilities that were sometimes quite limited. I then tried to simplify my English to make it easier for them to understand and communicate with me. Especially in Penang, where many guesthouses are also manager-run, it was difficult to talk to the actual owners; instead the manager could give me information, sometimes 'about' the owner but often rather technical information about the business itself.

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[38] For more information on social distance in social research, see Babbie (2013).

Especially in Georgetown, respondents were often reluctant to reveal any difficult details. Apart from the competition level in the backpacker enclave, a reason for this could also be that my language skills were a lot better in Mexico, which helped a lot to 'break the ice' and to open up the interview and build up trust, while English is the second or third language for many people in Malaysia, and therefore complicates open communication that would reveal 'subtleties' that would have been apparent, had I done the interviews in Bahasa Melayu or Hokkien Chinese. Unfortunately, as I was a self-financed PhD candidate with no financial means to pay for an interpreter, let alone a qualified Hokkien-speaking scientific interpreter who could offer qualified help in this kind of research, I had to try and do my interviews in English, Spanish and German. As a result, I had to make extensive use of various English-speaking key informants in Malaysia to increase the reliability of my findings in that country.

Paradoxically, while my position as a 'researcher' could potentially produce the situation where I was considered superior to the respondent, the fact that I was doing research on 'backpacker' tourism led to opposite problems when I tried to arrange appointments with government officials in Malaysia whom I tried to interview on tourism policies and development, with a special focus on backpacker tourism. When introducing myself as a PhD student doing research on 'backpackers', an area of tourism that is still widely neglected by the vast majority of government officials at various levels worldwide, this lack of interest supposedly made them ignore my request, or even if they did answer my emails and received me, they did not take the time to actually give me the chance to interview them. This experience in Malaysia was very different to the one in Mexico, where officials were actually very much aware of the importance of backpacker tourism in their city or village, and were extremely helpful with my research. Even though there are no official government policies on tourism development, interview partners who worked in public institutions that dealt with backpacker tourism widely acknowledged the importance of individual travellers for local tourism development.

4.6.4 Participant Observation

The respondents' answers in interviews depend on the will or ability to give accurate and complete answers (Breakwell, Hammond et al. 1995:238), especially when, as mentioned before, they have to express themselves in a foreign language. Therefore, next to the responses during the interviews, participant observation aimed at being part of the

backpacker scene and their service providers in and around the enclaves, participating in the daily life of the researched individuals or groups as an observer, and looking at the spatial and/or social sphere in which participants interact (Lamnek 1993). However, some parts of the backpacker scene remained 'closed', especially those backpackers who engaged in drug consumption and extensive travel. Through the investigation of their daily lives (Berg 2007), I aimed at studying the behaviour, attitude of and interaction between backpackers and service providers. I therefore sought myself accommodation within or in the proximity of the backpacker enclaves, spending as much time as possible with business entrepreneurs and backpacker travellers, joining backpackers and service providers on outings and daytrips outside the enclave. As part of this participant observation process, observations, findings, ideas and other relevant information that could be of use for later stages of the research were written down in a research diary. Other than during the interviews, where some responses contradicted the observations I made later on, often, I did not have the impression that the fact that I revealed to the tourists and service providers around me that I was a researcher actually resulted in a changing attitude or behaviour. Despite the fact that I had clearly stated that I was not travelling, I was still often confronted with questions they would typically ask backpackers, such as *"Where are you staying?"* or *"How much do they charge you there for a night?"* Only in a few instances was I confronted with openly mistrusting behaviour, especially during my research in Georgetown. It remained unclear to me whether that was because of my work as a researcher or the potential conflicts and frictions within the business community of the backpacker enclave as a whole. In general, even confidential information such as the practice of drug consumption and where to find drugs were easily revealed to me. The challenge was rather to be able to gradually let go of my preconceived ideas of my research and allow encounters with backpackers and service providers to arise and develop freely. Also, the difference between reporting and interpreting my observations was sometimes difficult to make, but my prior experience in research was of great help in this respect. The need to get to know the local circumstances, observe and participate in four very different locations, with very little time to do so, also caused a certain level of saturation on my part. Days off work were therefore very important, in order to regain the energy needed to engage fully in participant observation.

4.6.5 Expert interviews

Next to the interviews and participant observation among the service providers and backpackers in the four research locations, the analysis of interviews revealed that the research required expert information from people who had done research on or travelled as backpackers themselves in Mexico and Malaysia over a longer stretch of time in the past. Given the limited attention that backpacker destinations have received until then, it was not an easy task to identify such experts, and travelling back to the four research locations was difficult, due to time and money constraints. Through online sources such as *indiaoverland.biz* and the *Thorn Tree Travel Forum*, I managed to locate a handful of experts and former travellers. I decided to use VoIP programmes such as *Skype*, or to email key informants/experts in the field of hippie and traveller tourism during the second stage of my research. In Mexico, Dr Ludger Brenner, who specializes in tourism research, was very helpful by answering questions about the development of backpacker enclaves in Zipolite and San Cristóbal, places about which he himself had written a Master's thesis on tourism (including backpackers) in the 1990's. In Malaysia, Professor Amran Hamzah was very helpful at getting me in touch with relevant people in and around the backpacker scene, answering any questions I had. Stefan Loose, the publisher of a major German guidebook who had himself travelled throughout Southeast Asia since the 1970's and was familiar with key service providers in Penang and the Perhentian Islands, also helped me by answering questions about his perception of the development backpacker enclaves on the phone. It was difficult to locate respondents with information on the past development of hippie and backpacker travel while I stayed in the research location. Consequently, after returning home, I managed to get in touch with informants who could help me add this information to the thesis. Two former travellers – one of whom came to be one of the most renowned publishers of German backpacker guidebooks – helped me, through *Skype* calls, with information on the historical development of hippie/traveller tourism, especially in Southeast Asia, while I managed to identify online four former travellers (one Malaysian, one US-American and two Australians) to ask them about their travel experiences in Malaysia in the 1970's. For information on Mexico, I interviewed a tourism researcher with experience as a backpacker and a record of research on backpackers, in order to reveal some of the historical development of backpacker tourism in that country.

4.6.6 Statistical Data

'Backpackers' are not a tourist group that is defined in terms that are easily quantifiable, and apart from the tourism research in Australia that attempted to collect statistical information on the backpacker market (Ipalawatte 2004), there is no available statistical data at a local or national level. Malaysia and Mexico therefore do not have such statistics, and at a local level the only available statistical tourist information aggregates incoming tourists as:

a) 'Arrivals' as in arrivals at the airport [Penang],

b) Tourists spending nights at any accommodation facility [San Cristóbal],

c) People using the ferry services to both islands and therefore include all staff, inhabitants from the islands and resort tourists [Perhentian Islands],

d) No statistics at all [Zipolite].

Most of the backpacker hostels also operate in an informal environment and appeared not to collect any quantitative information or if they did, they were reluctant to share them. Various officials in the research locations complained about the lack of data from the sometimes informal tourist market. As quantitative data in backpacker tourism is therefore nearly impossible to get, I had to try to find as much information as possible through estimates from interviewing service providers. In Malaysia, one single backpacker hostel in Georgetown allowed me to use their books and look at nationalities, prior and next destination and age groups of their guests over the past two years. Even though that statistical information is limited to one single accommodation facility, given the total number of more than 3,000 tourists over a year, and the fact that this guesthouse was located in the centre of the backpacker enclave and did not discriminate in its promotional activities towards one specific nationality, age group or budget, it does give some indications of the composition of the backpacker market in and around the backpacker enclave. One of the main travel agencies in Kuala Besut, the ferry terminal on the Malaysian Peninsula that services the Perhentian Islands, gave me the permission to retrieve some of their statistical information, however mixed that may be with other people (e.g. staff and locals) that use their services to cross over to either of the two islands. By eliminating most of the domestic tourists – there were very few Malaysians on Perhentian Kecil during my stays –, it would have been possible to extrapolate some quantitative information on backpackers. However, in the final stages of the research, I

decided to omit most of the primary data mentioned above, as the reliability and the level of representation for the backpacker market as a whole, locally and internationally, were not guaranteed.

4.7 Analytical Methods

Throughout the research, with the respondents' consent, interviews were digitally recorded. However, it can be noted that in tightly-knit communities in developing countries, regardless whether they are situated in a remote rural setting or in the relatively confined space of an urban backpacker enclave, there are many taboos and some information can be difficult to obtain. Anonymity and confidentiality are therefore two of the main requirements a researcher has to consider, before, during and after the research. All the respondents were informed about the fact that the information would be used in my thesis, albeit with a pseudonym. I always allowed my respondents to choose whether they wanted the interview to be recorded or not, but only in one single case did a respondent not want to be recorded, and in two other cases did the respondents ask to turn off the recording device during the interview to be able to express personal opinions that were considered 'delicate' or 'touchy'.

As most respondents had to make time for the interviews in between their business activities, all but one of the interviews was done in the facilities of their business where they could continue to attend their customers and conduct interview at the same time. Sometimes, due to the background noise (traffic, tourists, etc.), respondents were asked if the interview could be held in a quieter place, but for many that proved to be very difficult. During the recording, non-verbal information that arose from the interview was written down immediately or shortly after the interview as field notes. When, during the course of an interview, information led to new thoughts or clues for future probing, these were noted immediately and included in future interviews. Despite the fact that this study produced a wide range of information in the field of backpacker tourism, networks and business approaches, there were still difficulties when it came to the limitations of the study. One of the most relevant was the issue of lacking language skills: especially in Malaysia, it felt at times as if the cultural and language distance (Leung, Bhagat et al. 2005; Chapman, Gajewska-De Mattos et al. 2008) between interviewer and interviewee prevented more in-depth information from being revealed. The research was self-financed and the means to pay for an interpreter were limited. Moreover, finding such an

interpreter with the required interviewer skills would have been time-consuming and too difficult within the limited time frame that was available for the research. As a result, there was a need to find key informants with good English language skills and the necessary background in backpacker tourism. The use of serendipity was a necessary skill, and there was a need to be open to anything and to following any path that could potentially lead to such a key informant or key information. Nonetheless, it felt as if the business community – especially in Georgetown – was very difficult to get into, and in a few situations, the research felt as if there was more information on the concentration of services and on competition that was not revealed directly.

Interviews were later transcribed, where possible, on location. However, because of the limited time in each research location and the need to gather as many interviews as possible and the physical difficulty of working in a hot and humid tropical climate, most of the interviews were transcribed after returning home. Interviews in Mexico were usually conducted directly in Spanish and had to be translated into English after completing the transcription. After finishing the transcriptions and to facilitate the analysis of more than 800 pages of transcripts, interviews were entered into the *NVivo* analysis software and coded according to topics discussed in the interviews and highlighted among the features in the conceptual model. I was unfamiliar with the software prior to the research and so took the opportunity to take a three-day course on *NVivo* to learn more about the possibilities and limitations of the software. However, most of the functions of *NVivo* I had already started to know and use while working on my Masters research project.

After importing my interviews and memos into *NVivo,* I defined my cases according to research location, gender and origin of owners. I had not developed any hierarchical node structure yet. I therefore decided to apply a 'free coding' technique for the creation of case nodes, and progressing through my interviews – and with the help of research memos and field notes – I developed a coding scheme that displayed the great variety of answer categories.

The *'entrepreneurship'* node was subdivided into:

a) *experience* (i.e. family background, prior (work and tourist) experience, education),

b) *business approaches* (i.e. lifestyle/budget or growth-oriented motivation, importance of specific location, future plans for business)

c) *personal critical events* which seemed to have had an impact on entrepreneurship

To gain insight into the economic, social/ethnic and political development among local (business) communities, I decided to code responses under the node *'local community'* and therefore gather all information on topics that were considered relevant to the situation within the local community.

Next, I used the *'networks'* node, which was later subdivided into:

a) *non-local networks*, i.e. *exchange*, *information* and *social* networks, e.g. contacts with home, contacts with other (backpacker) destinations, owner-owner networks, and owner-tourist networks. Through the course of interviewing, it quickly became apparent that owner-staff networks – initially part of my model – were often absent due to either wide spread self-employment and the predominance of family businesses or to networks too weak for the development of skills or the overall development of a business as such. As a result, I decided to drop the 'owner-staff networks' code and to focus my analysis on the 'owner-owner' and 'owner-tourist' networks. At the same time, promotional activities proved to be crucially important to my research, and I included a *'promotion'* node in my coding scheme.

b) *local networks*, and similar to the non-local networks above, coded according to the *exchange*, *information* and *social* networks between owners and between owners and tourists, as well as promotional activities.

Finally, the *'tourism market'* node included information on initial tourism development, hippie/backpacker travel and seasonality, local perception of tourism development, commercialization processes (and the role of non-local involvement, business approaches, the local government, Internet, etc.) as well as the perception of how development in the future could look like.

A final node was coded as *'miscellaneous'* in order not to lose some memorable quotes and information that would possibly be of use at a later stage or did not fit into any of the other nodes mentioned above.

Few new free nodes became apparent in the course of the process, as many nodes fit already existing ones. Eventually, I joined those nodes that were similar in nature and that only had single or double occurrences. After finishing the node-creating process, I needed to return to formerly coded interviews and re-code or add codes that had appeared along the way. Overall, the coding process was very time-consuming, but it became useful as soon as I started to analyse the interviews. Regularly, I would read again through complete interview transcripts so as to not be too close to the data and not lose the rich quality of each narrative that interviews had to offer (Bong 2002; Bourdon 2002; Roberts and Wilson 2002). As Gibbs (2004) mentioned before, researchers need to remember that it is the person, and not the machine that does the interpretation.

The fact that I had to work through each single interview and often disaggregate information according to my coding scheme allowed me to drop pre-conceived ideas of what was desirable as an answer. While coding, I often forgot about 'who' the interviewee was, being completely focussed on the coding process itself, and returned to the perception of the interview process as a defragmented whole as the base of my research. Positive instances and reliance on first impressions were thereby prevented as much as possible.

When querying the data, I made use of coding queries and text search queries. I had used context coding, making sure that the parts of the interview that preceded and followed the codified part of the interview were displayed. This way, I attempted not too lose the context of each answer and be reminded of what interviewee had said before and after. The extremely lengthy process of transcribing and coding was probably the most challenging scientific part of my PhD research, spending months at writing up interviews that had already taken place long before, then coding them and not feeling that there was any 'real' progress in my research

4.8 Conclusion

This chapter has elaborated critically on the use of ethnographic research methods and the challenges of the research process, ranging from the preparations of field-work, the selection of research locations and the tools to be used in the setting of the case studies, as well as the methods applied to analyse the results.

Backpacker tourism lacks a clearly defined boundary which with you could clearly distinguish its supplies and demand from other kinds of tourism, and primary data such as statistics proved to be difficult to come by. The aim to do research in the field of networks based on the perception of relationships among entrepreneurs and between entrepreneurs and customers, including their development over time, required me to apply qualitative research methods, topic interviews and participant observation.

Grounded Theory and the selected ethnographic research methods provided a useful range of tools with which I could conduct case study research in four research locations. Even though research activities were based in very different geographical and cultural setting, the methods "in the field" provided most the desired results. However, even though I had no representative sample size to consider, respondents were often absent or postponed interviews, which meant that the research was time-consuming and required a high level of flexibility and patience from the researcher. Only information on past development of the research locations was difficult to come by, so at a later stage post-research interviews had to be conducted and emails sent in order to retrieve information from key informants.

Within the given time frame of a PhD research *NVivo* as the analytical tool that allowed me to code and analyse the large amount of information that came out of the interviews and field notes. Despite the use of this software, there are pitfalls when it comes to having a bird eyes view of the information. Returning to 'old-fashioned' paperwork and printed interviews to understand the story was therefore a necessary step to maintain an objective distance and overview as a researcher.

Chapter 5 – Zipolite and San Cristóbal de las Casas

5.1 Introduction

After reviewing the methodology of the research project, the next two chapters will introduce the four selected research locations in Mexico. The chapter starts with a brief introduction into the history of both places prior to tourism development, then the rise of tourism and the role that hippie travellers and, later, backpacker tourists had within tourism development. A focus of this chapter will be the character of social and professional networks between hosts and guests and the process of increasing commercialisation of backpacker travel.

Based on the interviews with business owners in San Cristóbal de las Casas (referred to as San Cristóbal in the remained of the thesis) and Zipolite and referring back to Chapter 2 and the there-mentioned theoretical approaches, this chapter will attempt to highlight the business motivation of backpacker entrepreneurs, that range from lifestyle to profit-motivation, and how these approaches have changed over time in each respective location. Then the networks between owners and between owners and tourists will be analysed, along with their nature and change over time as well as the impact these networks have had on the development of backpacker tourism in these destinations.

5.2 Introduction to Zipolite

This area between the Pacific Coast and the coastal mountain range, the Sierra Madre del Sur, in the State of Oaxaca had never been densely populated. At the time of the Spanish Conquest (1519 – 1522), only a few thousand people lived along the coastal zone between the Sierra Madre del Sur and the Pacific Coast. Pochutla, the regional hub, and Puerto Angel were then small settlements of little importance. The population in the area gradually started to grow with the establishment of ports in Puerto Angel (1850's) and Puerto Escondido (1925). Both ports were established with the aim of exporting coffee grown in the mountains. However, the lack of an adequate road network and absence of railway connections stopped development, especially in Puerto Angel, which fell into decline after the end of the nineteenth century only to continue as a minor fishing port until the late twentieth century (Brockington 1966).

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The valley behind Zipolite Beach had been occupied only by a handful of farmers with their families since the middle of the 20th century (Brenner and Fricke 2007). Because of the heavy wave break in Zipolite, the beach was not used for fisheries, and only in Puerto Angel and Mazunte could you enter the sea with boats (Interview respondent #49). In 1960, a dirt road was built from Puerto Angel to the village Mazunte, passing Zipolite beach, to give access to a sea turtle slaughterhouse that had been built in Mazunte (Rezende Fleischer 2009).

The first hippie travellers started to appear at the end of the 1960's (Interview respondent #39) but it was the arrival of an American traveller in 1969 that ignited tourism development on Zipolite Beach. On a road trip with friends to meet Maria Sabina, a shaman woman who performed rituals with hallucinogenic mushrooms in the North of Oaxaca, this group of travellers ended up in Puerto Angel where they found accommodation with local people.

> "So I asked for a hotel and this one guy says 'Ven!' [panicky] 'Should we go with him? Should we go with him?' He says 'Ven, ven conmigo.' And I said 'Well, we gotta go, we've got no choice! We gotta find out where we're gonna sleep. He says 'Ven conmigo, a mi casa.' So he takes me up this path, this little dirt road, in Puerto Angel. Way up to the top, and we were there with our backpacks and everything. And we finally get, and it was a little adobe house, with two or three rooms built, and a terrace in front. But it was all adobe, indigenous style. The windows were about this big [makes a sign with her hands] about one square foot. [...]And [the next morning] I said 'Donde hotel?' They said 'Hotel?!' they spoke Zapotec. 'Dormir! Dormir!' 'Ah, Zipolite! Zipolite!' And she would point to ... I have somewhere a picture of that road, from her house from where she was pointing at that road. There was just a road...there was only ONE[39] road, a dirt road. [...] So I started walking with my backpack. Walking down here, without stopping. I passed [...] a little palapa [author's comment: a roof structure made of wooden poles covered with a layer of palm leaves for shade]. ...And [the owner] lived ... she

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[39] Stress in capital letters in this and in all other interview quotes added by author.

didn't live there, she lived in Puerto Angel. And she used to walk into Zipolite every day with fish [that she would sell to harpoon fishermen]! But the truck would come in – I don't care where you go out in the wilderness, you're gonna find beer, okay? – The truck will get [to the turtle slaughterhouse in San Agustinillo] to sell beer: Corona! Okay. So I walked by and she looked at me as I walked by and they said 'My God, these tourists. What are THEY doing here?' There were no tourists here! One backpack...another backpack...and another backpack...YEAH! And we were like at the end of the world. I had never imagined that a place like that existed; a place like THIS existed, and it's 1970, 1969. 1969! In March... "(Interview respondent #49)

This woman was the first person to resettle to Zipolite Beach; she married a local fisherman from Puerto Angel, built a house and established herself at the western end of the beach (image 1).
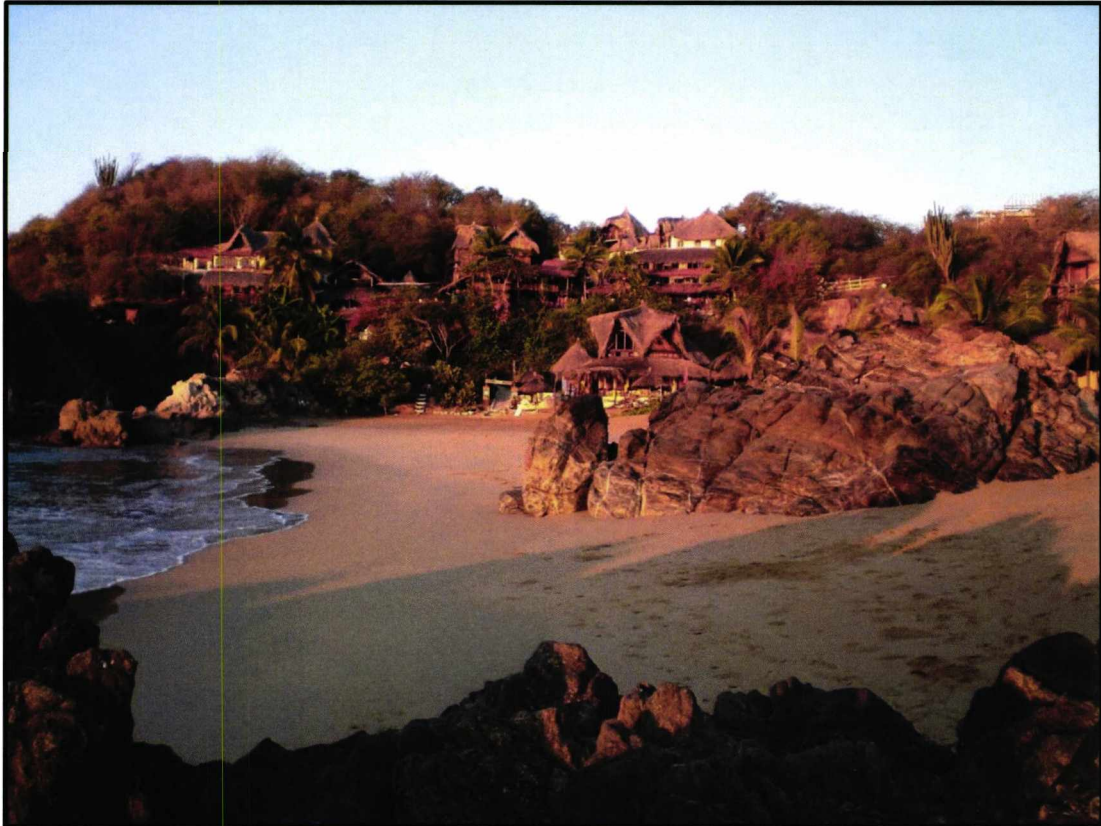
Image 1: Shambala Beach in Zipolite

Generally, this part of the Mexican Pacific Coast was considered inaccessible and 'forbidding' for travel. And even though Puerto Escondido had been known to some surfers from California as one of the best surf spots since the 1960's, beyond Puerto Escondido, travel guidebooks only mentioned the small coffee and fishing port of Puerto Angel without any further information about transport and accommodation infrastructure (Davies 1965). Only occasional tourists would make it to these areas.

> *"It was just for us who lived here, because we were just...we were*
> *starting with two or three, four people...first it was just myself, and two*
> *cats and my two kids. And then somebody else — mostly guys from*
> *Mexico City — would come, and hang out on the beach. Very few...no*
> *tourists! I mean...months in a year would go by and you would not see*
> *one foreigner here. "*(Interview respondent #49)

The situation started to change profoundly in 1970, when a total eclipse of the Sun was predicted to cross Southern Mexico on March 7th, and Zipolite Beach was laying right on its path. Major newspapers in the United States were publishing information about this solar eclipse and the path it was going to follow, and that the best chance of seeing the eclipse was in this part of Southern Mexico. Expeditions of Mexican scientists and from a dozen other countries had travelled to the area south of Oaxaca, to set up camps at various points along the eclipse's path, where duration and viewing conditions were considered to be the best (Sullivan 1970).

Many local people were afraid of this event, and when suddenly large numbers of hippie travellers, and a handful of Mexican scientists, appeared on their beach to witness the solar eclipse (Interview respondent #54), locals were unaware of the impact this was going to have on their beach and their livelihoods.

> *"One didn't understand, they said the Sun was going to disappear. Well,*
> *we were afraid, because we didn't know what was going to happen, was*
> *this going to be the End of the World? What was happening? We hid*
> *inside the house. We started looking from inside the house, the children,*
> *my aunt, all had to come inside! And watch out! Don't go outside,*
> *because my aunt said we were going to go blind if we looked at the Sun!*
> *Cover your eyes! And that's when it started with the hippies, because*

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from then on, they started talking about this strange beach, a place nobody knew, I imagine. And then, after a short while, the tourists arrived." (Interview respondent #39)

As the rudimentary road network in this part of Mexico was an extension of the highways that connected Mexico to the American West, many of the hippie travellers who ventured down along the so-called "Gringo Trail" to Zipolite Beach to witness the eclipse were from California, but also from Central Mexico and some even from Europe.

This trail dates back to the 1960's when budget travellers, most of them US-Americans from the West Coast and a number of Latin-American travellers, started to discover Latin America as an affordable travel destination. European travellers were less common until the beginning of the 1980's when more affordable intercontinental flights and a devaluation of the Mexican Peso made it easier for them to travel to Latin America on a budget.

"[The Gringo Trail] is similar to the trail that runs across the Middle East from Istanbul to Kathmandu, called the hippie trail. The trail runs through [...] small beach towns, Andean villages, Incan ruins, Amazon boat runs, national parks, wildlife areas and, of course, all major capitals." (Epstein 1977:4)

Both research locations, Zipolite and San Cristóbal, are located on this tourist route. This route has its starting points along the US-American Mexican border, winds its way down on various alternative routes through Mexico and then on through Central and South America, before ending in Argentina and Chile. The coastal highway from Puerto Escondido to Pochutla was about to be built, so in order to get to this part of the country, people had to travel to Puerto Escondido – where the paved coastal road ended – and then continue on over dirt roads, sometimes crossing rivers with boats, or even swimming. Alternatively they could travel over the Southern mountain range from Oaxaca City and Miahuatlan (Interview respondent #54).

To the local population, the arrival of these people meant a sudden opening of their world to the outside, as the hippies brought with them their culture and their libertarian lifestyle, such as nudism and drugs.

"Hippies brought interesting things, rubies, emeralds, well, okay emeralds came from South America, but sapphires! Sapphires and rubies. That's where they came from, especially Asia. They brought them in through San Francisco, and then along the coast. It was a commercial exchange, it was like the hippies were finding their own way of work, because many of them were artists, let's say, they were inspired, hm? And of course, their production, and their talents, all that, flourished! It was a new culture, in some way. That was what gave it an 'economic' dynamic. Plus, the flow of nuclear combustibles [author's comment: drugs]. I mean, they were loaded with everything, right? Some of them were carrying boxes with thousands of acids [author's comment: LSD]. My God! All of them were tripping out of their mind!" (Interview respondent #54)

There was literally a world of difference between the traditional culture of the coastal population and the New-Age spirit of the hippie travellers, showing itself in the ways people dressed, drug consumption and nudity (Interview respondent #49). Local people did not mind drug consumption that much, as there was no obvious drug addiction and no negative collateral effects such as crime. A few locals who had lived in the capital of Oaxaca had already been accustomed to the hippie culture (Interview respondent #37). Yet, nudism was initially not tolerated on the main part of the beach, only at the far end where it was less visible to local people. However, after a year or two, nudism started to be tolerated, even legalised by officials (Interview respondent #34) and Zipolite Beach became known as the first and only nudist beach in Mexico (Interview respondent #49).

The beach itself was uninhabited due to the strong waves and undertow. People had always lived further inland, towards the hills where they could live as farmers and cultivate the land. Those travellers who wanted to stay on the beach had therefore the choice to either pitch up tents along the vacant beach, or sling up a hammock between trees. Some of these hippies stayed on the beach and formed the base of what was going to turn into the local 'community'.

"Different to other places, the first people to arrive here were the hippies; they encountered an empty beach and camped on the beach. There was nothing! Love, peace and marihuana, and all that...so you

could say that it was the other way around here: foreigners set up the
beach and the community. [Mexicans] arrived afterwards. [...] It was
beautiful, very different. Very different to those places where they have
houses, then hotels and then tourism starts to arrive. Here, it was the
other way around [laughs]. The tourists came first and then the houses!
Yes!" (Interview respondent #47)

The first steps of what could be considered 'commercialisation' were set by one woman from Puerto Angel, who occasionally sold food and drinks to a few local harpooners who were coming to the beach on weekends. She managed to establish her little businesses and eventually, a Mexican brewery that was also providing beer for the turtle slaughterhouse, built a concrete house to store beer next to her *palapa*. With the income generated through travellers and the occasional local tourists, this woman became such a good customer of that brewery that when the original owners who had a concession for the sale of beer in the area pulled back, they left her with the building which she could then rent out to travellers (Interview respondent #54).

The little income tourism generated, therefore, triggered the development of services that catered to the budget-conscious traveller, and thus the birth of a basic tourism industry. While men were working the fields or went to Pochutla to work, local women and children started to sell food and drinks to the travellers. When tourism arrivals dropped for a while, these women would return to the fields and help their husbands (Interview respondent #37). However, apart from the service relationship between hosts and guests, contact between hosts and guests remained limited. The priority of local people was to work on their fields, sowing and harvesting, and hunting iguanas or deer (Interview respondent #30).

"I was selling fruit: papaya, watermelon, whatever I had in my basket.
Bananas, not only bread. That's how I got to talk to them. They were
Mexicans but also foreigners, even though they did speak a bit of
Spanish. They bought my bread and wanted to know my name;
afterwards, they saw me from afar and talked to me. But our contacts
only revolved around things I would sell to them. The local people didn't
talk to them, ey! All they said was 'Hey, there's a gringo!' They had no
idea who it was, but anyway...or 'Hey, there's a hippie!' if it was a

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Mexican, because of their long hair... They did come to our house, foreigners and Mexicans, to ask for food, because there wasn't any. They came to buy eggs, beans, whatever my mother was preparing, or tortillas. *We sold at such a cheap price, 20 centavos for a* tortilla, *or 50 centavos for beans. One dish of beans and they were fed! They filled our house looking for food, because it was cheap. With one or two pesos, in those days, you could eat well."* (Interview respondent #30)

5.2.1 After the Eclipse

With the arrival of hippie travellers in the 1970's, budget or even 'free' accommodation in exchange for paying for food could be found either at a few local people's houses in Puerto Angel, from where you had to walk to Zipolite, with one of the few families that were living in the valley behind Zipolite beach, or with an American woman who had married a local fisherman from Puerto Angel and acquired a piece of land on the far end of the beach.

Most of the travellers who came to Zipolite were Canadians, Europeans and Mexicans (Interview respondent #31). They would stay for weeks or sometimes months at a time (Interview respondent #39). In the beginning, most of those who stayed for longer periods were Mexicans, but eventually tourism was dominated by European travellers (Interview respondent #31). Within a few years, and despite the very limited facilities, traveller tourism had also gained enough momentum to be mentioned in the first traveller guidebooks, stressing the fact how cheap it was to stay in Zipolite.

> *"Stay at Susana's where you can string your hammock for free, providing you eat your meals there. She has good seafood and, at 3 ½ pesos* (author's comment: about 8p in 1977) *a bottle, the cheapest beer in Mexico. She will lock up your valuables when you go to the beach. [...] There is a limited supply of fruit and vegetables in Zipolite, so bring your own."* (Epstein 1977:80)

Bit by bit, free accommodation and hospitality were replaced by services that had to be paid for, and Susana's place would be the first in Zipolite to charge those travellers who wanted to camp or sling up a hammock, while others were looking for empty houses further inland to rent (Interview respondent #39).

As travellers had to travel through Puerto Angel, tourism development in this fishing village was always tightly connected to Zipolite. A woman from Puerto Angel had come to Zipolite even before the eclipse - and eventually decided to resettle to the beach - to sell food and drinks first to harpoon fishermen and later to travellers staying underneath a *palapa.* Her sons would eventually come up with the idea to open a small discotheque on the beach (Interview respondent #31). And while most local people were still conservative in their contact with hippie travellers and their lifestyle, young people from Puerto Angel started to come to Zipolite and interact with them beyond the basic tourist services of selling food and offering accommodation.

> *"And then tourism started to grow, and people from Puerto Angel started to come here. Young people, those who liked drugs. With them, there was more communication, because [the tourists] had to come through Puerto Angel."* (Interview respondent #39)

Marihuana and psychedelic drugs had always been one of the main attractions that brought hippie travellers to (Southern) Mexico, praised by alternative guidebooks and other media. This triggered a wave of 'freak' tourists who started to make their trip along the Gringo Trail. Similar to the 1970's guidebooks to Asia, guidebooks covering Latin America were praising the quality of the then available drugs:

> *"Psychedelic mushrooms are found in the coastal and equatorial regions of Latin America, but the most famous and best are in Mexico. The highlands around Oaxaca City are famous for producing some of the most famous psilocybin mushrooms in the world. The mushrooms attract boatloads of people, mainly freaks [hippies] from the States, but also scientists who come to study the plants and the ritual use by the Indians."* (Epstein 1977:76)

By 1975, Zipolite had become known enough as a traveller destination by English and American guidebooks to mention it next to places like Puerto Angel, Playa Cacalite and Puerto Escondido and as one of the beaches *"that are cheap enough for our budget"*. Even though the Mexican government appeared to have plans to develop Puerto Angel and Puerto Escondido, *"for now they're cheap and funky. For those reasons they have become popular with young travellers in recent years."* (Epstein 1977:79). Locals in Puerto Angel

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had already reacted to growing tourist demand and started to upgrade their accommodation facilities, renting out houses that offered showers (Epstein 1977), while Zipolite continued to be very basic and simple.

> "Before, down at the store they gave you a bucket to wash yourself at the well. That's how it was! There were no showers! And to eat, there were eggs, beans and rice. Excellent! And they had the sea, they came to swim in the sea and go naked…" (Interview respondent #39)

At that time, in order to reach Zipolite, there were two alternative ways: one could either go by bus over a primitive road (and with a travel time of thirteen hours) from Oaxaca City or through Puerto Escondido, a coastal village that had already acquired some fame among surfers. From there one could travel over a dirt road to Puerto Angel "with 3 hotels; fishing port becoming resort. Three km. [North] is Zipolite beach; dangerous for bathing." (Brooks 1975:707). After arriving in Puerto Angel one could either hitch a ride with a truck over the dirt road or walk the remaining distance to Zipolite (see image 2) (Epstein 1977:80).

Image 2: Zipolite beach before development in 1980 (used with permission by Peter Pan (2013)

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With government into the improvement of the coastal road network, promotion by word-of-mouth and through selected guidebooks, Zipolite turned into one of the most popular traveller destinations of its time. The State and local governments, however, were attempting to put an end to this bottom-up tourism development, as there were already plans to expropriate the land and evict the few people that had settled on the beach and to turn Zipolite Beach into a more up-scale tourism destination (Interview respondent #54). After a long legal battle, with arrest warrants against all men living in Zipolite (Interview respondent #54) , and with the intervention of individuals who had resettled to the beach and showed personal interest in the matter, local people from a wide area around Zipolite were asked to move to the coast in order to form a local community. Eventually, a community was established and the land was given to the *comunidad*[40], with all legal rights that protected them from future expropriation attempts (Interview respondent #54).

> *"We went to Oaxaca and we saw the plans, the governmental plans, you know. And it said 'terrenos del gobierno del estado' [State Government Land]. All cut out...there were two, three little houses here, my house... Oh man! This doesn't even belong to us. The government's got it! Nobody knew! So the only way we could save us is to start building schools, clinics and doing all of this stuff. Making petitions and getting the people together, you know! There were NO people here. There was nobody, just myself and [two others]. [The first one] had nothing to do with it. She thought we were nuts going against the government. And [the other one] never got into it... we started bringing people down, we [divided] up the lots, 25 by 25 metres. All the way up to Candelaria. Further than that, no. Candelaria, Huatulco, San Benito...all those places. And we WON!"* (Interview respondent #28)

As a result, by the end of the 1970's, tourism had established itself in Zipolite and was offering a little income to the small but now officially recognised community. This community was made up of people from the coastal region and the foothills of the Southern mountain range, all people who had traditionally lived as farmers. However, with less and less rainfall and therefore less water to irrigate the fields, it became increasingly

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[40] A *comunidad* is de facto the same as an *ejido*.

difficult to live off the land. The alternative to farming was to become a fisherman in Puerto Angel, or to work at the turtle slaughterhouse in San Agustinillo, or to offer services to the travellers which now had become more and more important as a means of survival (Interview respondent #37).

By 1982, the coastal highway that runs along the entire coast of Oaxaca had been completed, but bus routes within Mexico were traditionally designed to bring people to or from the inland. Lateral bus connections were still rare and unreliable (Richmond 1982). Even though there was supposed to be one bus per day that linked Salina Cruz to Puerto Escondido, *"lots of days it [didn't] make it at all."* (Richmond 1982:224). Guidebooks therefore recommended travelling through the city of Oaxaca, to take the bus from there (Richmond 1982).

By the 1980's, the presence of Mexican celebrities such as Jorge Rivero and the social circle that he brought with him had added to the attire of the beach (Interview respondent #36). More mainstream guidebooks such as the *Lonely Planet* (Noble, Spitzer et al. 1989) started to mention –and praise – Zipolite as one of the best beach destinations for backpackers in Mexico.

Puerto Angel was now considered secondary to the once empty beach of Zipolite, which had established itself successfully as a traveller hub on the Gringo Trail. The beach was considered extremely affordable, but also a Bohemian 'lifestyle' destination that created a certain bond among travellers who often spent weeks or longer on the beach, due to its ambience, a combination of beach, palm trees and the availability of (soft) drugs (Noble, Spitzer et al. 1989).

> *"What makes Puerto Angel a true traveller`s haven is the beaches a few km either side of the village – in particular Zipolite. This long, empty stretch of pale sand has been fabled for a couple of decades now as southern Mexico`s ultimate place to lay back in a hammock and do as little as you like, in as little as you like, for almost as little as you like."* (Noble, Spitzer et al. 1989:340)

> *"This is one of the places that create bonds between strangers. Later, somewhere else in Mexico, you may hear a voice ask, 'You were in Zipolite, weren't you?' and you'll look up and say 'So were you!' Time*

takes a back seat in Zipolite and people often stay weeks longer than they planned." (Noble, Spitzer et al. 1989:341)

As tourism development was based primarily on long-term travellers, there was little or no seasonality effect, providing a small, but reliable and constant income for local people (Interview respondent #36) who were running all the businesses on the beach (Interview respondent #54). In the meantime, tourism was growing sufficiently to allow local people to employ (and pay) staff from outside the family and from other parts of the coast to work with them in tourism (Interview respondent #36). Taxis were also offering their services to bring people to Zipolite from Pochutla and Puerto Angel (Noble, Spitzer et al. 1989). With improved access in the 1980's, next to the travellers who had been coming to Zipolite since the 1970's, Mexican tourists also started to come to Zipolite, especially during high season around Easter and Christmas. Entire families from all over the country would head for the beach and camp outside. Tourists and locals developed relationships that went beyond the simple offering of accommodation and food, and with little or no money to spend, some of the travellers that had resettled to Zipolite also engaged in barter trade.

"Everything was different. Tourism was 98 per cent European, the kind of hippie backpackers. With or without money...actually, money was not really useful here. It was more of an exchange. People arrived, all they wanted was a place to stay, nothing else. They weren't asking for a bathroom or a shower. They pitched up a tent, or a hammock, or found a little room. Houses were made of wood and palm leaves, all that. There were very few houses that were made of anything else. Because they arrived with a bit of money, there was a little bit of money. Some even didn't spend any money at all and ended up paying us with shorts, or sneakers. [...] You would give one of the women a fish or anything we got out of the sea, and in return she would give us rice, beans and that's how we did it. "(Interview respondent #47)

While older members of the community in Zipolite made a living off the tourists, the younger generation had gotten accustomed to the cultural change that the arrival of the hippies had brought about. After more than ten years of working and living with travellers, younger locals started to acculturate themselves with them and adapting to their lifestyle, with tattoos and earrings, and the consumption of drugs (Interview respondent #39).

"In those days, we would make big fires on the beach, dancing around the fire naked...but with no bad intentions! Everything was natural. You could leave your belongings on the table; they were not being stolen from you yet. You could sleep with the door open, or in a hammock on the beach. I did that a lot!" (Interview respondent #36)

"The era of the hippies, who slept in sleeping bags! They were the first to bring these things here. They slept on the beach, and made huge bonfires! With drums...it was something else...it was nice because before, they didn't have to bring these HUGE amounts of clothes when they came to Zipolite. Just a pair of shorts [laughs]! Maybe a t-shirt and they would wash that one shirt! That's how it was, and I still had the chance to experience it, a large part of it, even more the whole nudism thing. For us, the kids, it was something completely natural. We grew up with this kind of mentality. I loved growing up in those times. In the 80's you still had a lot of hippies here. You could smell marihuana all over the place, but [the hippies] also showed a lot of respect for many things. It was not as heavy as it is now. Smoking a joint was nothing to get mad about. It was so normal..." (Interview respondent #39)

Especially Mexican tourists from the larger cities of the inland, but also Europeans who stayed for longer periods of time or returned again and again to Zipolite, developed strong social ties with members of the local community of Zipolite. Services were based primarily on what locals had to offer, i.e. their own food which tourists were happy to eat. Only 'pasta' had appeared as something new on the menu, due to the presence of large numbers of Italian backpackers on the beach. A local woman remembers how close her family got with another family from Central Mexico:

"We established family ties for instance with a family from Puebla, and our family from Zipolite. There was a feeling of familiarity. It really existed! We were really loved, and...every December, when they came, we would prepare Christmas dinner together. Today, tourism is quite commercial, and before you get to know any one, they've already left." (Interview respondent #39)

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For tourists, staying with a local family meant that they could engage in the 'authenticity' of local life:

> "In the morning, the family had coffee and bread. So you also had coffee and bread, and that was it! There was no menu that said: fruit, granola and all that... and after 12 o'clock, they had EGGS, eggs with beans and tortillas. And they charged you something for those eggs. And then, in the evening, either you had eggs again, or prawns, or fish, all local food. Before, you couldn't even eat chicken here. No chicken and no meat! What you could always find were spaghetti. There were so many Italians that came here, plus pasta or spaghetti was so easy to make." (Interview respondent #36)

5.2.2 *Colonia Roca Blanca* and beginning commercialisation (1990)

> "All this part of Zipolite, in [1990], there were people who were claiming land, they put posts and wire and said 'All this is mine!' This was barren land, and then came the expansion of Zipolite. The owners checked the official papers, and whatever was not in those papers, was given to the people. Zipolite had already existed for a long time; the centre is where the chapel is. From there to here, the land was barren...since then, it has been put to use, and as you can see, we've tried to make it look beautiful." (Interview respondent #38)

After 20 years of traveller tourism and the development of a community in Zipolite, the *comunidad* distributed the West end of Zipolite Beach to those local people who needed land. The area —referred to as *Colonia Roca Blanca* (CRB) — was officially owned by a man from Puerto Angel, and after a series of land invasions and legal struggles, he sold off one half of that land, while the other half was taken away from him. Locals started to divide the land into lots and some sold their land to foreigners, with a Mexican or other local acting as a straw man (Interview respondent #39). These deals were also abused a lot, and in several cases, a local person would sell the property multiple times to various people, taking advantage of the lacking insight into the Mexican legal system (Interview respondent #34). However, most locals who owned property in the CRB preferred to rent their property out to someone who decided to run a business. Often these were foreigners, in some cases people from the coast. These locals had often started as *'ambulantes'*, people walking

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along the beaches around Zipolite selling food or clothes to tourists on the beach, gradually working their way up, saving money until they could afford to rent or even buy a property in Zipolite (Interview respondent #37).

> *"We started in Puerto Angel for a while. And then we came to Zipolite [1995] when we saw that the business would do better here. There was less competition." (Interview* respondent #38)

However, very few locals from Zipolite actually decided to start up a business of their own (Interview respondent #30). Most of them either sold their businesses to outsiders, or rented out their business and property to someone else, thereby assuring themselves a rather small but constant source of income. There are only a few examples of local people of the younger generation who successfully managed to set up a business. Success however appears to depend on experience as a tourist or on copying the business approaches of a foreign-run business.

> *"Here, the mentality is like this: local people usually rent out to foreigners, because the foreigner comes and he's got more ideas of how to work with tourism, what kind of food to serve…so…local people leave their businesses to foreigners for very little money. That's how they make a living, right? Some of the young guys see what the foreigners are doing and they manage to imitate some of it, and there are some who manage it quite well. For instance the bar over there. He's from here; he's someone who has also travelled a bit, to Europe. I think he has a girl friend or wife over there. Therefore, he knows how to run a bar."*
> (Interview respondent #33)

Eventually, the first commercial shops and restaurants opened, and travellers started to buy and eat food there instead of from the families they had been staying with. Businesses were set up by locals, but also by an increasing number of non-locals offering a higher quality of service. As tourism moved away from the East end of Zipolite towards the CRB, local families in the 'old' part of Zipolite earned less and less through backpacker tourists (Interview respondent #31), marking thus the beginning of a division of Zipolite into a residential and a commercial area that is busy until late at night (Interview respondent #38), social divisions of the two parts of Zipolite into 'us' and 'them', and also

an increasing social distance between hosts and guests. Tourists are spending less time with the hosts and relationships with them are primarily based on the exchange of money and services without the development of any deeper social relationship. There are even sometimes animosities between locals and tourists (Interview respondent #38).

> "It has changed, some people don't want to talk anymore, they just walk in. That`s not how it was before! We had a book, we would leave a book where you would write down your name, you left a deposit, and we would all chip in for dinner. There was more of a relation with them, on a daily basis. [...] There was more 'sharing', or friendship, really. Not anymore. Now they say "What do you want? Okay. Here you go." They pay, they leave [claps his hands]. There's no contact anymore...it's kind of sad. [...] It gets lost, unfortunately, through the 'peso'; the way [the locals] look at you, or you're the 'damn gringo'." ((Interview respondent #35)

5.2.3 After Hurricane Paulina (1997)

On October 9 1997, Hurricane *Paulina* made landfall on the coast of Oaxaca, and about two weeks later Hurricane *Rick*, resulting in a near complete destruction of the infrastructure in Zipolite. Areas in the forest close to Zipolite that had been inaccessible before could now be claimed, allowing new plots of land to be used for construction and development, or to be sold. For a while, tourism faded and with little income coming in apart from tourism, some locals started to sell their lots in the *CRB* or other parts of Zipolite to foreigners who were eager to invest into a business. Instead of running their own business, they were now working for those very foreigners who had come with the financial resources to invest and set up a business (Interview respondent #39).

Indeed, tourism had already started to change starting in the late 1980's (Interview respondent #47), but critical events such as the construction of the CRB, the paving of the road that passed Zipolite and allowed tourists with their own cars – usually Mexican tourists – to come to the beach (Interview respondent #41) and especially Hurricane *Paulina* added momentum to a changing appearance of Zipolite. In order to resist future hurricanes, the government decided to donate concrete and more durable materials for the local population to rebuild their houses.

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"The change came with Paulina! The whole issue of building materials and all. Before Paulina there were hammocks, wood and after Paulina, they started to build with cement. They also put in bathrooms. The chalets didn't have that before. Before, I think there were one or two places that had one or two rooms with attached bathrooms, and after Paulina, everything changed, in terms of architecture. And tourism also changed. It stopped being 'hippie, hippie' to...well, it changed a bit." (Interview respondent #46)

"They are trying to get 'modern' now. That's the thing...Club Med it up! I received comments, a lot of criticism, by some of the town people. Because I was doing the cement thing and building the hobbit house and everybody starts copying me. And then I'm going 'What am I doing?!' You know after the hurricane...'What am I doing? I got to keep it rustic style!' And then because economically I couldn't do that anymore [...] and I'm going 'I came here because it was RUSTIC! What am I doing? I'm going back to rustic again...'" (Interview respondent #28)

Loans were made available, but only to Mexican citizens. Those foreigners already based in Zipolite had to depend on their support networks, either financially or physically, with families and friends in their home countries or other parts of Mexico. Friends who lived in other parts of Mexico came to Zipolite as psychological support and also to help financially, as it took many years for the government to release the funds that would help these people rebuild their properties (Interview respondent #13). Stripped of their income and their businesses, many foreigners, some of whom had lived in Zipolite for 20 years, sold their businesses and returned to their home countries. Some also left Zipolite for other up and coming backpacker destinations in Mexico, especially Sayulita, near Mazatlan. (Interview respondent #51).

Some of these people were replaced by more affluent foreigners who started to set up businesses in Zipolite after *Paulina*. With superior financial means at their disposal, they were able to come to Zipolite, buy a piece of land and set up a business with a higher standard. As two local women who run businesses in Zipolite remember:

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"Foreign people started to arrive recently [with the CRB]. A lot! They came to buy and invest. Not us [in the old part of Zipolite], we started with one single wooden pole. We didn't come here to buy and build… these people that arrived with money in their hands, well, they come here, buy and build." (Interview respondent #37)

"After the hurricane, all of this was a disaster area, and this place [in the CRB] was for sale after the hurricane. I saw it, walking buy, and I liked the place. I had to convince the owner a bit; he didn't want to…he just didn't want to sell." (Interview respondent #36)

The backpacker market in Zipolite was experiencing profound changes: single backpackers, who were happy to sleep in a hammock, were starting to be replaced by couples who were asking for a higher standard room (Interview respondent #41). The hub of tourism activities gradually shifted from the old part of Zipolite towards the newer and more up-scale CRB, where tourists started to look for more comfort, easiness of access and higher level of services (Interview respondent #28).

"We're starting to have hotels, not with many rooms, but the rates are going up. So, what does the hippie backpacker do? He leaves…and only shows up a few times per day maybe, but then he returns to other beaches. That's where the backpackers are now; they're also selling jewellery there. And they only come here to sell jewellery. So, some of these backpackers, they don't want to come here anymore. Other travellers have improved, because they say, well…'When I was young, I experienced how it was to sleep in hammocks, in tents. Now, I have a girlfriend, so I want to stay in a nice room.' It's a change that is happening. But anyway, changes are different. And every single one, depending on how he or she feels, or where he wants to go to… many people say 'Well, I like Zipolite, I like it because, I feel good here…' and others…well, they change. There are even some backpackers who used to come to Zipolite and are now going to Huatulco!" (Interview respondent #35)

Even though a handful of locals managed to own or rent a place in the CRB, the majority were foreigners or Mexicans from Mexico City and other major cities, who were investing into and upgrading their facilities (Interview respondent #39). The quality of service improved, prices increased and many budget-conscious travellers were now looking for other places along the coast, especially Mazunte which had managed to retain its 'natural' looks by using wood and palm-thatched roofs, while offering comparatively cheap accommodation (Interview respondent #36). Even though Mazunte did not receive any tourists until after 1990, guidebooks refer to it as a place with the 'old-time hippie vibe' (Noble et al. 2008:773). And its success as a destination also depended a lot on the arrival of foreigners. *"I think it's also because [Mazunte] is 'new', if you compare Mazunte to Zipolite, the infrastructure is so much better, there are so much more services, and I can tell you, the people are friendlier there."* (Interview respondent #37).At the CRB in Zipolite, a more demanding, upmarket clientele of domestic tourists arrived that was ready to pay a higher price for accommodation and service.

> *"People started to know Zipolite, and it started to change. Now they wanted an attached bathroom, with hot water and air conditioning. [...] The hippies didn't come here that much anymore, neither did the backpackers, and we started getting people from the cities. Because of nudism..."* (Interview respondent #47)

With increasing competition and commercialisation, owners who either lacked the financial means to upgrade their facilities or those who had a lifestyle approach to running their business were now facing pressure to perform and react to higher demands (Interview respondent #28). Slowly, the local population in the old part of Zipolite was starting to lose out against the CRB as the hub of tourism had shifted to the other end of the beach, just a few hundred meters away from where it had started in the 1970's.

> *"One day, they came to my place and asked for 'Hot water.' And I told them 'You must be wrong. You're in Zipolite, this place is natural. You've got it all wrong.' I told them 'At the other end of the beach, where the rooms cost 1,800 pesos* (author's comment: about £85 in 2010). *If you want hot or cold water, you can have it all. Not here though! These are simple rooms.' Here we have sand and nature, we don't have air conditioning. They come here and ask for that! It drives me mad! This place is natural!*

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Why don't you go to Cancun? It's just that... love it or leave it. That guy left... and walked all the way to the other end. After a while, he returned. What's important is that you feel good! This is Zipolite, it's shorts, t-shirt and that's it! This is Zipolite, it's natural. You can even go to a discotheque in shorts here." (Interview respondent #40)

And as long-term budget travellers started to leave Zipolite on to other places, businesses started to experience the effects of a high season (mid-December to April and June, July) and a low season (May and August to mid-December), something that owners had not been used to before (Interview respondent #36). Foreigners in Zipolite depend on that single source of income, they lack local family support and they often return to their home countries during low season to earn a living (Interview respondent #33). Managing the low season with a minimal income is hard and many foreigners who return to their home countries do not know how local people sometimes struggle during this period (Interview respondent #36).

5.2.4 Social cohesion in Zipolite

Even though the community had been assembled from hippies and local families starting in the 1970's (Interview respondent #54), families have started to alienate themselves from each other, and divisions started to appear among families, often as a result of political preferences (Interview respondent #39).

"People don't even know who they have for a neighbour anymore. [...] Horrible, it wasn't like that before. People were sharing lives with each other, they would greet each other." (Interview respondent #40)

With the increasing number of metropolitan Mexicans and foreigners who have resettled to Zipolite and bond less, or even clash, with representatives of the established *comunidad*, there is a serious lack of social cohesion in Zipolite. Newly arrived foreigners who started their business in the CRB and the original local population do not usually develop relationships with the long-established community. *"The people that have come to live here, the Dutch, the Italians; they develop relationships. The autochthonous community not that much, they are quite closed."* (Interview respondent #29). When a local political leader comes from the old part of Zipolite, infrastructural improvements or repairs in the CRB are often delayed, leading to arguments and even ruptures between the two parts of the town (Interview respondent #34). Moreover, there is an absence of a coherent development plan (Interview respondent #48), ignorance

(Interview respondent #37) and opportunism on the part of community leaders (Interview respondent #55) as well as corruption at the government level (Interview respondent #30). Together with a fractured group of individuals, outside investors with little interest in developing a harmonic architectural style (Interview respondent #30) started to have a negative impact on the appearance of the beach (Interview respondent #49). This is different to what is happening in the neighbouring village of Mazunte where the local community – with the support of NGOs – has come up with building regulations that are actively enforced (Interview respondent #55).

> *"There's no control [in Zipolite]. We have no idea how the sanitary facilities are going to be. Nothing, no idea where things are heading. If you have a close look, you can see they never really finish the construction. Everything is 'ad hoc'. It's heavy, you can feel it. There's not too much concrete yet, but it lacks good taste. Some look ok, but in general, the whole street is like that: everybody does what he thinks is best. There are no rules! There's nothing. Everybody does what he wants."* (Interview respondent #33)

And while guidebooks continue to describe Zipolite as a location where *"inexpensive places to eat and stay line the beach, many reassuringly ramshackle and wooden and with tall thatched roofs that help to create the unique Zipolite landscape"* (Noble et al. 2008: 769), they fail to mention the fact that recent additions to the tourism infrastructure are ignoring this style, and their maps do not even mention the presence of the majority of accommodation facilities and restaurants in the 'old' part of Zipolite. On the silver lining, the absence of government intervention has also had certain positive effects on small businesses, as very few owners pay taxes and can therefore afford to live with a minimal income and offer budget accommodation and services (Interview respondent #51).

5.2.5 Future development

With improved connections by means of a highway between the capital of Oaxaca and Huatulco (Interview respondent #46), as well as plans to develop a major tourism corridor along this part of the Oaxacan Coast (Interview SECTUR), outsiders are seeing increasing opportunities to invest in Zipolite. Future development in Zipolite can therefore be divided into three parts: the older part of Zipolite, second-homes for North American retirees and the CRB.

1. The older part of Zipolite, where most locals are planning on selling their land to outside investors (Interview respondent #39). Many locals have already sold their lots and built a house further inland. Those who want to stay and run a business are increasingly worried about what the future will bring. They had already experienced the decline of tourism arrivals with the growth of the CRB, especially since 1997. However, the newest development might pose an even larger threat as the whole tourism market could be modified, and even the small number of budget travellers they get in high season might not want to return at all. (Interview respondent #37). With limited financial means, they do not see the chance to invest and improve, to compete with the services of the CRB.

> *"If we had a government that would give us a loan, we could start doing something else here. Let's say I already have a place and offer services, and I really want to compete with those who have places with air conditioning, I should be given the means to do that! Somebody should be there to lend us the money... but, well, our government says they don't have the money."*
> (Interview respondent #39)

2. The increasing number of second-homes for North American retirees, with easier access to this part of Mexico and affordable prices for land, building and living in Zipolite (and the rest of the coast between Huatulco and Puerto Escondido) is a good option. Once they start living here, they create a market for goods and services that some people will be able to satisfy, and even during low season.

> *"There are a lot of people who come here, not as tourists but as investors. Many people are buying land to build a house and live here, whether that's for certain periods, or for good. We have quite a few of these people now, Mexicans and foreigners. [...] In Huatulco you pay maybe 1,000 Pesos* (author's comment: about £47 in 2010) *per square metre, and here only 100! Depending on what you want to do with the land you can [even] find lots of*

20 by 25 metres for 250,000 Pesos. (author's comment: about
£11,700 in 2010)" (Interview respondent #47).

3. The CRB, where investment is already taking place, and business owners will
   probably have to cope with the arrival of more manager-run upmarket hotels and
   time-sharing projects. One of these projects is a large concrete building owned by a
   Canadian businessman with a plan to open a time-sharing project, similar to those
   that already exist in Puerto Vallarta or Cancun (see image 3).

Image 3: Time-sharing construction in Zipolite

Many people, locals and foreigners are upset and see this development as something they
cannot prevent.

> *"There are many people who don't like concrete, who don't like big
> hotels, because they're not cheap! We have many people who come
> here specifically because it's affordable. The beach, which is famous,
> which is cheap... [Backpackers] know that it's cheap here, and that will
> come to an end with these hotels. If people here had managed to get*

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together, if all of us had joined together and said 'We don't want that, we don't want this kind of construction!' But, sadly, there are a lot who receive money, the authorities... no? Money and all... [sad]" (Interview respondent #30)

Foreigners who run restaurants in the CRB see in there the opportunity to generate more income, and hope to attract residents of the time-sharing complex to their businesses (Interview respondent #51). Other accommodation businesses in the CRB are reacting to the change and thinking of expanding and upgrading their business in the future, maybe with a swimming pool and bungalows (Interview respondent #30), or even plan to open a youth hostel (Interview respondent #51). But as anything in Zipolite, nothing happens quickly, and change takes a lot of time. It took the investors of these two businesses that mark the 'new look' of Zipolite many years to build up their businesses (Interview respondent #45). Other businesses that have a long history in Zipolite are part of the Zipolite experience and have survived for a long time. In such a place, individual enterprise is more important than government plans (Interview respondent #45).

Nonetheless, locals observe that at some point in the future, the beachfront will be in the hands of foreign investors, while locals will retreat more and more to the back of Zipolite (Interview respondent #36). Next to one of the newest structures, the land had already been sold to another foreign investor who is planning on building a major resort (Interview respondent #49). Because of the rough sea, the riptides, Zipolite does not lend itself to family-type tourism, but tourists who are attracted to nude beaches – especially couples and gay tourists – might be attracted to Zipolite more and more (Interview respondent #51). Change seems inevitable, and as more and more people come to invest and live in Zipolite, they will need to earn enough money to make a living. More investment carries advantages, as this will generate more jobs for local people in construction, or in tourism services, but also the disadvantage that Zipolite is threatened by overpopulation, with a serious risk of overexploiting its resources, especially in environmental terms: water supply (Interview respondent #38) and public sanitation (Interview respondent #48) are issues that will need to be dealt with in the future if Zipolite wants to develop successfully as a tourist destination, with or without backpackers.

For those travellers and backpackers who want to live on a minimum budget, Zipolite may become unattractive as a destination. This has been happening for the past ten years, as

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drug consumption has all but disappeared among the tourists, and the average age of the guests has increased from the 25 to 30 range up to 40 to 50 years range (Interview respondent #51). There are still backpackers who do come to Zipolite, but the newest development could be the tipping point of this trend.

> "The real 'backpackers', I think they're disappearing from here. Of course, there's another kind of backpacker, one that adapts to the situation. But the backpackers like I was, I don't think they'll spend a lot of time in Zipolite, as a place for backpackers, as there won't be places for them anymore. Before, this place was for backpackers! They still come, but it has changed. At night, it's not like before, with bonfires on the beach. Everything has changed. In the morning, at 8 or 7 o'clock, there are already people on the beach. Before, up until one o'clock in the afternoon, there was nobody! It was party all night. And now you see people walking on the beach in the morning… it's changed quite a bit!"
> (Interview respondent #33)

5.3 Backpacker businesses in Zipolite

5.3.1 Professional background and business motivation

The research shows that all foreigners had had some experience as backpacker tourists themselves before resettling to Zipolite, and therefore knew from their own experience what backpackers were looking for and how to offer services to them. Of the interviewed foreigners, the majority also had prior hands-on experience in the tourism industry, having worked in restaurants or in accommodation facilities in their home countries or abroad before deciding to start-up a business in Zipolite. Locals, however, mentioned how there were limited in choice either to working in tourism or being farmers. However, farming was not providing the necessary income to cover increasing costs of living, e.g. pay for school or higher education for their children. With no experience in tourism, these locals are limited to providing basic tourist services, ranging from hawking on the beach to running a small business, but with low levels of innovation compared to the more experienced foreigners. In the past, these basic skills were sufficient to satisfy the backpacker demand. However, with more businesses and other villages to compete with, as well as gradually increasing numbers of more affluent (backpacker) tourists, and limited financial resources on the side of locally-run businesses, many tourists prefer staying in foreign-run businesses in Zipolite.

These businesses often offer services at a slightly higher price but with higher levels of service, such as en-suite bathrooms, air conditioning or international cuisine. There is still a market for the fully-budget oriented long-term budget traveller who looks for little more than a hammock and wants to stay extended periods in Zipolite (see image 4). Local families with their often more simple businesses can tap into this market segment. However, the owners depend on the income that their business generates, and see the larger often foreign-owned businesses attracting more tourists, with higher revenues, and envy their success (see image 5).

Image 4: *Cabañas* and *palapas* in Zipolite

Image 5: Foreign-owned western "metaspace" in Zipolite

Among the twenty interviewees in Zipolite, only one mentioned profit as the motivation behind running an accommodation facility, as he was looking for a return on his investment and had looked in various parts of Mexico for a location where he thought his chances would be best (Interview respondent # 34). All the other interviewed business owners were doubtful as to whether a profit-motivated approach would be viable in a place like Zipolite. Only a handful of businesses had been set up in the recent past that project an image of commercialisation and change from what Zipolite used to be since the beginnings and continues to be, that is a predominantly laid-back beach destination at minimal cost, where construction materials remained basic and activities were limited to sunbathing and watching the sea. Only a few businesses offer additional activities such as meditation or yoga courses and river tours, and even these tours were very informal and irregular. The room rates of the vast majority of businesses had remained basically unchanged for a long time, and only the cheapest option of sleeping in hammocks has all but disappeared from the beach (Interview respondent # 41).

There is a large community of international hostel and restaurant owners who live and work in Zipolite. This dates back to when the beach was discovered by hippie travellers in

the 1970's and has grown into a cosmopolitan community with business owners of local and non-local origin. Who is a local and who is a non-local is difficult to define, because the community was set up by a mix of Mexicans and foreigners from the very start, and many business owners of foreign origin had lived on the beach longer than those that had moved from other parts of the Oaxacan coast (Interview respondent # 47). Over the course of the past 40 years, people from the coastal region and the mountain range have resettled to Zipolite. There are Mexicans from the urban hubs as wells as foreigners, especially Canadians and Europeans, among which many Italians who started up businesses and left their imprint on the nature of tourism in Zipolite, with pasta, stone-oven pizzas and Italian coffee appearing on the menu in many places. While foreigners provide services that include international cuisine, businesses run by local Mexicans offer the basic facilities such as accommodation and restaurants with local food. Over time, Zipolite has nearly 'split' into an Eastern area where most of the Mexicans tourists stay and a Western tourist hub called the *CRB*, where most of the foreigners live and work (see also Chapter 6).

Locals based in the *CRB* usually own land or a property that they prefer to rent out as a means of gaining a secure income without having to attend to tourists themselves. Due to the restrictive legal situation for foreign land ownership in Mexico (see Chapter 4), and contrary to San Cristóbal, few non-locals own property and therefore preferred to rent a property to make just enough money to live off it. One business owner mentioned how difficult it was to really make a larger profit unless you owned a property and that renting a property meant that you often could make just enough money to live on the beach, but not with a profit-motivated approach to running a business (Interview respondent # 45).

As a result, lifestyle motivations have always been prominent among foreign business owners in Zipolite, back to the first business run by an American woman, established in the early 1970's. She runs a budget accommodation business with a vegetarian restaurant, places for meditation and spiritual retreats. Her business is located on top of a rocky outcrop at the West end of the beach. This is a prime location which has been eyed by many outside investors. However, she remains resilient and tries to keep her lifestyle business approach alive, successfully fending off profit-motivated outsiders who want to buy the business and develop the site into a major location of tourism development with a discotheque and more large-scale facilities (Interview respondent # 28).

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All the foreigners who were interviewed stated the fact that overregulation and bureaucracy, and the pressure and stress of having to perform at work in their home countries were the main reasons for them to leave and resettle in Zipolite. They had visited the beach as tourists before they arrived, often looking at different beach locations in Mexico before finally deciding on relocating in Zipolite. About half of the interviewed foreign business owners continued to live and work in their countries of origin occasionally during certain parts of the year, taking advantage of the low season in Zipolite to earn money abroad. They considered the business in Zipolite a form of producing and consuming at the same time, similar to the lifestyle entrepreneurs in San Cristóbal. Others that depended solely on the money they could make during the tourist season in Zipolite had to adapt to a lifestyle that does not allow for many luxuries (Interview respondent # 41). The lifestyle idea of *living* and not necessarily *working* on the beach was mentioned in all the interviews, even though one entrepreneur stated that the "*line between relaxed work and being lazy*" (Interview respondent # 45) was very thin and during the time that he had been in Zipolite, he had witnessed many foreigners fail at their attempt to make a living on the beach, some of which had been forced to return to their home countries. When asked for what reasons business owners had failed, interviewees mentioned the difficulty of finding a fine line between producing and consuming a 'lifestyle' (Ateljevic 2000), how attempts at living and running a business in Zipolite failed because "consuming" a relaxed way a life as a tourist or "providing" services to more and more demanding tourists in a destination that suffers of strong seasonality - with an income that you have to generate in high season to survive the long low season - is very different (Interview respondent #34).

With the recent arrival of more affluent business owners and tourists, however, these lifestyle entrepreneurs are now facing competition and, even if the change they face is gradual and slow (Interview respondent # 45), opinions are mixed as to how the arrival of second homes and time-sharing will affect the development of Zipolite Beach in the future. Locals on the other hand faced the situation of having to generate income in a place that offers few job opportunities apart from tourism, agriculture and fisheries[41]. According to a local interviewee, nearly all the locals, especially in the part of Zipolite that had

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[41] There is no statistical data available at the level of the locality of Zipolite, and statistics at the level of the municipality of San Pedro Pochutla would not provide the necessary information. However, interviewees mentioned that only a handful of families continue to work in agriculture, that fisheries had all but disappeared and that most local men were now working as local taxi drivers.

experienced a decline in tourism after the opening of the *CRB*, were ready to sell their property to outside investors and live off the money they could make (Interview respondent # 39)[42]. Opinions regarding the recent changes between business owners in the *CRB* were split between those businesses who had established a life and a long-term perspective in Zipolite and who welcomed the future guests who would then hopefully spend money in their restaurants and cafés, and those locals and foreigners with less of a long-term perspective in Zipolite who considered the change to be *"the beginning of the end"* (Interview respondent #53).

5.3.2 Networks

5.3.2.1 Owner-owner networks

Competition in Zipolite is strong between locals and foreigners, mostly between the two different parts of Zipolite, the old part towards the East end of the beach and the West end where most of the foreigners set up their businesses. Entrepreneurs who were interviewed in the *CRB* welcomed competition, and saw it as a driving force behind the improvement of services in Zipolite. Similar to Porter's concept of co-coopetition (Porter 1980), one individual stated how their services were often deliberately chosen to be complementary, with one café offering breakfast while another would offer lunch or dinner. In such a small community, there was little direct competition, even mutual support during low season when business was down and people shared the money among each other (Interview respondent #32). However, formerly successful local business owners in the older part of Zipolite, the former tourist hub, were very negative about the change and the increasing competition between the two parts of Zipolite. They feared affluent foreigners would come and buy properties, take over tourism and leave them with very little to live with:

> *"Afterwards, foreigners started to come in, right? Recently in the CRB. A lot of them...the come, buy and invest. We, over here, we started with a single wooden pole. We didn't arrive to buy and build. Those people arrive with money; they arrive, buy and build."* (Interview respondent #31)

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[42] In 2010, respondents were secretive about the property prices for a lot of land (40mx40m), but during a stay in 2001, property owners and potential buyers were discussing about 100,000 pesos (author's comment: about £4,700 in 2001) per lot.

Few members of the younger generation of locals want to take over a business from their parents in the old part of Zipolite, probably because tourism is low and it is easier to find a job as a waiter or a cook in the *CRB* than starting up your own business with few chances of success (Interview respondent #39).

5.3.2.2 Owner-tourist networks

During the early years of tourism development in Zipolite, travellers were spending extended periods of time on the beach (Brenner and Fricke 2007). Those interviewees who arrived in Zipolite up to the 1990's mentioned how they would stay months at a time in Zipolite, and how their relationship with local families was that of a homestay environment. They had to live the lifestyle of local people, eating local food and getting in touch with their culture and life. With limited to no financial resources, they often depended on non-financial support networks. Even though services were paid for, bartering was commonplace, one interviewee even talked about how they had to create their own 'currency'[43](Interview respondent #28). All those locals who had worked on the beach in the 1970's and 1980's appeared to be very nostalgic about the past and the close relationships that were established between hosts and guests in those days. Social networks were strong, and locals related to tourists as guests, not as 'customers' and less even as 'competitors' as businesses were run by members of the local population. Different to Saleille (2007), social and communicative networks between locals and immigrants developed first. Prior to opening businesses, these immigrants were considered 'guests' and an additional source of income as locals did not depend on tourism alone for the generation of income. One hostel and restaurant owner remembers:

> *"You would stay with a family...and with children! Children! It's not the same if you stay in a hotel or with a family. We were hanging out in hammocks, and we saw that family LIVING there. The children got up, some went diving, others returned. And you? Where were you? You were in your hammock, pretty stoned, and you were watching the family how they lived! The diver returned, they prepared the* ceviche *(seafood salad) and you sat down and ate with them. Of course, you had to pay for everything."*
> (Interview respondent #41)

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[43] One interviewee talked about the absence of money in the 1970's, and how they introduced a self-made local currency that could only be used in businesses on the beach in Zipolite.

With increasing numbers of international travellers, many of them French and Italians, the demand for Western food increased. Eventually, one of the typical features in Zipolite became the Italian-style stone ovens to make pizza. This is a feature that Italian tourists had introduced to the beach in the early years of tourism development. Locally-run businesses that offer stone oven pizzas, all mentioned how Italian backpackers had taught them how to make pizza and other Italian dishes in Zipolite[44].

With improved access to the beach, and with better access to information on how to travel in and around Mexico, the composition of the backpacker market gradually changed and towards the end of the 1990's, short-term backpackers started to dominate the backpacker market in Zipolite. One local entrepreneur stated how in the past, tourists arrived all year round and since the 1990's, tourists started to arrive according to the seasons. Zipolite had changed into a beach destination with a defined tourist season around Christmas and Easter. A consumer-shift had taken place: more affluent tourists started to come to the beach, and expected businesses to offer higher levels of service. With the opening of the *CRB*, more and more foreigners and non-locals started running businesses and what used to be a tourist market based on a family environment, had now become a service-based tourist industry. Two local interviewees who were running businesses in the older part of Zipolite mentioned how they could still count on return visitors who also stayed for months, but businesses in the newer part of Zipolite were relying on the new, slightly more affluent, clientele. An Italian who had lived on the beach for more than ten years and runs a little shop in the *CRB* confirmed how tourism was concentrated in the *CRB*, while the old part of Zipolite had a residential function now and was considered a place where return visitors headed who had come to Zipolite for many years. Instead of a relationship based on extended stays, family environment and trust, the nature of tourism in the *CRB* had changed to one based on the exchange of money and services. Under the umbrella of commodification of backpacker services and a growing 'backpacker bubble' (Hottola 2005), the relationship between host and guest changed. One local explains how he sees the changing relationship:

> *"It has changed. It's changed...because....today, many people show up*
> *and they don't even want to talk anymore. Before, no! We used to have a*

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[44] A government official mentioned how Zipolite had unique selling points to offer to tourists who visit this part of the Oaxacan coast, nudism and Italian dishes and coffee.

book, a book where you put down your name, you left a deposit...and we
would throw everything in a pot for dinner. We had more of a relationship
with them, on a daily basis. We were sharing life together, actually, as
friends...not anymore though. Today, they come here to eat 'What can I
bring you?... Okay!... Here you are!' They pay and they leave [claps his
hands]. *No contact anymore, it's sad.* "(Interview respondent #41)

The situation is an example of how - over time - hospitality and the relationship between
hosts and guests has changed into a relationship between service-provider and customer
as described by Aramberri (2001). But not only do the tourists seem to show less interest in
the local culture and living together, most of the local business owners themselves have
started to lose interest in engaging in more meaningful relationships with tourists, as they
now focus on the income that tourism generates rather than sharing time and their daily
lives together (Interview respondent #41). This critical view was expressed in detail by one
interviewee. However, the majority of Western service providers complained about how
locals and immigrant tourists (including tourists) were increasingly separated, and how the
newest generation of immigrant tourists did not know any of the local families anymore.
The situation of immigrant tourists, who used to be guests themselves, and have now
become hosts to other guests goes, beyond the 'temporary' shift from guest to host as
described by Lynch, Di Domencio and Sweeney (2007). One could argue that as a result,
the skills necessary to satisfy the customers' needs are less likely to be passed on from
guests to hosts, but depend more on the skills that business owners acquire on their own,
for instance through their own travelling experience. As mentioned above, working for a
foreign-run business in the *CRB* does not seem to produce any spin-off effects either. As a
result, few members of the local youth have started up their own business in Zipolite.
There are only two bars that are run by younger Zipoliteños (see image 6), both of which
had taken the opportunity to make use of the relationships with tourists that they had
established over time to travel abroad, return to Zipolite and start-up a business, in both
cases with success.

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Image 6: Locally-run backpacker bar in Zipolite

Network benefits had changed, from a social, trust-based, host-guest relationship, to an exchange relationship of service providers and customers that generates income and that can – in few cases – pass on the necessary skills to run a backpacker business:

> *"The local people rent out their businesses to foreigners for very little money. That's how they make a living; nothing new is it, right? And the young guys here sometimes try, and one or the other manages. For instance that [small place run by a young local]. He's from here, but he's also one who has travelled a bit to Europe. He has a girl friend or wife there, or children, in Austria I think. So he left, got to know the world and knows how things work... how to run a bar..."* (Interview respondent #33)

5.3.2.3 Marketing and promotion

"It seems that we are on the Internet somewhere, but we're not the ones who are doing that. The tourists themselves come and put us on their websites. I have no idea on which website we are. We were told that we we're on one, but I don't even use Internet! [laughs]" (Interview respondent #30)

Since the 1990's, businesses in Zipolite have experienced increasing competition between the old and the new part of the beach and also with other destinations in the area,

especially Mazunte. There are numerous ways in which business owners in Zipolite can attempt to attract tourists through promotion of their business on the 'backpacker trail':

1. *Walk-in*: Many backpackers just walk by and look at the accommodation facilities and restaurants, deciding 'as they go' where they will eat and stay

2. *Word-of-mouth:* Throughout Mexico and Central America, travellers meet in other traveller hubs, in public transport, or online and share their experiences

3. *Business cards* sometimes handed to backpackers to distribute and share

4. *Flyers:* Business owners can approach backpackers when they arrive or, in Zipolite, on the beach and through hand-outs

5. *Internet:* Booking websites, online social networks, blogs, websites

6. *Guidebooks*

7. *Social and family networks* (friends and relatives)

8. *Networks with befriended or associated businesses* within Zipolite or in other (backpacker) destinations

9. *Local and regional promotional networks* to attract a more local clientele

10. *Price-competition*: Businesses away from the beach charge considerably lower prices than the ones on the beach

However, word-of-mouth – sometimes with the support of a business card – is still the most important way of promoting one's business in the traveller hubs along the backpacker trail. All interviewed business owners mentioned word-of-mouth and about a third had websites or blogs to attract potential customers and make reservations. Yet, none of the interviewed older local business owners made use of the Internet, unless they had children who took care of setting up a website or a blog for reservations. With the lack of skills in tourism businesses, they still depended on walk-in customers and word-of-mouth to attract customers, which was sufficient in the past, but seemed to be of limited success in a more competitive business environment and a more sophisticated tourism market (Interview respondent #41). One local restaurant and hostel owner was even fully unaware of the fact that they had been mentioned and reviewed positively in the latest edition of the *Lonely Planet* (Interview respondent #30).

In places where accommodation facilities and restaurants are concentrated in a small area, walk-in is also very common as distances between businesses are short and a direct comparison is quite easy. Guidebooks are useful as a general means of information but are

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not updated often enough (Interview respondent #10), contrary to websites that can be updated regularly. But even those (older) business owners who are mentioned in the guidebooks or on websites are often unaware of this (Interview respondent #30). Usually, it is not them, but the younger generation of locals who start promoting their parents' businesses online (Interview respondent #35). Sometimes, it is the tourists themselves who start a website or recommend them to guidebooks without even the owners knowing about it.

Zipolite appears to be divided between the older parts towards the east where tourism developed first, areas that were originally frequented by return visitors who preferred to spend extended periods of time on the beach and the west, and the *CRB* where tourism is concentrated nowadays. In the past, respondents in the eastern parts of the beach had either established a steady clientele or they depended on promotion through personal contacts. In recent years, however, this segment of the backpacker market has been in continuous decline and some business had not seen customers in years (Interview respondent #31). In the *CRB*, where the business community is made up of only a handful of locals, and predominantly former travellers and entrepreneurs from abroad, business promotion is mainly in the hands of foreign-run businesses who tap into the word-of-mouth promotion through their close contacts with backpackers, and sometimes with websites. All interviewed businesses stressed the importance of word-of-mouth and considered Internet to be less important and even a nuisance as it would attract too many customers which would have the potential to change their business approach from 'lifestyle' to more 'profit-motivated'. A basic hostel in the *CRB* run by an Italian former backpacker who is now renting a place from locals evaluates the importance of word-of-mouth to Internet.

> "In the beginning I wanted to promote myself online, have a website and all that stuff. But it's not necessary, because I get a LOT of people, and I mean a LOT of people who tell me 'Hey, I met Luisa in San Cristóbal who told me that I should come here and I met Gino in Palenque and he told me that if I got to Zipolite, I should go and stay with [name of place].' This kind of promotion is the best… we only have a Facebook site to stay in touch with friends. Sometimes for a reservation, but you really don't need publicity." (Interview respondent #53)

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However, the higher quality of infrastructure in the Roca Blanca, such as paved streets, bars that are open until late, a wider variety of shops and other businesses attract tourists, backpackers and regular tourists alike (Interview respondent #55). Even though changes and improvements in services in a community of lifestyle entrepreneurs are slow, increasing numbers of businesses are starting to offer more sophisticated services such as wireless Internet (Interview respondent #44). And when tourists arrive in the *CRB* by taxi or minibus, the business density is high enough to spontaneously choose a place to stay and to eat, as a result walk-in is also very common (Interview respondent #53). According to the president of the *CRB* and those respondents who had witnessed development in Zipolite since the 1980's, this density of businesses and higher level of service quality is a result of a tighter and more efficient community organisation compared to the other parts of the village that are divided between individual families that often disagree and experience division among political party lines. Different to other coastal communities that had a history as a 'community', Zipolite was a mix of individual families who had moved to the beach from various parts of the coast and mountain areas, and it could be argued that social ties and networks between them are comparatively weak (Interview respondent #47).

As a result, there is little in the way of *active* promotion through businesses in Zipolite. Apart from handing out flyers to travellers during high season and the fact that renowned guidebooks mention numerous accommodation facilities, Zipolite appears to live off its long-established reputation as a backpacker hotspot along the coast of Oaxaca, in competition for budget travellers with nearby Mazunte since 1990. The unique selling point of Zipolite is the fact that it is a tourist destination where you can consume drugs quite freely and the only nudist beach in Mexico. More recently, Zipolite has also become known as a beach for gay (Mexican) tourists, all of which are unique selling points in an otherwise conservative Mexico (Brenner and Fricke 2007). However, the lack of active promotion also comes at a price, as negative comments in the media and guidebooks about violence and security in Zipolite have pushed backpackers to other destinations, such as Mazunte, and over the course of the past few years businesses have experienced a decrease in numbers of backpackers, who now prefer going to other beaches, such as Mazunte. Absolute numbers are difficult to come by, but observations during the time of research, and experiences from former visits indicate a shift in backpacker visits away from Zipolite to nearby Mazunte. As one respondent stated:

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"Six or seven years ago, they say that there were more tourists. And that now tourists are staying away. You hear 'don't go to Zipolite' on the Internet, or 'don't go to Zipolite, they rob, rape and kill you'. People aren't coming to Zipolite anymore; they'd rather go to other beaches, with less violence." (Interview respondent #47)

Nearly all respondents mentioned the issue of negative coverage of the security situation in Zipolite as being the number one reason for backpackers heading to other beaches on the coast, and how difficult it was to correct a bad image that was spread through news and rumours on the Internet (Interview respondent #30).

In Zipolite, businesses that are located on the beach - which is 'the' attraction in Zipolite - and with comparatively high standards (most of them can be found in the CRB), find it easy to promote them by means of word-of-mouth, and therefore do not see the need to promote them on the Internet. Even though they are among the largest in Zipolite and their business-approach is profit-motivated, they see that their investment is paying off.

"We're getting referrals…through people who have been here. They do it while they're here. People go, say, from here to Tulum, and they'll stop in Palenque and if somebody will come in with my card in their hand, and let's say, we saw so and so on the motorcycle and bla bla bla, then they stay here. […] That's 80 or 85 per cent of the people that come here. If I had a website, I'd probably have… I would say, no less than… a couple of hundred requests for reservations for this season, for Christmas. I only [!] got 60 rooms." (Interview respondent #34)

Well-established businesses in the CRB that offer a good host-guest relationship in friendly family environment, and good quality of service also manage to attract a steady flow of tourists to their business.

"Because of the way we treat the tourists, we never had to get into putting a website on the Internet. We have never had anything to do with the Internet. The tourists themselves do the promotion. Why? Because they left with a positive impression, they had a good time. And the means of communication that we use is 'word-of-mouth'. We are very focused [on the tourists], and well, the tourist appreciates that and

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that's what makes them recommend you, more than any other means of
information." (Interview respondent #52)

One upscale, and very recently established, business in Zipolite draws on the fact that the beach is known for nudism, and uses that feature to promote itself through the Internet, especially to a more mature clientele and gay tourists. Contrary to what is the custom in Zipolite, nudity here is allowed not only on the beach but throughout the facilities, which opens the business to new markets. Because of its upmarket style and 'chic', Mexican television programmes and documentaries have even started to cover the place (Interview respondent #49). Facilities like these have started to upset the local community, as they fail to consider the local style and culture (Interview respondent #50).

The further away from the beach of the CRB the business is located, the more they have to compete and promote themselves by either offering extra services or by lowering the price for accommodation. Especially during high season, when upscale businesses along the beach increase their rates, a business that offers basic accommodation with a good standard of services can compete at a price level.

> *"They* [the tourists] *said that from tomorrow on, they would be*
> *charged 1,200 pesos* (author's comment: about £56 in 2010) *per night* [at
> a business on the beach], *before they only paid 400* (author's comment:
> about £18 in 2010). *Here, they only pay 300* (author's comment: about £14
> in 2010), *so they decided to come over here... the different rate, just*
> *because you have to walk 50 metres to get to the beach, it's*
> *incredible."* (Interview respondent #50)

Other businesses located a bit away from the beach have to advertise in Zipolite, put up posters or hand out flyers, selling the affordability of their rooms:

"Where I am, it's not really a 'strategic' place; I have to advertise for people to come to my place. So I have a poster on the street, and another one further down that says 'cheap rooms, 100 pesos' (author's comment: about £4,70 in 2010), *my menu and the prices. Sometimes I go to the beach [to hand out flyers]. I'm not on the Internet, nor am I in any guidebook."* (Interview respondent #51)

Guidebooks can help tourists to settle in initially, when they arrive in Zipolite, but as soon as they have the chance to walk around and see other places, most of them move on to other hostels that better meet their preferences (Interview respondent #53). Guidebook recommendations are sometimes even considered as being counterproductive, either because the place is too small and cannot handle a large number of people, or when they attract the 'wrong' kind of customers, especially couples or people who travel with higher quality equipment and with higher expectations as to the cleanliness and tidiness of a place. As the owner of a small backpacker hostel with minimum standards puts it:

"This place is so small. I only have four rooms. Now, in low season, I always have two or three rooms rented out. Why would I write to a guidebook, to then tell the people that it's always full? For the restaurant... it could be a good idea, but for the rooms, no..." (Interview respondent #51)

When word-of-mouth promotion is successful, beach businesses in Zipolite do not see the need to promote themselves via the Internet either. Word-of-mouth promotion is considered powerful enough to attract numbers of backpackers that are large enough to make the business work.

"When I started, I was considering promoting myself on the Internet, with a website and stuff like that. But it's not necessary, because I get so many people, really, so many people that tell me things like 'I met Luisa, in San Cristóbal and she told me that I should stay here with you, and I met Gino in Palenque, and he told me that if I should go to Zipolite, I

should look for this place.' *Word-of-mouth is the best advertising. I have a Facebook account, but just to stay in touch with friends, or other things... for reservations. You don't need publicity."* (Interview respondent #53)

Contrary to the businesses in the CRB, most of the businesses in the old part of Zipolite lack the means or the will to promote their business actively, are unable to compete with the innovations that are happening in the CRB, have less capital to invest, and show little administrative skills (Interview respondent #39). They usually wait for the occasional walk-in traveller who will be attracted by their cheap price or the authentic Zipolite wood and palm-thatched roof look.

> *"If you like, you stay; if not... I send them to the hotels over there* [points at the CRB]. *There are more hotels over there, and more chalets. And then they leave..."* (Interview respondent #44)

Other businesses in the old part of Zipolite continue to depend on their long-established social networks of people that stay for extended periods of time, while the CRB caters to those who stay for shorter periods, usually just a few days. (Interview respondent #29)

But promotion of a whole destination by word-of-mouth, be it from one traveller to another or through the Internet, or through guidebooks, can also have serious negative effects and Zipolite is probably the example of a backpacker destination that has suffered the most in recent years because of this. Severe cases of mugging or even murders – even though they were committed by people from outside Zipolite (Interview respondent #38) – , people talking about the libertarian attitude where you can experience open homosexuality, nudism – which has also attracted a 'voyeur tourists' crowd according to a female respondent – and even public sex on the beach (Hughes, Monterrubio et al. 2010). While homosexuality and nudism have always been accepted by the majority of people living and working in Zipolite, voyeurism and public sex have had resulted in a negative image that business owners find difficult to fight off.

> *"Now, tourism is moving somewhere else. We hear they're saying you shouldn't go to Zipolite on the Internet, 'Don't go to Zipolite, they rob you there, they rape...and kill!' They're not coming to Zipolite any more, they say it's better to go to other beaches, where there is less violence."*
> (Interview respondent #30)

Especially the younger generation in Zipolite is aware of the impact the Internet is having. Once a crime is committed, it only takes a short while before the information is spread around via email and social networks all along the Gringo Trail. By the time they can react and establish security, potential visitors have received the information that Zipolite is 'unsafe' (Interview respondent #30). With that reputation, security is one of the most important issues and some business owners are very careful to invest and provide a high level of security, as this is one of the major topics that will be passed on by word-of-mouth (Interview respondent #55).

While promotion of the individual business is in the hands of the owners (or tourists), Zipolite as a whole needs to take care of its image to continue attracting tourists to the beach (Interview, SECTUR). Within the local community, people are divided as to if and how to promote Zipolite. While some shun the more recent development and commercialisation of nudity, and would like to make it easier to attract domestic family tourism (Interview respondent #30), others think that the unique selling point of the beach 'is' nudism, and that Zipolite should be continue to be 'the' nudist beach in Mexico, and even promoted as such (Interview, SECTUR).

> *"We need to promote Zipolite! [...] Where else can you find a nudist beach in Mexico? This beach is unique! [...] Sometimes, people say they would like to prohibit nudism on the beach. Why? It's our essence! If you remove nudism from here, we will turn into any other place...it's our essence! On private beaches, you're like a bird in a cage!! Zipolite is the 'essence', to me, being nude is to be one with your body!"* (Interview respondent #39)

Problems within the community have affected the attraction power of the beach, leading to a shift of tourism from the old to the new part of Zipolite, or even pushing budget travellers to other places like Mazunte.

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However, even with successful promotion of a business through different networks or the destination as a whole, critical events, such as Hurricane *Paulina*, have had a profound impact on a tourist destination like Zipolite, causing tourist arrivals to drop or collapse for certain periods of time, or even reshaping the structure of the destination. More recently, the global financial crisis, the swine flu and a strike movement in the capital of Oaxaca have impacted Zipolite and made it more and more difficult to attract tourists and to make a living. Especially the budget places in the 'old' part of Zipolite, those with no experience in actively promoting their businesses and who depend on their networks of return customers, suffer because of the global economic crisis.

> *"[My Italian husband] helps me in getting people to my business. Two years ago, can you imagine, he brought 15 people [from Italy]. My God, and they eat a LOT! But this year? No one, really...I didn't have a single Italian this year. It's incredible. And they all called me and told me that they couldn't come, because of the crisis. All of them are talking about the crisis. So, I'm telling you, it's all about contacts, it's ALL about contacts."* (Interview respondent #41)

But even those in the new part who continue to receive a small number of tourists have to cut down on their expenses, which means that there are less job opportunities for local people.

> *"Right now, I'm the only one who's preparing food, because of the global crisis. So working with a chef and waiters, it's difficult. We need to manage somehow, hm? We have to find another way of keeping up our business."* (Interview respondent #45)

Upmarket businesses that engage in more sophisticated promotion techniques and work with a slightly more affluent clientele might not have felt the impact of the global economic crisis as much, but health risks because of the swine flu outbreak in Mexico (Interview respondent #46), safety worries in relation to the teacher strike in the city of Oaxaca (Interview respondent #55) or severe weather conditions in Europe that prevented planes from taking off (Interview respondent #53) affected all kinds of international tourists and caused a drop in international tourists who come to Zipolite. As a result, domestic tourism is replacing foreign tourists.

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"Starting with the problems we had in Oaxaca, with the teachers, there was a lot of propaganda telling people not to come to Oaxaca, that there were problems, they killed a journalist [...] and [tourism] went down. Now there are relatively few foreign tourists, compared to what we were used to. And we are starting to get more Mexican tourists." (Interview respondent #55)

*"It was a basic roof made of palm leaves, a coconut palm tree, some poles... we started to hang up some hammocks, with everything. It wasn't until later that we started to put up the first chalets (*cabañas*) made of wood and palm leaves. We charged 30 pesos per night* (author's comment: about 30p in 2010), *and 5 pesos* (author's comment: about 5p in 1982) *for a hammock. From Puerto Angel, they brought a lot of fish, so I sold some fried fish, rice and beans. The tourists, the foreigners, they liked that. That's how it was, and then, bit by bit... at some point, someone showed up who knew how to set up a discotheque, and we started to sell squid and clams..."* (Interview respondent #52)

5.4 Introduction to San Cristóbal

"We are now approaching a more primitive part of Mexico: the Tehuantepec peninsula and the mountains of Chiapas state beyond. This is a land dominated by Indians who have been less influenced than elsewhere by the Spanish conquest. They have kept intact their languages, their religions, their tribal organisations and ways of life, their dresses and dances. The tourists are now coming to change all that: 10 years of the new world's juke box will no doubt do more to demolish a delicate Indian adjustment than 450 years of an old world's culture." (Davies 1965:795)

San Cristóbal is located in a valley of the Chiapanecan mountain range, at an altitude of 2,210 m. The climate is tropical, with defined dry and a wet seasons and an average temperature of 22 degrees Celsius. Before the arrival of the Spanish *conquistadores* in the beginning of the sixteenth century, the area was inhabited by numerous Mayan peoples. Today, there are Mayan *Tzeltal* – and the *Tzotzil* – speaking communities who live in and especially around San Cristóbal, and because of the inaccessibility and remoteness of

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Chiapas in relation to the Mexican centres of power, many of these communities have managed to preserve their culture instead of being assimilated.

The city itself was founded by the Spanish conquistador Diego de Mazariegos in 1528 under the name *Villa Real* and as the administrative centre of the Kingdom of Guatemala (Aubry 1991). The first inhabitants were all of European origin, not only Spanish, an expression of the cosmopolitan mix of the city's population (Aubry 1991). After numerous changes to its name, the city was finally given the name *San Cristóbal* in 1943. Over the centuries, the Catholic Church was the centre of economic, political, religious and social life in the Spanish colonies, and San Cristóbal was no exception (Jimenez Paniagua 1994). To this day, impressive church buildings are the dominant feature of the urban architecture.

Until the middle of the twentieth century however, economic development in San Cristóbal remained limited, due to its isolation and the resulting lack of productive investment. In 1892, the capital of the State of Chiapas was also moved to Tuxtla de Gutierrez, diminishing the political importance of San Cristóbal. Its population in 1940 was no more than 11.768 inhabitants (Jimenez Martinez 1990). In 1946 finally, San Cristóbal was connected to the rest of Mexico by means of the Pan-American Highway, and by 1957 the highway had extended down to the border with Guatemala (Aubry 1991). The traffic of people and goods to and from San Cristóbal increased, which in turn allowed small industrial development to take place (Jimenez Paniagua 1994). After 1971, the road network was extended beyond the Pan-American Highway and into the city's multi-ethnic hinterland, triggering tourism activities in once remote areas of the Chiapanecan countryside where Tzeltal and Tzotzil communities lived. Additionally, rural-urban migration from indigenous communities (Aubry 1991) led to a considerable increase of the population with totalled 185,917 people in 2010.

The centuries-long isolation of this part of Mexico had taken care to preserve not only the colonial charm of San Cristóbal, but also the culture and traditions of the Mayan communities that live in the surrounding areas. As early as the 1950's, archaeologists and anthropologists, who were interested in Mayan culture, arrived in San Cristóbal, turning it into one of the most important places of scientific research in Southern Mexico. Today, the region is one of the prime destinations for tourists to witness ancient and modern-day Mayan culture, as it is dotted with ruins of pre-Hispanic Mayan ceremonial sites, villages and settlements where inhabitants continue to live the Mayan way of life until today.

5.4.1 Beginning of tourism development

Initial tourism development in San Cristóbal was connected to the arrival of foreign scientists who were working on pre-Hispanic cultures in Central America. In 1950, Frans Blom, a Danish archaeologist, had resettled to San Cristóbal. Starting in the 1920's, Blom had acquired international fame for his discoveries at the ruins of Palenque, 150 km to the North of San Cristóbal, and the ruins of Uaxactun in Guatemala. In San Cristóbal, Frans Blom and his Swiss-German wife Gertrude Blum, herself a renowned anthropologist who had studied the Lacandon Indians in the Chiapanecan rainforest, bought a large house that they named *Na-Bolom* (Mayan for 'House of the Jaguar'). This house was then turned into a scientific and cultural centre in San Cristóbal, attracting scientists and the first tourists who were interested in the pre-Hispanic cultures in Chiapas. Until the arrival of the first hippie travellers, tourists were a rarity in San Cristóbal, with only a few hotels catering to quite affluent American tourists who came to see the archaeological sites in the Chiapanecan rainforest (Berghe 1994).

> *"[Transport] has evolved, bit by bit… the roads were not as good as they are now, and then, tourists used to travel with small pleasure aircraft to go and see the ruins of Bonampak, Yaxchilan, and the rainforest. There was also an airport, close to the market, and tourists made use of these aircraft. Another way of travelling was with minivans, combi's, they used to take the old local buses… Today, using aircraft is problematic because of the security measures with increasing drug trafficking in this region. But transport has improved a lot, and the road network, too, maybe apart from the road that leads to Palenque."* (Interview respondent #23)

When budget travellers started to discover Southern Mexico with their own transport, hitchhiking or through public transport (bus and train) in the 1960's, San Cristóbal was located strategically on their way to Guatemala, where – especially around Lake Atitlan – small hippie communities had formed (Schawinski 1973). Some of these travellers were also searching for places where they could find drugs such as hallucinogenic mushrooms or marihuana, and the nearby village of Palenque was one of the places in Southern Mexico that was known for the availability of these drugs.

> *"Well, San Cristóbal was known as a place, but not for the mushrooms. [The hippies] used to go from [Zipolite] to San Cristóbal, once they were*

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traveling from the North down, yeah. It was on the path... and... [laughs]
yeah, Palenque, because Palenque was the place for the mushrooms.
But the mushrooms... yeah Palenque... but the mushrooms in Palenque
are very different from the mushrooms in San José del Pacifico [in
Southern Oaxaca]. Yeah! And the mushrooms from Huautla [in the
mountains of Northern Oaxaca]. So the mushrooms from Huautla are
really, really, really, really, very high spiritual, the mushrooms
in...ehm...San José del Pacifico are, too." (Interview respondent #28)

Once these travellers arrived in San Cristóbal, there choice of budget hotels was limited.
Tourism infrastructure was based mainly on scientists and a handful of tourists who were
staying at the *Na-Bolom*, and the three hotels around the main square were quite
expensive and catered to a more affluent clientele (Davies 1965). Travellers could
therefore stay at one of few more affordable budget places (see image 7), or try to rent a
room or even a house from local people who lived on the outskirts of town (see image
8)(Interview respondent #4).

Image 7: Patio view of former San Cristóbal hippie hostel

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Image 8: Original San Cristóbal hippie accommodation

By renting out rooms and houses to these travellers, local people could develop quite close relationships with them.

> *"He [the traveller] became my brother's godfather. Here, when we baptize the children, it's like 'Oh, wow! I want to be his godfather!' He was so happy, because everything was very different, and he felt - well, like - comfortable living here. And well, of course, it was a whole different culture that he was getting to know, the parties, the food, the family, too."* (Interview respondent #4)

These tourists were also the ones who spread the word about San Cristóbal around the world, as a 'must-see' on the Gringo Trail to Central America. Similar to Zipolite (see above), these travellers were mainly Europeans, and there were a few US-Americans and, a bit later, Japanese. They started with few people, but towards the 1980's, their numbers grew to hundreds per day, all year round, with a relative high season during the summer months (Epstein 1977; Berghe 1994:81). Of the two roads that brought travellers from the coast of Oaxaca further south towards Guatemala, guidebooks in the 1970's mentioned

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that the one going via San Cristóbal is the preferred one as it gives the interested traveller the chance to see the city and natural attractions in Chiapas. Already in 1977, guidebook authors who were referring to transport to and from San Cristóbal pointed out that there was a high season for tourists from June to August.

To get an idea of why traveller destinations became popular, it is important not only to look at what attracted travellers to a specific destination, but also at other destinations in the region, as the circuit they travel on extended further than just that one destination. Close to San Cristóbal, the Mayan ruins of Palenque not only attracted the culturally sensitive traveller, but judging from the amount of information provided in traveller guidebooks of the 1970's, the consumption of drugs was also one of the prime reasons for travellers to come to this part of Mexico.

> *"Palenque is popular with young travellers for its magic mushrooms, particularly in season. You can either pick them in the fields near the ruins, or buy them from the kids who sell them in bags."* (Epstein 1977:86)

> *"San Cristóbal is considered one of the places where the police is cracking down on 'gringo' travellers for drug offenses. Periodically, when American freaks become too numerous, or when someone offends the local culture, or when the moon is full, the police crackdown. For instance, in August, 1976, a few ignorant gringos got drunk and rowdy in public, and the city reacted by imposing a 'gringo curfew'. All gringos had to be off the street by 10 pm or go to jail. At other times, when these clean-up campaigns are in effect, houses of gringos are searched and people are even stopped on the street for a drug search."*(Epstein 1977:82)

By 1974, for US-Americans who travelled with their own transport along the Pan-American highway, but also European travellers who were travelling through Mexico, traveller guidebooks on Central America started to mention the 'authenticity' of San Cristóbal, where to stay in the city and what to do. San Cristóbal was an important stopover on the way to Guatemala, a country that was considered one of the most popular places along the Gringo Trail (Epstein 1977).

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"By all odds the most scenic and picturesque way into Central America is to drive south from Oaxaca on [the highway] Mexico 190 and stay with it into Guatemala. This will take you through San Cristóbal, one of Mexico's untouched mountain cities. There are several good hotels within a block or so of the main square, and it is a fairly good place to pick up native tribal costumes and handicrafts. Prices are not jacked up out of all reason." (Richmond 1974:28)

Throughout the 1980's and the early 1990's, San Cristóbal started to receive increasing numbers of backpackers, and businesses were catering to their specific needs. Owners of hostels or *posadas* went to the main bus stop to pick up travellers and take them to their houses where they could rent rooms, and stay for longer periods of time. Some *posadas* started to offer accommodation where contact between host and guest was very close, a family environment beyond the level of services, where families were living in the same building with their guests. However, few would offer an environment where you actually 'lived' with the family.

"There were posadas *[in 1990], but not with the concept we had. The concept we had was to actually live with a family, and to be with a family. For instance, if you arrived at the [name of long established backpacker hostel], well, you have a room. But, you're not in touch with anyone else!"* (Interview respondent #27)

As mentioned before, most of the backpackers in those days were Europeans, predominantly Italians. Many of these Italians eventually resettled to San Cristóbal and shaped the base of what has become a substantial Italian community in the city (Interview respondent #24).The reason for which they came to San Cristóbal was the exotic attractiveness of a Mexican town and a visible presence of Indian cultures, the liberty and also the availability and low price of (soft) drugs (Interview respondent #27). Those travellers that were making macramé jewellery were also attracted to San Cristóbal because of the amber mine in Jovel.

"There's the amber mine here, in Simón Jovel! And because the people can make their own handicraft here, and always have marihuana at hand [laughs], and... well, a lot of reggae, a great ambience here in

San Cristóbal. Since my childhood, I can remember that there were
always places where people could go out and have a party! Nice people,
and a great vibe... go to other places in the country, and you won't find
this kind of underground..." (Interview respondent #27)

Backpacker guidebooks started mentioning San Cristóbal in the 1980's, but increasing commercialisation is reflected in the changing vocabulary from *"one of the unspoilt jewels among Mexican cities"* (Richmond 1982:159) to the fact that *"the town has changed a bit since the first foreigners 'discovered' it a few decades ago."* (Noble, Spitzer et al. 1989:381). Low-cost airfares from Europe had started in the early 1980's, and increasing numbers of European tourists started to come to Mexico, including San Cristóbal. Moreover, in 1982, Mexico had to devaluate it's currency by nearly 50%, which turned the country into a budget destination for Western tourists (Richmond 1982).

The growth of tourism had started to have its impact on San Cristóbal, with the increasing numbers of shops, restaurants and hotels that had opened up. Many backpackers in the 1980's spent extended periods of time in San Cristóbal, some of them extending their stay by travelling to Guatemala for a visa run. The longer people stayed, the more they developed a relationship with the hosts, up to the point where they were asking to use the kitchen facilities to prepare their own food, or sometimes even cook for the hosts.

"Those who stayed for longer periods of time, the Italians, always...
[imitates Italian accent] *'I will-a make-a you a PAAAAAAAASTA!'*
Eventually, people considered the kitchen facilities an asset of the hostel,
so - bit by bit - we started offering the kitchen to them." (Interview
respondent #27)

During the 1980's, backpacker accommodation facilities were not offering other services or tours to the surrounding areas; only horseback riding was popular. Until 1994, those tourists who wanted to discover the surrounding area of San Cristóbal had to use local transport (Interview respondent #7). The main attraction of being at a hostel in San Cristóbal was that you could stay with local families, share the life and experience with locals and other travellers who were staying at the same place. Some friendships that were established then last until today (Interview respondent #4). However, throughout the 1980's, with more and more travellers coming to San Cristóbal, competition between

businesses was growing and conflicts arose about the way people promoted their business (e.g. picking up tourists at the main bus stop), and about the legal situation of businesses, a situation that prevails until present day (Interview respondent #27). Some businesses lost their customers to the newer, improved facilities that were located around the main square.

> *"Foreign tourist stopped coming [to my place], because they started opening more and more hotels. Before, we were an association of only 34 posadas."* (Interview respondent #18)

5.4.2 The Zapatista Uprising

During the Zapatista Uprising of January 1st 1994, thousands of members of the Indian communities in Chiapas attacked the Mexican Army and descended on San Cristóbal in what turned out to become a bloody shootout on the main square. Before this event, tourism had experienced a veritable boom, but with the deteriorating security situation, tourism collapsed. However, numerous businesses had the chance to offer accommodation and services to members of the press and the military who wanted to stay in San Cristóbal during this period (Interview respondents #6 and #27). There were also students, researchers, politicians, sociologists, policemen, even members of the United Nations (Interview respondent #3). Nonetheless, an estimated 50 per cent of all businesses had to close down (Interview respondent #3).

Starting in 1995, the situation relaxed again. The federal government started to promote the natural and cultural highlights of Chiapas nationally and internationally, and it was considered again a safe place to travel to. However, apart from businessmen from the area who came to San Cristóbal on business, Mexicans from other parts of the country did not know much about this region. They had not been really aware of Chiapas until after the events, through the newspapers and television. Slowly, the first tourists from within Mexico started to travel to San Cristóbal, but the majority of tourists continued to be Europeans, again, most of them backpackers (Interview respondent #3). In the meantime, the first commercial transport services that offered tours to the various attractions in Chiapas were set up. Eventually, more and more Mexican tourists decided to come to the city and the volume of tourist traffic has continued to increase ever since (Interview respondent #7).

Many of the NGOs that had come to Chiapas in those days continued to work in this part of Mexico. As such, the Zapatista Uprising of 1994 also marked the beginning of volunteer tourism to Chiapas, and many volunteer tourists/backpackers started to spend long periods of time working with and in communities around San Cristóbal and other parts of Chiapas. Ever since, the backpacker 'scene' in the city and the whole region has not only been strongly influenced by the ideas of the Zapatista movement, but the Zapatistas themselves have become the Number One attraction for many (Interview respondent #20, Interview respondent #24).

> "I've had Mexican tourists who came to Chiapas to get to know Marcos. And we told them 'You're not going to get to know him!' or 'You won't see him!', he doesn't walk around the streets. And many came with this idea that they could walk into the rainforest, not to get to know the forest itself, no! 'We want to get to know the Subcommandante!'
> (Interview respondent #3)

However, even though many volunteers come with good intentions and work for a good cause, some also come with the initial idea of joining a project, and then end up enjoying the entertainment and life in the city of San Cristóbal, people that are also referred to as "Zapatourists".

> "Many foreigners, well, they come to help, but many come here with a sign that says 'I am going to help', but they're actually here for the party. And that's okay! Really, there's no problem with that, but you have to be a bit more honest. That's what happened, all that is happening in San Cristóbal." (Interview respondent #27)

Shortly after the Zapatista Uprising, and with the recovery of backpacker tourism, the first foreigner, who had been a guest in one of original backpacker hostels and knew San Cristóbal very well, opened the first non-locally run backpacker hostel. Around 1997, backpacker hostels started to pop up in different places around town. These were inspired by – or even copied – the first 'real' backpacker hostel. All the owners promoted their hostel by ways of coming to the main bus stop and as fierce competitors they were fighting for those backpackers arriving with buses from Guatemala, Oaxaca or Yucatan. Another owner who originally came from Mexico City and had lived and travelled in Europe took

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inspiration from travelling experiences in Greece in the 1980's, where he was inspired by hostels that had already catered to travellers on the Hippie Trail to Asia.

> *"I went to Greece and it was there that I got the idea to open a backpacker place. I saw places, islands like Santorini, Ios, Paros, and Naxos, all of which had the most beautiful hostels. That was in 1989 or something like that, I was impressed… like… 'How beautiful is this?'"* (Interview respondent #10)

With prior experience as a traveller, and a close relationship with his guests, he managed to have to go to the bus stop only once. From then on, word-of-mouth proved to be sufficient for him to attract a constant flow of backpackers to his hostel. The decision to resettle to San Cristóbal and not to other backpacker destinations in Mexico was the fact that in San Cristóbal, people spent long periods and that is was affordable with no division in a tourist and a resident area as in other tourist destinations in Mexico. He had come to San Cristóbal as a tourist before and enjoyed the cosmopolitan atmosphere (Interview respondent #10).

Thanks to the extended stays, and the close host-guest relationship, many backpackers start to interact and become part of the hostel, whether this is cooking for other guests, or decorating the interior, e.g. painting the walls or even planting a garden.

> *"And then, people started to arrive, artists…'Can I paint something here?' 'Sure, of course!' 'And how about here?' 'Sure, why not!' The whole house is full of their paintings…"* (Interview respondent #10)

> *"I had some Spanish guys here. 'Hey, we're going to do something!' 'Okay, go ahead…' Let's all help out. I love it when the people that are there all get involved. Other guys were like 'Hey, let's make a garden out of this!' You can see that quite a lot when they spend more time here, the people who stay with you want to participate…"* (Interview respondent #11)

As in many other backpacker destinations in Mexico, some travellers manage to cut their expenses on accommodation by taking care of the hostel, or taking on odd jobs in the hostel. In other cases, when the relationship is close and based on trust, some business-

owners leave the hostel to a guest/friend while they leave on a trip (Interview respondents #20 and #10).

> *"I've always had employees here, also foreigners. Instead of paying for a room, they work for me; I give them the room and the whole service. It's a mutual thing…"* (Interview respondent #11).

> *"I still travel. And then, people stay here, travellers that I know and where I see that they're good people. I leave them here; I leave them my house with all the trust in the world. I return, and everything is fine. So I think it has a lot to do with what kind of personality you have, and the energy of the owners."* (Interview respondent #10)

Recently, Mexican *telenovelas* (soap operas), which are extremely popular throughout Latin America, have been filmed in numerous locations throughout the State of Chiapas, including San Cristóbal, causing a 'boom' among domestic tourists (Interview respondent #5).Today, about 70 per cent of all tourists coming to San Cristóbal are domestic tourists (Interview SECTUR).

More recently, the financial crisis has also affected the tourism industry. Backpacker travel is generally considered to be more cost-efficient, but increasing numbers of organised tourists have resulted in lower prices for tour packages. As a result, organised tourism to San Cristóbal was on the increase, at the expense of backpacker tourism.

> *"We still have backpacker tourists in our travel agency. But a lot of this has to do with the price. Independent travel was always considered to be more economical, but in the course of time, tourism with major tour operators has created large volumes of tourists with low price-levels, so lots of [price-conscious] people that would have travelled as backpackers decided to travel with a tour operator. This was a tendency we observed here, before the recession, because of the economic development. Now, with the recession, we have less 'receptive' tourists, due to the decreasing volumes of the large tour operators… okay, prices may have stayed the same, but backpacker tourism is growing again… if we hadn't had a recession, backpacker tourism would have continued to decrease."*
> (Interview respondent #23)

The backpacker tourism market is also diversifying. The traditional backpackers – often students or academics – who travelled over a longer period of time, with smaller daily expenditures but a total that amounts to about the same or even more than a regular tourist, have been facing increasing difficulties due to the economic crisis that started to present itself a few years ago. With less money to spend, they started to travel less and less. Those with smaller salaries stopped travelling, and those who had a slightly higher income decided to travel backpacker-style, seeking budget accommodation. As a result, even though one might get the impression that backpacker travel continues, the make-up of the market appears to have changed (Interview respondent #26). As a result of the changing composition of the backpacker market comes a certain, albeit minor, change in services.

> *"I don't want to lose customers, right? Because it is the work of years! For instance, [I offer them] a better room, a private bathroom, a bed, either I do that myself, or I take them to my friends. It's not a lot really what you have to do, it's more the impression that it makes [on the guest]. It's not really a higher standard of service that they're asking for. Let's say, it's more painting than structural improvements. In their room, they'll find similar things to what they can find in a hotel. Maybe a carpet, a more comfortable way to get to the bathroom, lights all over the place, with easy access to the switches, somebody to help you with the backpacks, to be open 24 hours a day, maybe a parking if somebody rented a car, helping with taxi services and such…"* (Interview respondent #26)

There are numerous factors that help business owners to maintain a budget accommodation. Those businesses that were established a long time ago can often count on a faithful clientele that arrive throughout a seven-month period from July to January, and therefore with less impact of seasonality than those – often newer – businesses that cater to tourists with a seasonal peak around Mexican holidays over Easter, July and August and Christmas (Interview respondent #10).

> *"The most important thing in my business is to be flexible. I can rent, when I started […] I had 100 per cent backpackers. Afterwards, it changed. I tried to cater to people with a higher purchasing power per*

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day or per stay. Now, about 80 per cent of my guests are business people or students who come to live here. That's 80 per cent of my business now. And that's what's really leaving some money behind. But I can do that because of one simple reason: I rent! I only own one building, but in order to change a large building...it kills you! You can't. Let's say that if you can afford to be flexible, if you know the market a bit, know San Cristóbal, if you're ready to make a change, you'll have no problems. But if you don't...it's complicated." (Interview respondent #26)

As a result, most tourism businesses, especially the smaller ones, are run by their owners with gains that are very small and amount to just about enough to make a living. Those that have attempted larger investments in those historical buildings with high costs for upkeep and maintenance still lack the affluent tourist market that will enable them not only to maintain their property, but also to produce sufficient revenues to reinvest and expand. Newer businesses that attract almost exclusively backpackers need to diversify their resources and generate income from a variety of sources. To these entrepreneurs, having a business is often a lifestyle decision, as their main income comes from others sources (Interview respondent #4)

5.4.3 Future development

With increasing investment from various levels of governments into the promotion of tourism and the necessary infrastructure, many people in San Cristóbal see a bright future for tourism development. As long as accommodation can remain affordable, backpackers will be able to find plenty of places to stay. However, the value of properties in the city is rising. Urban sprawl and development on the outskirts is also limited because of the indigenous communities that live there and hold land rights. Therefore, San Cristóbal will most like grow in 'quality' rather than 'quantity' (Interview respondent #11). However, with increasing pressure on the property market, and few backpacker hostels that are run by the actual owners of these properties, there can always come a moment when the owner decides to raise the rent and make it impossible for those who run a hostel to continue offering budget accommodation (Interview respondent #27). With increasing property prices, San Cristóbal is facing the threat of becoming extremely commercial, with more and more tourism businesses competing with each other. And the sacrifice could be the 'magic' of San Cristóbal (Interview respondent #26).

This wild growth of budget hostels has also led to a highly competitive environment where new hostels find it increasingly difficult to survive. Opening a hostel is easy, but making it work is hard (Interview respondent #33). And with a large number of informal hostels that are sometimes open only during high season to take advantage of the large numbers of tourists who come to San Cristóbal, the revenues for those businesses which do try to invest are limited. Many of these will have to compete at a price level. The upscale backpacker hostels with a large network within and outside Mexico will try to improve their services and make use of their financial background, skills and innovation to attract a large number of backpackers to their establishments. San Cristóbal is also attracting increasing numbers of tourists who are looking for alternative medicine, food and other cultural attractions outside the mainstream. These tourists will often look for alternative accommodation that can be found among one of the backpacker hostels (Interview respondent #24).

However, as long as economic development is concentrated in the hands of those who already have everything, the conflicts with the surrounding countryside and Indian communities will continue. What happened in 1994 could happen again, according to some:

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"The dark future of Chiapas is that the Zapatista movement continues to be alert. We don't know that much, only the people who are involved... what could happen. It could turn into another armed conflict, or maybe peaceful solutions. There is a dark side. With peace, tourism flourishes... but there is a dark side, if you don't include these people in the progress. Right now, they're all talking about tourism development and all; offering loans to develop your business. But it's always about the centre of San Cristóbal! Those people who run the infrastructure are getting more to improve their super-infrastructure. I don't think that's a good idea..." (Interview respondent #5)

Increasing numbers of Mexican backpackers from the North of the country are travelling to the South, and it depends a lot on the number of domestic backpackers who come to the city, because, last but not least, Mexico as a tourist destination will need to successfully improve its image abroad and its security situation in order to continue to attract international tourists:

"The future... also depends a lot on other countries, because it is a chain. If the [bad] publicity doesn't change, if Mexico's image doesn't change, it will kill the tourist, whether that's the backpacker or the regular tourist. If they don't come to my country, if they start coming less and less, and new destinations start to open, in Asia for instance, destinations that can compete with cheaper prices... and if the economy doesn't get any better, I don't see a great future ahead. It's a bit sad, but it's true... because... if the situation in the rich countries, where people travel a lot, doesn't change, and these people spend their money with us, if the crisis continues... for instance, a university student who works and studies, if he loses his job, he won't be able to travel anymore. It's a bit like that." (Interview respondent #8)

5.5 Backpacker businesses in San Cristóbal

5.5.1 Professional background and business motivation

Among the 26 interviewed hostel owners, when asked how they saw the future of their backpacker business, only four mentioned that they were thinking of expanding their

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businesses, add beds and increase their income. One of them was a manager-run youth hostel that is member of the chain of youth hostels (Hostelling International), the other one being located within the general tourist hub close to main square where the chances of attracting a larger number of more affluent tourists, or tourist groups, is larger. Another business owner had been raised within the backpacker world and grew up to run the business his mother had passed on to him, while the fourth one had a well-off background as a member of the local upper class with enough financial resources to invest in a larger business.

However, business motivation among the interviewed entrepreneurs in San Cristóbal is characterised by a dominance of lifestyle-oriented entrepreneurs. In this sense, San Cristóbal is typical for the development of a niche market where lifestyle approaches among businesses are more common (Ateljevic and Doorne 2000). Similar to their findings in New Zealand, the vast majority of entrepreneurs had a lifestyle orientation and were not interested in expanding their business, rather choosing to run a budget accommodation facility that could be run with minimal investment and at minimal cost. Moreover, it proved to be difficult to raise rates, due to the large number of businesses and the presence of a 'cosy cartel' where tariffs, rates and services were organised in a way that businesses would not out-compete the other. When asked why hostels were not run by more profit-motivated business owners, two interviewees mentioned the fact that many hostel owners, because of the small size of their businesses and the budget orientation of their customers, would not be able to live off the income their hostel provided and that most of them therefore had some other (main) source of income and did not feel the need to or sometimes could not raise the rates. Among local entrepreneurs, running a hostel or a hotel is often a side income next to other activities, especially when they have to rent the property. The only two locally-run businesses where the hostel was the single source of income for their owners were those that were set up in their own property.

Half of the interviewed entrepreneurs mentioned cultural exchange as one of the driving factors behind the idea of opening a hostel. Often, the warmth and social environment of hostels were opposed to the cold distance that a tourist can experience in a hotel. One owner who had worked on camping sites on the Greek island of Corfu in the 1980's stressed how much he liked the environment with young people, travellers who came and went and related to each other (Interview respondent #11). The fact that the owner is

often present at the hostel and actively involved in running the business, has the chance to interact with the guests at a personal level and develop relationships give guests the possibility to experience a 'home away from home' feeling.

> *"What I wanted to do was a house, a house for everyone. I don't like hotels, because they're closed, and people don't share anything. They don't share experiences, exchange information. Let's say this is a house where people come in, talk, have a drink, and then they get to know each other and share all kinds of moments during the day."* (Interview respondent #23)

But 'lifestyle' and 'business' can go hand in hand, as one owner stressed. In his view, the business can only work well when you are actually enjoying what you are doing, so in his view, doing something that suits your lifestyle will allow you to make the profits that you need to live off (Interview respondent #10).

Several owners stressed the difference between the situation of those business owners who rent and those who own property. Business owners with a local background usually own property, which allows them to run a budget hostel as the costs involved in paying rent add up to amounts that make it unattractive to run a business in the budget sector. The State of Chiapas is the poorest in Mexico, with a relatively low cost of living, which in turn attracts budget travellers and the people that cater to them. As a result, foreigners who run a hostel in San Cristóbal selected this city to work and live because it is still affordable to buy and rent compared to other Mexican cities along the Gringo Trail, such as Oaxaca. However, some foreigners, with the little income they make and the rent they have to pay, keep their hostels illegal to save on expenses such as taxes. The weak regulatory framework seems to open a door for business strategies where owners attempt to avoid high business costs to be able to survive on a lower income. For those who try to run their registered business legally, this is the main competition, as the illegal hostels can afford to charge lower tariffs, and they usually appear only during high season when it would theoretically be possible for registered businesses to raise their rates and make more money[45].

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[45] The government however showed little will or power to enforce the law and blamed other authorities for not taking their responsibilities seriously (Interview SECTUR).

Either because of lifestyle motivations or because of the high level of competition in a deregulated and uncontrolled market, a profit-motivated approach is not considered an aim for most of the hostel owners. The lifestyle businesses are worried they would lose the close contact they have with the guests, while potentially profit-motivated businesses have to face the reality of competition between legal and illegal businesses. Five interviewed owners, however, considered increasing comfort and quality of services or adding extra services, such as yoga, a shared kitchen, Internet access and more sophisticated advertising to attract a steadier number of backpackers throughout the year as important (Interview respondent #3). Yet, some owners reject advertising through the most important (English-language) international guidebook, the *Lonely Planet*, as they were afraid it would bring large number of backpackers to their hostel, and a kind of backpacker tourist that they consider being too demanding and less sociable (Interview respondent #23). This is the case especially among those hostel owners who had lived through the experience of being a backpacker traveller themselves in the past. Pure word-of-mouth promotion is seen as the best way to attract those backpackers travelling from destination to destination and hostel to hostel based on personal referrals and contacts and who cherish a social atmosphere and tranquillity (Interview respondent #11). Especially the Japanese and Israeli-run hostels (see image 9) stressed the fact that they preferred personal recommendations to guidebooks as the latter would bring too many short-term backpackers to the hostel, thereby disturbing the social atmosphere that develops in spaces where travellers spend extended periods in one location.

Image 9: Israeli backpacker hostel in San Cristóbal

When asked about their identification with the hostel concept as part of the owner's personality:

> *"I don't want to change my concept. Because my concept has to be like THIS, I identify myself with it. And if you think about what people will recommend, it will be that: people will recommend a place where they had a good time, where they met people... and being able to have a drink at your hostel makes people relax, they start to talk, they get to know each other. So that's what I'm going for!"* (Interview, respondent #27)

A wide variety of international travellers come through San Cristóbal on their way along the Gringo Trail, and in a city where most of the hostel owners are Spanish speakers, language skills are a major factor in establishing contact with non-Spanish speaking backpackers. This puts those foreign hostel owners at an advantage when tapping into a niche market, as they can speak foreign languages, especially Italian and English. In such an environment, some travellers such as the Israelis and Japanese even seek accommodation

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in hostels that specifically cater to them and are run by Japanese or Israelis themselves (Noy and Cohen 2005). This division has developed to such an extent that complete parallel circuits have developed along the Gringo Trail where Japanese and Israeli travellers head from one hostel to another through word-of-mouth. But even in hostels that welcome a mixed international crowd, specific language skills among owners can prove to be a crucial factor in attracting a segment of the backpacker market. One Italian hostel owner mentioned the relationship he developed with young Italian travellers who were happy to find a 'home away from home' feeling at his hostel, where they could speak their mother tongue, a situation where he found himself in the position to be a father figure in relation to the travellers (Interview respondent #23).

Even those backpacker businesses that have plans of expanding in the future are very much aware of the fact that the increasing number of tourist businesses and a limited number of tourists will make it very difficult for them to expand their business activities. There are 'internal' reasons for delimiting growth of the business, such as a lifestyle approach, but also 'external' reasons, such as limited affluence of the tourism market, a weak regulatory framework that creates unequal competition, limited tourist numbers or a pronounced tourist season[46]. In an ever increasing tourist market, businesses could manage to grow and expand. However, in a stagnating (backpacker) tourism market, profit-motivated businesses find it increasingly difficult to succeed and meet their goals, and probably the only way of improving business performance is by tapping into the domestic tourism market.

In order to facilitate tourism development and increase tourist numbers in Chiapas, the Mexican federal and Chiapas state government have recently improved the road network, such as highways and bridges that make access to San Cristóbal from the centre of the country easier and faster. The state government has also started to actively promote the State itself at a national level to increase the number of national tourists coming to Chiapas. Moreover, in 2004, two popular Mexican *telenovelas* were shot in the State of Chiapas and shown on national television, thereby promoting the State and its natural attractions throughout Mexico. As a result, increasing numbers of domestic tourists with

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[46] Interviewees were unanimous in their opinion that the backpacker tourist season in San Cristóbal for European tourists and backpackers was summertime and early autumn, while backpackers and domestic tourists travelled to San Cristóbal around Easter and Christmas.

higher expenditure levels started to arrive in San Cristóbal (Interview respondent #4). The informality of administration among backpacker businesses in San Cristóbal makes it difficult to know the percentages of domestic and international travellers seeking accommodation, but during the time of research in 2009 and 2010, observations showed that small numbers of Mexicans were staying in regular backpacker hostels and preferred to stay in one of the cheaper hotels in the Southern part of the city centre. The target group of these hotels is also indicated by the availability of parking areas and cable TV, both of which are of little interest to most international backpackers who do not travel by car or want to watch Mexican television.

5.5.2 Networks

5.5.2.1 Owner-owner networks

In San Cristóbal, there are official hotel and hostel associations but none of the interviewed hostel owners mentioned being an active member of any of these organisations. Some were even outright against a membership in these associations as they stated that it was a political organisation that did not do any effective work for the hostels. They preferred to work informally among a very small number of friends or selected hostels and hotels they trusted and felt comfortable with. There is a high level of competition between budget hostels based on price. The effects of this competition could be witnessed at the main bus station and how businesses tried to 'hawk' backpackers to their hostel. This highly competitive situation appears to prevent budget hostels from actively cooperating at a level beyond personal contacts and friendships between individual businesses that are often based on years of cooperation and trust (Interview respondents #23 and #11). Outside these small 'trust'-based networks, businesses did not feel they needed or wanted to cooperate.

Within San Cristóbal, cooperation is usually achieved by sharing customers when one business is fully booked, or in co-coopetition when one business offers a service that another cannot offer, such as bars or travel agency services. Between hostel owners located in the neighbourhood called *El Cerrillo* (author's comment: Spanish for 'The Little Hill'), the backpacker hub (see image 10), there are also occasional informal meetings to discuss practical matters such as room rates or legalising the business (Interview respondent #10).

Image 10: Street with backpacker hostels in San Cristóbal

Another form of cooperation between hostel owners is to work together with hostels in other destinations along the backpacker trail in Southern Mexico, notably in cities such as Oaxaca, Campeche, Merida, or beach destinations such as Tulum and Isla Mujeres, and across the border into Guatemala with its backpacker destinations along Lake Atitlan, and in the cities of Antigua and Chichicastenango and beyond into Central America (Interview respondent #10). One of larger hostels even managed to establish links with hostels in places that were far beyond the *Ruta Maya*, in Western and Central Mexico. The owner had travelled south through Central and South America to Patagonia in Southern Argentina. He also took part in international hostel conferences in order to exchange experiences and gather information through an international network of budget hotels and hostels. These contacts can either be established by the owners themselves, through travel or Internet contact, or through tourists who refer hostels in other destinations to hostel owners in San Cristóbal and vice versa. And while backpacker guidebooks can provide the necessary information on where to stay and how to get there, many backpackers are often wary of the most popular hostels that are mentioned in guidebooks. Personal recommendation

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and not being mentioned in the guidebooks can even be an asset for a hostel, as it means that your hostel is considered 'off the beaten track' and maybe something new (Interview respondent #12) .

A more recent phenomenon is the online hospitality networks such as 'hospitality club' (*www.hospitalityclub.org)* or 'couch surfing' (*www.couchsurfing.org*) that offer free accommodation through trust-based social online platforms. Two business owners mentioned the fact that they were members of such a network and were inspired by the concept of trust-based non-profit travel (Interview respondents #17 and #18). One of these owners mentioned that he and his partners were offering information on how to travel and explore the region around San Cristóbal on your own, at minimum expense instead of making a profit on commission by referring backpackers to a travel agency (Interview respondent #18). This way, they could return to offering their guests a more non-commodified way of travelling at little to no cost, by-passing the intermediaries, such as travel agencies or shuttle buses that had developed in backpacker tourism in the recent past.

Similar to the situation in Zipolite, where tourists at times turn into temporary entrepreneurs for the sake of earning an income to extend their stay, San Cristóbal experiences an increase in (illegal) foreign-run hostel numbers during high season. Competition therefore exists especially between formal and informal businesses during high season, where those who have no permit or official licence can afford to charge a minimal price and out-compete the established legal businesses (Interview respondent #8). Another competition exists between those businesses that had been there since before the Zapatista Uprising in 1994, and those that opened afterwards. The owners of the latter are often non-locals who are attracted to San Cristóbal because of its central location within the Zapatista region and with a background as backpackers and international travel. They know how to offer service that are inspired by international backpacker hostels, a skill that some local people started to copy successfully. However, many of those who had run hotels prior to 1994 were not able to adapt to the new demand.

5.5.2.2 Owner-tourist networks
Nine of the interviewed business owners in San Cristóbal stated the development of close relationships, even friendships between hosts and guests in the past or present as being one of most rewarding and important experiences of running a hostel. This relationship can

range from taking care of a tourist who has become ill, the development of friendships, visiting former guests in their countries of origin, or guests who participate or help design the interior or exterior of the hostel (e.g. wall paintings or garden design) and, in two cases, even taking care of the hostel while the owner is gone on holiday; an expression of how strong the relationship of trust can become between the host and the guest in a hostel. However, the development of a trust-based social network between owner and tourists appears to depend on two things:

a) the business approach of the owner and

b) the length of stays in a hostel, as in San Cristóbal many guests end up staying for months at a time.

One hostel owner even met his wife because she stayed at his hostel as a backpacker:

> " I met my wife because she stayed as a backpacker. All the loves of my life have been here, I met them here. And my friends always came to my hostel, because it was fun to party with the travellers, meet beautiful girls, right? Well, I love dancing, so… and I was a teacher, I taught foreigners. Always meeting new people, who tell me what life is like in their country, what they do for work, so… basically, my life was like that. I don't know what I'd do without the hostel." (Interview respondent #27)

But the involvement of tourists is not limited to close relationships with hostel owners or other service providers who can then turn into friends. Outside the hostel environment, long-term backpackers in San Cristóbal also participate in the cultural life of the city. Since the mid-1990's, San Cristóbal has attracted backpacker tourists from all over the world because of the Zapatista movement, and the longer these tourists stay, the more they get involved in the cultural life in and outside the city, where travellers organize cultural events or get involved in community projects in and around San Cristóbal, often as volunteers. These projects range from social, ecological to political programmes where volunteers can get engaged and spend a few months working with the indigenous communities around San Cristóbal. However, with increasing numbers of short-term backpackers, one could argue that relationships between hosts and guests have been affected by shorter stays, as they are based on a more money-oriented relationship rather than a relationship based on trust. In the past, hosts and long-term budget travellers appear to have developed stronger

social and communication networks. Today, strongly lifestyle-oriented entrepreneurs aim at developing such networks.

Seven of the interviewees stated that a family or home environment was the major factor that travellers liked about their hostel. To these owners, a hostel is not considered solely a business, but often also a 'house' where owners live and where backpacker travellers can feel at home. Nearly all hostel owners mentioned cases where travellers had become ill and had to be taken care of, taken to the doctor or hospital and depended on the help of the hostel owner to take care of them. In one case, the hostel owner even covered the health care costs until the ill traveller had returned home and could pay back the costs (Interview respondent #21). One owner referred to the *'energy of a place'*, where you have the feeling that you can therefore recover from the hardships of travel and communicate in your mother tongue (Interview respondent #11). One interviewee stressed that he considered the relationships between himself and many guests similar to the relationships of a temporal family, where people arrive, come together and leave again. He himself felt like a father figure to some of these travellers, especially those with a similar cultural background or those who spoke the same language where he had to give advice, sometimes had to accompany them to wherever they needed to go when they needed some help to find their way, solving problems and issues together (Interview respondent #23). Experience as a traveller, or close relationships with them, was a prerequisite for such a family environment to develop (Interview respondent #18).

Another owner stated how important it was for the guests to do what they would usually do at home, whether that is reading or cooking. Inspired by European hostels of that time, shared kitchens were introduced in San Cristóbal hostels as early as the 1980's and became commonplace in many backpacker hostels towards the end of the 1990's. Especially in the past, when backpacker hostels were family-run, travellers at times had dinners that were prepared by the host family (Interview respondent #14). Shared dinners also create a community environment that allows the travellers to get together and socialize with hostel owners and fellow backpackers. And while the numbers of hostels in San Cristóbal increased, with some locals copying the 'European' concept of the backpacker hostel (Interview respondent #11), locals who had already run budget hotels in the 1980's but limited their service to offering budget accommodation alone, realised how they were starting to lose customers to businesses that provided a family ambience and more than

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'just' a cheap place to stay (Interview respondents #4 and #27). In line with what Featherstone (1987) describes as the quest for a 'real' experience, the shared kitchen and family environment in backpacker hostels in San Cristóbal could be seen a shift from a predominantly commercial relationship between service providers and customers during the late 1980's to a more reciprocal relationship between host and guest in the 1990's (Lynch, Molz et al 2011).

5.5.2.3 Marketing and promotion

San Cristóbal has been a hub for backpacker travel along the Gringo Trail dating back to the 1960's. The city is located at the crossroads of the backpacker trail through Mexico and Central Mexico. All major bus routes coming from Guatemala go through the city, as well as the long distance buses coming from the Pacific and Caribbean coasts. Within the State of Chiapas, there is little competition for this city with its temperate climate and colonial heritage, cultural life and travel facilities. Thanks to its history as a backpacker destination, and its strategic location and setting, hostel owners therefore have very little to do to bring people 'to' the city. However, the large number of backpacker hostels and the non-organised nature of backpacker travel present a challenge to hostels that attempt to attract a regular flow of guests to their own individual businesses.

Either before, or after they arrive, there are different options of how to attract backpacker tourists to your hostel:

1. *Walk-in*: Due to the fact that hostels are spread out over a wider area, walk-in is less 'prominent' in San Cristóbal
2. *Word-of-mouth*
3. *Business cards*: adds to word-of-mouth
4. *Flyers*: at strategic places throughout San Cristóbal, businesses hand out flyers to backpackers
5. *Internet*: Booking websites, social networks, blogs, websites
6. *Couchsurfing.com*
7. *Guidebooks*
8. *Networks with befriended or associated businesses* within San Cristóbal or in other (backpacker) destinations
9. *Networks with volunteer groups*
10. *Special services*

11. *Language and cultural networks* (for Israelis and Japanese)

Without exception, businesses acknowledged the importance of word-of-mouth along the backpacker trail for the success of their hostel. They confirmed that travellers who come from places along the traveller trail talk and exchange information with other travellers, whether that is positive or negative recommendation. Word-of-mouth, as anywhere in the backpacker world, is the most powerful way of promoting yourself as a business. A good host-guest rapport based on trust is paramount for a good promotion along the Gringo Trail.

> *"Word-of-mouth is quite strong, we're not in the* Lonely Planet. *We're in some others but we do get people who come here and they say* 'We met these people over there, and they told us about you!' *A few weeks ago, there were people who had been to El Salvador.* 'Listen, your friends forgot their keys, some French guys!' *And they brought the keys! Cool, don't you think?'* 'We're going to go to Mexico, through Guatemala, Chiapas, and then San Cristóbal…' 'Well, if you go to San Cristóbal, we'll be at the Posada 5 again.' 'Okay, we'll say hi to him and leave the keys there…thanks a lot!" (Interview respondent #19)

> *"A foreigner, and a local, they can become friends. I have made friends, from many places. That's what's important, the difference between a hostel and a hotel. We share more here, between everybody, whether that's the owner, or those who work here, and those that stay with us… it's a relationship that is based on the desire to get along well."* (Interview respondent #12)

Thanks to the variety of volunteer organisations not only outside but also within San Cristóbal, and the growing number of people who want to work with them, budget hostels are also seeing an increasing need for accommodation for these people (Interview respondent #11). In general, there seems to be a positive atmosphere between a number of hostels that support each other when needed and share incoming tourists. Occasionally, there are even meetings of backpacker hostel owners to discuss specific issues:

> *"For instance, now, with the beginning of high season, we meet up to discuss the rates, how to help each other out between those who run*

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hostels in the same area, so that things work better for everybody. All
those who are involved… to know whether we got their addresses right,
the moment we have a meeting. To know what services they offer, what
kind of rooms, their rates… so that when people show up, and one hostel
is full… we have colleagues in many places who talk to us then… so that
those hostels that fill up quicker know where they can send their guests
to." (Interview respondent #11)

Compared to backpacker enclaves in other parts of the world, especially South East Asia, where backpacker businesses are often highly concentrated around a specific area in town, San Cristóbal is more of a dispersed backpacker enclave (see Chapter 2). As backpacker hostels in San Cristóbal are spread out over a wider area in town with longer distances to cover between individual hostels, pure walk-in customers among international travellers in San Cristóbal are comparatively rare as they would have to walk long distances before finding a place that suits their preferences. Owners have to develop and make use of these promotional skills – handing out flyers, going to the bus stop, or waiting for the guidebooks – to channel the flow of customers to the hostel to eventually establishing a reputation along the backpacker trail.

One business owner who preferred long-term travellers at his hostel stressed the difference between short-term backpackers who depend on the use of guidebooks for their travel itinerary and long-term backpackers who gather information through word-of-mouth during their travels (Interview respondent #19). The wide-spread use of backpacker guidebooks is also seen by business owners as a double-edged sword. While these guidebooks will put a business on the backpacker trail, especially as a new business that has not established a steady customer base yet, it also means that such a business may attract a more demanding short-stay clientele, with the risk of being less social and more self-centred than long-term travellers who have more time to potentially engage in more social contacts (Interview respondents #19 and #23). Discussions with short-term backpackers about out-of-date rates or services mentioned in the guidebooks are common and regularly lead to misunderstandings between hosts and those guests selecting a hostel based on a recommendation in a guidebook. The misunderstandings can grow up to the point where some hostel owners avoid being mentioned in the *Lonely Planet*. These owners prefer to develop a strong relationship/network with their guests and consider

guidebooks and the potential commodification of backpacker tourism as a certain threat to these relationships:

> *"The* Lonely Planet *was here three or four times. I told them that I didn't want to [be mentioned in the guidebook], time and time again. Because I don't want this place to be popular or something like a business. I want to continue with the concept of a house, tranquillity, a place that is recommended by people and with people I know."* (Interview respondent #11)

While word-of-mouth and guidebooks appear to be the most important ways of promoting your businesses and generating a constant flow of backpackers, handing out flyers at centrally located places is another attempt to catch potential customers. It is also very common to see other travellers handing out flyers at strategic locations (e.g. hippie handcraft market, central square, main streets between main bus stop and city centre) where backpacker congregate or pass by. This way, they promote the hostel they are staying at, usually in exchange for free accommodation.

Another way of promoting your business is hawking at the main bus stop. Dating back to the 1980's and 1990's, hostel owners have been heading for the main bus stop and picked up backpackers with their own cars (Interview respondent #27). Similarly, in order to hawk customers, hostel owners or their staff members today head for the main bus stop at specific times when long-distance buses deliver backpackers from popular destinations along the Pacific or the Caribbean coast. This practice is frowned upon by the more established businesses; the fierce competition for customers at the main bus stop is considered a necessary evil by those that practice it and was not readily mentioned in interviews (Interview respondent #10). However, once the travellers arrive at the main bus stop – and there are specific times when buses from Guatemala, Oaxaca or Yucatan arrive (Interview respondent #2) –, a large number of hostel owners gather at the entrance in order to 'catch' international backpackers on the run and get them to stay at their hostel. One hostel owner even managed to get an office inside the bus stop (see image 11).

Image 11: Promotion of backpacker services at bus stop in San Cristóbal

As most of the hostels are quite a bit away from the bus stop, some taxi drivers try to take advantage of this situation and get a commission when they take a backpacker to a specific hostel. There is also one Japanese-run hostel catering exclusively to Japanese and an Israeli hostel catering predominantly to Israelis. Most of the Japanese tourists seem to always ignore the hawkers, moving on to their 'own' accommodation (Interview respondent #13). Only those non-Israeli backpackers who are in touch with Israelis know of this hostel and

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stay there occasionally (Interview respondent #14). However, being caught at the bus station can also result in a negative experience.

> *"There are many people at the bus station who say they have Internet for you, or something else. I don't know, and then once they get to the hostel, there's none of that. The next day, they leave, but each single day, they manage to fill up their hostel, the next day they're empty, and that's the way they work. Not me, though. I want people to leave with a smile. I think that's the best you can do, when you're offering service to the public. Whether that's a restaurant, a hotel, when they offer you a good service, you usually return or you recommend it. But when you cheat or abuse them, they never return."* (Interview respondent #10)

Some hostels want to be in the guidebooks, especially the newer hostels that have not established a reputation for themselves or a stable base of return customers (Interview respondent #4); others are selective and try to stay out of the biggest guidebooks as they attract a very demanding clientele (Interview respondent #10); and others again choose not to be mentioned in any guidebook at all as they prefer to receive long-term backpackers and guidebooks tend to bring in short-term backpackers (Interview respondent #20). Longer stays can potentially translate into a) increasing transfer of strategic skills for long-term backpackers and b) relationships of trust between hosts and guests. Artisanal skills for instance can be of use for backpackers during their travels to generate income, be it the very common making of macramé jewellery, juggling or playing musical instruments. The sharing of these skills between travellers is a common sight in many backpacker hostels in San Cristóbal and elsewhere, or outside where *artesanos* congregate in public squares or little markets throughout backpacker destinations and at music festivals all over Latin America. Some long-term budget travellers live off this income to extend their travel for years. Another effect of the longer stays is that hosts and guests can develop close relationships of trust that even allow the host or owner of a backpacker hostel to leave on a trip, sometimes for extended periods (Interview respondents #10 and #20), an expression of how especially less commercially motivated hostel owners can switch back and forth between the role of 'host' and 'guest'.

Another way of attracting guests to your hostel is establishing contacts with hostels along the backpacker trail. In order to gain some control over the promotion along the traveller

trail, especially younger hostel owners who have experienced backpacker travel first hand, chose to establish these ties with other hostels. This can either be done through the Internet, or through personal contacts within, but also outside Mexico into Central and even South America. One hostel owner describes how she followed the network of businesses in Southeast Mexico:

> *"I went on a trip: I planned a route, left San Cristóbal to head for some places in Chiapas, got to Palenque, went up the Ruta Maya until I got to Cancun … [laughs] I wasn't wasting my time, because I left flyers all over the place. I took the chance to work and travel at the same time …[laughs] And then I struck deals with people, in some hotels, in some agencies. Before, we were working with the agencies in Palenque, but that has changed now. Anyway, that's how we started, with a few people in Palenque, and then all along the Caribbean Coast. Also in Tulum, I left flyers there, even in Cancun… okay, Cancun is a bit more luxury… no idea… there aren't that many backpackers there, but they do hang out in a few cafeterias and bars. [...] At the moment, my brother went into Central America, all the way to Costa Rica to make some promotion down there."* (Interview respondent #4)

The majority of backpacker hostels in San Cristóbal either had their own website or could be booked online through online booking portals. Websites and social networks are seen as a valuable or even indispensable add-on to word-of-mouth, as potential guests had to be aware of the existence of a hostel first before they would look for a hostel online and get in touch to make a booking (Interview respondent #21). Online portals on the other hand allow backpackers to look for recommended hostels online, even without prior information, and there is strong competition between the two most successful hostels in San Cristóbal working with booking portals about ratings and their respective positions on search engines (Interview respondent #16). Having access to information about hostels from anywhere in the world, at any given moment, and assuring the entrepreneur of a secure customer without having to go through the hassle of hawking in the streets or at the main bus stop makes the Internet the promotional mode of choice for many businesses, even though older businesses can still count on the reputation they have developed in the past. However, most of the newer businesses are eager to go online and

present themselves to the backpacker market this way:

> *"It's an evolution, I tell you. You start with nothing, from zero! And at the very end, you are making contacts with others in the country; your marketing evolves into publicity. You start with something written on a piece of paper, pencil, drawn and then copied...you gradually evolve, you go to a printer, a designer, you put pictures and all that, right? And in the end, you have numerous pages online that advertise your business. [...] It's like gasoline in your car. Without gasoline, you don't go anywhere. In 2010, without Internet, everything comes to a halt. [...] Not all businesses have Internet, but some develop and put on their website. The Internet is VERY important. It's communication, and nowadays, everyone has either a laptop, an iPhone or a Blackberry. Everybody has access to the Internet."* (Interview respondent #16)

More recently, online social networks such as *Hospitality Club* or *Couchsurfing Project* have started to grow, with increasing numbers of people worldwide. These social traveller networks by-pass the commercial backpacker market, with free hospitality, social and cultural exchange.

> *"There's an organisation that's called 'Couchsurfing Project', a kind of exchange [...]. The cultural exchange is great! I've been doing this for the past three years, more or less. So, as I am a very social person, I know a lot of people, and I decided to become member of the club. I started knowing more and more people, organising international dinners. I am still working with an NGO, but I wanted to 'live' and not only 'work'. Eventually, I got together with my girlfriend and I told her that I wanted to start up a business. [...] We wanted to catch the spirit of couch surfing and turn it into a hostel. Within three years, I accommodated about 200 people. You get to know so many things that way. Plus, I work with native communities, and there are people that are really interested in this. When you have to choose between having fun or to work, well, you have to focus on one of the two, and that's how I came up with the idea to start up a hostel."* (Interview respondent #19)

Many hostels offer special extras, services that make them stand out compared to others and that they hope will attract tourists. These services include yoga (Interview respondent #4), traditional medicine (Interview respondent #11), exhibits of local artists or 'authentic' experiences with local Indian communities (Interview respondent #19), salsa lessons (Interview respondent #8), or offering to sell bus ticket services (Interview respondent #2) (see image 12).

Image 12: Information and message board at a hostel in San Cristóbal

> *"This hostel, many people look for us because of traditional medicine, so many people come just for that. Other hostels offer yoga, so people go there; something specific. Maybe it's just because of the owner; anything that makes it special. What they're looking for is becoming more and more specific."* (Interview respondent #11)

People have to know about a place before they can check websites, but hostelbookers and other websites make it increasingly easy to find and book accommodation (Interview respondent #22).

One manager of a well-established hostel remembers how promotion has evolved since

the beginnings, and how the hostel market seems to be easy to get into with few entrepreneurial skills and low capital investment, but very difficult to survive: the seasonality of tourism and the high level of competition (especially during high season) between businesses make it difficult to earn a sufficient living to sustain a reasonable income.

> *"Before, we also handed out flyers! One person would go to the bus terminal. One of the staff members had to go and hand out flyers. It was competition, fierce competition of whoever catches more customers would make it, would have everyone. Whoever didn't, well, lost it, lost it all. And you would never get back up on your feet. It's a fierce market! Getting in is quite easy, anybody can, but sustaining your business is very difficult."* (Interview respondent #21)

5.6 Conclusion

Zipolite and San Cristóbal are both tourist destinations that have been on the backpacker trail for more than 40 years. Long-term hippie travellers from the United States, Mexico and especially Europe managed to venture into these remote areas of the Mexican periphery before any major public investment had improved access to these locations. They opened up the space for local people to not only make a small but continuous living out of the income that traveller tourism could generate, but also bridge the cultural gap that existed between often 'countercultural' travellers, who practiced nudity and consumed drugs, and traditional local people. Their relatively small numbers and more 'respectful' approach – at least of the majority of travellers – enabled local people to tolerate and acculturate themselves with these foreigners over time. With little or no government involvement, both destinations continued to thrive on the Gringo Trail, as long as they did not have to experience any shocks.

In 1994 San Cristóbal experienced such a shock, when the Zapatista Uprising ended a period of tourism growth. But after a few years, it was that uprising that brought a new generation of travellers to the city, travellers who themselves started to add to the attractiveness of San Cristóbal. Moreover, a young 'home-grown' generation from San Cristóbal, foreigners and metropolitan Mexicans who were inspired by travel themselves, made use of sophisticated social and professional networks within and outside Mexico to improve their position on the backpacker market. With its strategic position at the

crossroads of backpacker trails from Guatemala, Central Mexico and the Yucatan Peninsula, San Cristóbal has a great potential to continue as the most important backpacker destination in Southern Mexico. The question is whether budget hostels, with economic problems in host countries and rising property prices, will continue to offer services to an increasingly diversified budget traveller market inside the city of San Cristóbal or whether it will continue in other parts of the city.

Zipolite experienced its shock in 1997, when a hurricane not only destroyed the infrastructure of the locality, but also the social mix of the local community. A backpacker destination that had grown on the strong host-guest relationships faced commercialisation and the change to a service-based relationship. The natural disaster also caused many long-established foreigners to leave Zipolite, replaced by many new foreigners with more financial means at their disposal. They began to out-compete local people that, due to limited financial means and lack of administrative skills, did not seem to have any other choice than selling their land to them. The lack of social cohesion and corruption at the government level resulted in a wild growth of constructions, where individual interest dominates and causes a deterioration of the physical appearance of the sites and an increase in crime rates among the local youth. With competition on the backpacker trail close by, Zipolite has lost much of its backpacker clientele to Mazunte and the future looks grim for budget tourism. Most probably, Zipolite will slowly change and cater to second-home owners and domestic Mexican tourism.

This chapter has also looked at the background, and the networks surrounding backpacker businesses in these two backpacker destinations, both of which are located on a well-established backpacker trail and with a history of entrepreneurship that includes a mix of local and non-local entrepreneurs. San Cristóbal is located at the crossroads of major backpacker trails between Guatemala and different parts of Mexico. Despite the fact that the backpacker market is difficult to quantify, anecdotal evidence from those entrepreneurs who have run accommodation businesses since the 1980's show that, apart from a decline in travellers after the Zapatista Uprising in 1994, the numbers of backpackers have remained rather constant. Strong competition between backpacker businesses has only developed since then due to the lacking regulation of the hostel market, which has resulted in a wild growth of informal businesses during high season when numerous unregistered businesses mushroom in the city. These businesses can offer

accommodation at minimal rates, and therefore successfully compete with other (formal) businesses that try to compete for price and have not established a steady base of customers, or offer a special service or atmosphere. This is the case especially for two kinds of hostels:

a) very old budget hotels where owners failed to jump on the bandwagon in the 1990's and copy the family-style or 'home away from home' atmosphere, and

b) the newest hostels that were set up in the late 1990's and the beginning of the century can count on a continuous flow of guests and the promotion through word-of-mouth.

Success of these older hostels is also based on a family or home environment which allows backpackers to recover from the hardships of travel. Owners are usually experienced backpackers themselves and know what their guests look for in a hostel. Newer businesses, however, need to develop more sophisticated or aggressive promotional strategies in order to channel the flow of travellers to their business. Next to word-of-mouth propaganda, traditional backpacker guidebooks seem to be replaced more and more by promotion through the Internet. Only a handful of larger locally-run hostels are involved in competitive strategies that include profit-motivated approaches such as larger investment, innovation, while all smaller hostels are characterised by the lifestyle approach of their owners who usually try to attract guests through strategies that require little investment, such as language or a comfortable 'home away from home' environment.

Zipolite used to be 'the' backpacker destination on the Pacific coast of Oaxaca up to the early 1990's when the village of Mazunte started to attract backpacker tourists. Former backpackers started to play a major role in the last decade of the last century when they had the chance to set up businesses in a newly opened area of the beach, while locals – with a laggard attitude – had gotten used to receiving visitors without having to do much investment in their business. Competition between these two parts of Zipolite has created division and segregation, and together with a reputation of increasing insecurity, locals who did not have the skills to compete for the stagnating numbers of backpackers who came to Zipolite lost against non-local business owners in the *CRB* and other backpacker destinations in the proximity such as Mazunte. There is little promotion as a destination, and even individual businesses still rely on word-of-mouth and the reputation Zipolite had acquired in the past. More recently, the beach seems to have lost its attire for the majority

of backpackers, as they are replaced by other tourists who seek the liberal attitude on the beach: gay domestic tourists and nudists.

Chapter 6 – Georgetown and the Perhentian Islands

6.1 Introduction

After having described the historical development of tourism in San Cristóbal de las Casas and Zipolite and analysed the networks between owners and tourists in both research locations, this chapter will elaborate similarly on the Malaysian research locations of Georgetown and Pulau Perhentian Kecil, with an introduction into the development of both locations as hippie traveller and backpacker destinations. First, this chapter will elaborate on the evolution of both destinations dating back to the 1960's and 1970's, the early days of hippie travel in Southeast Asia and the events that defined as well as processes that influenced the change and the on-going commercialisation of backpacker tourism. Following the introduction into the historical development of the two Malaysian research locations, this chapter will then analyse the research outcome of the two Malaysian case studies: the professional experience and networks among backpacker business owners in the urban backpacker destination in Georgetown, and the rural backpacker destination on the Perhentian Islands. Each case study will elaborate on the professional background as well as the business motivations of interviewed entrepreneurs in local backpacker facilities, and on the importance of networks among owners and between owners and tourists and how they manage to position their businesses along the backpacker trail in Southeast Asia in order to trace the development and commercialisation of backpacker tourism in each destination.

6.2 Introduction to Georgetown

As mentioned in Chapter 5, the island of Penang has been a tourist destination as far back as the eighteenth century. However, after the Malaysian independence from the British Empire, tourism did not appear during the 1960's, among which the Rest and Recovery (R&R) for US American soldiers who served in the Vietnam War, and the country did not develop mass tourism until the 1970's. Some R&R destinations were located within Vietnam, but most of them were abroad, in Thailand, Australia, even on Hawaii (Salazar 1999). In Malaysia, Kuala Lumpur was the first location the US government selected as an R&R destination, but supposedly after the incidents and dangers surrounding the Race Riots in Kuala Lumpur on 13th May 1969[47], it was moved to Penang.

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[47] There is little information about why the R&R was moved out of Kuala Lumpur but the date coincides with the times of the Race Riots in 1969, and it could be argued that the risks and dangers

There, American soldiers required accommodation facilities and entertainment. Often these soldiers were accommodated in well-established and renowned hotels such as the *Eastern and Oriental*, but outside their hotels, nightlife and entertainment was found in bars and often brothels. The number of brothels increased significantly with the arrival of American soldiers who spent their R&R in Penang during the 1960's and early 1970's:

> *"The R&R was here in the 60's and... actually, what happened was: with the war in Vietnam, so the American soldiers served there. They had their R&R, they used to take breaks to come here. What happened was... they came here, and they were staying at different hotels on Penang Road, Chulia Street... in one of the best hotels [...] here. But then, you see a lot of difference, in the sense that there are a lot of new whorehouses..."* (Interview, respondent #68)

American soldiers were not the first to seek the services of prostitutes in Penang, as Japanese forces had already forced women – euphemistically referred to as "comfort women" – from various Asian countries to work for the Japanese military as prostitutes during the Occupation from 1941 to 1945 (Interview, respondent #74). As a port city, Georgetown also received large numbers of seamen and navy men who looked for the services of prostitutes (May 2002). Just opposite Georgetown, on the Malaysian mainland, the Australian Air Force had taken over the Royal Air Force Butterworth from the British in 1957 (Forces War Records (2013)), and this provided considerable numbers of potential single male "customers" for prostitutes in Georgetown.

Next to the soldiers from the USA and Australia, a different kind of tourist started to arrive in the early 1960's (Interview, respondent #68). Hippie travellers were now arriving on the island of Penang on their overland trip from Europe to India and further down to Australia (Interview Stephan Loose). As the overland route through Burma and China was closed because of the political situation in both countries, they had to find alternative routes with the boat or the plane to get from Southeast Asia to India (and vice versa) and Penang was a prime location to make the trip over to the Indian subcontinent or by boat to Indonesia.

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involved in Kuala Lumpur might have been considered too high for the American and/or Malaysian authorities and Penang was considered more quiet.

"The Australia–Europe overland trip came to an end at some point because you couldn't travel through Burma, and China wasn't open either then. So people had to figure out a way to get across the Bay of Bengal. And that's where Penang came in, way back in the 70's, there was a ship, twice a month that went to Madras [officially called Chennai since 1996]. And then you could get cheap flight tickets in Penang, tickets from and to anywhere![...] Penang was more popular on the overland trail than Bangkok. There were incredible numbers of people who not only travelled overland from Europe to India, but continued onwards to Australia, overland. [...] The Kao San Road didn't exist at ALL. We went to do some research for DuMont Richtig Reisen Bangkok for the first time in 1980. We spent three months in Bangkok, and in those days, there was one single house where travellers and backpackers met. Apart from that, NOTHING! And Chulia Street existed already, but it was slightly bigger." (Interview Stefan Loose)

Unlike the American soldiers who stayed in more up-scale hotels, these hippie travellers were looking for ways to spend as little money as they could for their accommodation to be able to extend their trips, usually in cheap Chinese hotels or at the YMCA/YWCA (Williams 1966).

6.2.1 Chulia Street – the rise of a backpacker enclave

From the beginning of tourism to Penang, the area around Penang Street and Chulia Street had been the centre of tourism activity (see Chapter 5). Larger, more prestigious hotels such as the *Eastern and Oriental* were located in this area, but also the cheaper guesthouses run by local Chinese (Interview, respondent #72).

In the past, the part of Chulia Street that would eventually turn into the traveller enclave had been closed to Westerners and only navy men were allowed to go there, an area *"where they could drink, play and chase women"* (May 2002:249). It was this area where the aforementioned guesthouses and brothels developed, and with the presence of Australian soldiers and increasing numbers of travellers in the 1970's, these crowds often mixed in the same bars and nightclubs (May 2002). Guidebooks from the 1970's and 1980's suggest that there were three to four cheap guesthouses that started specializing in budget

travellers, places where they could exchange information about where to go and how to get there or organize their transport to their next destination (see image 13).

Image 13: Former Hippie Hotel in Georgetown

Apart from these guesthouses located around Chulia Street and its side streets, most of the travellers stayed at the regular Chinese-run guesthouses with other regular customers (Email, respondent #105):

> *"[Name of popular backpacker hostel] was an absolutely run-down place.*
> (laughs) *It was about the cheapest thing you could get in town, on Chulia Street. Of course, in those days, they didn't have that many hotels. And, erm…yeah, it was a real Chinese hotel. Two brothers were running the place, I believe, Chinese. Yeah, so it was an old Chinese house. They fitted some thin walls in between, and started filling it up with people. For basically nothing, it really didn't cost much. […] In the 70's, early 80's, this was the haunt for travellers. […] It functioned as an information centre, you'd meet people and they'd tell you "Man, Perhentian Islands! This and that and…!"* (Interview Stefan Loose)

Once they had arrived in Georgetown, the travellers could either stay in town or continue their travel on to one the beaches along the North shore of the island, notably Batu Ferringhi that had gained reputation as a must-stop on the traveller trail (Email, respondent #105)

Among those who stayed in Georgetown, quite a few travellers were looking for drugs, usually marihuana, opium or heroin. The country was a major staging post for heroin that was brought down from the Golden Triangle and then exported to the West (Lonely Planet, 1984). Not only was Malaysia at that time considered more relaxed and tolerant to drug consumption among travellers than Indonesia (Email, respondent #105), but opium dens were not uncommon in certain parts of the city up until the mid-1980's and for many travellers, smoking marihuana or opium was an integral – even probably though not the most important – part of their travelling experience.

> *"The drug experience was part of it all but not the main attraction.*
> *[My travel partner] didn't do any drugs. I loved the pot and hash.*
> *The local kids in Indonesia would bring the mushrooms from the fields*
> *their grandfathers told them about and sell them to the hippies. I got the*
> *feeling [my fellow travellers] had heard about the opium dens [in Penang]*
> *from other travellers and were excited to try them out."* (Email,
> respondent #105)

Starting 1st September 1972, the Malaysian government had officially banned the entry of "hippies" into the country, as officials were concerned about the impact of their lifestyle on local people. Intervention by Malaysian authorities started putting an end to the liberal attitude towards drug consumption among hippie travellers in March 1974, with raids on the beaches of Batu Ferringhi and the arrest of 94 travellers who had to then leave the country within 24 hours[48]. In the aftermath of this raid, guidebooks such as Lonely Planet

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[48] Among the 94 hippies who were arrested, there were 32 Australians, 17 Americans, eight Germans, seven French, seven Britons, four Canadians, three Argentinians, three Swiss, four New Zealanders, two Swedes, one Italian and one Mexican. 35 of them were women. (*The Straits Times*, 1974) Even though the arrests were done at one specific moment in time and are not representative of the nationalities that made up the whole traveller scene in Penang, it does suggest that the traveller route through Penang (and therefore Batu Ferringhi) was most popular among Australians, and Europeans, while American travellers who were "draft dodgers" were especially numerous until the amnesty in 1977, after which their numbers appear to have declined (Interview, respondent #68).

and Stefan Loose were warning travellers of drug consumption and trafficking in Penang. Similar to the situation of travellers to Mexico (see also Chapter 5), the hippies' liberal lifestyle, which had been silently tolerated before, was now not accepted by the authorities. Anecdotal evidence suggests that hippie tourism in Batu Ferringhi was maybe even the predecessor of backpacker tourism on the Thai islands, starting with Phuket and Koh Samui (Cohen 1982; Westerhausen 2002), and after Malaysia cracked down on hippie travellers and started to develop mass tourism in Batu Ferringhi, these travellers gradually left the beach and decided to move on towards new, relatively unexplored, beach destinations in Thailand. There are still a handful of budget guesthouses in Batu Ferringhi, with a lot fewer customers and always under threat of being closed down to make way for large-scale developments (Interview, respondent #100). Westerhausen (2002) mentions of the arrival of budget travellers to Southern Thai islands, with Koh Samui receiving its first visitors around 1974 and increasingly after 1979, as soon as the West Coast island of Phuket had started to become too commercial and budget travellers were looking for new more "virgin" destinations:

> *"Batu Ferringhi was the real destination. It was a destination in its own right and was probably the prototype for Thai island tourism. I stayed in Georgetown for a few days on the way in and out but mainly stayed out on the beach."* (Email, respondent #105)

In order to travel from and to Penang and get to destinations in Malaysia or in Thailand, travellers had various options; after taking the ferry to Butterworth, they could take the train or local buses, but one of the most popular were the long-distance share taxi services that left from in front of their guesthouse and took them to the transport hub in Southern Thailand, Hat Yai, from where they could continue further north to Bangkok:

> *"To get to Bangkok I caught a share taxi to Hat Yai, [...] big Chevy share taxis from the forecourt of the (backpacker hotel). [...] Then I got a train to Bangkok. I had no idea about any island tourism in Thailand or of any tourism occurring on Malaysia's East Coast."* (Email, respondent #105)

Chinese entrepreneurs made used of the networks that existed between the Chinese communities in Malaysia and Thailand to bring travellers to their next destination in

Malaysia, or across the border into Thailand (Interview Stefan Loose). These businessmen were successfully tapping into the economic potential that lay in offering services to budget travellers. As a result, as far back as the early 1970's, customised transport was organised from Penang to Hat Yai, the major hub in Southern Thailand. From there, travellers could then continue on to Bangkok and Northern Thailand (Cohen 1979) into or head for one of recently "discovered" Thai islands (Cohen 1982). However, in Penang, drugs still played an important role in the city of Georgetown until about the middle of the 1980's, as guidebooks continued to suggest that trishaw drivers were offering to sell all kinds of drugs to travellers who arrived with the ferry and were taken to their hostels (Crowther and Wheeler 1988):

> "There were a lot of drugs around in those days, and Penang was a kind of drug haven until the 80's. Everybody was pushing something, and every trishaw driver – and there were many back then – would offer anything from opium over heroin and whatnot. The New China Hotel was famous for its drugs! Well.. yes, yes... there were quite a few, at least a handful of these old Chinese hotels who concentrated on the backpacker market, which was a new clientele then.[...] I'd say there was quite a few, maybe a handful that started to specialize in overland travellers from Australia to Europe. [...] Prostitution and drugs were popular, yes yes... basically anything you think of when you think of the 'Old Asia' (laughs)"
> (Interview, Stefan Loose)

Finally, in 1985, the Malaysian federal government introduced the death sentence for the possession and consumption of drugs (Raja and Raja 2008). With a number of executions that involved Westerners and whose court cases were transmitted worldwide via the media (Interview, respondent #103), the country had now become infamous along the traveller trail through Southeast Asia as a country where the liberal traveller lifestyle (especially the consumption and trafficking of drugs) was not tolerated anymore. As a result of the measures taken by the Malaysian authorities, the traditional hippie-style travel had all but disappeared on the island of Penang by the mid-1980's, as they looked for destinations with a more liberal attitude, especially in Thailand and India (Interview, respondent #103). But numbers of travellers continued to increase, and even though statistical data is unavailable, guidebooks from the mid-80's mention that there were more

than 60 hotels or guesthouses catering to budget travellers, a figure that suggests quite large numbers of travellers coming to Penang (Interview, Stefan Loose).

6.2.2 After 1990: From guesthouse-cum-brothel to backpacker hostel

In the 1990's, travellers continued to visit Penang where they were looking for cheap accommodation. The number of guesthouses was increasing (Interview, respondent #65) and the majority of them were still double-functioning as brothels (Interview, respondent #68). However, changes in the business structure on Chulia Street were happening in the beginning of the 1990's, as a new concept of backpacker hostel appeared based on a "homestay" with a local family:

> "I was looking at the potential then. In those days, there were a LOT of backpackers here and they would follow them as well. Stay in the Chinamen hotels, some of those were prostitution. Normal... they would move in, [but the backpackers] are more tolerant, you know. " (Interview, respondent #65)

The appearance such a "proper" backpacker hostel was a new style in Penang, and it attracted large numbers of travellers, many of them younger students who were travelling for shorter periods and not ready to put up with the "sleaziness" of the established budget guesthouses (Interview, respondent #71). Another important change was the disappearance of small ticketing travel agencies that were replaced by computerised companies in the beginning of the 1990's (Khoo 1998).

> "[Later] we saw younger people coming, and people willing to pay a bit more. Before... they couldn't even care less for basin in the room. A bed and a fan will do. But you find people now – later on – with a basin, at least with a shower... the toilet and before. And then NOW, with air-con and stuff! It was very different then. [...] Obviously, you don't have dormitories now. [...] And people liked them! You know, single travellers. [...] At the dormitories, you meet people. You talk more, with all sorts of people. So...it's the cheaper way, but you meet a lot more." (Interview, respondent #67)

The same owner mentioned that – apart from offering hostel accommodation at an affordable price – he also offered additional services such as excursions to the Malaysian peninsula where backpackers had the opportunity to get in touch with the native people of Malaysia in the rainforest, the Orang Asli. Different from the Chinese guesthouses that offered simple accommodation with little comfort, the close contact between the hostel owner's family and the guests produced a more demand-oriented accommodation with the typical amenities of a modern backpacker hostel (Loose et al., 1993). Eventually, the owner also opened a small restaurant that served Western food(Interview, respondent #66), an expression of how budget travellers had changed since the days when "hippie" travellers would eat predominantly local food. The two following quotes give a good impression of how (food) tastes of travellers had changed in the course of time:

> "We were a British colony. Whatever Western food [we have here] is English [...], even though they don't serve them in England anymore. [...] And I started doing Green Planet [restaurant mentioned in backpacker guidebooks of the 1990's]. The business was SO good because I was the only place that served [Western food]." (Interview, respondent # 68)

> "[The travellers of the 70's left the West] because they wanted to discover other countries and cultures. We were prepared for that, and we wanted to see that. But that's not what's happening today. Most of the people don't even want that anymore, they are more than happy when there's a Kentucky Fried Chicken or a Burger King around the corner, or even a Starbuck's Café. But getting touch with the country and the people, getting a 'deeper' understanding, that's not what they're looking for anymore." (Interview, Stefan Loose)

In 1999, a study conducted by Australian students (Mead, Wundersitz et al. 1999) gave insight into the composition of the services and the tourist market on Chulia Street. Among the businesses that were located on Chulia Street, 80% of their customers were identified as backpackers or budget tourists. This shows how important this market segment had become on Chulia Street. The most important countries of origin for backpacker tourists counted (N=150) were from the United Kingdom 18,6%, Australia 12,6%, Germany 9,3% and Sweden 8,6%. Domestic and other Asian tourists were not counted in this research. Data from 2009 that was collected from the guestbook of one 'typical' backpacker hostel

(in terms of price and located in the core of the enclave) suggest that majority of backpackers who visit Penang continue to be from the UK (19%), followed by Germany (7,2%), the USA (7,2%), Australia (7%) and Malaysia (6,5%). However, during specific seasons, certain nationalities visit Penang such as Swedish backpackers (during the northern winter) and Chinese (for the Chinese New Year celebrations). Nearly 60% of the hostel guests were between 20 and 29 years old.

Through successful promotion in guidebooks and word-of-mouth across the Southeast Asia backpacker trail, the area around Chulia Street continued to be an important hub of traveller tourism for contemporary backpackers (Interview, respondent #66). Khoo (1998) mentions how, after the drug scene had been more or less cleared up, Chulia Street started to attract student backpackers and casual tourists. Soon, more and more specialised backpacker guesthouses appeared in the area around Chulia Street and Love Lane, with its bars and cafés (see image 14).

Image 14: Backpacker businesses in Georgetown

In order to generate enough revenues without having to resort to prostitution services and at the same time keeping the prices for accommodation low, many of these guesthouses were able to generate revenues by selling ferry or bus tickets. A few guesthouses managed to set up their own backpacker minibus transport with which they could not only generate

revenues through ticket sales of their own business, but also assure themselves of attracting backpackers from Thailand and other parts of Malaysia to their guesthouses. Two minibus companies offering services to the main backpacker destinations in Malaysia and Thailand were active during the time of research, and nearly all other guesthouses were selling tickets for these services as very few backpackers nowadays use the regular Malaysian buses anymore:

> *"Meanwhile, because of the sheer numbers of individual tourists in Southeast Asia, it has become so much more commercialised. No matter what! I mean, people don't have to do anything anymore today, they stay in a traveller hostel, or a hotel, and then the minibus shows up, brings them here and there… they don't even get to see a regular bus terminal in Malaysia anymore. Minibuses have been around for 10 or 15 years, since the middle of the 90's or end of the 90's. People saw that they could make money with that, and ask for more money, too! And travellers are happy because they don't have to go to the bus terminal anymore, and they even pay three or five times as much as they would otherwise."*
> (Interview Stefan Loose)

As a result, hostels within the Chulia Street area started offering services that range from budget accommodation, travel agencies and minibus transport, to bike rental and - towards the end of the 1990's - Internet (see image 15).

Image 15: Backpacker hostel in Georgetown

One of the major reasons for international travellers to come to Penang up until the 1990's had been tax-free airline tickets. However, the sale of tax-free airplane tickets came to a halt when Malaysia began taxing airline tickets at the beginning of the 1990's (Khoo 1998). Only few developing countries had imposed a tax before the 1990's, and with the introduction of a tax on airline tickets, the small travel agencies that sold tax-free airline tickets on Chulia Street ceased to exist (Interview, respondent #74).Soon, cheap airlines tickets were replaced by a new "unique selling point" in Penang, the Thai visa:

> *"The 'visa run' is a more recent development, because the Thais started to apply stricter rules on how to get visa for their country, while the Malaysians didn't. In Malaysia, they still give you this wonderful three month visa, without having to apply for anything in advance."* (Interview Stefan Loose)

Thailand, because of its cheap cost of living, had become a haven for long-term backpackers as well as immigrant tourists (Schauber 1995). Unless they have the status of an immigrant or accept an illegal status in Thailand, these travellers are forced to cross the country's border to Malaysia, Cambodia or Vietnam to extend their visa at one of the Thai consulates abroad. In competition for tourists with the neighbouring country Thailand,

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Malaysia continued to grant visitors a tourist visa on arrival. This situation is especially interesting in the context of backpacker mobilities (Hannam and Ateljevic 2008) where the time spent during a visa run is a suspended moment in the mobilities of backpackers that enjoy the freedom of movement, physically, culturally and virtually, until they are confronted with the legal situation of their stay in a country, in this case Thailand. The need to cross a border into a neighbouring country, and ask for 'visas' that grants access to the physical and cultural space where they can reengage in their mobilities, could be considered a forced 'mooring' (Paris xxx). The fact that these mobilities are of such a high importance, and the extent in which visa runners experience the limitation in their physical mobility, is possibly also reflected in the fact that large numbers of backpackers seek the mobility of the backpacker enclave, and within the enclave the virtual mobility of internet connection (Wi-Fi or internet café). Similar situations to Malaysia/Thailand seem to occur in countries neighbouring other popular backpacker destination countries, such as Guatemala/Mexico, Nepal/India where the mobility empowerment for travellers can be very different (see also Timothy 2001) and where the mobilizing and constraining capacities of hospitality are expressed in how backpackers are 'pushed' out of one country and 'into' another because of specific visa regulations (Lynch, Molz et al. 2011). Increasing numbers of backpackers were now coming to Penang just for a so-called "visa run", which gave the chance to the hostel owners to add a new service to their collection in order to 'smoothen' the experience of being in the slow lane for a certain time: the owners would take care of the formalities and help tourists who wanted to (re)enter Thailand with the paperwork. The backpacker study in 1999 (Mead, Wundersitz et al. 1999) stated that about 13,2% of the interviewed backpackers were coming to Penang for a visa run, and by 2010 this number had risen to an estimated 50% to 70% of backpackers staying in hostels around Chulia Street (own research, 2010)[49].

> "We had a restaurant, and after that people were asking for rooms and
> everything. And we thought 'Oh! We have rooms upstairs! Why not open
> a guesthouse?' Within a month or two, then we can do it... Other services

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[49] It is very difficult to say whether this percentage is representative but estimates indicate that around 100 backpackers-cum-visa runners head for the Thai consulate in Penang every day (Interview, respondent #65), in high and in low season, and with 50% to 70% of all backpackers that stay in backpackers hostels considered "visa runners" (based on the estimates of various interviewees), the total number of backpackers visiting Penang would add up to a number ranging from between 4,500 to 6,000 backpackers per month.

also. Then people keep asking… then, people keep asking for how to get visa and everything. 'Ok. Why don't we get involved in that? Provide services…' From time to time, we keep providing more and more services. Today, we have become a 'one-stop' place for them. See, we have food, we have rooms, we have travel agency, we have buses… even, we have our OWN tour bus." (Interview, respondent #58)

Originally, visa tourists had to go to the Thai consulate themselves, but more recently, guesthouses managed to offer a visa service where the tourist can stay at the hostel and wait while the guesthouse owner takes care of the visa formalities on their behalf (see image 16), against a slightly higher commission than those guesthouse owners who accompany you to the consulate (Interview, respondent #56).

Image 16: Services offered by a backpacker business in Georgetown

A sign of increasing competition, this has caused tensions among hostel owners who used to make considerable amounts of money with the Thai visa service and find it difficult to compete with those businesses that offer a slightly "better" service and with a tendency of monopolizing on certain profitable services, such as the Thai visa:

"Big business now. Before no, before it was all small operators. Now we have this… people dominating this… people dominating that… you know. Like if I'm NOT mistaken, [one backpacker hostel] is dominating the Thai visa. You know, and then… suddenly they dominate this and that, you know. Different business: like renting bikes or whatever. It was different then. Before, people don't rent bikes. People rent bicycles. It was very different, you know. Everything is very money orientated.." (Interview, respondent #66)

6.2.3 Lifting the *Rent Control Act 2000* and the *UNESCO Heritage Site 2008*

Next to the concentration of services and the consequent "pooling" of backpacker tourists around a small number of businesses, there are external factors that have had a major impact on the development of accommodation facilities in and around the backpacker enclave, namely the *Rent Control Act of 1966* and the *UNESCO World Heritage Site* title that Georgetown acquired together with Melaka in 2008 (UNESCO 2008).

Many heritage properties that were built in Georgetown before World War II were protected under the *Control of Rent Act of 1966* (Badaruddin, Ghafar et al. 2000), which meant that those tenants who were living in buildings that had been completed before the 1st February 1948 were protected from rent increases. Of all Malaysian cities, the *Control of Rent Act* had the most severe impact in Penang where about 12,600 buildings (about one third of the total of around 28,000 in the whole of Malaysia) fell under the Act (Ng 2010).

The idea behind this Act was to protect tenants in older houses from those landlords who tried to increase the rent beyond the level that tenants could afford, especially during times when there was a high demand for housing after World War II (Ng 2010). However, the *Rent Control Act* had a severe impact on the social makeup of the city centre as many low-income households could afford to live in the historic city centre, while at the same time buildings were neglected, with little investment by property owners into existing structures as there was no profit to be had from increasing the quality of the structure (Ng2010). At the same time, tenants did not take care of their buildings, often subletting the properties at a profit, many of which were turned into small hotels. These cheap city-centre hotels, many of which were concentrated around Lebuh Chulia and its side streets, were often referred to as "Chinese cheapies" (Crowther and Wheeler 1982) and were

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those attracting budget travellers from Europe and Australia (Badaruddin, Ghafar et al. 2000)

Apart from its negative effects, the *Rent Control Act* did provide the right conditions for a bustling street and city life in the city centre of Georgetown, with large families dwelling in the often overcrowded houses and a large variety of trades that were accommodated in the old Chinese shop houses (Ng 2010). It was this street life and variety of urban culture that was one of the main attractions of the city when the first budget travellers arrived in the 1960's and 1970's (Interview, respondent #74). In a travellers' guidebook from the 1980s, the atmosphere in Georgetown is described as follows:

> *"The city centre can easily be discovered on foot, where you can see lots of interesting things, as the streets are bustling with activity. There are still many colourful street markets, fortune tellers will read the future out of your hand, trishaw drivers offer their services, the food stalls are busy preparing food for everybody, and Indian and Chinese family celebrations are moved out onto the streets because of the lack of space inside the houses, just like the products sold in the many small shops. You'll find that you will have little space left to walk around."* (Author's translation from guidebook *Stefan Loose* 1984:150,151)

During the 1980's, in line with the federal Malaysian government attempts to modernize the country, many high-status residential areas and commercial premises were developed outside the city centres (as these centres were still protected under the *Rent Control Act*). In Penang, the Penang Bridge that connects the island to the mainland, and the KOMTAR centre – a large business and shopping centre - in the city centre were completed during this period. Along the Northern shore of the island, international investors transformed the beaches of Batu Ferringhi into a series of resort hotels including the *Golden Sands*, *Holiday Inn* or the *Shangri La* (Goh 2002).

In 1993, the federal government came up with a plan to gradually phase out the *Control of Rent Act* and the Penang State Rent Tribunal started to relax its opposition to redeveloping rent-controlled areas within the city centre (Goh 2002). Eventually, on 1st January 2000, the *Rent Control Act* was repealed, and rents in the area around Chulia Street sometimes rose from 300 to 4,000 Malaysian Ringgit (author's comment: £50 to £700) basically overnight

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(Ng 2010). This forced thousands of tenants that could not afford to pay such a rent to move out of the city centre and seek accommodation elsewhere in and around Georgetown (Interview, respondent #72), taking with them long-established social ties and the variety of street life that had become an integral part of Georgetown over time (Interview, respondent #74).

> *"Before, Chulia Street had a tram car… that brought tin from the tin-mine to the jetty. […] Before there were so many people here, now they've moved! All kinds of businesses were here… [They moved] because the old house, the owner takes back the house, because they're very expensive for the rent! [The rent] was very HIGH! They couldn't stay here. They all moved out to Air Hitam, the new… the new… place! [The money lenders] just opened now. The older ones [are] in Beach Street. That's where they were before, on Beach Street. They are ALL new here… before this guesthouse. Before, there was a food court. They changed it into a guesthouse."* (Interview, respondent #72)

While smaller businesses either were closing or had to move out of town, larger guesthouses started to mushroom on and around Chulia Street. The backpacker enclave that had been based around a handful of Chinese budget hotels started to offer more and more customised backpacker services such as ferry ticket services, Internet or bike rentals for the increasing numbers of backpackers. Competition increased, as described by an interviewed business owner who had run a backpacker hostel for more than twenty years:

> *"It's so competitive now. Like before, we were charging 18 ringgit* (author's comment: about £4,50 in 1995) *for a double room. You know and now… for a fan room, you still can get it for about 25 Malaysian ringgit* (author's comment: about £4,50 in 2010). *That's only about 7 ringgit extra! And compared to the six per cent inflation every year… we get here… after 20 years, just imagine that!"* (Interview, respondent #66)

Before the *Rent Control Act*, tenants on and around Chulia Street had often managed to sublet some of the rooms in their houses to budget travellers for less than a Pound Sterling per night in order to increase their income (Interview, respondent 109). With the

departure of the established tenants and facilities, they were replaced by more professional businesses (research notes 2.3.2010). Today, the majority of hotels on Chulia Street continue to rent their facilities. However, leases only last for two years, after which the owners often raise the rent, especially when the business has considerable success. As a result, accommodation facilities are often shut down, or taken over by a new owner:

> *"They open, and they close. They open, they close! You see, they close so much. They…hm… there's one guesthouse, the [name of backpacker hostel]! Closed. And there's one called… [name of backpacker hostel]! Closed. Now, what's left is the bakery. And there's one more, they called, it's also called. [Backpacker hostel] is closed! And still one the road, [backpacker hostel], is closed* [author's comment: this location reopened as a boutique hotel]! " (Interview, respondent #70)

On the 8th of July 2008, Georgetown and Melaka were granted the status of a *UNESCO World Heritage* site. Chulia Street is located in the heritage "buffer" zone where property prices have risen sharply since the heritage title. Investors from Malaysia and abroad are starting to buy properties in the historic city centre (see image 17), either for speculation purposes or to renovate the buildings and turn them into boutique hotels (see image 18).

Image 17: Properties sold for boutique hotel development in Georgetown

Image 18: Boutique hotel renovation in Georgetown

"After the UNESCO thing… you have a lot now, you see French! Or a lot of other people from Europe… they're buying places and they're restoring it. They're making prices of the houses go sky-high, but they're ready… bringing back the old glory to the building. And a lot of them come, turn them into boutique hotels." (Interview, respondent #67)

"This place waits for a good price, and then sell [laughs]. The boss once said, for five million ringgit (author's comment: about £ 900,000 in 2010). *This place! Five million* (author's comment: about £1,000,000)*… for the land. The rent is 10,000 ringgit* (author's comment: about £ 2,000 in 2010). *Not me talking, but the owner."* (Interview, respondent #64)

At the same time, existing guesthouse owners find it more and more difficult to run a budget guesthouse under the regulations of the UNESCO guidelines for a heritage site, as materials and architectural styles need to be considered when renovating a building, rendering it extremely costly to continue doing business with small-scale budget accommodation (Interview, respondent #58). Under this financial pressure, during the time of research, all the guesthouses mentioned in guidebooks and located in the core heritage area had disappeared. Properties in the core zone have to follow stricter guidelines when it comes to renovation than those in the buffer zone (Interview, respondent #58). Even in the buffer zone, those businesses that were located outside the immediate core of the backpacker enclave, i.e. Chulia Street and its immediate side streets, had closed, as the owners of the guesthouses had rented the property and could no longer afford to pay the higher rent (Interview, respondent #66). Two of the larger businesses had started to expand their services, acquiring additional buildings in the proximity of their existing hostel, where they could offer slightly higher service standards (e.g. air-conditioning, cable TV, and en-suite bathrooms).

6.3 Backpacker Businesses in Georgetown

6.3.1 Professional Background and business approach

In Georgetown, the backpacker enclave gradually developed from what used to be a nightlife district for American R&R soldiers from Vietnam as well as British and Australian air force soldiers. In an attempt to delimit "unruly" behaviour (i.e. alcohol, gambling, and prostitution), the local government wanted to delimit a specific area of town to certain

functions such as bars, cheap hotels that often doubled up as brothels and other illegal nightlife activities (May 2002).

Until the late 1980's, drifters and explorers (Cohen 1973) had travelled to Georgetown on their way to and from India. In the 1990's, the appearance of a new generation of backpacker hostels in Georgetown was based on the fact that a local businessman, who had prior experience as travelling as a backpacker, decided to open a backpacker hostel without allowing prostitutes into his business. In line with Ateljevic and Doorne (2000), this entrepreneur decided to step beyond the consumer and producer divide, and work in a 'niche' market, namely the backpacker tourism market, to make a living. Similar to the observations in South Africa (Visser 2004) and Australia (Welk 2004), his success also motivated other local business owners to copy his approach (Interview, respondent #12), either by working together or simply by observing his strategy and copying his approach[50]. This owner also stressed how close the relationship between him and the guests used to be (Interview, respondent #14).

In the 1990's, with increasing numbers of (younger) backpackers, local entrepreneurs started to realize that investment in accommodation facilities in the growing backpacker tourism market could also yield promising revenues if you catered exclusively to this clientele. At that time, most of the businesses in Georgetown, and especially around Chulia Street, were small and very simple, usually family-run budget hotels run by Chinese Malaysians. These hotels are referred to as "Chinese cheapies", as described by one interviewee:

> "Before, as you say, it was run by families… and some they even passed down the guesthouse from generation to generation. You know how Chinese are: your father is a tradesman, and you want to be a tradesman. So, it's a family thing and people get closer… and… you know, people see the kids, this is the son, this is the daughter, and this is the wife! It's very comfortable and we used to live up from the restaurant. Yeah, it was the same thing. Family… and before, many businesses were similar, like that." (Interview, respondent #13)

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[50] While doing research, several interviewees mentioned an individual who had been crucial to backpacker tourism development in the past, while remaining secretive about his name. During the interviews, it became clear that they were all talking about one single individual whom I had the chance to interview to cross-check their information.

Similar to the situation in Yogyakarta (Hampton 2003), there was a pre-existing accommodation infrastructure that backpackers could make use of. Anecdotal evidence suggests that some backpacker business owners continued to rent out rooms to sex workers, as the revenues that can be made illegally are potentially a multiple of what a business that would be limited to accommodation of budget travellers could provide (Interview, respondent #13).

Georgetown as a backpacker destination reveals how backpacker tourism, once it reaches a certain level of massification (Markward 2008), can trigger the growth of services and generate a sufficient amount of income once your backpacker hostel becomes large enough. As a result, entrepreneurs that have little or no prior experience in (backpacker) tourism start to get engaged in backpacker businesses: of all interviewed business owners in Georgetown, only four had previous experience with the management of a tourist business prior to starting up a backpacker hostel within the enclave along Chulia Street. However, three of these interviewees had experience limited to running or working in conventional (mass) tourist hotels, rather than smaller businesses that cater to backpackers. Only two of the interviewees could be considered developer tourists (McMinn and Cater 1998; Brenner and Fricke 2007) as they stated that they had developed many of the required skills on how to set up a backpacker hostel by travelling and getting an inside perspective of the backpacker world. One of these owners had started his own business after having worked as a manager in a well-established backpacker hostel on Chulia Street for years. In the meantime, he had become known among backpackers in Thailand for being specialised in Thai visa services. He also established strong relationships with his customers, lending them money and offering accommodation in his facility.

Real 'lifestyle' approaches appeared to be important only to these two individual entrepreneurs, both of whom occasionally continued to travel as backpackers, especially to Thailand but also other countries in Southeast Asia and beyond:

> *"I travelled for a couple of years in Europe. [...] Then...I was doing contract work, like clearing lands for people. [...] Then after that, I went and looked after a car park. I looked after a car park... then, after that, I worked for a hotel here* [a long established backpacker hostel]. *I was the manager there, for a while. [...] In the 1990's... 1999."* (Interview, respondent #10)

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With the past experience as a traveller, the ideas on how to offer backpacker services was influenced by what these 'lifestyle'-oriented entrepreneurs had seen in other backpacker destinations, the atmosphere and social relationships that backpackers liked to engage in. With that 'strategic' experience, they managed to create an environment that enabled them to run a business in competition with the larger backpacker hostels. However, copy-cat behaviour seemed to undermine their strategy, as one successful lifestyle-oriented hostel owner states:

> "[…] many people follow me, like [name of other backpacker hostel] follow me, the way I do. They imitate. I'm the first one to do it like this. Ports, chairs, table outside… imitation! I don't care…"(Interview, respondent #15)

These individuals are also the only interviewed business owners who are financially successful with their business while at the same time having little incentive to grow or expand their businesses. The key to their success is their unique selling point: they offer strategic services such as information on visas to Thailand and travelling along the backpacker trail through Southeast Asia as well as the personal contacts with other backpacker entrepreneurs' information. Similar to backpacker destinations with a large number of lifestyle entrepreneurs in other parts of the world (Brenner and Fricke 2007), they manage to transcend the gap between service provider and consumer and manage to attract customers to their business. As a result, these two business owners were the only who appeared to survive the competitive environment of the backpacker enclave in Georgetown without expanding their services beyond a very limited number of beds or services, and one of the two specifically stated that their business approach was used as a blueprint for those business owners with a more profit-motivated approach and no previous experience in backpacker tourism (Interview, respondent #15).

Copying other owners' successful business strategies is a feature that seems to be quite prominent among businesses on Chulia Street. During the time spend in the backpacker enclave, businesses appeared to offer similar services with little difference between them, and one business owner – who had travelled as a backpacker – mentioned the fact that his ideas that were based on his travelling experience, were often copied by other less travelled business owners (Interview, respondent #15). A large number of backpackers who come to Georgetown appear not to look so much for the 'unique' experience, as

merely for a cheap and clean accommodation while they wait for a visa to Thailand to come in (Interview, respondent #15). The *massification* (Markward 2008) of backpacker tourism that had begun with large numbers of backpackers in Australia and New Zealand in the late 1980's and reached Thailand by the 1990's (Westerhausen 2002) is now clearly visible in Georgetown. As a result, during the time of research, few backpacker hostels had unique services to sell, and all of them tended to focus offer the range of basic services such as accommodation, (simple) breakfast, visa services and helping out with tickets to other backpacker destinations in Malaysia and Thailand. Whether this had to do with the limited demands of the backpackers where the majority arrive in Georgetown to solely seek visa services for Thailand, with little interest for the city or other attractions nearby, or whether this is due to the lack of experience from the side of the entrepreneurs remained unclear during the research.

As most of the backpacker businesses are run by entrepreneurs who had no experience as travellers themselves, they depend on the input from the backpackers or copy other entrepreneurs' business approach. With little to no inside experience with the backpacker lifestyle, and experience in more business-oriented approaches to running a business, this could likely be one of the reasons why the business approach focusses on the backpackers' basic necessities which is often limited to keeping the hostel affordable, clean and, as all of the interviewees said, "free of bedbugs". For a destination such as Georgetown that is visited by short-term backpackers who often stay just until they manage to get a visa to Thailand, this seems to be sufficient to be financially successful, at least for a while. However, this also marks a difference to how budget travellers stayed in Georgetown in the early 1970's and 1980's, when the beaches to the West of the city were popular traveller hotspots, and Georgetown was considered a destination for those travellers who were looking for more than just a visa for another country. In those days, for instance, many budget travellers did not seem to mind the presence of sex workers and drug consumption in their hostels, often even taking part in illicit activities, as long as their accommodation remained affordable.

> "In those days, there were a LOT of backpackers here and they would follow them as well. Stay in the Chinamen hotels, some of those were prostitution. Normal... they would move in, they [the backpackers] are more tolerant, you know." (interview, respondent #12)

Nowadays, the 'bubble' around backpackers is closed, the safe haven (Hottola 2004) is complete, as backpackers are taken to and from their accommodation in customised shuttles that head for Thailand and other popular destinations in Malaysia. A few transport services that have managed to tap into the backpacker market are running shuttles to these destinations. However, contact with local people is now limited to pure service provision and interaction is minimal.

As mentioned above, next to the family-run businesses, budget hotels also double-up and sometimes continue to function – according to one interviewed local and several comments of backpacker tourists during the time of research – as brothels. According to one local interviewee, this has been common among accommodation facilities on Chulia Street and dates back to the times when American G.I.'s spent their R&R in Penang, and is also due to the fact that subletting rooms to sex workers can generate a much higher revenue than (legal) tourism activities alone (Interview, respondent #13).

However, as long as running a hotel or other accommodation facility in one of the Chinese shop-houses remained affordable, with extremely low rents due to the *Rent Control Act* (see also Chapter 7), businesses could remain small-scale, with a very small profit margin. This enabled families without any professional background or experience in tourism to run a business. More recently, economies of scale force even budget hotels to increase the numbers of beds:

> *"They're getting bigger...you know. [...] Before, you had five rooms, or six rooms... 10 rooms... now you have like 40, 50 rooms! It's getting big! [...] So, these backpacker places, properties are getting more expensive. The rents are getting higher. But larger businesses, they can afford expensive rent. And if I'm not mistaken, some are paying like, I don't know, 20,000 ringgit (author's note £4,000 in 2012) monthly?"* (Interview, respondent #13)

Most of the interviewed business owners in the budget sector derive their main income from other activities next to running a hostel and can therefore keep the prices for a bed or a room low. Similar to San Cristóbal de las Casas (see Chapter 5), service providers try to spread their income sources across a wide range of services, going from bike rentals to visa services, selling bus and ferry tickets and eventually offering shuttle services to and from

Thailand, as well as across the country. However, when asked what kind of activities they engaged in, interviewees were secretive about their (other) business activities, and few would answer openly and asked for privacy, or the hostel was run by a manager who could or would not answer this question. Other interviewees who depended solely on their hostel as a source of income were open about the difficulties they faced and how competition with the more 'diversified' business owners made it very difficult to survive. For those who depend on their hostel as their single source of income, this causes concern as backpacker look for the cheapest accommodation possible and owners find it hard to raise their rates and increase their revenues (Interview, respondent #7). Price competition is therefore strong, and it seems that similar to the situation in Thailand (Cohen 1982), there exists an ethnic and economic divide between Indian Malaysians and Chinese Malaysians, even in the backpacker business environment.

With the lifting of the *Rent Control Act* in 2000, rents multiplied overnight. Since Georgetown acquired the title of a *UNESCO World Heritage* site in 2008, property values and rents have increased. All the interviewed business owners who were renting properties on and around Chulia Street stated that landlords would raise the rent as soon as they discover that a business in their property is running successfully. As a result, higher revenues of a hostel have become even more important for those backpacker businesses who rent the property. Only two of the interviewed business owners were actual owners of the property (both mentioning that they were the only actual property owners among the business owners on Chulia Street), and both of them had managed to acquire the property before property prices had started to increase. Recently, no 'new' property owners have entered the backpacker businesses. All other interviewed owners were renting their property, which meant that they were often struggling in the gridlock situation of offering budget services while having to deal with increasing costs of living and the threat of a higher rent once the rent was renegotiated at the expiry of each two year lease.

Consequently, businesses that are based in rented properties and that start to generate high revenues are forced to pay a higher lease, a price that tenants are unable to pay unless they start expanding their backpacker services. Not only has this led to an increase in the number of beds per hostel and the pooling of backpacker services in one single hostel in order to maximize profits, but gradually, it has also pushed out the smallest family-run businesses and led to a high level of business turnovers (Interview,

respondent #6). For tenants who run a backpacker hostel, planning long-term has become very challenging, as leases are renegotiated every second year and when a business stays small, it cannot survive on the market unless it is fortunate enough to pay a low rent or own the property. A profit-oriented approach has become essential to surviving in an increasingly competitive tourist market:

> *"You see quite a bit, getting more and more. So, these backpacker places, properties are getting more expensive. The rents are getting higher. [...] And to have someone who can pay that kind of rent... and actually make money to sustain... it's not easy. So... you know... [..] it has to be very business oriented."* (Interview, respondent #12)

The owner of one of the largest hostels in the enclave stated how he started investing in the hostel sector, with an ad-hoc approach and how little inside knowledge of the backpacker scene is needed, as long as you follow a business-oriented approach (Interview, respondent #16). Being close to Chulia Street and a more business-oriented approach is becoming more and more important, and one of the two lifestyle entrepreneurs mentioned how he considered leaving Georgetown behind and retiring to Indonesia (Interview, respondent #15). This marks a clear shift in business approaches away from lifestyle to business-oriented (Williams, Shaw et al. 1989), and it is very likely that in the future, few or no 'lifestyle' entrepreneurs will be left in the backpacker enclave around Chulia Street in Georgetown, and very few backpacker hostels will have survived outside the enclave. What used to be a 'dispersed' enclave as in San Cristóbal, with hostels all over Georgetown, has now – through the pressure of a highly competitive market and the massification of backpacker tourism - become a concentrated enclave (Howard 2007) with high costs and low return on investment. This situation is typical of Chulia Street and the neighbouring streets, but even for those owners who try to run a hostel outside the backpacker enclave, initial investment is high in so far as they try to stay within the UNESCO World Heritage Area. Therefore, among those business owners who intend to start up a business, capital investment and management is shared among two or more. It could be argued that as a result of all these difficulties, business owners are forced to become more business- and profit-motivated in their approach and with less 'backpacker' ambience or inside knowledge of the backpacker scene.

Given the circumstances of increasing prices and rent, and the high level of competition,

surviving the first few years proves to be difficult and the need to expand and offer a wide range of services in order to pool income is paramount. But how does diversification of services develop in the backpacker enclave in Georgetown? Do entrepreneurs develop strategies and 'test' them or do they respond to demand? According to three of the interviewed entrepreneurs, the development of backpackers businesses seems to be fully 'demand-driven'. As only two of all the interviewed business owners had travelled as backpackers themselves, there is basically no prior inside knowledge of what backpackers look for. Owners of the larger hostels on Chulia Street described how they got into backpacker service provision and how their hostel developed along with the customers who were asking for these extra services (Interview, respondents #3 and #7).

Throughout the interviews among entrepreneurs in the backpacker enclave of Georgetown – and in stark contrast to the more prominent lifestyle approach among the many interviewed backpacker business owners in the Mexican research locations –, the idea of a business-oriented approach running a hostel in the backpacker enclave was apparent. As a result of the high level of competitiveness among businesses, the head of the local budget hotel organisation mentioned the lack of a business community and business approach among a large number of backpacker businesses (Interview, respondent #14). As long as backpackers come in large numbers because of Georgetown's unique selling point, namely the Thai consulate and the provision of visa services, they do not feel the need to cooperate or to engage in marketing or promoting their business beyond the established personal networks, Internet and word-of-mouth.

Apart from two businesses, all of the interviewed hostels were manager-run, with owners not living in the same building, and as a result of their absence, their personal contact between hosts (i.e. managers) and guests was usually limited to the provision of services. One of the (lifestyle) owners who lived in the same building as his hostel pointed out how important the on-going presence of the owners at the hostel was in order to guarantee a certain quality of service to guests and how the absence of the owners often results in mismanagement and business failure (Interview, respondent #15). Respondents also mentioned that the increasing numbers of backpackers who descended on Georgetown were due to the large numbers of backpackers that went to the islands in Southern Thailand. Thailand is the number one backpacker destination in Southeast Asia as a long-term destination and the opportunity to extend their visa by crossing the border into

Malaysia for two days and make use of the services at the Thai consulate is the reason why these visa runners come to Georgetown. The majority of backpackers who come to Georgetown belong to the group of visa runners. These visa runners usually spend a minimum of time at a backpacker hostel and make use of their services which include accommodation, maybe a bar and restaurant services and as an information resource on how to get around Georgetown, Malaysia and beyond. It could be argued that the limited time that backpackers spend in Georgetown denies them the opportunity to develop more meaningful relationships with each other, relationships that would allow them to gather information. As a consequence, they appear to rely much more on other sources of information such as the Internet and the ready-to-use services that businesses and business owners can provide them.

> *"Of the visa runners, I think that within a week, should be about 1,000 people. Per week, until Saturdays. Maybe 200 per day... just visa run, they don't come on a Friday or Saturday or Sunday."* (Interview, respondent #22)

There is another Thai consulate in Khota Baru on the East Coast, but transport and accommodation is considered easiest and most convenient in Georgetown, where backpacker shuttle buses will drop you and pick you up in front of your hostel of choice within the backpacker enclave. In some hostels there is even a wake-up call service, and you can buy your ferry tickets to Langkawi or Medan, all from the same hostel (Interview, respondent #3).

As mentioned above, Georgetown carries the title of *UNESCO World Heritage Site* since 2008, and this has increased the number of tourist arrivals to the city. Exact figures of how many tourists arrive in the city of Georgetown and how many tourists stay in the budget hotels are impossible to get as the only official count of tourist arrivals is limited to the airport arrivals, regardless of the tourists' final destinations and budget hostels do not provide counts of how many guests stay with them[51]. However, an effect of this UNESCO title is that more and more businesses have opened their doors to accommodate tourists

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[51] Officially, hostels in Georgetown, as part of the tourism sector, have to register their guests, but many of these businesses are run without a license; when asked by the Socio-Economic Research Institute (SERI) in Penang to provide data on guests, all but two businesses refused to pass on the information. It is very difficult to guess the number of backpackers who stay over in and around Chulia Street in the course of a year.

and one business specifically stated that the UNESCO title was the main motivation behind opening a budget hostel (Interview, respondent #5).

For local entrepreneurs who run backpacker hostels, the limited income that backpacker services generate and the increasing costs of living while at the same time having to deal with a strong price competition on Chulia Street and improving the quality of service or infrastructure proves to be a challenge. More recently, the fact that affluent foreigners can afford to buy and renovate historic buildings and offer accommodation at a reasonable price (just enough to maintain the hotel in good condition) while waiting for the upper-end tourist to arrive is making it more and more difficult for local budget hotel owners to compete. As a result, those local business owners who are involved in the budget sector try to raise their income by offering an increasing variety of services that are relevant to backpackers, such as more sophisticated shuttle services to other parts of the country and to Thailand or visa services.

Cooperation among backpacker hostels and readiness to provide information such as occupancy rates to the budget hotel organisation are very limited (according to one interviewee and members of a local research institute, many of their activities are not officially registered which could prevent owners from revealing useful information). During the time of research, and during informal talks, the level of competition was revealed in sometimes severe ways, with some business owners giving misleading information to arriving backpackers, telling them that a certain business (that had been pre-booked) was now full and they could stay with them. Competition between owners in the backpacker enclave is strong, and there appears to be a strong level of competition between the Western end of the Chulia Street – the area that used to be the hub of the backpacker scene up to the early 1990's – and the established businesses there, and the newer businesses further down the street to which most of the backpackers have now moved (Interview, respondent #18). In the context of a formal interview, few respondents were open to comment on the competition between these different businesses, but throughout the research period, and during informal talks, many comments were made about the difficulties of effective collaboration, and about the ethnic nature of competition between Indian and Chinese Malaysians, similar to the situation in Thailand (Cohen 1982).

> *"They're the Chinese, you know. But I still send people there, because for me, I don't care who [...] you are. I just want... because the rooms are very*

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nice, and clean. So I say 'Go there, they have clean rooms'." (Interview, respondent #10)

Backpackers who stay for a short period of time would probably not be aware of the potential or actual conflicts between different businesses, as their demand for services is often limited to a clean hostel without bedbugs while real interaction with business owners is limited to the basic provision of services and typical discussions about backpacker travel in Southeast Asia (Interview, respondent #15). With a more demanding clientele and a more business-oriented approach from the side of the entrepreneurs, a (near) monopoly around the Thai visa service provision in Georgetown has developed: in the past, backpackers had to either go to the Thai consulate themselves to ask for such a tourist visa or seek the services of one of the many intermediaries located around Chulia Street, but recently, one single business is organising Thai visa without the tourists having to go themselves (Interview, respondent #13). Again, economies of scale dictate that businesses grow and become bigger, the 'bubble' around the customer – in this case, the backpacker – is closed and revenues channelled into the hands of fewer and fewer (local) entrepreneurs.

Gradually, what used to be small-scale entrepreneurs started to grow in size, sometimes ownership was also shared among several business partners, and the hostels started to offer more and more services to the point where businesses turned into a one-stop destination in Georgetown (Interview, respondent #3). Even though observation during the time of research revealed that most businesses offered the same range of services, interviewees mentioned the need to offer a feature that made them stand out compared to one or the other of their competitors. In order to compete with these larger but cheaper service-oriented businesses, hostel owners have to offer something unique and affordable, like a heritage style, a reading room, a proper TV room, free Internet access, or a social atmosphere within which backpackers can socialize and get to know each other. But the copy-cat behaviour mentioned above makes it difficult to stand out for long. Plus, owners cannot raise their accommodation rates too much, and eventually, the smallest hostels find they have to struggle to survive or even have to close.

Real 'cooperation' for backpacker hostels on Chulia Street is therefore limited to making use of the non-competitive businesses that offer shuttle buses and bring backpackers to the backpacker enclave. There are two hostels that run their own shuttles, but altogether there are five companies throughout Malaysia that specialize in transport for backpackers,

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especially from the East to the West Coast of the peninsula. Transport into Thailand is organised by shuttle buses based in Thailand as Thai shuttles cannot cross the border into Malaysia (and Malaysians shuttle buses cannot cross either into Thailand). However, Chinese Malaysians traditionally have contacts with Chinese communities in Thailand, and one respondent mentioned how he made use of these networks to establish businesses on both sides of the border (Interview, respondent #2). By organising shuttle services along the backpacker circuit in the course of the past five years, owners of these shuttle services have managed not only to concentrate the flow of backpackers into Chulia Street, but also to their respective hostels (in case they are linked). Today, less and less backpackers drift all over Georgetown, and this could be one of the reasons why most of the backpacker hostels that are too far away from the enclave had closed during the time of research (Interview, respondent #13).

6.3.2 Networks

6.3.2.1 Owner-owner networks

As mentioned in Chapter 2, there are different kinds of networks that are relevant to the development of a business community: exchange networks, communication networks and social networks. Within the field of backpacker tourism, crucial exchange networks could be identified as networks with other businesses within the enclave and outside, with the aim of sharing customers, either when they travel in and out of Georgetown, or when they seek services within the city of Georgetown. Communication networks are those networks used to a) 'inform' the business owner on how to run the business, and b) the government on its decisions and services. Finally, social networks are established with family members and friends around the business owner and his staff.

The research has shown that exchange networks between backpacker business owners on Chulia Street are very weak and highly competitive, especially compared to the urban enclave in San Cristóbal. Not one interviewed owner mentioned a relationship that went beyond pure business partnerships or the sharing of guests when their business was full. The only time that the term *'friend'* for the relationship between owners was used was when a manager (not the owner!) was interviewed on how he defined the relationship between his business and another one. However, it is likely that the closer relationships only develop as long as the other businesses are not considered competitors and the offered services are complementary, such as shuttle services to other parts of the country

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or ticket offices. Especially accommodation services and visa services seem to produce hard competition, and, while being interviewed, owners often attempted to find out how much other businesses would charge for accommodation, mentioning that being 'bedbug free' was one of the main assets a business could offer (Interview, respondent #5). Other businesses that had a strong position on the local backpacker market, especially on the highly competitive visa market, seem to try to out-compete each other (Interview, respondent #10). One backpacker business appeared to have developed a quasi-monopoly on tourist visas for Thailand. When entering Thailand through a land-border, a tourist will only get a 15 day visa. At a Thai consulate tourists can get a three-month visa which makes it a lot more attractive to seek the consulate services outside Thailand. These days, not only do the backpackers who stay at that specific hostel have the opportunity to get a visa without having to go to the Thai consulate, but the business also takes charge of the largest number of other backpacker businesses in and around the enclave who organise Thai visa. By advertising that the Thai visa can be applied for *on your behalf* (see image 16), backpacker tourists have the opportunity to remain within the comfort zone of a backpacker hostel and wait for their passport to return with the required stamp to re-enter Thailand for another extended period of time. This is a steady source of income for the owner if one considers that the provision that is paid for a visa amounts to 20 Malaysian ringgit (author's comment: about £3,60 in 2010) per person and that hundreds of backpackers are estimated to apply for a visa every day. This one business was the only one who managed to expand and open another 'branch' on another street, and was about to open another, slightly more up-scale, hostel on the other side of the street. This high level of (price) competition among businesses has resulted in high turnovers among businesses, and a boom and bust mentality throughout the backpacker enclave. Open criticism among owners in the backpacker enclave in an interview situation was (obviously) rare and interviewed owners appeared to be careful as to how much they would reveal about the relationships and the situation between owners. Observation during fieldwork and the little information that was given during interviews show that many business relationships on Chulia Street were based on ethnicity between Indian and Chinese Malaysians (Interview, respondent #18) and probably even between Chinese clans, but the limited time and scope of research did not allow to reveal any further details about this side of the owner-owner relationships on Chulia Street.

Communication networks are needed to inform the business, and in the world of

backpacker tourism, this is often the case between backpackers and business owners, as information on services has to come from the backpackers themselves. With a large majority of manager-run businesses, these networks are often limited to a 'minimum' and they can therefore be considered very weak. The only two owners who lived in their facilities mentioned how proud and happy they were that they could be in touch with backpackers and provide them with information on their travel, while the backpackers could update them on the newest developments outside Georgetown.

The connection to the local government is weak, and an attempt to get in touch with a local representative to talk about the government's stance on backpacker tourism and the development of Chulia Street revealed how much the local government ignores this sub-segment of the local tourist market.

6.3.2.2 Owner-Tourist networks

According to the majority of respondents, backpackers in the early days of backpacker tourism tended to spend longer periods in Georgetown, time that enabled them to engage in more meaningful (social) relationships with local people. This, in return, gave the business owners the opportunity to exchange experiences and ideas on how to do business with travellers and what services and atmosphere they were looking for. Crossing boundaries from service provider to consumer (Inkpen and Tsang 2005) was a common feature in those days, when Westerners would teach locals how to prepare Western food. The length of the backpackers' stay allowed them to develop a social, affective network through which they could engage in meaningful interaction between them and the local owner. While not specifically stating who the individual entrepreneur was who passed on his management skills with backpackers, it is very likely that the owner of this first authentic backpacker hostel entered into numerous partnerships with other business owners some of which continue to run hostels today and benefit from the experience and the relationships this owner had developed with tourists in the past.

> "I was looking at the potential then. In those days, there were a LOT of backpackers here [...]. Stay in the Chinamen hotels, some of those were prostitution. Normal... they would move in, [the backpackers] are more tolerant, you know." (Interview, respondent #12).

Another entrepreneur mentioned how he developed his skills through his own experience:

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"That time already, the one...the...not the owner, the 'runner'..."For 20,000, I will give you the business." That time. Okay, I said "Okay!" And then, I pay the money and then I start running. I also don't know how to run. But he tell me, and I just have a look." (Interview, respondent #6)

The same respondent mentioned how travellers in the past had been slightly older, travelled for longer periods of time and would have more limited financial resources compared to today's backpackers. One could argue that financial limitations would make them more dependent on support or help from local people and on ways of interacting with locals without the development of a money-based backpacker tourism industry. As mentioned above, skills were passed on from tourists to locals, and gradually, Western food appeared on the menu of backpacker hostels:

"We started off making at a rooftop – just as a service – the customers making fruit salads for breakfast, and muesli and stuff. And THEN... no one really, nobody wants. Making your own yoghurt and stuff! Now it is everywhere... but before..." (Interview, respondent #13)

Another young local businessman who manages a (Mexican) food stall and the owner of an Italian restaurant both stated that they had developed their first skills with the help of social affective networks they had built with international backpackers (Interview, respondents #11 and #16). Close relationships with travellers therefore enabled them to develop the necessary skills with which they could start their business and cater successfully to the demand of their backpacker clientele.

With increasing numbers of backpackers and higher levels of competition, as well as shorter periods that backpackers stay at a hostel in Georgetown, not only Western food but also efficient service provision has become a major selling point, most of all for the larger backpacker hostels. A family-run business with small rooms for travellers, or Chinese cheapies that needed to offer nothing more than affordable accommodation have become rare nowadays and those that do exist, struggle to survive. Today, the larger successful backpacker businesses have become sophisticated service centres that provide anything from a simple dorm bed to a full travel agency service, while backpackers stay shorter periods of time and engage in less meaningful relationships with locals. However, even today, seven of the interviewed business in Georgetown mentioned how important they

considered the quality of service up to the point where they can develop so-called friendships between owners and guest to assure that tourists return. The fact that the majority of budget travellers who come to Georgetown are repeat visitors who live and often work in Thailand, and who want to extend their Thai visa and return to the same hostel whenever they come to Georgetown, might explain how these backpackers manage to develop such a relatively close relationship with the owner, despite the fact that they only stay for a very short period time during each stay.

6.3.2.3 Marketing and Promotion

As a first stop on the backpacker route way into Malaysia, but most importantly, as the hub for visa runners who want to return to Thailand, establishing contacts and tapping into the large backpacker market in Thailand appear to be paramount for a successful backpacker business in Georgetown.

As Georgetown is still considered primarily as a stopover for backpackers on their way to or from Thailand, as a place where backpackers come to acquire or extend a tourist visa, a large part of the promotion is based around the Thai visa situation. During the time of research, the backpacker enclave was covered with posters advertising to walk-in customers where backpackers could organize the visa for Thailand without having to go through the consulate themselves. This was part of a "one-stop" strategy, where backpackers do not feel the need to venture around and discover, but with the main motivation being to travel into or return to Thailand.

Different to the dispersed backpacker enclave in San Cristóbal, the backpacker enclave in Georgetown is concentrated, which makes it easier for potential customers to wander around and seek accommodation as a walk-in customer. Most of the business owner stated that they suggested another befriended business on Chulia Street, in case their own business was full. This can be considered a weak local network that is activated when competition is not as fierce, and the income is secured. Other local networks are non-existent on Chulia Street, according to the head of the local budget hotel association; only two or three businesses belonged to their hotel association.

In order to attract backpackers 'en route' for a hostel in Georgetown, the owner needs to tap into the real-life and the virtual network and find ways of promoting his business to future customers. Mainly those budget hotels that opened recently and the few larger

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budget hotels are using active promotion along the backpacker circuit to attract potential customers, while another cheap way of attracting customers is through online booking sites. One manager remembers how they opened and started promoting their business:

"We have our website, and a brochure… and we gave a brochure to ALL the places. Some guesthouse, any place, all throughout Malaysia. We set up. Yeah… and then, we have our website. And otherwise, we go through the Hostelworld! We also have a… yeah… so also, we have a LOT of guests from Hostelworld." (Interview, respondent #5).

Connecting through the network along the backpacker circuit is therefore of major importance to survive in the fickle world of backpacker hostels. One interviewee who has run a backpacker hostel successfully for the past 12 years stated how, with the experience of having travelled as a backpacker himself and also living in the facility that he ran, he could be in touch, physically and culturally, with his customers and take care of the quality of service:

"When I first started, I visited all the guesthouses where I had stayed before. So I choose and picked the best ones… all over the place. I took by brochure and my card, I got my… poster like that, and I put it on their board. And I was recommended by those guesthouses. We send guests, and then they send guests, too… to Thailand, Kuala Lumpur." (Interview, respondent #15)

Non-local networks with business owners in other parts of the country or in Thailand can be very useful for this. As a result, the majority of the interviewed entrepreneurs had contacts with business owners in Thailand where their hostels were promoted for those backpackers who wanted to come to Penang. All interviewed business owners in Penang mentioned a network in Thailand, be it through direct contacts with Thai hostels, through services or in order to travel to Thailand as a tourist to have a look at the most recent developments among backpacker businesses there.

With the high level of turnover of businesses closing, formal sources of information such as guidebooks – guidebooks that are re-edited after a few years – are easily outdated. All the owners complained about the time that was lost between the research and the actual publication of a guidebook, the lack of updates, while in the meantime tariffs had changed and sometimes whole businesses had disappeared. Most of the interviewed businesses

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mentioned word-of-mouth and the Internet to be the most efficient and the most important way of promoting the business. Moreover, the size and the limited profit margin of businesses in the enclave make it hard for most businesses with a limited budget to promote themselves apart from word-of-mouth or a website to attract customers:

> *"We did not do any major marketing in this hotel. Because, from what I feel, it's too cheap, you know. Too cheap, to... what do you call it?... it doesn't quantify for, marketing expenses, this hotel. So what we received here are 'regulars' that used to come back and then, ehm.... word-of-mouth and then, of course, Internet, you know!"* (Interview, respondent #4)

6.4 Introduction to the Perhentian Islands

The Perhentian Islands consist of two larger islands, Perhentian Besar and Perhentian Kecil and a few uninhabited islets, and are located about 20 kilometres off the East Coast of Peninsular Malaysia. The islands are covered with dense tropical rain forest, and along the shores of the islands there are numerous bays with sandy beaches, while coral reefs fringe the islands. The climate is tropical with a defined monsoon season from November to March. During the dry season, high temperatures and abundant sunshine as well as the absence of traffic provide the setting for a remote tropical tourist island getaway. Historically, the islands had been a popular stopover for trading vessels between China, Thailand, Malaysia and Indonesia, but they were not populated until the eighteenth century when people from the Riau Islands decided to start a settlement (Kampung Pasir Hantu) on the smaller island (Telecentre 2010). Until today, this is the only settlement with a population of about 1500 people (Hamzah and Hampton 2012).

6.4.1 The Virgin Paradise

Very few roads had been built in this part of the country until World War II, and even in the post-war era, the road network was very basic with no direct connection to the relatively well-developed West Coast (*Lonely Planet* 1989). As a result, the Perhentian Islands were still one the most remote places of the Malaysian Peninsula until the 1970's. With little infrastructure development along the East Coast of mainland Malaysia, and the relatively easy access to tourist destinations in the Western part of the country, very few travellers made their way to these islands as they travelled through Southeast Asia on their way to Australia, Thailand or further on to India (Oppermann 1992). As a result, Penang and Melaka were already well-established destinations, and when looking for easily accessible

beaches, travellers could choose between Pulau Pangkor or Batu Ferringhi and adjoining beaches on Pulau Penang. Inland destinations included the Cameron Highlands and the National Park Taman Negara, while East Coast islands such as Pulau Tioman and the Perhentian Islands did not 'get on the trail' until about the end of the 1980's (David Elliot, 19th April 2011). However, the first explorers (Cohen 1972) had already reached islands off the East Coast such as Pulau Tioman (Interview, respondent #87) or even the Perhentian Islands at the beginning of the 1970's:

> *"The first I've seen... I'm people of Besut. I was a little boy, I see already 'Masaleh', [that's how] we call you. We call white man, we call Masaleh. Hippies... hippie style. I was very young, they were around... in the [...] early 70's. This island [was] actually founded by the hippies [...]! [...] That time, the fishing boat [took] 4 hours from Besut to get here. So... in 70's, we [were] very rural and very backwards. So... some of the fishermen pick them [up and] bring them to the island. And the work started among them, because hippies they gather in Penang. It's like stations... so, they go in Malaysia and they gather in Penang. There they sharing information. It's like the joy of exploring. So...[...] they like to stay so they stayed. Most of them they go around and explore things, that's the real hippie-style, travel as backpackers... so then, I would say that the Perhentians in the 70's, early 70's..."*(Interview, respondent #75)

The West Coast of Malaysia had traditionally been more developed and accessible, with a well-established road network and railways that connected the major cities and ports. Apart from the difficulty of getting to the islands of the East Coast, an interviewee commented that the difference in culture between the more liberal Western travellers and the conservative Muslim culture especially in the Eastern States of Malaysia kept tourism development at bay until the late 1980's[52]:

> *„The whole infrastructure on the East Coast of Peninsular Malaysia was really bad in the 1970's and early 1980's. When we travelled up the coast with a rental car, in 1971 or 1974, not sure now, from Singapore to*

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[52] On the differences between federal and state tourism management in the context of a Muslim society in Malaysia, see also Henderson (2003).

Kota Bharu, we had to cross four or five fords where you could either cross over if the water level was low enough, or you had to wait for one of the ferries. It took ages, and the roads were really bad, all along the East Coast. They built bridges way later, and [today] you can race up and down the coast in no time. I imagine, that must be ONE of the reasons and then maybe... people didn't want to have tourists that much, on the East Coast. Traditionally Malay, Muslim... maybe they didn't want tourism. I don't know..." (Interview Stefan Loose)

Most of the travellers in the 1970's came from Europe, usually from the United Kingdom, Germany or Scandinavia, and there were also a few Australians (Interview, respondent #75). They had the choice of either staying at a Government Rest House or camp on the beach (Interview, respondent #97). To get to the Perhentian islands, tourists had to head for Kuala Besut, the main fishing port on the mainland, where fishermen would take them on a two to four-hour long trip to the Islands when they went out fishing at night and then spend the day on the islands. Tourist facilities were very limited, with no electricity or running water. Apart from fish that was caught around the islands, local tourists and travellers alike depended on food supplies that they brought along from the mainland, and transport was organized by local fishermen who offered to take travellers over to the islands:

"Before there's no ferry. So how to get to the island? Either boat from fishing village, small boat. Or fishermen boat, because fishermen before they used different methods, they use a net for catching the fish at night. [...] And then they stay here at the daytime, that's why they call it Perhentian [author's comment: Bahasa Melayu for 'stopover']. Because fishermen stop by during the day...[...] They go directly to Kuala Besut and then at daytime, they come and stay here. So this is how people from the village come back to the island, or how the tourists have to come in with the fishing boat." (Interview, respondent #77)

The economy of the island population was almost exclusively based on fisheries, and even though drifter tourists had started to arrive as early as the 1970's, their small numbers were not large enough to have a major impact on the livelihoods of the local population (Interview, respondent #97). It was not until the early 1980's that local Malaysian tourists

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came to spend weekends and public holidays on the islands (Email, respondent #108). During this period, the first international traveller guidebooks such as the *Lonely Planet* and *Stefan Loose* started to mention the Perhentian Islands and available accommodation facilities, which were still limited to the government rest house (see image 19)and camping on the beach.

Image 19: Government Rest House on Pulau Besar/Perhentian Islands

The beaches were described as *"lonely, with lots of corals, [where] you can spot turtles and sharks while diving. For food, cross or swim over to the [village], a fisherman has set up chalets where you can stay for 3 ringgit* (author's comment: about 90p in 1984) *per night, or stay at the rest house. It's advisable to bring some food supplies and drinks."* (*author's translation from Stefan Loose* 1984:85) As a 'mini-holiday' from the strenuous trips around Southeast Asia (Hampton 1998), the islands lent themselves to the more adventurous traveller who wanted to discover something 'off the beaten track'. Probably because of the difficulties involved in reaching the islands, and the fact that you sometimes had to wait for a few days before you could return to the mainland, these travellers then also chose to spend a week or more on the islands. (Interview, respondent #77)

Apart from a certain cultural distance (Babbie 2013) between travellers/tourists and locals, with a liberal hippie lifestyle on the one side and a relatively conservative Muslim culture

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on the other, communication was rendered difficult because of the limited English language skills of the local population. Only few Chinese fishermen on the mainland (Interview, respondent #97) and two people in the fishing village could speak sufficient English to communicate with international travellers and act as brokers between hosts and guests. However, contact between travellers and locals was friendly and welcoming, as travellers had to come to the village to replenish their food supplies, always struggling to find ways to communicate with the local people (Interview, respondent #77). A local businessman who grew up in the fishing village remembers how contact between local people and travellers was established:

> "At that time, there's no restaurant here, nobody know to speak English. Ah… my brother the only speak English. Because he study in village school, so it's only him and one more girl. Two guys only… if Western people, I mean, backpacker coming, with the beard… no!... beard… quite [funny] clothes, and a big pack. And people search… where is my brother? Oh… and my brother's friend as well. He speak a little bit because he used to speak with navy people. When he drinking, and then start speaking English. Learning… my brother learned at school. That's only two people that can communicate. So of the whole village it's "Hooooo!" We call 'Masale'… Masale come here, they just looking, touching things, or the people of the village is coming, looking at you but cannot speak. So they say in Malay, body language or hand language… and then have to find my brother, or my friend to communicate. Stay at a place that now is called '[name of backpacker hostel], I think [that place] is a chalet for backpacker. [Another backpacker place], now they upgrade the chain, next to the [name of dive business], or [name of other dive business]… opposite the fishing village, there's a beach for backpackers." (Interview, respondent #77)

In the course of the 1980's, with improved access to the East Coast after the construction of the East-West Highway, increasing numbers of tourists were coming to the Perhentian Islands as one of the new budget destinations along the East Coast of Malaysia (Salmond 2010). A handful of village people adapted to tourism and facilities such as shops and privately-run accommodation facilities appeared (Crowther and Wheeler 1988). While

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transport along the coast was becoming easier, which brought travellers up to places from where you could take boats over to the many islands, organizing the trip to the Perhentian Islands was still a bit adventurous and required planning:

"[In 1985] *there was no prior booking of boat/chalet or whatever, we just get to Kuala Besut, ask around and able to secure a fisherman services, who agreed to send us to Perhentian Besar, pick-up the four of us for the round island tour the next two days plus some snorkelling. Tired of the canned food, we bought fresh fish from the fisherman through our boatman. It was damn cheap those days! Just imagine for one Malaysian Ringgit [author's comment: 35p] and the four of us plus boatman and his assistant can't finish those fishes."*(Email, respondent #108)

The first private 'chalets' had appeared on Perhentian Besar during the middle of the 1980's, initiated by an Australian traveller couple that had stayed in the government rest house before and suggested to one of the local village people to build some huts on his piece of land. Prior to the construction of these chalets, those travellers who wanted to extend their stay on the islands had to return to the mainland to ask for a permit (Interview, respondent #93). Similar to Zipolite (see Chapter 5), the first specialised accommodation facilities (see image 20 and 21) on the Perhentians Islands were therefore set up by foreigners with the incentive to offer a slightly higher quality of service to other travellers, in a good example how "guests" became "hosts" and showed the local population how to run a small business with hippie travellers (Lynch et al 2011)).

Image 20: Original A-Frame on Long Beach

Image 21: Original A-Frame on Long Beach

As a local business owner remembers:

"The first idea to open a private guesthouse on the island was coming from one Australian couple. They used to rent the government rest house on Perhentian Besar, so they fell in love with Perhentian because it was nice and quiet, this is maybe 1984 or 1985 [...] They spoke to the chief of the Perhentian Islands, chief of the village. The chief has a small piece of land on the [big] island [...]. By that time it was... a different type of chalet, not A-Frame, it was wooden... providing cooking facilities. The [Australian couple] gave some money to the chief of the village and make some bungalows, and then [after a few years] they left and never came back to the island. And then after that, the chief of the village talked to my father, to make a few bungalows... because of... the bungalows weren't enough when there were public holidays, or school holidays. Because my parents are close friends [with the head of the village], so then my parents decided to do that!" (Interview, respondent #93)

Towards the end of the 1980's, tourist numbers had become large enough for the islands to attract local people from the mainland who were seeking employment in tourism to earn a living. With a local economy that was based exclusively on fisheries, small-scale tourism offered an alternative to the hard work and low pay in the fishing industry for local people from the islands, and from the mainland:

"So in '89 I come here, washing up in a small restaurant. By that time, tourism is just really, really beginning. Because... 89... because we have two [non-fishermen] tourist boats. [...] It started in 1989. That's what I remember, and that is my year where I coming working with the tourist. I came here, there were already one small stall, restaurant, with no electric circuit. With a kerosene lamp..." (Interview, respondent #75)

However, up until the 1990's, similar to many other islands in Thailand and Malaysia, the Perhentian Islands remained very difficult to access (Interview Stefan Loose).

Transport was irregular and depended on hour-long trips with local ferries or fishermen to take you to the islands; communication was very difficult, with no phone lines and mail services limited to once a month (Interview, respondent #93). Small-scale tourism

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development was still limited to the Perhentian Besar where the first 'resort' had been built, albeit in modest size:

"In 1989, the Perhentians were relatively little known, no regular transport and sometimes you had to wait 3 days to get a boat from Kuala Besut. There were no bungalows on the small island just on Besar [...]. There were only about 3 or 4 bungalow operations there, mostly costing 8 ringgit (author's comment: about £1,60 in 2010) *a night and only with no electricity, the Perhentian Island Resort at the top beach was just a modest sized resort. It was there from the beginning, however by the late 90's had taken over the whole beach."* (Email, respondent #106)

6.4.2 1990 – First *Visit Malaysia Year* and its impact

In 1990, Malaysia organised its first *Visit Malaysia Year* campaign to attract international tourists to the country. Especially Europeans were becoming aware of Malaysia as a tourist destination, and the Perhentian Islands started to receive increasing numbers of international tourists as well as Malaysians. Perhentian Besar was still the only island where tourists could land (apart from the fishing village), as the island had a jetty for the fishermen to moor their boats while they got fresh water (Interview, respondent #97). With more and more tourists arriving after the *Visit Malaysia Year* in 1990 (Interview, respondent #97), outside investors started to build resorts on Perhentian Besar and budget travellers started to move away from the big over to the small island, Perhentian Kecil.

Similar to the first bungalow constructions on the Perhentian Besar, travellers were also the first to build huts and chalets with the help of locals on Perhentian Kecil. A fisherman from the mainland, who decided to offer accommodation to travellers on Long Beach, was persuaded by an Australian traveller to set up some huts to accommodate travellers:

"In the beginning [1993], I started to work with one girl from Australia. Susan! I still remember her... she just come and visit at the time. We just make a small hut. Not to do all this business because this is not my life! And I did not know the life of tourism! I am a fisherman. So... when Susan told me that this place is very beautiful, and then mostly all the people look [for] these kinds of places. Because you cannot find such beautiful place like this in the world nowadays, she said. And then, she told me

'You have to stay here, do something, then I will tell my friends to come to your place.' *So she went back and tell her friend and then quite a lot of them come back and then it start moving. They all come. The word of mouth, you know. At this place, at that time there was nothing at all, you know! Nothing development, nothing building, this also nothing, all nothing... no concrete building. Just simple hut... like this."* (Interview, respondent #80)

During the 1990's, Perhentian Kecil was one of the newly 'discovered' islands (see image 22)in Malaysia and quickly turned into a hot-spot for backpacker tourism.

Image 22: Long Beach 1995 (Perhentian Islands) (used with permission by Dave Elliott [2012])

Tourism development on the West Coast had continued to push those travellers who were looking for places that were untouched by large-scale tourism development and the Perhentian Islands, especially Perhentian Kecil, proved to fulfil the fantasies of a non-commercialised tropical paradise, with sandy beaches, coral reefs, no traffic and isolated enough to create a 'we' feeling among the travellers.

"We have the bonfire, at that time. Every night, there's always something... maybe sometime Moonlight, if they don't want to do,

it's Rock Garden... or we have it here. We change it... 'Oh! Let's have a bonfire!' Okay, with the guitar... Di was here all the time, with the guitar. We all group, make it a round the fire so that everybody know each other. And with the music, everybody can sing. That's about people, I think that's the one thing... a lot of things, you have to pay. You have to pay to have fun. Before no. Everybody can play music and singing, you want to play. And then, if you want to have a drink, still sharing around. That's about to have fun, we just CREATE, you don't need to pay... just together, find the wood. Find a guitar, and sharing, sharing the drink, just to get happy." (Interview, respondent #77)

However, tourism development – especially on Perhentian Besar – went very fast, with increasing tourist numbers and the construction of larger accommodation facilities and capital investment by mainland Chinese Malaysians (Interview Stefan Loose).

As a result, some of the travellers that had known the Perhentian Islands from before already sensed that the 'virgin' state in which the islands had remained for a long time was about to be replaced by a more commercialised kind of tourism, with higher levels of service. Those pioneers started to move away and give way to tourists who sought services offered by outside developers with more financial means to cater to a middle-class tourist market.

"By about 1992 the big island started to get built up and commercialised so the small island became an alternative place. Long Beach was very beautiful [...]. I remember an English lad relating the experience of staying there in 1992 and when he left [a] Dutchman [who worked there] said 'Don't come back.'. [The Italian] wondered what he had done wrong, but the Dutchman only meant that he shouldn't come back because he would be disappointed in the future, the Dutchman could foresee that the beach would be spoiled eventually. [...] The small island was still very nice up to about 1996 then it went downhill very quickly. As well as all the development, theft started to become an issue. The big island had so many chalets by that time it looked like one continuous resort." (Email, respondent #106)

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In 1994, after the depletion of fish stocks due to overfishing, oil refining and construction, the Malaysian government declared the sea up to one mile offshore around the Perhentian Islands a marine park, thereby restricting fishing activities for local people (Salmond 2010). The islands started to become famous for its scuba diving, and similar to the accommodation facilities, the foreigners who came to the islands brought the skills and know-how that started it, in collaboration with locals who were looking for a new source of income next to fisheries:

> *"One girl from...Switzerland! She made the first diving on this island in... 1995 [on Long Beach]. At that time, there was that one and then my place here, was run by the [name of backpacker hostel]. She stayed here nearly 15 years, just living just here only. Why she finished? I do not know... she just went back [to Switzerland]."* (Interview, respondent #80)

Based on the employment situation of the visiting tourists, a study in 1994 indicated that tourism on the Perhentian Islands was already shifting towards a more professional kind of tourism (Hamzah 1994).

In the mid-90's, backpacker minibus shuttle services from the Western part of Peninsular Malaysia had chosen the Perhentian Islands as a 'new' destination they could promote among backpackers travelling through Malaysia (Interview, respondent #110), and with the completion of the East-West Highway, their services could now take travellers easily from the backpacker tourist hubs on the West Coast (Penang, Cameron Highlands, Taman Negara, Kuala Lumpur) to Kuala Besut on the East Coast, from where they could then continue their travel by boat to the islands. At the same time, the first travel agencies were established on the jetty in Kuala Besut as the first backpacker generation was gradually replaced by a more affluent clientele:

> *"And then... among their friends, there are middle-class. When they come, they need more... facilities... with air-con, fan... more comfortable. That was later... ten years after that [2000]."* (Interview, respondent #93)

An interviewee stated that 11th September 2001 marked a turning point in tourism development on the Perhentian Islands. According to him, after the attack on the World Trade Centre, many people bearing Arabic sounding names were reluctant to fly

internationally, as they were facing discrimination by customers and immigration officers. There is a tradition for larger companies in Malaysia to send their staff on holidays abroad, but immediately after *9-11*, many of these companies decided to organize trips within Malaysia, rather than offering holidays abroad. Local tourists had visited the islands since the 1980's, but the situation after 9-*11* meant that the islands were suddenly visited by large numbers of domestic tourists for the first time. And after their first visit to the islands, many of these Malaysians returned back home, where they promoted the islands as a new place to travel to within Malaysia (Interview, respondent #77). In 2002, 70,000 tourists visited the island (Salmond 2010). With larger tourist numbers, investors from the mainland increasingly started to acquire properties to build resorts and offer package tourism. The relationship between tourists and service providers on the islands started to change, and what used to be a relationship between host and guest that often developed into friendships had now become a service-oriented business based on the exchange of money for service (Lynch et al. 2011).

> *"When the local people made a business from Kuala Lumpur, the Chinese,*
> *they attract the package. When it start the package like in other places,*
> *in... in... Langkawi, in Redang, in all these [places]. And now, some of*
> *these people come, to the politician come to this island [upset!]. To the*
> *politician! They use the politician, you know! To take the place and run*
> *the business. So it changed, no more natural people, they are bring group*
> *packing, everything... give the service and go back."* (Interview,
> respondent #88)

Diving had become a major activity on the islands, with dive centres operating on every built-up beach of the islands. One major dive operator managed to branch out to three strategic locations on Perhentian Kecil, two of which are located at the end of the jetties. During the time of research, some dive centres were already catering to specific nationalities, advertising their business in English, French, German and Swedish, which indicated how certain countries and languages were numerous enough to provide enough income.

In 2008, the Malaysian government paid for the construction of a fully equipped new concrete jetty (see image 23) that replaced the former wooden jetty in Kuala Besut, to accommodate the speed boats that take tourists to the Perhentian Islands.

Image 23: Jetty on Coral Bay (Perhentian Islands)

Along the path that leads to the jetty, numerous travel agencies, cafés and restaurants have opened. Concrete jetties were built on Perhentian Kecil to allow larger ferries to land on the islands. Among the owners of the smaller businesses, the construction of these jetties was very controversial and many of them mentioned the fact that these jetties were 'useless' and only served the large businesses on the islands. They also deprived local boat taxis of their income, as they used to bring tourists to the beaches. On Long Beach, two large concrete structures were built to accommodate shops. One of these buildings had been put to use, while the other one was still vacant. Not only did the infrastructure in Kuala Besut and the islands change, but the backpacker clientele itself went through changes, with backpackers who spent *less* time on the islands and had *more* money at their disposal; even credit cards were accepted in a few places:

> "The major change that is happening is that people are travelling shorter periods of time. I mean, they take their annual leave of three or four weeks and then they go back home, and within those three or four weeks, they want to experience as much as they can. As a result, they have more money to spend. In the past, we tried to travel as long as we could for as little money as we had. That's why we tried to keep it cheap, cheap, cheap... and that's not as popular anymore today, because people only

have a certain time to travel. And they have a certain amount of money
that they want to spend, and a credit card." (Interview Stefan Loose)

Similar to the findings of Hamzah and Hampton (2008), most of the accommodation facilities were still built with locally available materials, even though some business owners had started or were considering to change the material to concrete in the near future (Interview, respondent #97). Major developments were on their way on Long Beach (see image 24) and Coral Bay (see image 25) where rainforest had been cleared to make way for future constructions and resort development.

Image 24: Tourist resort and backpacker accommodation on Long Beach (Perhentian Islands)

In 2009, Hampton and Hamzah (2008) observed another 120 chalets being built inland from Long Beach, while on one end of the beach, another major resort was on its way of being completed during the time of fieldwork in 2010. Two major resorts had already opened on Coral Bay, both with further plans to expand and upgrade their facilities.

Image 25: Resort development on Coral Bay (Perhentian Kecil/Perhentian Islands)

Gradually, even the beaches on Perhentian Kecil were experiencing upscale development, even though backpacker tourism was still present at the time research. Hamzah and Hampton (2008) argued that the Perhentian Islands might find themselves at the tipping point of development, where backpacker tourism was being replaced by package tourism. However, there are indications that even smaller businesses have a chance to attract tourists and survive, even in competition with the large resorts. None of the interviewed businesses was planning to leave or close, bookings that were formerly done through travel agencies in Kuala Besut could now be done directly on the Internet with the accommodation businesses (Interview, respondent #93). Three of the interviewed business owners had recently invested considerable savings into their businesses in 2009 and were hoping to continue attracting slightly more affluent backpackers to their place in the future.

6.5 Backpacker Businesses on the Perhentian Islands

6.5.1 Professional background and business approach

The economy of the Perhentian Islands was traditionally based on fisheries, and tourists did not appear in larger numbers until the late 1980's, early 1990's. In the early days, due to the remoteness of the islands, numbers of backpackers were small and their expenses were limited. As a result, working in tourism was not a primary source of income for local people until fisheries started to become regulated with the introduction of the Marine Park in the course of the 1990's. This is also reflected in the way that initial development took place: it was not the locals themselves who triggered the construction of the first chalets, but drifter tourists who wanted to extend their stay beyond the time that the warrant issued by the local government on the mainland granted them to (see also Chapter 7). Moreover, the little income locals could make with budget travellers and the monsoon season that stopped nearly all tourist activity for several months between roughly October and March kept the importance of income through tourism at a small level. As Scheyvens (2002), Welk (2004) and Brenner and Fricke (2007) had shown in their research, offering backpacker services allows people to start up and get involved in the globalised backpacker world. By being in touch with the first drifter tourists who arrived in small numbers but with extended stays, local people discovered the travellers' world, its attitudes and values. As a result, those locals on Perhentian Kecil who have run a business for a longer time do not mention 'economic' reasons as the main motivation behind the start-up of the business, but rather hospitality, and other lifestyle motivations such as the interest in cultural exchange. All the business owners running backpacker accommodation facilities stated that growth was not their main objective, but rather a relaxed way of life. They considered the large island with its resorts and even the few resorts on the small island a threat to their laid-back lifestyle (Interview, respondent #24). This non-profit motivation to running a business, at times even at an economic sacrifice, is reflected in the answer given by one business owner on Coral Bay:

> "I don't take reservations, whoever shows up can stay, and they can stay as long as they like. When they stay with me, we get to know each other, sometimes we become friends, and it becomes a home away from home. Often, they stay a lot longer than expected. If I took reservations, I would have to tell these people to

leave, I don't want that. It has happened that people cried when they left the island..." (Interview, respondent #27)

With the improvement of the infrastructure, and opening up the Perhentian Islands through easier access to the islands (especially the mainland jetty and jetties on each beach in 2008), new entrepreneurs from the mainland started to introduce a new business approach of growth and up-scale development that islanders, with their limited financial resources and skills, were not able to follow. When asked, the majority of (Malay) Malaysian interviewees stated that (Chinese) Malaysians from the mainland were working with a more business-oriented mentality to theirs, and that economically they would not be able to compete with the Chinese. In Malaysian society, the relationship between the Chinese and the Malay has often been difficult, and the Perhentian Islands are a showcase of how government incentives to promote more profitable tourism activities are opening the door to wealthy investors from the mainland who then out-compete the locals with their limited abilities (Hamzah and Hampton 2012). Following Gormsen's (1997) model of coastal tourism development, the islands are therefore threatened to be taken over by outsiders and foreign investors. However, it seems more likely that the Perhentian Islands are following a developmental path that coincides with the view of Oppermann (1992) who suggested that the lower-circuit tourism could coexist alongside upper-circuit tourism.

Of all the interviewed business owners, only those that had moved to the islands from the mainland had major plans of increasing the number of rooms and making major financial investments, because of an economic base in other areas and on the mainland. However, these investors are not targeting the backpacker clientele but the increasing number of tourists from mainland Malaysia and China, tapping into national and international networks that will provide them with the necessary number of tourists to maintain their large facilities on the Perhentian Islands:

> *"Chinese are leading... the way. On Besar [...] for example. That is the Chinese way of living, of doing tourism. They don't go for... eh... they don't go small, they go big! As large as possible, that's how they lead the industry. It's good in a way, for business, business wise, in my view. But in terms of environment and other things, they don't bother so much. [...] Good and bad. Because in way, it stimulates the economy locally."*
> (Interview, respondent #19)

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All the interviewed local entrepreneurs from the island who were catering to backpackers were quite satisfied with how their business was going, and did not wish to change the situation. However, a certain fatalist view of being delivered to outsiders and the governments was also apparent in most of the interviewees' comments. And while investment from the government and from mainland Malaysians, as well as their more sophisticated business strategies are continuing to change the tourism landscape on the Perhentian Islands, more and more local entrepreneurs are leaving their small businesses, selling them or renting them out due to the hard work and the time involved in maintaining the structure and running the chalets and restaurants.

6.5.2 Networks

6.5.2.1 Owner-owner networks

Owners of businesses on Perhentian Kecil can roughly be divided into four groups:

Locals from the fishing village or the coast nearby,

a) Malays from other parts the mainland but from the State of Terengganu (those who have legal access to land on the Perhentian Islands),

b) Malaysians from other parts of the country (who are forced to use a Terengganu Muslim as an official owner to purchase land),

c) and three foreign entrepreneurs (all women) who managed to acquire land and start-up a business by getting married to a Malay and converting to Islam.

The first two groups consider themselves 'locals' in a wider sense, as even those people from the mainland who used to work in fisheries and who were not originally from the island had always been in close contact with members from the fishing village (Interview, respondent #27). Among these locals from the fishing village and from the mainland, relationships between those who run tourist businesses have always been very good, as there was little competition and everybody could have his share of income through tourism (Interview, respondent #26). With growing numbers of backpacker tourists in the 1990's, some locals, especially those who had a business on the big island, managed to increase their income. However, wealth was and is not 'shown' within the community and larger investment in houses and property is done on the mainland (Interview, respondent #27). In the course of the years, numerous local families who had originally run

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a business themselves decided to sell or rent their property to outsiders from the mainland, individuals with larger financial means and skills at their disposal to cater to the tourists that started to arrive in larger numbers due to the improved access and infrastructure on the mainland and the islands. The government also started giving away larger lots of land to outside investors, while members of the local community who had originally received smaller lots of land on the beach were now limited in how much they could expand their facilities. What could be considered competition at first sight, however, appears to have had more positive economic spin-off effects: the tourists that are attracted to the larger resorts seem to be little competition for the smaller budget accommodation facilities. This seems to be an interesting side effect of the parallel circuits, where skills are transferred from one circuit to another (Oppermann 1992). Especially the larger backpacker businesses benefit from the fact that some of the staff members that developed skills in one of the larger resorts, either on the Perhentian Islands or on the mainland, come to work and offer their skills in a budget place (Interview, respondent #30), thereby upgrading the quality of the services at the bottom end of the tourism market where financial means are limited and do not allow formal skill development.

The third group of business people were from the capital city of Kuala Lumpur, most of them Chinese Malaysians with a local Terengganu citizen lending his name as the official owner of the business. These non-local entrepreneurs often bring in larger amounts of capital, the structure of their business is of higher quality and standard and they predominantly cater to domestic tourists. Gradually, they are starting to change the style of Perhentian Kecil, and some locals were worried that they would eventually out-compete local businesses that cater to backpackers, as their clientele, the backpackers, would probably move away to other islands that appeared more untouched by large-scale tourism.

One interviewed owner of one of the larger facilities mentioned how he planned to invest into concrete structures/chalets, which is also necessary in order to prevent major renovation after each monsoon season (Interview, respondent #33). More and more of the larger businesses were starting to upgrade their structure at the time of research, so one could argue that it is not only the monsoon, but the pressure to compete with other larger resorts that motivates the owners to improve the facilities. Anecdotal evidence shows that

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they seem to wait for a major push of development, to then either invest or sell their property at a profit (Interview, respondent #24).

Finally, a foreign woman who is married to a local Muslim Malay faces specific challenges. After having gone through the formal procedure of becoming a Muslim and getting married to a local, she could then bring along and inject the necessary skills into the business to successfully live and work on the island, as the couple knows what backpackers look for and makes use of the skills acquired at home. She stated how she had been a chef in her country of origin, and together with the experience as a backpacker she could use those acquired skills to offer a unique menu to tourists:

> *"It's not really that I'm trying to be different from the rest, but I do things that I know I'm good at. And I know that people enjoy... and it's been difficult to source the ingredients. Pastas and salads and all that. And I know people like eating salads in hot countries, at lunchtime. Especially girls like eating salads because it's filling, and it's healthy... and... you know, there's diet and all that. And then Joe does the local food, and he's very good and he's very good at curries and* tomyam *and fried rice, all that. He's very, very good... [...] so people who just arrived to Malaysia, they want the Asian food. And then people who have been travelling for a long time who are craving pasta or cheese, decent salads, that's where I come in. So... both sides are very busy."* (Interview, respondent #22)

There is little copy-cat behaviour and most of the locals do not seem eager to copy these skills in order to improve their own services, but rather continue to rely solely on the location on the beach itself as a 'unique selling point'. Those interviewed entrepreneurs who were not working at the South End of Long Beach all stated how important it was to have a place on that specific location in order to get most tourists and run the best business. The local community of backpacker entrepreneurs represents more of the 'laggard' mentality (Ioannides and Petersen 2003) than entrepreneurial drive.

6.5.2.2 Owner-tourist networks

In the early years of tourism development, the Perhentian Islands were visited by only very small numbers of drifter tourists who ventured to these islands that were difficult to reach. Transport was organised informally with local fishermen who made the trip from the

mainland once a day, and who offered to take along the few tourists to then spend a few days on the Perhentian Besar where they could either stay in the government guesthouse or camp on the beach. Contact with locals was friendly, and 'services' were limited to selling locally caught fish, as guidebooks from the 1980's mention the need to bring one's own food supplies (Crowther and Wheeler 1982). Tourists were considered 'friends', as can be seen by the reaction of those locals who worked in tourism then. They remember their names, and had fond memories of working together with them. But tourists also got engaged in tourist services themselves, as foreign drifter tourists were the ones who initiated the construction of chalets to accommodate tourists, instead of having to renew the permit to stay at the guesthouse with trips to the mainland. In the course of the 1980's and 1990's, tourism on Perhentian Besar changed in character to todays' small resort tourism that is dominated by owners from the mainland, and budget travellers started to move away from the large island to the newly discovered beaches on Perhentian Kecil. Locals, with the help of developer tourists, started setting up backpacker businesses: simple A-frames and chalets to accommodate the growing number of backpackers (Interview, respondent #24).

By the mid-1990's Long Beach had turned into the backpacker hub on the Perhentian Islands (Williams, Bloom et al. 2010). Development here was very similar to the development on Perhentian Besar, where foreigners had initiated the construction of the first chalets. As these foreigners could not acquire land, they had to make use of their local network and rent property from local people, while making use of their inside experience as backpackers that would define the style and the atmosphere on the beach: the typical A-Frame huts, self-made music on the beach, parties and entertainment 'at a budget' – all features that are typical of numerous backpacker beach destinations in Southeast Asia and around the world.

Local people gradually acquired from these first developer-tourists the necessary skills to serve the growing number of backpackers that came to the islands, while realising that budget tourism could generate income, albeit only seasonally as during monsoon season, there were very few tourists and all but a few businesses had to close. Most of the local people then went back to fishing or returned to their families, but as fewer and fewer men were working in the fishing industry throughout the 1990's, these men turned to tourism as a main source of income, and those among men who had no families, started to travel

to other parts of the country during low season, either to the West Coast of peninsular Malaysia or to Thailand to seek employment in tourism and bridge the period until the season started again. Through the exchange network with more established backpacker destinations on the West Coast and especially in Thailand, they started bringing products such as jewellery and clothes as well as experience to the Perhentian Islands (Interview, respondent #19).

Backpackers who had experienced the early years of backpacker tourism on Perhentian Kecil still remember the strong community feeling that existed between tourists and locals in those days:

> "The job you leave behind, and everybody [who] have that kind of feeling should come to the island. And then learn from the island here (laughs)... that's what I don't like it to be too tourist, developed here. Want to be developed? Enough [large businesses] with one... still not like it, but accept it. [...] That kind of people change the island. Going to change the feeling of 'we are the same'." (Interview, respondent #21)

With increasing development and the changing atmosphere on the beach, the first developer-tourists who had worked and lived on the islands in the 1990's decided to leave the Perhentian Islands (Interview, respondent #24) and in the course of the 1990's and the turn of the century, they were replaced by people from the Malaysian mainland who started to build larger businesses. Instead of living on the island, these entrepreneurs employed a manager – also from the mainland – who doubled as a caretaker. However, with ownership and management of the business separated in two, the relationship with backpacker tourists started to change as well from trust-based relationships and friendships (Inkpen and Tsang 2005) between (return) visitors with a personal bond to local people on the islands, to a money-based relationship based on services.

6.5.2.3 Marketing and Promotion

Until the 1990's, the Perhentian Islands were 'off the map' for the vast majority of backpackers, and only the more adventurous tourists made their way to the islands. Accommodation was limited to the government guesthouse and there was no promotion. Since the *Lonely Planet* and the *Guide du Routard* mention the Perhentian Islands as one of the hotspots for backpackers travelling through Malaysia, the islands, as a destination,

have now little to do to attract backpackers. Most of the backpacker tourists staying on the islands at the time of research considered the islands to be a costly, yet welcomed, break from their travelling through Thailand, which is considered spoiled and overrun by backpacker tourists. The islands also benefit from being known as one of the most important destinations for learning how to scuba dive in Malaysia, and being within reach of Thailand where most of the backpackers travelling to Southeast Asia head for. As a result, with an improved road network and maritime transport to the islands, the Perhentian Islands have become one of the most popular island destinations for backpackers in Southeast Asia. However, how do business owners attract guests to their hostel? As mentioned above, the two islands have a very different clientele, with Perhentian Kecil predominantly catering to backpackers and budget tourists with smaller businesses using small-scale approaches, whereas Perhentian Besar is dominated by larger businesses and resorts, most of which use sophisticated marketing and promotion strategies.

Similar to all the other backpacker destinations included in this research, word-of-mouth (Murphy 2001) continues to be the most important means of promoting a backpacker business, surpassing all the other sources such as guidebooks and the Internet by far:

> *"Pure word-of-mouth. Once the guests come in, they really fall in love with the place, they go back to their hometown, and they tell their friends. Most of our guests, they come again and again." (Interview,* respondent #23)

One of the few entrepreneurs remembered the Perhentian Islands from how backpacker tourism was in the early 1990's. This entrepreneur stated how backpackers who had discovered the near virgin beaches in the 1990's, most of all Long Beach on Kecil, still recalled the time when the beach offered a certain 'home away from home' experience, and they often remembered many names and the relationships they had had with each other and with locals (Interview, respondent #22). One local who returned to run a dive business after having worked on the mainland for a few years also remembers:

> *"It's become popular, because WE all tried hard to the friends, good service... talk with the people, make it fun with the people, up to three, four o'clock in the morning, people on the beach, people come back,*

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people talk. That's how this area became popular... by not doing anything
at all." (Interview, respondent #21)

It appears that social interaction and not the exchange of services between locals and backpackers was a main feature of the Perhentian Islands. Diving businesses had not appeared yet, and few services or even food and drinks were available on the island. In order to get to Perhentian Kecil, travellers used to take a fishing boat or a ferry to get to the main beaches where local boatmen would bring them to the beach for a small fee. With the construction of two jetties in 2008, one on each beach, this income opportunity has disappeared and now backpackers get off the ferries and walk along the beaches in search of a hostel or chalet. Touting, as in other popular backpacker destinations, is uncommon, even though at the time of the research, one diving business had started sending its staff to the jetties to bring in potential customers. However, local entrepreneurs successfully intervened and stopped this practice in order to prevent Perhentian Kecil from *"becoming another Thai island"* (Interview, respondent #22). Not only does the backpacker scene in Thailand offer inspiration for future development in other parts of Southeast Asia, but in this case, it is used as a deterrent, an example of how not to attract customers.

Only the larger businesses on Perhentian Kecil had websites to promote their commercial interests and accept reservations, also due to the fact that phone lines and Internet had only arrived on the island recently. Part of its charm had always been its remoteness and laid-back atmosphere, where you could literally 'disconnect' from the rest of the world (Interview, respondent #27). However, by setting up their own websites, even smaller businesses now start to by-pass the travel agencies on the mainland, which is an indicator of how the Internet can reconnect service suppliers and customers, eliminating the intermediaries and the commission they charge (Buhalis 2000). A business owner mentions the benefits of offering online reservations:

"Before they made reservations through travel agencies... on the
mainland. And then this year... we offered by ourselves! Maybe the travel
agencies aren't happy with me anymore, because we pay them 10 per
cent of the commission. And then, customers try to get straight through
to us..." (Interview, respondent #26)

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6.6 Conclusion

Hippie travellers arrived on the island of Penang in the 1960's with little demand for sophisticated accommodation and services. Georgetown was more of a 'stepping stone' on the hippie trail to and from India, at the junction of various traveller paths that went up and down the peninsula, that was useful because of the available budget accommodation, the facilities, and especially the travel agencies that sold air tickets across the world. The availability of drugs in Southeast Asia was another factor that attracted large numbers of hippie travellers to Penang. Penang was probably the first hippie traveller enclave in Southeast Asia, before the Kao San Road in Bangkok, and some guesthouses acted as 'switchboards' for information on how to continue your travel along the trail. However, in the city as a whole, hippies did not define tourism but remained at the 'side-line' of tourism development, a tolerated feature of the tourism business that was getting ready for major developments in the 1980's. With the end of the hippie trail at the end of the 1970's, and with the Malaysian government cracking down on drug trafficking and consumption in the 1980's, hippie travellers disappeared in Penang and sought other destinations in other countries with a more *laissez-faire* attitude (figure 19). Despite the media coverage of a number of cases where travellers had been sentenced to death for mere possession of drugs, this situation did promote Malaysia on a global scale, and in the aftermath, a new generation of travellers – the present 'backpackers' – made their way to Penang, as it was conveniently located halfway between Bangkok and Singapore, the main airline hubs for backpackers arriving in Southeast Asia. In the beginning of the 1990's, backpacker accommodation facilities appeared that offered services that were geared towards the demands of a growing market and by the end of the decade, dozens of backpacker guesthouses had sprouted around Chulia Street. Cheap rents allowed business owners to offer very affordable services, a situation that experienced a profound change when the *Rent Control Act* was lifted in 2000. Overnight, the very tissue of the historic city centre of Penang was transformed: properties increased in value, rents went up and, under the pressure of the real estate market, and those businesses that could not innovate or upgrade their services had to shut down. Together with an increasingly demanding and affluent backpacker market, the backpacker enclave gradually 'contracted' around a core area on Chulia Street and Love Lane. In 2008, the *UNESCO World Heritage Site* title offered another impetus to the property and tourism market, as self-organised cultural tourists or more affluent individual travellers were now heading to Georgetown and expensive

boutique hotels were starting to replace some of the former Chinese guesthouses that had existed for close to a century. Most of the businesses now rent their facilities and have to worry about increasing rents. Nonetheless, the backpacker enclave continues to exist and if just because businesses can survive due to the large number of long-term backpackers and immigrant tourists who come to Penang for a visa run at the Thai consulate to extend their stay in Thailand. The future development of Penang as a backpacker destination will depend largely on how Thailand changes its visa policies.

Figure 19: Tourism development in Georgetown
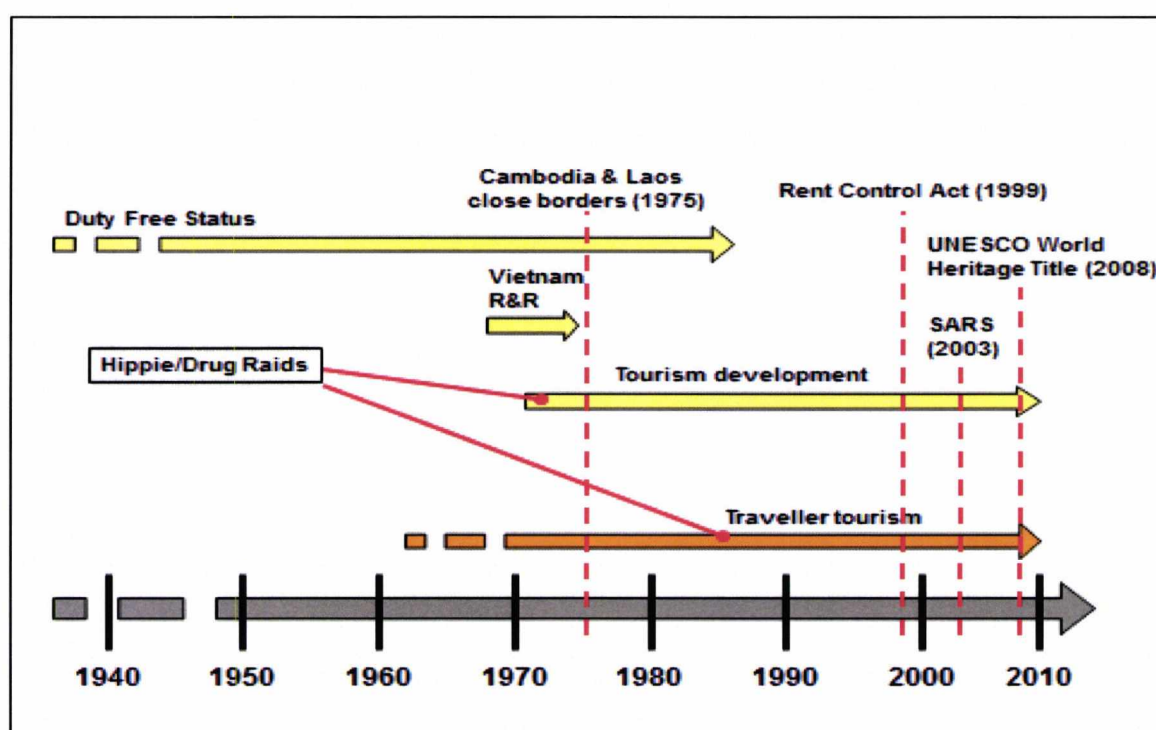
Source: Own design, 2012

The Perhentian Islands were off-the-beaten-track destinations for backpackers in the 1960's and 1970's, and only very small numbers of adventurous explorers ventured as far as reaching Kuala Besut and heading for the Perhentian Besar. With basically no facilities for tourists, the experience was close to being on a 'Robinson Crusoe' island, with no electricity and running water, but a virgin forest, coral reefs and locally caught fish to eat. Hippie travellers were the first to initiate tourism development, with the construction of the first bungalows on both islands. Local villagers from the island together with hippie travellers ran the businesses that attracted small but increasing numbers of backpackers in

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the 1980's. This was the time when the first guidebooks mentioned the Perhentian Islands. Numbers of backpackers gradually increased, but especially after the road network between the West and the East Coasts was improved and travel times to reach the islands decreased tremendously. Eventually, some fishermen from the mainland resettled to the beaches to start-up businesses, while villagers were offering taxi services and snorkelling trips around the island. Customised backpacker shuttle services also started bringing larger numbers of backpackers to the East Coast in the mid-1990's, and when domestic Malaysian and Chinese package tourists started visiting Perhentian Besar (figure 20) with consequent resort development towards the turn of the century, Perhentian Kecil turned into the most important backpacker island destination along the East Coast of Malaysia.

Figure 20: Tourism development on the Perhentian Islands
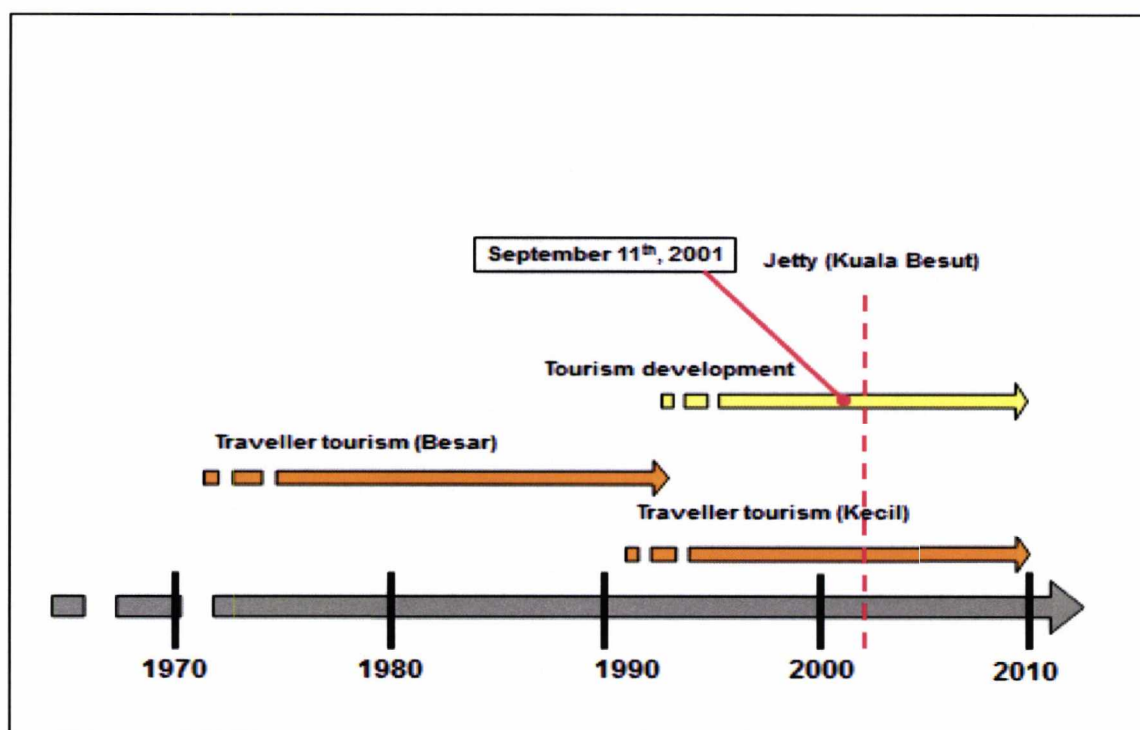
Source: Own design (2010)

More recent development on the mainland and on the beaches of both islands suggest that Perhentian Kecil as well is about to turn into a resort dominated island, and it remains to be seen how backpackers will react and whether Long Beach and Coral Bay will continue to attract backpackers in the future. Major concrete structures such as the recently built jetties and larger resorts could taint the backpacker paradise to the extent that

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backpackers prefer to move on to other, more 'virgin' islands along the Southeast Asian backpacker trail.

In Georgetown, accommodation facilities in and around the backpacker enclave had always been affordable, consisting mostly of family-run businesses originally catering to R&R soldiers from Vietnam. Located at the crossroads of travel routes from and to Australia and India, the island of Penang had always attracted large numbers of backpackers even before the islands of Southern Thailand had become popular. Georgetown itself was not a beach destination, but an important stopover for those who needed a visa for Thailand, or those who wanted to experience the 'sleazy' side of travel, with drugs and prostitution. Triggered by the decision of one local individual businessman who had experienced budget travel and who was aware of the market potential of the growing numbers of backpackers who started travelling to Southeast Asia at the end of the 1980's, at the beginning of the 1990's, the first exclusive backpacker hostel was opened in Georgetown. It quickly became a hotspot not only for interaction among backpackers, but also for skill transfer between locals and backpackers, thereby changing the accommodation from local Chinese cheapies to real backpacker hostels that met the demand for Western food and atmosphere in a foreign country. The owner also engaged in partnerships with other businessmen who became aware of the chances that were offered, thereby passing on his skills to them, and throughout the 1990's, more and more backpacker hostels started to open. Even though they were mere copies of each other's business approaches, the sheer number of backpackers seemed to assure them of a regular income.

Lifting the *Rent Control Act* around the turn of the century, however, profoundly changed the nature of the local businesses, as suddenly families who had traditionally lived and rented their houses at minimal cost were driven out of the city centre. At the same time, the transport infrastructure in and around Penang improved, the first customised shuttle buses started to cater to backpackers and what used to be a dispersed backpacker enclave, with sometimes very small hostels spread out over different parts of town, gradually turned into a highly concentrated backpacker enclave, with hostels that started to become bigger and bigger. Thailand, with its large long-term backpacker community, has a strong influence on businesses now, as visa runners dominate the backpacker market in Georgetown and demand a maximum of service – if possible, at a one-stop facility – for a minimum price. This can only be achieved by offering as many services as possible within

one business – visa services for the hundreds of visa runners per day being the most profitable one. From Cohen's drifters (1972), the backpackers have developed into individualised mass tourists on a budget, and the services that are offered to them have changed from authentic family-based hospitality to a standardised service provision with little that is left of 'local' authenticity. However, within the backpacker community, several travellers mentioned the desire to stay at a hostel where you could socialize, interact with locals and experience 'real' hospitality as described by Ritzer (1996) in economically developed countries. Yet, during the time of research in none of the interviewed Malaysian-run businesses did the actual business owner also live on the premises and interaction between local Malaysian and travellers was confined to the situation of a service provider and customer. The urban enclave of Georgetown is therefore a perfect example of Hottola's (2004) 'safe haven'.

All in all, the research in Georgetown proves that the network around backpackers and backpacker tourism in this location has tightened tremendously, that – with increasing *massification* and income opportunities with backpackers – the original lifestyle background to backpacker tourism has given way to a strong business-oriented approach. The contact between backpackers and locals has diminished and has been reduced in most places to the sheer exchange of money for services. Price competition between businesses is strong, and therefore the local network very weak. The majority of backpackers do not stay in Georgetown for very long and look for the cheapest accommodation possible, with little incentive for local entrepreneurs to raise the quality of their service. Competition and turnover among businesses for backpackers is also high, and those business owners that live from one single income alone, the backpacker hostels, see themselves caught in a market fight with business owners who can access various sources of income and maintain the hostels at a minimum price. Many businesses are therefore pushed out of the market while a few larger ones remain and grow in size (table 2).

Table 2: Enclave development, networks and business motivation in Georgetown and Perhentian Kecil

	Enclave Development	Networks and business motivation
Georgetown	Concentrated urban enclave	- Strong business-oriented backpacker services - Weak local business network - Tight network around backpackers - Weak owner-backpacker network - Strong exchange and network with Thailand - Businesses dominated by copy-cat behaviour, little innovation - Government ignores backpacker tourism
Perhentian Kecil	Rural enclave (from Perhentian Besar to Perhentian Kecil [Long Beach])	- Majority are local 'laggards' - Weak local business network - Lose network around backpackers - Skill-transfer *backpacker-to-local* in the past; today skills are imported from outside the islands through 'travelling entrepreneurs' - Difficult access to land delimits change and innovation through developer tourists among backpacker businesses - Government tries to push backpackers out of Perhentian Islands

The Perhentian Islands were not a main backpacker destination until the road infrastructure on the East Coast was developed in the 1980's. Businesses started to open up through 'joint ventures' between locals-traveller networks with the necessary knowledge of how to run hostels/chalets. With the development of resorts on the large island, backpackers eventually moved to the beaches on the small island and locals from the island and the nearby mainland were able to offer the basic services to answer their needs. With a limited budget, the attraction of the islands was – and continues to be – its remoteness and the fact that one did little for no money. Away from the bustle of the

Southern Thai islands, the Perhentians offered a 'holiday from the holiday' where you could engage with locals, and stay for longer periods of time, which in turn allowed backpackers and locals to develop more meaningful relationships each other, up to the point where locals learnt how to offer the necessary services to backpackers. With easier access to the islands and improved facilities, the time backpackers spend on the islands has decreased; instead of 'free' entertainment, most of the social life and interaction is now concentrated around the numerous dive shops. The network between locals and tourists has loosened, and is reduced to the staff members working at the dive shops, often themselves long-term budget travellers who come and go between Thailand and Malaysia, depending on the monsoon season. As the monsoon season stops tourism for half a year, many locals also start looking for work in other parts of the country, especially the West Coast where they gain experience in tourism and develop their skills, which they then take back to the islands to improve services back home.

Difficult (legal) access to land ownership for non-Muslims from outside the State of Terengganu has limited change on the islands to a minimum, and there are only two ways in which non-locals can start up a business on the Perhentians: locals who lend their names can enable outsiders to get access to land and start-up a business, or you have to convert to Islam and marry a local, which has happened in two occasions. Government incentives to improve access to the islands has allowed mainland investors to develop larger resorts on Perhentian Besar, and increasingly on Perhentian Kecil (Hamzah and Hampton 2012). Nonetheless, the influence from outside the islands is still minimal compared to other Malaysian Islands – at least among the backpacker businesses – and only government measures in infrastructural development have had any major impact on change on the islands. Few new businesses have opened in recent years, most of the beaches that had been used by tourists in the 1990's remain the same, and environmental protection due to the marine park prohibits any major development on any new beaches. Even though some entrepreneurs might worry about the resort development on the small island, the concrete threat to backpacker travel today comes from environmental degradation and the fact that scuba diving, the most profitable business activity for backpacker hostels on the island, could then come to an end.

Chapter 7 – Conclusion

While lifestyle entrepreneurs have been recognised as a key element within the development of niche markets (Ateljevic and Doorne 2000), little attention has been paid to the development of social, exchange and communication networks among entrepreneurs and their customers. As a result, little is known about business approaches and development of networks in the light of increasing commodification and standardization of products and services.

Based on a concept developed by Saleille (2007), this study has set out to analyse the development of networks between customers and entrepreneurs, as well as networks between entrepreneurs themselves, by looking at these networks in four different tourist destinations known for a high concentration of backpacker services. Backpacker tourism, with its increasing levels of massification and commercialisation, and the diverse nature of its entrepreneurial motivations, networks, knowledge and skills, has proven to be a useful area to describe and analyse this field of research. The choice to focus research activities around accommodation facilities that are patronised by backpackers provided the necessary information on the backpacker market in each research location. This concluding chapter will attempt to answer the research question, to position backpacker tourism within Mexico and Malaysia and to analyse the results of the case studies. Finally, further areas of research will be outlined that could be of interest to the scientific community.

7.1 Positioning backpacker tourism in Mexico and in Malaysia

Both Mexico and Malaysia are countries along which run well-established backpacker trails. In Mexico, from Mexico City and (more recently) Cancun, the backpacker trail follows down the urban destinations in colonial cities or pre-Hispanic sites into Guatemala, and with increasing numbers of tourists and more affordable prices for air travel, not only have general tourist numbers increased, but also the numbers of backpackers who visit the country. The federal government largely ignored this segment of the tourism market, while local authorities discouraged the development of backpacker destinations in the beginning. By the late 1980's, probably with the disappearance of the countercultural hippie traveller and the arrival of the contemporary budget traveller, the conflicts around this kind of tourism seem to have disappeared. At present, many local authorities appear to recognize the importance of backpacker travel as an integral part of tourism in Mexico and that it is

more resilient to shocks. With many lifestyle entrepreneurs arriving from around the world, backpacker destinations and businesses appear to be considered a welcomed addition to the tourist market in Mexico.

Malaysia, on the other hand, only now officially welcomes backpacker tourists as the national government includes them in its tourism strategies (Hamzah and Hampton 2010) after decades of struggling with or actively attempting to remove 'hippie travellers' who travelled through Malaysia on their way from and to India or Thailand. However, Malaysia is considered a comparatively expensive country, with Thailand as a cheap alternative, and in the two research locations the innovative strength of the lifestyle budget accommodation sector lacked incentive. Nonetheless, Malaysia will surely continue to attract backpacker tourists as it is located on a well-travelled backpacker route through Southeast Asia with important "entry points" for international backpackers at the airports in Singapore and Kuala Lumpur. Still the question remains whether alternative countries in the region will be more successful at attracting backpacker tourists in the future, and whether backpacker service provision in Malaysia will continue to be successful in keeping this segment of the tourist market in the country.

7.2 Entrepreneurship and networks

While initially, the selection of research locations for this project was based on an urban/rural dichotomy, with respect to the evolution of backpacker tourism, and the commercialization of this segment of the tourism market, the results show that there is no reason to uphold the urban/rural dichotomy (Cohen 2006) for backpacker enclaves in the context of the evolution of networks (Bengtsson and Cock 2000). Network evolution and the commercialization processes in backpacker tourism are irrelevant of the urban or rural location. The defining factor for the development of a community of commercialized and standardized services and strong exchange networks are *a)* the background and business motivation of the entrepreneurs, *b)* the changing demand, and *c)* the quality of social and exchange networks (Saleille 2007).

Destinations with an established tourist industry and service provision prior to the arrival of backpackers displayed strong service provider-customer relationships, and customers made use of existing budget facilities. Conditions for strong social networks and a presence of lifestyle-motivated businesses with host-guest relationships have shown to be best in those destinations where backpacker tourism developed slowly and with no prior tourist

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activities – and therefore with few entrepreneurial knowledge and skills that would have provided the base for profit-motivated approaches. In three of the four destinations that were studied, these social networks triggered the development of accommodation businesses through close interaction between hosts and guests.

Even though some research has been done in the field of gender in backpacker tourism (Maoz 2008) more research would need to be done with respect to gender issues in the provision of services in backpacker tourism. The nature of the hospitality sector – offering accommodation and food – is traditionally a women-based activity. In traditional societies such as rural Mexico, most of the locally-run businesses were owned and run by women, however, in rural Malaysia, Islam could be the reason why it is more difficult for women to develop strong social networks with (Western) customers - especially men - who embody a different culture. More information on the role of gender and religion in the provision of backpacker tourist services would add to the understanding of this situation.

Extended stays not only allowed guests to develop strong social networks with locals (hosts and non-hosts alike) but in some cases either act as a host themselves or help locals develop the necessary skills to become a successful provider of accommodation services. In some cases, such as the Japanese or Israeli hostels, the social, communication and exchange networks within their ethnic communities are even so strong that they create their own separate network of accommodation facilities. After an initial phase of skill and knowledge development – bridging the gap between hosts and guests –, these "brokers" are often no longer necessary for the further development of services. A sufficient number of entrepreneurs had now developed their skills far enough to continue independently and, as numbers of guests increased, gradually developed into a business community characterized by a professional, profit-motivated service provision. Skill development was now achieved either *a)* by cooperating with other entrepreneurs who had acquired the necessary skills, *b)* by copying successful business strategies from other businesses or *c)* by "insider experience" and by entering the role of the guest/consumer and learning the required skills first hand.

As an outcome of this research, with a view on the literature on backpacker mobilities, it can be stated that backpacker mobilities have diversified and increased in the sphere of physical, virtual and cultural spaces. Locations that used to be difficult to access and "off the beaten track" have been opened up through the development of infrastructure and

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customized backpacker services. The most important result of facilitated access to these locations was that larger numbers of backpackers could now reach these places which, in turn, triggered the growth of increasing numbers of businesses offering backpacker-specific services. As the numbers of customers and entrepreneurs increase, migrant entrepreneurs move into the business community – former travellers who aim to start a business (Ateljevic and Doorne 2000). Similar to the situation described by Snepenger, Johnson et al. (1995), prior travel to a destination triggered the choice to relocate to an existing (backpacker) destination. Whether the start-up of a business was possible (or not) depended to a great extent on the regulatory framework of the country or region. Saleille, in her model of dynamic networks in the Ardèche region of France, had shown how businesses by migrant entrepreneurs from outside the region move through exchange and communication networks with the local community to more social networks and how non-local networks that exist prior to relocation are used for business success. While this may be true within the context of migration within one country, and when migrating to a location with a comparatively diverse local business community, research among migrant entrepreneurs in the four case studies display a different pattern: under the influence of increasing commercialisation and competition within a business environment dominated by small-scale tourism, relationships between the majority of migrant entrepreneurs and the local business community as well as between entrepreneurs and tourists had moved from social networks in the past - when relationships were more host-guest oriented - towards more formal exchange and communication networks with service providers and customers in the present. As a result, the skill and knowledge development is now achieved either through copy-cat behaviour or own travel experience rather than the direct transfer of skills through social networks between hosts and guests. While in the initial development phase non-local networks were provided predominantly by means of contact with travellers, increasing commercialization and competition within a tourist market developing along travel circuits also meant that business owners had to tap into these networks and establish exchange networks with owners outside the destination in order for their business to thrive. This can be done personally or virtually.

Figure 21: Commercializing networks among immigrant tourist business networks in commercializing backpacker destinations
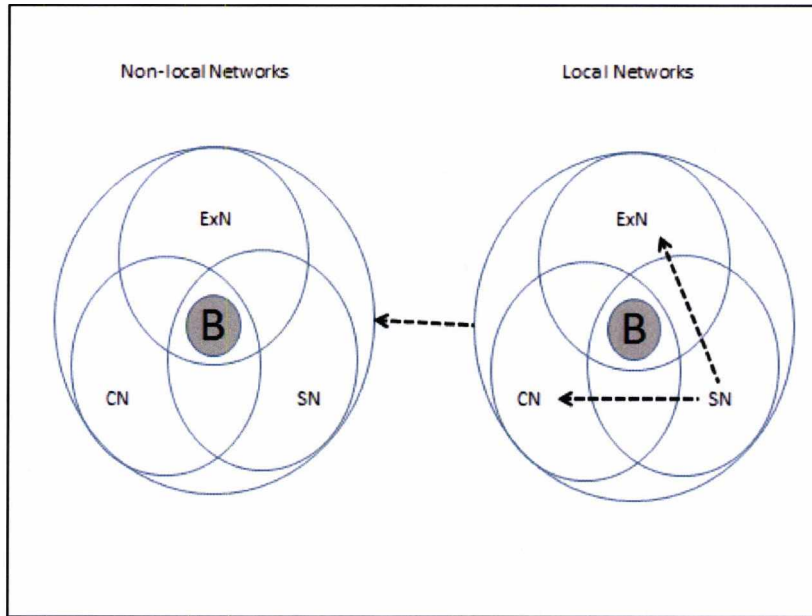
Figure 22: The Dynamics of networks among neo-rural entrepreneurs in the Ardèche region (France)
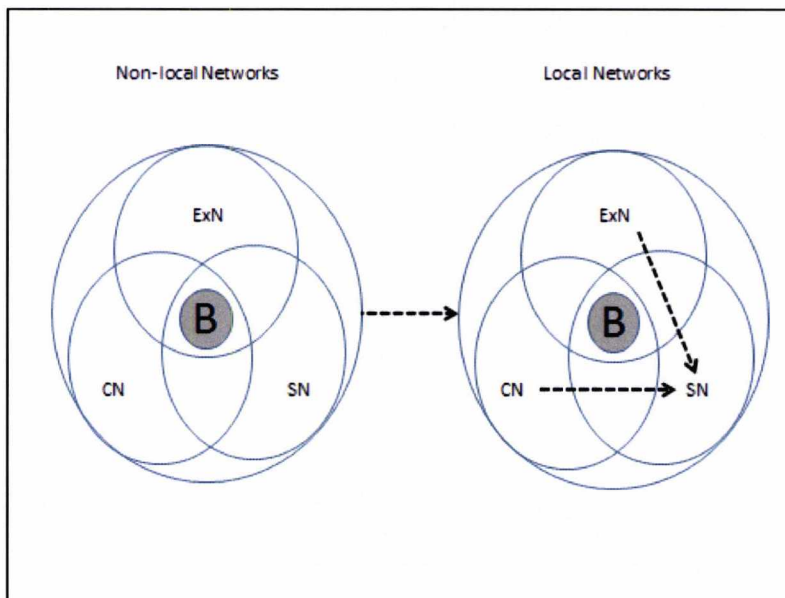
Source: Adapted from Saleille (2007)

Virtual spaces that could only be accessed through Internet cafés can now be found in a large number of accommodation facilities that offer wireless Internet access. Internet access to check emails, update blogs and seek relevant travel information (or stay in touch

with other businesses) has even become one of the most important assets in a backpacker business, another representation of how physical space has become more and more relative and fluid for a large number of backpackers and how communication networks have expanded and gained importance over time. How many backpackers stay in one place for an extended period of time? How many are limited to the contacts with local people and fellow travellers in the destination like it used to be in the beginning of backpacker travel in the 1960's? In many places the traveller experience of the "here and now" has become the backpacker experience of "everywhere, all the time".

The phenomenon of concentrated backpacker enclaves (O'Regan 2010) appears to be present where the backpacker market displays a high level of mobility, with a short average stay and therefore tight exchange and communication networks. In such a setting, social networks appear be weaker and less relevant to business success. This situation can be found in a functional urban destination such as Georgetown, with a high level of physical mobility among the customers of backpacker services and where a majority of customers require one single service, in this case, the (Thai) visa renewal. Their physical mobility is temporarily restrained by the fact that they are confronted with the legal situation of their travel. In order to secure continued physical mobility, they need to become 'moor' for a certain period of time (Paris 2010). Service providers have successfully tapped into this 'moored' market and provided customized services that tighten the exchange network financially and physically around single businesses in the enclave and destinations in the backpacker 'playground' (O'Regan 2010) in Thailand where many customers are waiting for the moment where they can continue travelling. Virtual mobility is available within the enclave and provided by means of access to wireless Internet or Internet cafés. In other enclaves where backpackers spend longer periods of time and learn the local language, the quality of social networks between hosts and guests appears to gain importance again. The enclave and backpacker culture dissolves into the surrounding space, is less concentrated and dispersed, penetrable for "outsiders" as travellers continue to enjoy a high level of physical mobility.

As soon as the backpacker market grows and becomes saturated, niches within the largely standardized and commercialized market also have the chance to develop. While a community of profit-motivated businesses offers services to a large number of customers, the overall size of the market is large enough to provide services to an increasingly

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segmented backpacker market (Loker Murphy 1996) and for less profit-motivated services that sell the image of being unique or more authentic. Standardised and commercialised services are perceived by parts of the backpacker market as lacking authenticity, and with a demand for the "authentic" (Desforges 1998), social networks can be used as an asset again to distinguish one's business from the others. Acquiring a higher level of authenticity can range from a preference of (non-virtual) social networks for promotion (i.e. word-of-mouth instead of guidebooks, no Internet link with the outside world), to the provision of non-commercial services (i.e. travel information with no direct financial gain, cooking facilities). In general, the four case studies have shown there is a shift away from the dominance of exchange relationships between service provider and customer back to a relatively strong social relationship between hosts and guests. Research in all four locations has shown that these strong social networks and host-guest relationships are present in a number of small-scale lifestyle-motivated businesses, as a reaction to commercialization processes. It could be argued that these relationships feed the image of the 'drifter' ideal, the original way of travelling that many backpackers aspire to (Cohen 2010)

A result of the up-scaling of services and larger numbers of customers in an increasingly segmented market is the opportunity for lifestyle entrepreneurs – usually migrant entrepreneurs who used to be backpackers themselves – to offer services to this niche market of a new generation of drifter travellers within the backpacker market. However, they are caught in a dilemma: as service providers who want to make a living from backpacker tourism, they have to develop the necessary skills and offer the services for the "everywhere-all-the-time" experience, and show extreme flexibility and readiness in providing any service required. As a "stand-alone" business and their only source of income, this proves to be increasingly difficult. For many of these lifestyle entrepreneurs, depending on a hostel as a single income is extremely hard and they must often have a financial base outside their lifestyle business such as savings, family pooling of finances, another job or temporary stays abroad (in the case of immigrant tourists) from which they can generate enough income to survive. Where ever the regulatory framework does not allow an influx of migrant entrepreneurs into a highly commercial and competitive market, the niche market will not provide opportunities for lifestyle-businesses. These observations are different to what Ateljevic and Doorne (2000) found in New Zealand according to whom, as long as the backpacker market is pre-dominantly non-commercial and the regulatory framework and property market allow for the influx of lifestyle

entrepreneurs, the backpacker market will offer a niche for this kind of business approach. In a highly competitive environment, with increasing numbers of travellers and accommodation facilities, the turnover of businesses proves to be considerably high, and profit-motivated entrepreneurs develop exchange networks with the backpacker market and weaker networks within the community of backpacker entrepreneurs. This is also reflected in the fact that the majority of businesses are manager-run. It could be argued that the boom-and-bust, manager-run nature of facilities prevent innovative and lifestyle-motivated entrepreneurs from opening a business. Profit-motivation and standardisation of services around a very tight network has become the defining features of businesses in these locations. Few larger businesses dominate the market, and many small or potential lifestyle businesses are closing in this stage of backpacker tourism development.

While commercialised and standardised services are traditionally seen as a "final stage" of tourism development, this research has shown that critical events that lead to decline in tourist – and backpacker - arrivals can have a profound impact on a tourist destination (Brenner and Fricke 2007). As a result, in the context of the quality of service provision, it appears that critical events can cause a sharp decline of tourist arrivals which allows the destination to revert back to "social" host-guest relationships as described by Lynch et al. (2011).

A negative side effect of a large backpacker market can appear when local governments lack control of the business community. Usually, the role of governance in the context of the commercialization of backpacker businesses is quite limited and government measures act indirectly. The impact of governance in the context of this research is then limited to the issue of lacking enforcement on the part of the government authority over an economic branch with, often, small profit margins. While on the one hand it can mean that entrepreneurs are exempt from tax payments – enabling non-profit motivated business approaches to survive – it can also lead to an increasingly high competition level between legal and illegal businesses: the former find it hard to generate enough revenues to make a living as they have to compete for customers with the latter. With a pronounced high season, and high numbers of illegal accommodation facilities (ranging from subletting single rooms to actual hostels) that are easily opened during this time as start-up costs are low, legal businesses in the hospitality sector can suffer and even fail; as one interviewee in San Cristóbal put it: "It's easy to enter the market, but once there it's hard to survive."

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7.3 Conclusion

The analysis of social, communication and exchange networks in all four destinations has provided new insights into the development and commodification of backpacker tourism. The competition between business motivations and their respective network system explains how social, communication and exchange networks define the local and non-local relationships between entrepreneurs and between entrepreneurs and backpackers.

The categorisation offered by Cohen (2004) who distinguishes urban and rural enclaves proved of limited use for the research. More than the dichotomy between urban and rural destinations, the regulatory framework and quality of networks appeared to influence the innovation, knowledge and business performance in backpacker destinations. In destinations where backpacker tourists can enjoy a variety of cultural attractions and history, a pleasant (temperate) climate to recover from the hardships of travel, maybe even become engaged in – often volunteer – work, not only do the same backpackers extend their stays but former backpackers as well choose to resettle and open a business there, thereby switching from guest to host and bringing with them the necessary skills to potentially renew and innovate backpacker services.

In order to promote a business along the backpacker trail, even considering the large variety of guidebooks and Internet resources, trust-based relationships between hosts and guests, and the establishment of networks amongst backpackers travelling on the backpacker circuit are still crucial to attract customers to the business. While prior to the worldwide "hostel boom" of the 1990's the few businesses that offered backpacker services could count on a regular flow of guests without having to promote their business apart from the traditional word-of-mouth, increasing competition and backpacker mobilities (Hannam Dieckmann 2010) have forced many backpacker businesses to "channel" the flow of tourists along their respective backpacker trails and engage in non-local communication and exchange networks. The dynamics within a more competitive environment, and the skills and experience (as travellers or professionals) that migrant entrepreneurs bring along is of major importance for the potential shift from lifestyle to profit-motivation, and from host-guest to service provider and customer. Numerous lifestyle entrepreneurs decide to shut down or sell their business as tourism development gains momentum. A changing ambience, where the lifestyle entrepreneurs are decreasing

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in numbers, causes first generation lifestyle backpackers to look for other destinations, as mainstream backpackers and profit-motivated businesses start to dominate the market.

Today, human and financial capital and wide-spread non-local networks are therefore crucial to business success as the market shifts from lifestyle to profit-motivation, from host-guest to service provider-customer relationships. Those lifestyle backpacker entrepreneurs who depend solely on their hostel start experiencing problems in running their business, as soon as their lack of human or financial capital and networks becomes apparent under the pressure of increasing competition from profit-motivated and financially more powerful businesses. Lack in human and financial capital affected business performance as soon as more affluent backpackers appeared in these destinations towards the beginning of the 21st century when the backpacker business community attracted more profit-motivated entrepreneurs, and backpacker tourism started to become more competitive. As a result, not only has this led to a very standardised and efficient service provision, but it has also cut interaction between hosts and guests to a minimum and prevented the development of strong affective social and communicative networks. Despite the fact that service providers continue to refer to repeat visitors as "friends", it became clear during the research that the relationship between hosts and guests was not a close social, trust-based relationship but more of a money- and service-based relationship.

In rural backpacker destinations such as Zipolite or the Perhentian Islands, locals who were among the first to open a business and make use of their strong social networks were strong and sufficient to attract a number of backpackers large enough to manage their business successfully. Similarly, in Georgetown, lifestyle entrepreneurs depend on a strong social network to survive but there are few of them, and no new lifestyle entrepreneurs have opened up any backpacker business in recent years. Only in San Cristóbal do large numbers of lifestyle businesses continue to survive and new ones open. However, future development of the property market will show whether they will remain numerous in the future, or whether up-scale development of backpacker tourism – similar to that of Georgetown – will take place.

First-generation lifestyle entrepreneurs who moved to a rural community developed a strong social and communication network with locals first, a situation that is different to the case described by Saleille (2007) in the Ardèche region in France. The findings above coincide with the findings of Williams, Shaw et al. (1989) and adds to the scientific

discussion of "networks" as it reveals how important social networks are – compared to financial networks – not only as a key to success, but also as a precondition to entrepreneurial migration. Urban destinations can provide these conditions, as long as they offer the desired lifestyle, they are affordable and they display a certain kind of authenticity.

Some lifestyle entrepreneurs seem to be successful at adapting to a changing backpacker market, making use of their social networks with backpackers. Contrary to the on-going process of commodification of backpacker tourism, as expressed in the vertical integration of backpacker services such as in Georgetown and the Perhentian Islands, it appears that social networks between entrepreneurs and backpackers continue to be important and information networks such as Internet resources are mostly an "add-on" to the personal contact and the social capital. This is also reflected by the number of return visitors who assure the lifestyle entrepreneur of an income. More research would have to be done with the backpacker market itself, but indications from this research show that a larger share of drifter backpackers (Cohen 2010) enables lifestyle entrepreneurs to make a living.

Interestingly, it appears that social and informative networks such as online booking sites also enable lifestyle entrepreneurs to "by-pass" established exchange networks with intermediaries (e.g. travel guidebooks and travel agencies). The effect of the Internet as a source of information and the potential social and information networks that are available online could be another field of research deserving attention, as there appear to be non-commercial as well as commercial traveller networks that connect producers and consumers. Those destinations that fail to make use of the Internet and the available information could face difficulties in the future, as experienced by individual entrepreneurs in Zipolite who complained about the "speed" at which Internet had spread negative promotion on their destination (and the lack of incentive among entrepreneurs to correct the situation or the image).

This research has shown that niche markets, such as backpacker tourism, depend largely on these strong social networks between hosts and guests in the beginning of their development, because the "social" atmosphere is then carried along the backpacker trail – physically or virtually on the Internet – to establish a positive reputation of the backpacker destination. However, in none of the researched destinations did the presence of lifestyle entrepreneurs lead to an actual in-depth diffusion of knowledge between backpacker

entrepreneurs. They appear to be highly "individualist" and reluctant to cooperate with other entrepreneurs, especially beyond the limits of their ethnic community. The transfer of skills is therefore highly limited and depends on the experience of the individual and its social and communication networks, within the destination and beyond. Contrary to the situation described by Saleille (2007), it could be that the co-coopetition among entrepreneurs keeps social networks from developing among entrepreneurs.

Gradually, as the backpacker enclave matures and starts experiencing increasing levels of commodification, social networks between entrepreneurs and backpackers appear to give way to more formal exchange networks, as expressed in the fact that increasing numbers of backpacker businesses are "manager-run", with owners that inject finance and human capital into the business, but with limited social contact with backpackers. Hospitality, as a result, is replaced by money-based service provision, and the social networks that used to define the relationship and business environment lose importance. To what extent this is reflected in decreasing numbers of backpackers, and under which conditions a destination can continue to develop the necessary entrepreneurial skills to create strong social networks and attract a wide range of backpacker tourists could be the subject of future studies.

However, this study entrepreneurship and their historic development in various backpacker destinations has revealed that a changing backpacker market can have an impact on business approaches, and that the same entrepreneur who started off as a lifestyle entrepreneur might gradually face a situation where there is a need to adapt to changing demand. Higher levels of competition, a strong concentration of services within an enclave, a more demanding backpacker market and changes in the regulatory framework will have an effect on the success of the business. Business approaches therefore need to be dynamic and not static, in order to perform in the grey zone between the extremes of being a lifestyle entrepreneur to a fully profit-motivated entrepreneur. Whether a business succeeds in the long run depends on the development and application of the necessary skills and making use of all relevant networks (social, communication and exchange) to perform in this competitive backpacker market, while at the same time taking care to not turn into a regular "tourist" business. This seems to be the case in concentrated backpacker enclaves; however, in a dispersed urban enclave, there seems to be enough

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space for a backpacker business to continue and perform in the field of lifestyle entrepreneurship.

Backpacker tourism has been thoroughly researched with a strong regional bias towards Southeast Asia and Australia/New Zealand. Commercialisation and massification of backpacker tourism in that part of the world has reached high levels when compared to the situation in Latin America. There is a need for more research among immigrant tourists who move to developing countries and to communities that are more culturally and ethnically diverse and "open", with higher levels of fluctuation among the local population. The research in Mexico has shown that the selected backpacker destinations display a slightly different developmental pattern: there are still more long-term budget travellers, and there are more immigrant tourists than in Southeast Asia which in turn allows the backpacker business communities to be more diverse in ethnic and entrepreneurial set-up. Is strong massification and commercialisation of backpacker tourism therefore a regional phenomenon? Does the social or cultural distance between service providers and customers prevent the development of strong affective networks? Future research will need to look into the situation among businesses in other parts of the world, in non-English speaking countries in Europe, Africa and Latin America for instance, but also in Australia or New Zealand where commercialisation of backpacker tourism has progressed most but where the cultural distance between hosts and guests, and as a result, social networks, are comparatively small. Another field of research could be the "emerging" backpacker markets in Myanmar and China, and how communities in these countries react to the arrival of backpacker tourists.

Appendix

Appendix 1: Casebook

Case	Date	Country	Location	Business	Nationality	Gender	Function	Time
1	20.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:51:25
2	20.11.2009	Mexico	San Cristobal	Accommodation	Canadian/Mexican	Male	Owner	0:46:28
3	21.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Female	Owner	1:17:28
4	22.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Female	Owner	1:22:48
5	22.11.2009	Mexico	San Cristobal	Camping	Mexican	Male	Owner	1:05:46
6	23.11.2009	Mexico	San Cristobal	Bike Rental	Mexican/Swiss	Male	Owner	0:59:25
7	24.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Male	Manager	0:21:19
8	25.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:32:19
9	25.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:56:25
10	26.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:51:27
11	26.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:42:22
12	26.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:58:43
13	27.11.2009	Mexico	San Cristobal	Accommodation	Italian	Male	Owner	0:55:30
14	28.11.2009	Mexico	San Cristobal	Accommodation	Mexican/Israeli	Female	Owner	0:27:59
15	28.11.2009	Mexico	San Cristobal	Accommodation	Mexican/USA	Male	Owner	0:51:18
16	28.11.2009	Mexico	San Cristobal	Accommodation	Mexican	Female	Manager	0:24:26
17	23.07.2010	Mexico	San Cristobal	Accommodation	Mexican/Canadian	Male	Owner	0:58:49
18	08.07.2010	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:53:38
19	08.07.2010	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:53:12
20	09.07.2010	Mexico	San Cristobal	Accommodation	Japanese	Male	Owner	0:29:49

21	09.07.2010	Mexico	San Cristobal	Catering	Israeli/Mexican	Male	Owner	0:08:46
22	10.07.2010	Mexico	San Cristobal	Accommodation	Mexican	Male	Manager	1:14:25
23	10.07.2010	Mexico	San Cristobal	Travel Agency	Guatemalan	Male	Owner	0:48:19
24	12.07.2010	Mexico	San Cristobal	Accommodation	Italian	Male	Owner	0:46:41
25	13.07.2010	Mexico	San Cristobal	Tourism Authority	Mexican	Female	Official	1:10:44
26	13.07.2010	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	0:18:01
27	15/07/2010	Mexico	San Cristobal	Accommodation	Mexican	Male	Owner	1:08:48
28	03.12.2009	Mexico	Zipolite	Accommodation	Mexican/US	Female	Owner	3:38:55
29	04.12.2009	Mexico	Zipolite	Catering	Italian	Male	Owner	0:28:24
30	04.12.2009	Mexico	Zipolite	Accommodation /Catering	Mexican	Female	Owner	1:15:25
31	05.12.2009	Mexico	Zipolite	Catering	Mexican	Female	Owner	0:34:18
32	06.12.2009	Mexico	Zipolite	Catering	Mexican/Canadian	Male	Owner	0:27:19
33	06.12.2009	Mexico	Zipolite	Accommodation /Catering	Mexican/Italian	Male/Female	Owner	0:34:30
34	07.12.2009	Mexico	Zipolite	Accommodation	Mexican/US	Male	Owner	1:02:17
35	08.12.2009	Mexico	Zipolite	Accommodation /Catering	Mexican	Male	Owner	0:33:53
36	08.12.2009	Mexico	Zipolite	Accommodation /Catering	Mexican/French	Female	Owner	0:52:23
37	09.12.2009	Mexico	Zipolite	Catering	Mexican	Female	Owner	0:33:17
38	10.12.2009	Mexico	Zipolite	Catering	Mexican	Male	Owner	0:26:14
39	25.06.2010	Mexico	Zipolite	Accommodation /other	Mexican/German	Female	Manager	1:14:12
40	26.06.2010	Mexico	Zipolite	Accommodation /Catering	Mexican/Italian	Female	Owner	1:19:56
41	27.06.2010	Mexico	Zipolite	Accommodation	Mexican	Male	Owner	0:42:50

				/Catering				
42	27.06.2010	Mexico	Zipolite	Accommodation /Catering	German/Austrian	Female	Staff member	0:33:46
43	28.06.2010	Mexico	Zipolite	Tourism Authority	Mexican	Female	Official	0:48:36
44	28.06.2010	Mexico	Zipolite	Accommodation	Mexican	Male	Owner	0:37:13
45	29.06.2010	Mexico	Zipolite	Accommodation /Catering	Italian	Male	Owner	0:47:39
46	29.06.2010	Mexico	Zipolite	Accommodation /Catering	Argentinian	Male	Owner	0:19:32
47	30.06.2010	Mexico	Zipolite	Other	Mexican	Male	Owner	0:41:18
48	30.06.2010	Mexico	Zipolite	Accommodation /Catering	Italian	Male	Owner	0:16:21
49	30.06.2010	Mexico	Zipolite	Accommodation /Catering	Mexican/USA	Female	Manager	0:17:30
50	01.07.2010	Mexico	Zipolite	Accommodation	Mexican	Male	Owner	0:21:12
51	01.07.2010	Mexico	Zipolite	Accommodation /Catering	French	Female	Owner	1:41:23
52	01.07.2010	Mexico	Zipolite	Accommodation /Catering	Mexican	Male	Owner	2:18:52
53	02.07.2010	Mexico	Zipolite	Accommodation /Catering	Italian	Male	Owner	0:21:54
54	02.07.2010	Mexico	Zipolite	Accommodation /Catering	Mexican	Male	Owner	0:14:54
55	05.07.2010	Mexico	Zipolite	Catering	Mexican	Male	Owner	0:55:34
56	02.03.2010	Malaysia	Georgetown	Accommodation	Malaysian (I)	Male	Owner	0:23:25
57	02.03.2010	Malaysia	Georgetown	Accommodation	Malaysian (Ch)	Male	Owner	0:23:38

			Georgetown	Accommodation /				
58	03.03.2010	Malaysia		Catering/Other	Malaysian (Ch)	Female	Owner	1:02:25
59	04.03.2010	Malaysia	Georgetown	Accommodation	Malaysian (Ch)	Male	Manager	0:46:11
60	04.03.2010	Malaysia	Georgetown	Accommodation	Malaysian (Ch)	Male	Manager	0:24:26
61	04.03.2010	Malaysia	Georgetown	Accommodation /Catering	Malaysian (Ch)	Male	Owner	0:40:18
62	09.03.2010	Malaysia	Georgetown	Accommodation	Malaysian (Ch)	Male	Owner	0:31:23
63	09.03.2010	Malaysia	Georgetown	Accommodation	Malaysian (I)	Male	Manager	0:16:54
64	10.03.2010	Malaysia	Georgetown	Accommodation	Malaysian (Ch)	Male	Manager	0:18:21
65	11.03.2010	Malaysia	Georgetown	Accommodation / Catering/Other	Malaysian (I)	Male	Owner	1:13:15
66	11.03.2010	Malaysia	Georgetown	Catering	Malaysian (Ch)	Male	Owner	0:33:18
67	15.03.2010	Malaysia	Georgetown	Catering	Malaysian (Ch)	Male	Owner	0:42:44
68	16.03.2010	Malaysia	Georgetown	Accommodation / Catering	Malaysian (Ch)	Male	Owner	2:12:51
69	16.03.2010	Malaysia	Georgetown	Accommodation	Malaysian (Ch)	Male	Owner	0:56:43
70	17.03.2010	Malaysia	Georgetown	Accommodation	Taiwanese/Indonesian	Male	Owner	0:55:05

			Georgetown					
71	18.03.2010	Malaysia	Georgetown	Catering	Malaysian (M)	Male	Owner	0:10:45
72	19.03.2010	Malaysia	Georgetown	Accommodation / Catering	Malaysian (Ch)	Male	Manager	0:18:41
73	06.04.2010	Malaysia	Georgetown	Travel Agency	Malaysian (I)	Male	Owner	0:11:12
74	07.04.2010	Malaysia	Georgetown	Accommodation /Catering	Malaysian (Ch)	Male	Owner	0:47:49
75	25.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Malaysian (M)	Male	Owner	1:16:32
76	26.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Malaysian (Ch)	Male	Manager	0:26:41
77	26.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering/Other	Malaysian (M)	Male	Owner	1:08:40
78	27.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Irish/ Malaysian (M)	Female	Owner	1:52:03
79	28.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Malaysian (Ch)	Male	Manager	0:21:45
80	28.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Malaysian (M)	Male	Owner	0:51:05
81	29.03.2010	Malaysia	Pulau Perhentian Besar	Accommodation /Catering	Malaysian (M)	Female	Owner	0:20:35
82	29.03.2010	Malaysia	Pulau Perhentian Besar	Catering	Malaysian (M)	Female	Owner	0:11:55
83	29.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation	Malaysian (M)	Male	Owner	1:04:06
84	30.03.2010	Malaysia	Pulau Perhentian Kecil	Other	Swedish/Malaysian (M)	Female	Owner	0:30:00

85	30.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Malaysian (M)	Female	Manager	0:23:19
86	30.03.2010	Malaysia	Pulau Perhentian Kecil	Accommodation	Malaysian (M)	Male	Manager	0:21:06
87	31.03.2010	Malaysia	Kuala Besut	Other	Malaysian (M)	Male	Owner	0:27:55
88	01.04.2010	Malaysia	Pulau Perhentian Kecil	Accommodation	Malaysian (M)	Male	Owner	0:33:05
89	02.04.2010	Malaysia	Pulau Perhentian Kecil	Other	Malaysian (M)	Male	Owner	0:23:46
91	02.04.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Malaysian (M)	Male	Manager	0:30:04
92	02.04.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Malaysian (M)	Male	Owner	0:29:39
93	02.04.2010	Malaysia	Pulau Perhentian Besar	Accommodation /Catering	Malaysian (M)	Male	Owner	0:53:33
94	03.04.2010	Malaysia	Pulau Perhentian Kecil	Catering	Malaysian (M)	Male	Owner	1:02:58
95	03.04.2010	Malaysia	Pulau Perhentian Kecil	Other	Malaysian (M)	Male	Owner	0:24:36
96	03.04.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering/ Other	Malaysian (M)	Female	Owner	0:16:35
97	03.04.2010	Malaysia	Pulau Perhentian Kecil	Accommodation /Catering	Malaysian (M)	Male	Owner	0:44:59
98	29.05.2009	Malaysia	Pulau Tioman	Accommodation /Catering	Malaysian (M)	Male	Owner	0:40:00
99	25.05.2009	Malaysia	Georgetown	Accommodation	Chinese/Indonesian	Male	Owner	0:45:00
100	25.05.2009	Malaysia	Batu Ferringhi	Accommodation	Malaysian (M)	Male	Owner	0:30:00
101	19.05.2009	Malaysia	Kuala	Travel	Malaysian (Ch)	Male	Owner	2:00:00

			Terengganu	Agency/Accommodation				
102	22.01.2011	Mexico	Cuernavaca		German	Male	expert	1:26:52
103	13.04.2011	Germany	Bingen		German	Male	expert	0:48:56
104	07.04.2011	Germany	Berlin		German	Male	expert	2:15:48
105	10.04.2011	USA	Seattle		US-America	Female	Key informant	Email
106	18.04.2011	Australia	Adelaide		Australian	Male	Key informant	Email
107	08.04.2011	Australia	Perth		Australian	Male	Key informant	Email
108	08.04.2011	Malaysia	Kuala Lumpur		Malaysian	Male	Key informant	Email
109	15.03.2010	Malaysia	Georgetown		British	Female	Key informant	Interview
110	04.04.2010	Malaysia	Cameron Highlands		Malaysian (Ch)	Male	Key Informant	Interview

Appendix 2: Interview Transcript

Interview with hostel owner in San Cristobal de las Casas (author's translation from Spanish)

Location: Kitchen in hostel owner's apartment

Date: 27.11.2009

Length: 58min 43sec

INTERVIEWER: How old are you and what's your name?

Respondent: My name is [name of respondent] and I am 51 years old. I am originally from Mexico City.

INTERVIEWER: How long have you been living in San Cristobal for?

Respondent: Eleven years.

INTERVIEWER: With this business?

Respondent: Yes.

INTERVIEWER: What was the reason for you to start up a business here?

Respondent: Well, I had studied computer sciences at university, engineering and informatics, with computers and I worked in a company for five years. But in these five years – well, it's not like I would have regretted my studies, because they've proven to be useful over time – but it's not what I wanted for myself. I studied computers because it was the time of the computer revolution, and it was a career where you could earn a lot of money.

INTERVIEWER: When was that, during the 1980s?

Respondent: Yes, and after five years of working at that company, I realised that it was not what I wanted to get out of life, dedicating my life to a company where you work for eight hours a day, with twenty days of holidays and the rest: work, work, work...? That's not what I wanted, getting old in a company, and then, they get rid of you, give

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you some money and bye! When you're 65 years old...that's not what I wanted. So after five years, I started thinking, thinking and thinking again about what I really wanted to get out of life. I had always dreamt of travelling. So I said, well, I'll start travelling. I sold my car, sold my diving equipment because I was also a dive instructor, sold my belongings and bought a ticket to London. And then I left! It was the first time outside Mexico for me; I didn't speak any English, didn't know anyone and arrived in London, just like that...right? So...I didn't like the routine of working in a company, it makes you sick because your life becomes boring, always the same, you always know what will happen the next day, that you'll meet your boss, that you'll have something to do...I mean...what a horrible routine! I think about 80 per cent of the world population are living that kind of routine! Because they're working in something they don't like, just because they need the money, out of insecurity and fear, the fear of moving somewhere else because you think you won't find anything. It makes you scared...[break while talking to visitors/friends]

Here, with my visitors, it's always like that: you make friends with people at times, you know? When they stay for many days, a friendship is born. Now, I have a lot of friends that I've met. They come from all over the world, they return every year and...right now, there's a German who stayed here five years ago, and now he's back with his girlfriend.

Anyway, speaking of routines, of work and all that...I wanted a change in my life. Because I said to myself "I need to do something different!" And for me, finding a way, a change is like 'moving like water'. When water moves it's fresh, it's pure and clean. When it doesn't move, it turns green, and it becomes stale. I believe we are like that, too. If you stay in a company all your life, you rot! I have friends of my age, those who continue working in a company but they walk like they've become really old. I notice the difference in me, when I walk up the mountain, I go on a bicycle, my means of transport is a bike, and I'm always going 'tu-tu-tu' [makes gestures of energetic movements]. So that means that it is good when you move, right? So I started moving, to London...

INTERVIEWER: Did you have any idea of what was going to happen?

Respondent: No, but that's what I loved about it! Not knowing what will happen the next day. For me, the fantastic thing about life is this: you don't know what tomorrow will bring. When you know everything, it's boring. And you need goals in life. Many people, for instance, when someone comes and says "Take this ticket to London and

leave tomorrow!" they reply "But what will I do in London? What will I eat? Where will I sleep?" Many questions…and these questions are born out of insecurity. But when you are self-assured, these questions don't exist. Whether that's here, or in China or in Africa, you won't die of hunger. Because you have a head, two hands, nothing that will keep you from surviving. Many people think that, when they move, the world will fall apart, and that they'll die because they don't know what to do. So myself, I have this security, because I learnt at home. Parents are those who inject these securities into you…

INTERVIEWER: What kind of work did your parents do?

Respondent: My mother was a concert piano player, with a very open mentality and very relaxed. My father was a civil engineer, in the construction business, who left the house a lot and when he was younger, he spent a lot of time out in the countryside, travelling and all that. He taught us to open paths, to grow wings and fly. We were five children at home. So, obviously, I grew up with this security inside me. I wasn't afraid, and so I left for London. My first surprise – because to me, Europe was something like 'civilisation', 'order', 'intelligence' and 'education'. My first surprise when I arrived in London, at Victoria Station, was when I took a cab and I told the driver "Take me to a bed and breakfast." He drove me around for half an hour, and then he took me to a bed and breakfast. 25 pounds! I was like…"Oh my God!". The next day, I bought a map of the city of London and to my surprise the bed and breakfast was one street down from Victoria Station. Taxis in Mexico City and in London are the same, or wherever you go. So, I told myself "Watch out!" That was my first lesson, that even though I was in London, I had to take care of myself. And little by little, I started moving, investigating, meeting people who spoke Spanish, found a tiny apartment, and found a job and a school where I could learn English. I started to grow, to develop…rapidly…within two years, I was working in catering, catering to Margret Thatcher, Princess Diana and Prince Charles. I said to myself "Mama Mia!" After a while, I was working at the Four Seasons. Why? Because I had the abilities. And I think, that wherever you go in this world, when you show your abilities, you get opportunities. If you have an attitude of saying "Serve me!" and "I won't move at all.", whether that's here or in China, you won't achieve anything because that's your attitude. I spent three years in London, then I worked on [cruise] chips, returned to London, went back to [cruise] ships and travelling, travelling, travelling the world.

I was thirsty, wanted to learn and see other cultures. I wanted to feed on all of this. At some point, I was travelling through Greece, and I had experiences – I don't call them 'good' nor 'bad' because to me, all of them are good. Because all of them can teach you something.

INTERVIEWER: You learn from experience?...

Respondent: If you don't learn from them, it's like you're not living at all! I was in Naples, I arrived in Naples and they robbed me. Everything! I was left standing there in shorts and sandals. I had come to Naples because I was told you could eat the best spaghetti in Naples, and I wanted to know whether that was true. And then...surprise!...they took everything from me. But I told myself "It's okay." I'm alive, the Mexican embassy gave me a passport, a little bit of money and I continued travelling. I returned to Greece and it was in Greece where I came up with the idea of opening a backpacker place. I saw places like the island of Santorini, Mykonos, Paros and Naxos, places where they have such beautiful hostels.

INTERVIEWER: When was that?

Respondent: During the 1980s. In 1989 or something like that. Impressive! And I was thinking "Wow! How beautiful is this!" and I loved the work, because I was working on a campground on Corfu. I liked the environment of young people, and there were always new people, always interesting things going on. That's where I came up with the idea that working in this area could be a good idea. I had already worked in London, on cruise ships, in hotels and restaurants, so I turned into a new direction. I had started learning how to work in five star hotels; I was working at the Four Seasons. I was coordinating orders for room service and all that, so...I preferred services, hotels and restaurants. I realised that I liked that work because I had the chance of seeing new people all the time. What bored me most about working in companies was the fact that you see the same faces over and over again. In a restaurant and a hotel, you always get to know new people, and you can talk with different kinds of people and I preferred that. So, I told myself: that's what I want to do! But I continued travelling, I continued learning, languages: Italian, English, French, Spanish and a bit of Portuguese. When I turned 40, I said "Okay! It's time to start looking? Where will I open the hostel?"

INTERVIEWER: Did this happen in London?

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Respondent: I was working on a cruise ship then. I had an apartment in Mexico City, but I never lived there. I had bought it, and was renting it to someone but myself, I never lived there. It was an investment, right? So, suddenly, I said...in which country? And I decided it would be Mexico, because in Mexico – apart from being Mexican – I have more opportunities, they will never call me 'fucking foreigner' and apart from that, there are beautiful places in Mexico.

INTERVIEWER: But you had already lived abroad for a long time, right?

Respondent: Yes. For instance, in London, even though I had lived there for nine years, there were always moments where they would say 'fucking foreigner' to you, and I was like ...what?!...always rejecting you, and it's the same, for the rest of your life. I met Spaniards and Italians who were 50 or 60 years old, and they were still calling them fucking foreigner. So I decided that that was not what I wanted for me. I knew it would be better for me here, where they would never say these things to me. And apart from that, well, there are very beautiful places here. I was thinking of going to Tepoztlan, then to Oaxaca, and then I came here. And that's where I found this house.

INTERVIEWER: And why Tepoztlan and Oaxaca?

Respondent: Well, Tepoztlan, because at that time, it wasn't as developed, there was an artists' market all Sunday, Saturday and Sunday. For *chilangos* [author's note: inhabitants of Mexico City people]...but they were day trippers, and wouldn't spend a night in Tepoztlan, they arrived on Saturday morning, and left in the evenings. Or they'd arrive on Sunday and return in the evening. So opening a hostel there wasn't such a good idea, because people weren't spending the night. In those days...I think nowadays, it's a lot more open and many foreigners know the place. I think it's already in some guidebook, and that more people know about the place but it still isn't a place that is very cosmopolitan to live. It's close to Mexico City, people prefer staying there and just come to Tepoztlan for a day. There's not that much to see, either, is there?

INTERVIEWER: And Oaxaca?

Respondent: And then Oaxaca. I like Oaxaca, but...it's expensive! It's slightly more affordable in the outskirts of town, but then it's ugly there...the suburbs are ugly. There

were places around the market, around the main market, where the second class bus stop is. Places were cheaper there, but it's ugly there, too. The beautiful part of Oaxaca, the historic centre, is expensive...very expensive! So I said, no!, I'll go to San Cristobal. And San Cristobal, well...it's not very big, but I like the size of San Cristobal.

INTERVIEWER: And you knew San Cristobal from travels?

Respondent: I had been here before...with some Italian friends. And I liked it a lot. That's why I came here, and I said, well...and then, eleven years ago, there was tourism, quite a bit, but more because of the Zapatista movement. That attracted a lot of people, right? There was so much tourism! And the air was clean, the climate is really nice, you're surrounded by mountains, it's very green, and I also liked that you don't live in a divided city as in Cancún, or Acapulco, Mazatlán or Zihuatanejo where you have the people in one area and then the 'Gold Zone' for tourists. What a division ...it's like a border and the police doesn't allow local people to cross. I don't like that. We don't have that here yet ...you go to the market, or to the supermarket or any part of San Cristobal and you meet Europeans, foreigners, Mexicans, Coletos, that's how we call people from San Cristobal, and indigenous people...all of them walking around and respecting each other. I like that...

INTERVIEWER: Was it like that in San Cristobal already?

Respondent: Yes. You go to the local market and everybody's there. You walk over here, over there...there are no restrictions for tourists or indigenous people for instance. We're together, all of us! Even though we might not be friends, of course, but it's based on mutual respect and that's it. And then it helped a lot that tourists and foreigners came to live here, too, because long ago, indigenous people were rejected by Coletos. They even had to walk on the street, because the sidewalk was reserved for Coletos! And they treated them like animals. So the change that San Cristobal went through was a change to a cosmopolitan place, like a little London, because here you meet Americans, Germans, French, Italians, Spaniards, and Argentinians...a bit of everything. Danish, Japanese...and everybody has his space. We all live together, and there's no problem. When I saw this house, there was a sign saying "For sale" and I saw the number 5, a number that has followed me all my life. "5...why would that be?" I knocked at the door, and there was no one. The house was abandoned, I had to look for the owner and when I opened the door, I saw this! And in my mind, I 'dressed' the

house, I organised everything, here and there...and that same day, I signed the contract. I didn't waste another thought, because that's not my style. I'm a 'do-er'...I mean...lots of people were saying "That place is too far away from the bus stop! It's hidden away. What if it doesn't work...?" I wasn't thinking of that. I think positive, I live and do with the security I feel inside, and it will work and I will open this place. So I started working, put in some beds and all.

INTERVIEWER: Did you have a vision of how it would look like, the way it looks like right now?

Respondent: It reflects my character, because the room I had at my parents place was like that. It's my style...in London, too, it reflects my personality. The colours, many things...especially the combination of colours: yellow, terracotta red and colonial blue, in the whole house. The three primary colours, right? They are colonial colours, and I love them, this colour combination and I put them in the whole house. And then people started to arrive, artists..."Can I paint something here?" "Of course!" "Can I paint something over there?" "Yes, of course!" The whole house is full of paintings.

INTERVIEWER: How did they know about this place?

Respondent: Look, the first time, I had no idea how to attract people to my place. So I took some pictures of the house, put them in an album and went to the bus terminal. Two girls from Finland arrived, they were a couple, bald like Sinead O'Connor, beautiful girls, and they were a couple. So I brought them here, and they said to me "Wow, it's all new!" And then they went to the Sumidero Canyon and brought people to my place. They went to the Lakes of Montebello and brought back people. Within five days, they filled the house with people! They were basically in charge of the word-of-mouth promotion. The same people who stayed with me, and me, with all that energy of having opened this place and it put a smile on my face because it was my business and it was the first time I was doing this and all...so people left and talked about this place, talked about again and again...and my place was full, every single day, really every single day! I had to refuse people, because my place was full and there were only four or five hostels in San Cristobal then. I never had to return to the bus stop ever since. I know they're fighting each other down there, but that's not my philosophy and not my style, to attract people like that. My philosophy is that the people who come here, they will come...the people who don't, just won't. That's my way of thinking. But to drag

someone into my house, that's not what I like doing. I mean…cheating people, because many hostels do! There are many people at the bus stop who say they'd offer internet or some other service. I don't know, but when the people arrive at their hostel, there's none of that. The next day, they leave, but the owners manage to fill their hostel every single day, empty it the next, and that's their business strategy. Not mine, though. My business strategy, and my work, is to have people leave with a smile. I think that's the best you can do when you work with the public. A restaurant, a hotel, when you get a good service and you're treated well, you return or you recommend. But when you're cheated or treated badly, you don't. So what happens with all these people that head to the bus stop every day? Why do they have to go every day? Because their hostel is not working the way it's supposed to. Because with a hostel that works, you don't have to go to bus terminals, the 'good' hostel is the hostel that offers a good service to the guests. They will look for it, and they will find it and the people will be there. So when people ask me "Hey, you don't go to the bus stop?" and sometimes they call me "How many guests have you got?" "My God, more or less…" I always have eighteen or twenty people in low season.

INTERVIEWER: So you're not affected by low season?

Respondent: Look, in all those years, my place has never been empty, never…not one single day.

INTERVIEWER: And you don't want to promote yourself in the Lonely Planet or the Guide de Routard?

Respondent: Listen, in a Guide de Routard, I think I'm in one of them. And in a German one, a German guidebook. Nothing else…Lonely Planet was here three or four times. I always told them that I don't want to be in there, again and again. Because I don't want this place to be 'popular' or turn into a company. I want this place to continue with the concept of a house, tranquillity, recommended by people I know. Every year I get surprises like the man who brought some ham a moment ago, it's the fourth year in a row that he stays with me. He comes here every year, and now he even comes with family. He brings gifts, something from Paris. People return again and again and I wonder "Why do they return?" Because they felt good, because they were treated well, and because they had a good service. That's what makes a business work for me. Why do other businesses not work? Well…look at the little hostel here, on the other

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corner that's called [name of hostel]. When the man who runs the hostel saw that lots of people were coming and going here, he came to me and asked "Listen, you have lots of friends or why are there so many people at your place?" I told him that I had lots of friends. I didn't have to explain anything to people I don't know. But afterwards, he found out that I was running a hostel. So he opened his hostel and put a sign outside saying *'posada económica'* [author's note: Spanish for 'budget hotel']. And he stood at the door waiting. When people showed up in the street, with a backpack, he called them and they asked him "Is this a hostel?" "Yes, this is [name of the interviewee's hostel]." So, you tell me how this is supposed to work, a business that cheats people? The next day, people showed up at my place and said "Ah! This is the place that people told us about, but the other place is horrible!" How can it be? I don't like to get into fights, I'm not capable of going to the other man and telling him off. That's not my style. You reap what you sow. Later the man came up to me, he presented himself and said "Look, I'm from the budget hostel. When you have too many people, can you send some to me?" And I said "I would work with you if you were honest, but you're not. I don't work with people who aren't honest." "But why?" I said to him "Why?" I could have told him that it was because he told people coming to his place that it was mine. But I didn't. I just said that I wouldn't work with him." I told him to find his own customers, and I his own way. I wouldn't send people to him. And less even when the owner is like that, because they are my guests, my people and I won't send them somewhere where they don't…well, now his place is a brothel. Now, the prostitutes come and stay at his place, pay for an hour or two. But here, the hostel developed according to the style of its owner, the energy that the owner has. And another thing: I think that with any business, if you want it to work, you need to be the product you sell. If you sell pencils, you need to know where the graphite comes from, where the wood comes from, how it's made. All the information, so you can sell and convince people. If I open a hostel, it's because I've travelled the world, I've seen other hostels and I've seen how it works, and I know the five star service down to no star at all. I know how to attend people, offer them what they need and I know how to treat them.

INTERVIEWER: When you see the place as it is now, you see a bit of Greece in there?

Respondent: Yes. I've had this place for eleven years, and the service I offer continues to be very personal. It's very easy, and many people do it. They open a hostel; put a reception and a manager, and the owner leaves. He's never there! Just the manager who does everything. These places are cold; they don't have the energy, the vibration,

and because what people appreciate is that the owner spends time with them. I go upstairs with the people at night, we have a glass of wine together and chat, I answer all their questions and we talk of travels. They love it, and I love it to! If I didn't, I wouldn't do it. But that's because I have travelled, and I can offer the travellers a lot, exchange a lot…someone who is from here, who doesn't even now the capital of Chiapas. Someone who knows nothing of the world, how is that person supposed to interact with the guests? It's really important that you know what you sell. So many Coletos see that there are hostels, and that they work and that they can earn a bit of money. They open their house, put a hostel in there, but they have no idea how to treat the guests! And then, the guests don't feel this communication. I think that's a way, a way of NOT working well, the whole business.

INTERVIEWER: It seems there are conflicts behind the city hostels and new hostels, of which there are many in this part of town …

Respondent: People complain all the time, about whoever and whatever…I never complain about the others, I couldn't care less about how much money they make, or whether they get people or not. I don't care…they have asked to me become a members of associations, to form groups, and I don't because I don't want to get involved with other energies than mine. I don't want to change my way of being and doing things…this is my place, this is me and that's it! You can ask any guest who's staying here, right? The man who brought the ham is from Switzerland. He's been at the hostel for four months now. He comes here, brings gifts, he prepares food and invites me. He tells me thousands of times that he feels at home here, that he feels at home and that when I feel I don't want him here anymore, I could tell him to go. Whenever I feel like it…but that he feels completely at home here. He's happy here, and he helps me with the hostel. He tells me to go on a holiday, on a trip, and he'll take care of the house…and like him, there have been many people who came here and helped me. I've left for six months, five months or four…

INTERVIEWER: You continue travelling?

Respondent: Yes, I continue travelling. And people stay here, travellers I know, people I know I can trust. I let them stay here; I offer them my house, in full trust. I return and everything is fine. I think it has a lot to do with the personality, the energy of the owners, and the energy of each place. Sometimes, it's not only a business, it's a

'house': you get to a house and you either feel at home, or you feel like you don't know where to sit or what to do! It's the energy of a place. And here, from the moment people arrive, they feel a different energy. They've told me "You arrive and immediately, you can feel it!" I mean, the lush patio, the flower and all. I've taken care of it and it's working well.

INTERVIEWER: For the future, any idea on what you want to do with your business?

Respondent: Yes. I don't want to grow! I'm not interested in that. I'm not working to become a millionaire. Let that be absolutely clear! I won't kill myself to make money. I wasn't born a millionaire and I won't become a millionaire. I'm convinced, and I've learnt to live with what I have. So...all I want to do is add some services.

INTERVIEWER: What about the tours that are offered at your hostel? Did you ask for them to come up to you or how did it work?

Respondent: No. They came and offered their services to me, and I work with one travel agency. I sell them all the tours they want, to wherever they want, I earn 30 pesos for each tour...which is not a lot but anyways, it helps a bit. And you can rent bikes, horses and all. But people ask a lot for *temazcales* [author's note : traditional sauna]. People want a temazcal, the steam bath, and there are places but they're quite commercial. I would like to offer something different. I have a piece of land in Huitepec, in the mountains and I'm building a cabin there, so I can offer a temazcal. So I could offer a temazcal to those people who are staying here for when they want to do a temazcal. I know someone who can perform the rituals; he's an indigenous native from here and knows how to do it. It would be ridiculous if I did temazcales, I have no clue how it works...me as a shaman?! No...I don't want to cheat people, I want things to be real, and that people feel they're real. So that's what I want to do, a picnic in the mountains, a barbecue, and a temazcal, a cup of coffee or tea and then come back here. But, something like changing the house or expand, because lots of people say "Listen! You need more rooms! You could grow!" No! These people have his mentality of making, so if I had it, why don't I sell beers? Or coca cola? Why don't I have internet...and I say..."Relax! I already worked a lot in my life. With internet and with selling beers, I'd go mad! And adding staff, and putting so much energy into the hostel that there is no time left for myself? I love yoga, I love going on my bike, I love reading a book, I love travelling...I couldn't do all that anymore, these privileges I have. And

what I earn from running the hostel is more than enough for me. I don't need more...I'm not very ambitious either, and I don't need a lot of money to live. I'm not interested in a life of luxury, cell phones or cars...I don't spend much. I eat well, sleep well and I travel. And that, to me, is more than enough!

INTERVIEWER: And with your experience as a traveller since the 1980s, have you seen changes in the way that people are travelling?

Respondent: I believe that the kind of travel is still the same. Of course, there are changes in the 'material': for instance, the backpacks used to be different, today, everything is more sophisticated and of a better quality. More comfortable...but in general, the style is still the same. Obviously, in the past you had the hippie era with peace and love, Zipolite for instance was a beach where there was nothing. You had to walk three kilometres through the bush to get to Zipolite. I had to do that! Everybody was nude and taking acid, which was the fashion back then. It was a very different feeling, they didn't rob you, and there was no violence, because everything was about peace and love. And then things changed, Zipolite today is a city. Lots of people live there, it has supermarkets, large restaurants and a cinema, lots of things. So...it changed a bit because of the drowning, bad vibes, hard drugs appeared, but the local kids from there, they started with the hard drugs, do business with tourists. And take advantage of the tourists, rob them and they started all that, really bad. It appears that it's back to normal now, as if they had cleaned up their act. The police showed up...and Mazunte was nothing before, and then, since the hurricane Paulina, the government didn't have enough money to build houses for them, so they started selling their land. So everybody started claiming land and selling it, people started to make money and more or less, it seems, they manage but it's all still small-scale. I like Mazunte more than Zipolite.

INTERVIEWER: And here in San Cristobal, what have you seen here?

Respondent: In eleven years, a lot has changed, it has grown incredibly, more people, more cars, and more traffic. More businesses have opened, hotels and restaurants. When I arrived eleven years ago, there were five hostels, and now there is something like 150!

INTERVIEWER: Who were the first five hostels?

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Respondent: There were hostel A, hostel B and hostel C, but that one doesn't exist anymore. …and then there was hostel D, but that one has changed into a large business. But when I arrived it was a hostel, now it's a hotel. It has a travel agency, and a bar, it's basically a business. I've worked in large companies. For instance, hostelling international showed up once, and they wanted to invite me to become part of their organisation. But I said "Let's see, let's read the contract and all: the owner needs to wear a uniform, and the staff needs to wear a uniform, and they have to do what hostelling international says." I said no…

INTERVIEWER: You have staff?

Respondent: Yes, I have a lady who cleans the house in the morning. But I don't want anyone to come and tell me what I have to do in my own house. All that stuff with companies, I've been there. I know what it means to obey the boss, and I don't want to live like that anymore. We were talking about the changed in San Cristobal, and it's incredible: in eleven years it has grown tremendously, but at the same time the special feeling of San Cristobal is still alive, the positive energy and it's maintained. The only thing you notice is that there are a lot of restaurants from all over the world: Lebanese, Uruguayan, Indian and other places…and that's beautiful, because it offers local people from here the chance to discover food from other parts of the world without having to travel. I still love San Cristobal, and the change…

INTERVIEWER: What about the relationship between locals and non-locals …?

Respondent: A bit of everything: there are Coletos who have travelled, with an open mind and who enter into the international atmosphere. There are people…and then there are people who haven't travelled but who would love to, they're interested in sharing and learn from foreigners. I have made friends here, not many, but there are some, like the neighbours who were careful at first "Who's that?!" but now we greet each other and say 'hello' and 'good morning'. We're not friends; they don't come here to have a cup of coffee with me. I don't talk about my life, but I say 'good morning, good afternoon and good evening', and that's it. It's a formal and quiet relationship. Considering tourism…and the future? It is becoming a bit expensive here, San Cristobal. Yes, lots of foreigners have come to live here, they bring money and they buy expensive houses, the Coletos ask one million and the foreigners pay. So they ask more

and more, each time, and now, the properties have become extremely expensive, and also the prices in restaurants and everything. It's not the cheap city it used to be eleven years ago…accommodation is still cheap, I charge 60 pesos per night. And these 60 pesos is a price you'd never pay in Oaxaca, or in Mexico City…anywhere…

INTERVIEWER: Do you have private rooms or dormitories?

Respondent: I also have private rooms. I offer cheap accommodation, and I could charge more but I don't need to because I don't pay rent, I don't need to raise the price to cover my expenses. So I'm not dying to make a living here. I think it's a fair price, and the people are happy, I'm happy…I believe that San Cristobal is trying to get the UNESCO heritage title or something, to become a Heritage Site. But there are still problems, the waste treatment, lots of things don't work well yet…they're trying to improve a lot of things. If San Cristobal should get the title, prices will sky-rocket; it will become even more expensive. It will turn into a small San Miguel de Allende. So…but…who knows…how things will turn out to be. At the moment, after eleven years, I'm doing well and I like it here, prices have gone up but it's okay to live here. It's not Cancun, and it's not Puerto Vallarta.

INTERVIEWER: Thank you for the interview.

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