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Research paper

Support of marijuana tourism in Colorado: A residents' perspective using social exchange theory

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ABSTRACT

This paper examines how residents' support of marijuana tourism is shaped in the state of Colorado. Known as the new green rush, the legalization of recreational marijuana presents a significant research opportunity for the hospitality and tourism industry. This study employs social exchange theory to explain how perceived impacts affect an individual's level of support for marijuana tourism development. Findings reveal that social exchange theory fits the data well by confirming that the more residents perceive impacts positively, the more they are likely to support tourism. Furthermore, the moderating effect of place attachment exerts itself differently among the structural relationships across levels of place attachment. For high-level attachment residents, personal benefit contributes significantly to building up support toward marijuana tourism, whereas perceived negative impact and personal benefit are the only significant antecedents to support for low-level attachment residents. As a seminal work investigating residents' perceptions in the context of marijuana tourism, this study contributes to the body of knowledge of tourism literature in this burgeoning area and serves as a guiding reference for future studies concerning marijuana tourism.

1. Introduction

On November 6, 2012, Colorado residents passed Amendment 64 for the legalization of recreational (retail) marijuana with a vote of 55.3% in favor, making Colorado the first state in the nation to legalize recreational cannabis. The sale of recreational marijuana went into effect on January 1, 2014 (Hudak, 2014). As of July 2017, eight states and the District of Columbia have legalized recreational marijuana and 29 states allow the medical use of marijuana. Once these laws become fully implemented in the next several years, more than one in five American adults will live in places where they can legally obtain recreational marijuana. Dubbed the new 'green rush,' the legal marijuana market in the US recorded \$6.7 billion in sales in 2016 and is expected to reach \$22 billion in sales by 2020 (Huddleston, 2016).

This unprecedented phenomenon has brought a lot of attention from industry practitioners and academic researchers. Due to a dearth of empirical research on marijuana consumption as a recreational commodity, it is particularly challenging to specify a solid research agenda and guidelines. The current tourism literature presented skewed views on marijuana consumption as drug tourism, focusing on hedonic/isolated behaviors. This perspective needs to be challenged as most of the studies, if not all, were conducted when marijuana were still illegal in

the US (Kang, O'Leary, & Miller, 2016).

While there are many tourism stakeholders (actors) involved with the development and evolution of marijuana tourism, marijuana legalization was mainly driven by its economic contribution to the state. One of the key purposes of any tourism development is to revitalize the local economy and to improve residents' quality of life through sustainable development (Smith & Ong, 2015). Therefore, understanding residents' perceptions of any new venture is imperative for state policy makers and regulators, especially in order to understand what influence (s) residents' support for sustainable development within the context of marijuana tourism.

Since there is little empirical guideline about investigating residents' perceptions of marijuana tourism, this study followed in the footsteps of gambling research in the 1980s and 1990s, which represents a benchmark approach for understanding residents' support for gambling and has been used by a significant number of researchers. The purpose of the study is, therefore, to examine residents' support of marijuana tourism in conjunction with the perceived impacts and personal benefits received from marijuana tourism in state of Colorado. Specifically, the relationships among the perceived impacts (positive and negative), personal benefit, and residents' support are examined according to residents' levels of place attachment.

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2. Literature review

2.1. Background: Colorado's recreational marijuana industry and marijuana tourism

As the forerunner in the recreational marijuana market, Colorado's budding marijuana industry officially reported the billion-dollar mark for the first time in 2016, with \$875 million in recreational sales and \$438 million in medicinal sales (CDOR Marijuana Enforcement, 2016). In 2016, there were 440 retail marijuana stores, 623 cultivation facilities, 240 product manufacturers, and 12 testing facilities in Colorado's recreational marijuana industry (CDOR MED Licensed Facilities, 2016). The marijuana industry offered 18,000 jobs across the state, with 10,000 of those in Denver alone and more than 20,000 people working directly in the licensed industry (MIG, 2017). When considering associated industries including commercial real estate, construction, ancillary products and services, legal services, and tech services, the total economic impact of Colorado's marijuana industry was estimated to be \$2.4 billion in 2015 (Wallace, 2016).

Capturing economic impact was the major driving force behind the legalization of marijuana use, this taking the form of marijuana taxes, licenses, and fees (Healy, 2014). As one of the most heavily taxed consumer products in Colorado, the purchase of marijuana is subject to a 15% excise tax on the 'average market rate' of wholesale marijuana, a 10% special marijuana sales tax, a 2.9% state sales tax, plus local marijuana sales taxes, such as a 3.5% tax in Denver. In 2015, marijuana-specific tax revenue collected by the state was almost double that which the state earned from alcohol tax revenue, reporting almost \$70 million excluding fee revenues (Baca, 2016).

Since its legalization in Colorado, a variety of marijuana-focused products and services have been created (Kang et al., 2016). The hospitality and tourism industry, in particular, has welcomed legalization as a special niche-market opportunity that can appeal to certain tourist segments by offering them cannabis-themed tours, cannabis-friendly accommodations, special events, such as Cannabis Cup, Colorado Cannabis Wedding Expo, and so on. The landscape of how to conduct businesses in hospitality and tourism sector has significantly changed, as legalization affects their marketing tactics, operation procedures, positioning, and revenue opportunities (Kang et al., 2016).

2.2. Marijuana research in hospitality and tourism: residents

Marijuana reform has attracted a great deal of attention from academic disciplines. However, even with the recent interest, marijuana research in general and in hospitality and tourism specifically is still in its infancy due to its illegal status at the federal level (Belhassen, Santos, & Uriely, 2007; Kang et al., 2016). Frequently labeled 'drug tourism', involving 'drug tourists,' the current literature on tourism involving marijuana is overly skewed to a negatively perceived or marginalized subculture and fails to provide a comprehensive picture of a tourism segment: something that has been witnessed in Colorado over the last four years. Kang et al. (2016) identified five areas that tourism and leisure research can contribute to providing knowledge of the theoretical and practical implications of marijuana tourism. One of the five areas suggested was related to residents in the communities where the legalization has taken place.

While it is natural to show interest in the demand side (e.g. profiling visitors in this new market), it is also important to understand the supply side of marijuana tourism (e.g. the perceptions of residents). In the tourism literature, the only study that addressed the perspective of residents is Valdez and Sifanek's (1997) study on differences among American citizens traveling to Mexican border cities to obtain prescription drugs. By using sociodemographic characteristics, they examined the issue of tourist-host contact and described the interaction between tourists and locals during the drug-acquisition process. The study was, however, more focused on understanding the social

dynamics of a 'gray market' in prescription drugs, rather than understanding local residents' perceptions or views toward the issue. Thus, any research examining residents' perception, image, perceived impacts, benefit, and support using theoretical frameworks would be a fruitful addition to the current body of knowledge.

Given the scarcity of the existing literature, a benchmarking approach is useful in developing a consolidated research agenda. The direction of marijuana research could be compared with that which gambling research experienced in the 1980s and 1990s, when gambling research placed a significant weight on understanding residents' support for gambling in their jurisdictions (Kang et al., 2016). The areas share common ground, in that gambling and marijuana consumption have both been regarded as social vices or moral sins. Furthermore, both industries have been legalized by referenda in order to elicit an economic contribution to the state (Healy, 2014). Therefore, in the absence of precedent research evidence in tourism discipline, marijuana tourism research can follow a similar path to gambling research in documenting how residents perceive and react to its legalization and the consequences of such.

2.3. Social exchange theory

Many studies have focused on residents' attitudes toward and perceptions of tourism predominantly using the social exchange theory (e.g. Ap, 1992; Getz, 1994; Perdue, Long, & Kang, 1995). Social exchange theory is defined as "a general sociological theory concerned with understanding the exchange of resources between individuals and groups in an interaction situation" (Ap, 1992, p.668). Harrill (2004) noted that community attachment, social exchange, and growth-machine theories have served as groundwork for explaining how residents' attitudes toward the impacts of tourism development are formed. In a tourism context, Ap (1992) attempted to explain residents' attitudes toward the impact of tourism using social exchange theory as a framework. Social exchange theory proposes that residents who perceive personal benefit from tourism development are inclined to express positive attitudes toward it, therefore supporting tourism development. Alternatively, residents who find the exchange problematic, correspondingly would oppose tourism development.

Because gambling is often introduced as a tourism development strategy, social exchange theory has been popularly adopted to explain residents' perceived impacts of gambling tourism in various stages of community development (e.g. Lee & Back, 2003, 2006; Perdue et al., 1995). Specifically, Perdue et al.'s (1995) study found that residents who perceived personal benefits from gaming were more likely to be positive in assessing their quality of life in Colorado. Lee and Back (2003, 2006) meanwhile examined the changes of residents' perceptions between pre- and post-casino development in Korea. Findings of the study also supported the use of social exchange theory in examining rural gambling communities in South Korea.

2.4. Perceived impacts of tourism development and support

On the basis of social exchange theory, the direct relationships between perceived impacts and support of tourism development are also well documented in the tourism literature. These mainly focus on residents' perspectives (e.g. Gursoy & Kendall, 2006; Gursoy, Milito, & Nunkoo, 2017; Lee, Kang, Long, & Reisinger, 2010; Luo & Xiao, 2017; Nunkoo & Gursoy, 2017). A general consensus is that if local residents' attitudes are more positive toward the impact of tourism, they are more likely to perceive support for future tourism development. Notably, perceived positive impacts were shown to be more likely to exhibit a solid influence on the community support than negative impacts (Gursoy et al., 2017; Gursoy & Kendall, 2006; Lee et al., 2010; Luo & Xiao, 2017). Other studies examining the sub-types of perceived impacts provide a closer look at the association between perceived impacts and support (Kang, Lee, Yoon, & Long, 2008; Lee et al., 2010). In

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