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IMPACTS OF ALL INCLUSIVE TOURS TO HOST COMMUNITIES: TURKISH REVIERA CASE

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Abstract

Tourism industry is one of the largest industries in world. It is particularly important for underdeveloped and developing countries. It creates employment opportunities, foreign currency, development opportunities etc. All-inclusive package tours (AIPT) are the fastest growing segment of mass tourism, and have positive and negative impacts for tourists, tour operators, accommodation establishments, local businesses and host communities. In this paper, firstly; all-inclusive package tour concept is explained. The increasing demand and reasons for choosing AIPT is given by examples. Secondly; the negative impacts of the all-inclusive system for customers (tourists), accommodation establishments, local businesses are emphasized by examples from some host countries. And lastly; as a case study, impacts of all-inclusive system to Turkish tourism and local businesses in Turkish Riviera is examined through review of the literature.

Keywords: All-inclusive package tours, Impacts of tourism, Local business, Host community, Tourism marketing.

JEL Classification: M21, M31.

Introduction

Travel and Tourism continues to be one of the world's largest industries. The total impact of the industry means that, in 2011, it contributed 9% of global GDP, or a value of over US$ 6 trillion, and accounted for 255 million jobs (WTTC, 2012). In 2012, a record one billion tourists crossed international borders in a single year. Another five to six billion are estimated to travel in their own countries every year (UNWTO, 2012). Over the next ten years this industry is expected to grow by an average of 4% annually, taking it to 10% of global GDP, or some US$10 trillion (WTTC, 2012).

As world tourism demand rapidly increases, the supply side of the market has begun to gain importance, notably in product diversification, competition, and pricing. As the world becomes ever more globalized, tourism enterprises have tended towards diversification of their products in order to increase occupancy rates, attempt to raise profits and ultimately survive in this competitive environment. Accordingly they have developed and implemented various marketing techniques, and one of these is the package tour and particularly "all-inclusive system" (Özdemir and al., 2011:504).

All-Inclusive Package Tour Concept

The legal definition of a “package” is the pre-arranged combination of at least two of the following components when sold or offered for sale at an inclusive price and when the service covers a period of more than twenty-four hours or includes overnight accommodation: transport; accommodation; other tourist services not ancillary to transport or accommodation and accounting for a significant proportion of the package (BERR-Department of Business Enterprise and Regulatory Reform, 2008).

The term “all-inclusive” began in 1950 with Club Med, which claims to have invented the vacation package. The first Club Med village was on the Spanish island of Mallorca, where the all-inclusive vacation on a remote island was quite an adventure says travel editor Greenberg (2008). All-inclusive (AI) is defined as a holiday package which includes travel, accommodation, all meals and beverages. The AI model has several variants, ranging from the very basic to the most comprehensive. A basic AI package purchased by a traveller would include flights, coach transfers and accommodation, including most meals and drinks. At the other end of the spectrum, a top-of-the-range comprehensive product might also include luxury private transfers, accommodation at a five-star resort, spa treatments, sporting activities, sightseeing tours and excursions and more (Abdool and Carey, 2004:1).

The Increasing Demand of All-Inclusive Package Tours

All-Inclusive package tours are the fastest growing segment of mass tourism and meanwhile are the most popular mode of international travel (Anderson 2012, Wong and Kwong, 2004, Oredsson, 2012).

• According to Mintel research, the number of all-inclusive holidays sold in the five years to 2009 increased by one-third (Calder, 2012).

• Nearly half - 48 per cent - of UK tourists booked an overseas package deal in 2012, compared to 42 per cent in 2011 and 37 per cent in 2010, according to
Main Reasons of Why Tourists Prefer All-inclusive System (AIS)

Victoria Bacon, Head of Communications for ABTA, says consumers valued the ‘Security and cost effectiveness’ that package holidays provide. At the same time, the market has also evolved to offer greater choice to holidaymakers. The market is now very sophisticated, with packages to cater for every taste and budget – whether you want two weeks all-inclusive in the sun, a cruise around Asia or an adventure holiday in South America’ (Lander, 2012). According to Thomson Travel Agency, (2013) more all-inclusive holidays as budget conscious families look for greater value-for-money and certainty about their spending regardless of exchange rate fluctuations. Many families like the all-inclusive holiday concept because they help to control holiday spending, while travel firms make more money from them than from self-catering properties (Calder, 2012).

In their study Yayli and Yayla (2012:156) found that “Guarany of tour” is the most important statement while tourists purchase all inclusive package tours. “Price of travel” is the second most important criteria and “Items included in the tour price” is the third most important selection criteria for all inclusive system. The basic premise of the all inclusive is that you pay the tour operator in advance for everything you need – including all the sports, activities, kids clubs and food and drink. In brochures tourists are encouraged to enjoy all the facilities without carrying any money with them (Wheatercroft and Francis, 2012).

In their study Çiğfci, Düzakin and Onal (2007:271-272), and Travel Researcher Jonathan Mitcham, (2011) list the positive aspects of the all inclusive system for tourists as below:

- It eliminates the unexpected expenditures faced by tourists during their vacation.
- It enables tourists to spend their vacation in a foreign country without being deceived and under security.
- Extras are highly expensive and prices out of the establishments offered to the tourists are very high. As you’ve pre-paid for virtually everything, there’s no need to take out much local cash. Perhaps you want to avoid known safety risks in the outside local area or are turned off by the idea of the local food.
- It is seen as good value for money and an easier way to fix a set travel budget.
- The hotel complex probably has such wide-ranging facilities and activities – especially for families – that you can stay there day in, day out without getting bored.

Main Reasons of Why Accommodation Establishments Prefer All-Inclusive System

Accommodation establishments implement all-inclusive system sometimes voluntarily, sometimes by force of international tour operators. Corbaci (2004: 52) cited in (Ozyurt, Oku and Aktaş, 2012:80-81, and Çiğfci, Düzakin and Onal, 2007: 271-272) summarize the reasons of why accommodation establishments prefer all-inclusive system as follows:

Reasons for Choosing All-inclusive Package Tours

All-inclusive trips and cruises are a growing trend within the tourism industry. Their common denominator is the tourist’s lack of interest for the host country and the tour operator’s control over the tourist’s travel budget, according to Richard Ek from the Department of Service Management, who has researched these forms of travel (Gredsson, 2012).

- Demand for all-inclusive holidays has risen by 30% over the past five years. The growth of demand for cruise holidays also reflects this interest in inclusive holidays (thomson.co.uk 2008).
- Travel firm First Choice will make all its holidays "all inclusive" from next year. Already, 65% of its holidays are of this type. It says from next summer it will become the UK’s first mainstream holiday company specialising in the field (BBC, 2011). The firm tells prospective customers: "Generally, you will be given full board, snacks from morning until late evening, plus local booze and soft drinks." Holidaymakers have little incentive to dine outside the resort (Calder, 2012).
- Thomas Cook is reportedly increasing the number of all-inclusive holidays it offers by 10 per cent (tourismconcern.org.uk, 2012).
- The Foreign and Commonwealth Office of UK (2012:14) published its new "definitive guide for young travellers". The publication - entitled Plan. Pack. Explore - suggests that young people should "consider all-inclusive holidays - set your price in sterling and get meals, drinks and activities in one price. Check whether they actually save your money and what packages specially include such as added value extras."
- 87% of tourists go on all-inclusive holidays to Kenya (tourismconcern.org.uk, 2012)
- At least 85% of tourists visiting the Balearics, and Majorca in particular, use package tourism. All-inclusive demand and supply are growing extensively (Anderson 2012:318).
- The Dominican Republic is the most popular tourist destination in the Caribbean with one of the largest all-inclusive resort industry in the world (responsibletravel.com, 2013).
- Research shows that the demand for AI holidays is growing globally and the larger European and British tour operators are certainly keen to develop this market, particularly in the Caribbean (Abdool and Carey, 2004:1).
- 85 % of foreign tourists visiting Antalya - Turkey preferred package tours, and 82 % of them used the All-inclusive (Aksu et al, 2008).
• Provides easier marketing,
• Increases sales in order to reach maximum profitability,
• Yields competitive advantage against competitors in tourism market,
• Presents customers different holiday options,
• Tourism seasons can be extended between 15 to 30 days,
• Lower running costs and better planning of the services due to knowing the number of buyers and the services that will be provided in advance,
• Customers' staying at the hotel all day long causes activity and accordingly sales for the other goods,
• Controlling of personnel, product and services costs,
• Increases the occupancy rates. Better occupancy rates create better image for the company,
• Easier to sell for travel agencies and tour operators,
• It is possible buying their food, drinks and other needs in total and huge amounts to reduce costs,
• Prepayments of all inclusive packages result in better financial planning for spending and investments.

Main Reasons of Why Tour Operators Prefer All-Inclusive System

Tour operators based in the major originating markets affect the nature of tourism development. It is essential to understand the role of tour operators and the changing structure of the tourism industry. A tour operator is thus a crucial link in the distribution chain, representing the central connection between customers and providers of tourism services, and thus has the power to influence both the demand and the supply side (PPT, 2004). Nowadays, the market structure is predominately marked by a handful dominant tour operating groups that are active in all European key source markets and most of them can be regarded as vertically and horizontally integrated (Müller, 2005; PPT, 2004).

Big firms have grown larger, 'swallowing up' many of the smaller agencies. Travel agency business becoming dominated by the multiples (Biz/ed, 2005). As competition in the travel and tourism sector has intensified, tour operators have taken over or merged with other travel and tourism businesses as a way of maintaining or increasing their market share and maximising their profits. This is most noticeable in the tour operator/travel agent relationship, where: TUI Travel UK owns Thomson and First Choice tour operating businesses, and the Thomson tourism chains (TUI UK is itself controlled by the German company TUI AG). Some of the largest tour operators also own their own airlines, charter airlines, accommodation, ground-handlers and travel agents giving even greater control over the component parts of package holidays (BTEC, 2010:39; PPT, 2004). In recent years tour operators’ concentration approach has been expanded to destination areas as well. Large tour operators merge with, acquire or develop accommodation establishments and incoming tour and coach operators. For these large consortiums the only feasible way to sustain their business and earn profits is to standardise their “packages”, follow a “high volume-low cost-low profit margin” strategy in their product offering. Hence, they compete with each other primarily on the ground of market share (Bastakis, Buhalis, and Butler, 2004:5).

Travel agents normally receive 10% commission on all tours they confirm. Clearly the financial incentive means travel agencies find it extremely advantageous to sell tour packages and not solely flights and/or accommodation (wikipedia, 2013). “These trips are a very good deal for the tour operators”, says Richard Ek. The tourists stay either within the holiday village or on the cruise ship, ensuring that a large part of their travel budget goes straight into the pocket of the tour operator (Oredsson, 2012). For example; Tourism Concern calculates that out of every pound that you spend on a holiday to Kenya, 20p goes to the travel agent, 40p goes to the airline, 23p goes to the hotel chain, 8p goes to the safari company, 9p goes to the Kenyan government and the Maasai, on whose lands we have our safari, gets nothing! And then out of the 9p that goes to the Kenyan government 15 percent goes out again in debt and the rest goes in imports to bring in the goods we need for a great holiday (responsible travel, 2013).

There is a growing trend for people to book direct with tour operators rather than booking through a travel agent. This trend is set to continue and gather pace as the popularity of the internet, mobile technology and interactive TV grows (BTEC, 2010:38).

The Negative Impacts of the All-Inclusive System

Besides advantages, all-inclusive system has negative impacts on customers (tourists) and accommodation establishments as listed below: (Aktas et al., 2002; Lo and Lam, 2004:163; Koc, 2006:866; Çiçek, Dürüm and Önal, 2007: 271-272; Müselim, 2011: 170; Özdemir et al., 2011:505; Oredsson, 2012; Calder, 2012; Wheateroh and Francis 2012; hurriyet.com.tr, 201; tourismconcern.org.uk, 2012)

The Negative Impacts of the All-Inclusive System for Tourists

• The customers may not have exact information on what is included and what is excluded in the fixed price package in the application of the all inclusive system,
• The prices charged for all-inclusive package tours may not necessarily include all possible charges,
• The tourists, who spend most of their time within the boundaries of the hotel, are likely to assume that any failure occurring within the hotel could be met all around the city as well,
• The hotels applying this system are likely to reduce their service quality level to increase profitability,
• The tourists generally tend to spend all their time within the hotel. This there is no any or very little interaction with local culture or people.
• Another obvious disadvantage is the lack of cultural contact and the fact that the tourist does not get to know the country he or she is visiting.

• In most of the accommodation establishments, the staff may treat the guests badly and may accuse them accommodation establishments of being responsible for their low salary and heavy working conditions.

• As profit margins are low in AI system accommodation establishments try to reduce costs. Costs can be reduced through a reduction in the quality and quantity. This can be done by delaying replacement expenditures in terms of fixed assets in the accommodation establishments, using inferior quality foodstuff, beverages, etc. and employing fewer and unskilled staff.

• Guests are often required to wear a wristband signifying their entitlement to food and drink, and many resorts have substantial physical barriers.

• Tourists queue for their meals in the hotels, where the meal quality would be in line with the overall daily accommodation cost, i.e. a fresh-pressed orange juice is still payable!

• All-inclusives cut off a number of the pleasurable things to be experienced on holiday.

The Negative Impacts of the All-inclusive System for Accomodation Establishments

• The system may give rise to unfair competition. As a result, the preference for the establishments that care for quality could be reduced.

• Hotels that do not utilize the all-inclusive system are having a hard time as mass-market operators cut into their income.

• As accommodation establishments work on small profit margins and the price is fixed in the all-inclusive pricing system, the only way to increase profits is to reduce their costs. Costs can be reduced through a reduction in the quality and quantity of inputs. This can be done by delaying replacement expenditures in terms of fixed assets in the accommodation establishments, using inferior quality foodstuff, beverages, etc. and employing fewer staff, and staff who may not be sufficiently skilled, as skilled staff would demand higher wages.

• The all-inclusive system keeps the tourists within the hotel all the time, resulting in a waste economy for the accommodation enterprises that pushes tourists towards high consumption.

• Tourists consider the hotel personnel sometimes as their own butler and tend to react without any tolerance if any such hotel personnel does not move immediately.

• Shops selling souvenirs and handicrafts are seldom visited, tourists spend very few inside the hotel too.

• All-inclusive customers are usually low or middle income group, and do not spend much for extra services.

• Accommodation establishments which apply all-inclusive system sacrifice from extra revenues, such as minibars, alcoholic beverages, a la carte restaurants, saunas, room service etc.

The Negative Impacts of All-Inclusive System for Local Businesses

Many host countries, particularly underdeveloped and developing ones, as a tourism-specialized economy, majority of businesses depend on tourism: Restaurants, cafeterias, bars, hand crafts, taxi, buses, banks, etc. In an ideal situation, complementary services generate wealth in destinations and provide many opportunities (Anderson, 2012:321). However, tourism is marketed internationally but it is consumed at the point of production. International agencies and governments have been active in planning and promotion but the private sector has been the real engine of tourism development. Companies based in the tourist-originating countries dominate international tourism (Goodwin, 1998).

Nevertheless, AI mode has lots of economic implications, the main being the distribution of the tourist’s euro between the main three stakeholders: country of origin, country of destination and the tourist. In most cases, the countries of origin and AI tourists gain more from AI deal than the destination economies (Anderson, 2012:319). As Hemmati and Koehler (2012) state, package tours which are offered and sold by one wholesaler tend to imply little revenue remaining in destination countries. Package holidays are increasingly all-inclusive deals, making it unnecessary for tourists to spend money outside the resort, by far the greater part of the money stays in the country where the ticket was bought. This means that the tour company (which is mostly owned by overseas companies) takes in most of the tourist’s cash, leaving little behind in the local community in whose countries and local areas where we take our holidays (Wheatcroft and Francis, 2012).

Organisations such as Tourism Concern have highlighted the negative effects of all-inclusives, such as profits flowing to international hotel chains and international tour operators, rather than the local population – who are often in poorer countries (Mitcham, 2011).

Besides high leakage rates, if AI resorts enclaves tourists and offer them with almost everything they need, then it is a challenge for the survival of complementary businesses; and threat to the employment opportunities, tax revenues and incomes they generate to the economy (Anderson, 2012:321). That is to say, the rapid growth of the all-inclusive, which constitutes a significant proportion of the rooms, is probably preventing other aspects of the tourism industry from growing (Boxill, 2004:270). Tourists who have paid for everything in advance - and are accommodated in self sufficient resorts complete with bars, restaurants and entertainment - have little incentive to go anywhere else in the country, hire local guides, eat in local restaurants, pay entry fees to see local cultural or natural heritage, visiting attractions, meeting local people, taking tours and experiencing the
local culture. Often all-inclusive hotels will package the ‘testing of local elements’ in their products within the limits, or within the walls of these hotels (Jayawardena 2002a; Wheatercroft and Francis 2012).

The Negative Impacts of All-Inclusive System: Examples from Host Countries

As UNEP/TE (2012) emphasizes local businesses often see their chances to earn income from tourists severely reduced by the creation of ‘all-inclusive’ vacation packages. When tourists remain for their entire stay at the same cruise ship or resort, which provides everything they need and where they will make all their expenditures, not much opportunity is left for local people to profit from tourism. Some examples can be given from different host countries as follows;

Majorca – the boom in the marketing of AI in Majorca is a big challenge that endangers the future of complementary services (Anderson, 2012:321). All-inclusive holidays blamed for loss of local businesses. In September 2011 local businesses organised a day of protest against the all-inclusive hotels.

Turkey – A study in Turkey, funded by the tourism industry and conducted at a First Choice resort, found that just 10% of spend by all-inclusive tourists found its way into the regional economy (Datar, 2012) and, with even less reaching the immediate local area.

Mombasa, Kenya – World Bank states all-inclusive beach holidays contributed the least economic benefit

Kenya – 87% of tourists go on all-inclusive holidays and yet over half of local people live on less than 1S a day

Jamaica – all-inclusive hotels attracted tourists in the short term but blocked development of other types of tourism, leading to increased tourist harassment. The Organisation of American States carried out a study of the economic impact of the performance of the tourism industry in 1992 and 1997 in Jamaica. The study of 1992 concluded: the all-inclusives generate the largest amount of revenue, but their impact on the economy is smaller per dollar of revenue than other accommodation sub-sectors; the non all-inclusive accommodation import less and employ more people per dollar revenue than the all-inclusives; the all-inclusives generate negative foreign exchange earnings due to high levels of imports (Issa and Jayawardena, 2003:169).

Dominican Republic – is the most popular tourist destination in the Caribbean with the largest all-inclusive resort industry in the world. According to Tourism Concern, of the money that we pay for our average all-inclusive holiday, 89 percent stays in the UK with the operator, the air carrier, insurance cover, commissions and the travel agency. Of the remaining 11 percent, the hotel gets just 3%. You can imagine how much is left in for the staff in the hotels. (responsible travel, 2013). All-inclusive holidays blamed for restaurant closures and increased negative attitude towards tourists.

The Caribbean - In recent years, the all-inclusive vacation package has exploded throughout the Caribbean (Greenberg, 2008). All-inclusives create ‘enclave tourism’, which has stifled the development of alternative tourism models. Workers' rights are often poor, and they don't get tips (Watson, 2012). All-inclusives are unpopular with local people for another reason. As similar in many host countries some beaches are exclusively reserved for tourists. Stretches of beach are fenced off and protected by security guards, with local people being denied access. Tourists are warned about the security threat posed by local people – which may or may not be true – and advised to say in resorts. Either way local people's attitudes to tourists are certainly not going to be improved by a bunker mentality by the tourism industry (Wheatercroft and Francis, 2012).

Goa, India – ‘enclave tourism’, local taxis and guides losing business to all-inclusive resorts (Tourism Concern, 2012)

Gambia - Cruises and all-inclusives are rapidly growing segments, but likely to generate few economic linkages. The Gambian Government has recently decided to ban all-inclusives in response to local demands, but a storm of protest from European tour operators (and threats of reduced business) resulted in the policy being abandoned (Ashley, Boyd and Goodwin, 2000:5; Wheatercroft and Francis, 2012)

Canaries - Tourism Concern interviewed hotel workers in the Canaries who lived in cramped conditions, barely earned a living wage, and were illegally kept on temporary contracts. There is no doubt that in many cases local people get the most menial jobs, while expatriates take the best paid management positions (Wheatercroft and Francis, 2012).

General – Tourism Concern (2012) surveys show that Local businesses, such as restaurants, shops, taxi drivers and small guest houses, all lose out to the all-inclusive model, as guests are deterred from leaving the hotel grounds. In some destinations, countless businesses have been forced to close, which in turn deters tourists holidaying on bed and breakfast packages, as the destination has less to offer. Local entrepreneurs from Spain, Crete and Cyprus, from The Gambia to Kenya, and from St. Lucia to Jamaica have all complained of being unable to run their businesses any longer because the footfall of tourists coming out of the all-inclusives is so low.

Besides negative economic impacts, all-inclusive system has negative cultural, social, environmental impacts on local communities:

- All-inclusives can alienate tourists from the destination they are visiting and the people who live there. This can hamper positive cultural exchange.
- For young people, part of travel is the cultural exchange – which an all-inclusive holiday inhibits.
- Holidaymakers also use vast quantities of energy and water (significantly more per person than local people), create significant amounts of waste, and some feel that this is a high price to pay for little commercial return (Wheatercroft and Francis, 2012).
- It is claimed that AI's contribute to alienation of the host population as it effectively restricts the free movement of tourists outside the confines of their hotel and into the local communities. In certain cases, locals may even be restricted from entering the hotel compound (Abdoon and Carey, 2004:1).
Tourism Concern’s Director, Mark Watson (2012) says the following on the issue: “The all-inclusive model brings the least benefit to local communities. Host communities tend to resent such tourists because they don’t contribute to the local economy. From that perspective, several implications have been drawn. If at the destination an AI tourist spends lesser than the overall average tourist and the AI supply is growing extensively, it is undoubtedly that the AI mode poses a threat on the traditional tourism; which will pull down the tourism expenditure. This is a challenge for the growth of the economy, and even worse for tourism-specialized economies (Anderson 2012:321). Therefore, in his study Boxill (2004:270) argues that the rapid development of the all-inclusive sector, while good for the short-run, has had significant long-run negative effects on the expansion of the industry.

Impacts of All-Inclusive Package Tours to Turkish Tourism and Local Business

According to UNWTO (2010) statistics foreign tourist arrivals to Turkey is 25.5 million, with a seventh position in the world in 2009, and ninth place with 21.3 billion USD in receipts. UNWTO (2012) data show that in 2011, Turkey moved up one position to sixth place in arrivals with 29 million tourists, nevertheless it is twelfth with 23.2 billion USD in receipts. In his survey, realized among travel agencies in Antalya, Boz (2004) found that, inbound tourism revenues decline per tourist while foreign tourist arrivals increase. It looks like a paradox. What are the reasons of this situation?

May rapidly increasing rates of all inclusive system be a reason!

Özdemir et al. (2011:504) emphasize in their study that, “an important point to note regarding the all-inclusive system is that the customer profile is mainly at the low and middle-income level. Following researches support this argument.

In his survey, Boz (2004) found that 33 % of foreign tourists visiting Antalya were from the low-income group and, 45 % were from the middle income group.

According to the study of Aksu et al. (2008), out of all tourist visiting Antalya, 34.8 % has an annual income less than 6,000 euros, 20.1 % has an annual income between 6,000 – 12,000 euros and 11.4 % has between 12,000 and 18,000 euros income annually.

In the past, Turkey has focused on 3S (sun, sea and sand) mass tourism, targeting lower income level tourists. As capacity has increased steadily in coastal areas, the bargaining power of tour operators has grown, bringing an increasing pressure for lower prices (Alvarez, 2010:124). Tosun and Çalışkan, (2011: 38) points out that Turkey could not succeed in altering the tourist profile in favour of high-spenders and the foreign tour operators have increased their bargaining power.

Furthermore, Turkey’s cultural tourism is being undermined by the all-inclusive system, which became widespread in the late 1980s, some sector representatives have said, “Cultural tourism existed well before beach tourism flourished in Turkey, but has lagged behind due to the fact that it has been overlooked for years.” However, this system comes with its own problems, one of which is the tendency of agencies to direct tourists to beach tourism rather than cultural tourism. Ahmet Tok, the head of the Cappadocia Tourism Operators Association, or KAPTİD, says “Organizing cultural tours is much more difficult than beach tourism, and necessitates taking initiative and risks. It is easier to bring tourists to a giant hotel and let them stay there for days without setting foot outside than to arrange their transportation from one place to another, meet their needs during transport and try to solve problems.” He added that agencies also offer lower prices for groups (Çal, 2010).

According to the tourist profile figures provided by Efes Pilsen (2008) 76.1% of the tourists spend their vacation in an all-inclusive facility. In 2000 this ratio was 38 % (Seyhat Analizi 2000). In their study, Akin et al. (2008) found that 84.9 % of the foreign tourists visiting Antalya chose package tours, 81.7 % of them preferred all-inclusive. In Turkey, having first started with five-star hotels and luxury holiday villages, the use of an all-inclusive pricing system over the past few years has spread even to one-star hotels, apartment hotels and family-owned bed and breakfast establishments operating on quite rudimentary bases. This is mainly due to the increasing popularity of all-inclusive pricing among consumers and the influence of tour operators who increase their overall revenues (Koc, 2006:866).

The supply for All Inclusive facilities is naturally growing in response to demand, with Thomas Cook featuring 135 all-inclusive properties in their Turkey brochure alone. Although both TUI and Thomas Cook say “they encourage customers to take excursions and spend time outside the All Inclusive complex”, many bars and restaurants in various resorts have faced closure due to lack of business as customers eat and drink within their hotel (Johnson, 2011).

In their study Bircan et al., (2010) notice that there is a disadvantage in the ‘all-inclusive system’, leading tourists to stay in their hotels, rather than go outside to discover the local community and other features of life in Turkey. Thus, they are spending less money in the local economy. Furthermore, in this context, tourism is considered to be a short-term economic opportunity to make profit, leading to a decline in service quality. Because of this, malpractice in the sector endangers the long-term sustainability of tourism and the conservation of natural, cultural, and historical resources. In addition to this, it is a well-known fact that such an approach also paves the way to several negative impacts on the local community.

The all-inclusive system, in which hotel guests pay a fixed price for all their expenses, including flights, is damaging tourism in Fethiye, many locals say. These visitors spend all their time in their hotels enjoying free food and drinks, contributing little to the town’s economy. The local branch of the Turkish Confederation of Tradesmen and Craftsmen, or TESK, Soydemir, the chairman of TESK’s Fethiye branch told the Hüriyet Daily News & Economic Review (2011) "Tradesmen are really suffering, and although tourism is an important part
of the local economy, the increasing number of all-inclusive hotels means that we now have tourists who contribute very little to Fethiye's economy."

A high dependency on tourism means power relations between local entrepreneurs and residents, and international tour operators are hugely unequal. Tourism Concern has received reports conveying anger, frustration and distress from mayors and hotel associations in Turkey in describing how they had to succumb to pressure from UK operators to transform their hotels into all-inclusives. Analysis of an all-inclusive Holiday Village in Fethiye, Turkey, found that just 10% of the tourist spend reached the regional economy, with economic benefits to the neighbouring Sarigerme village put at even less. For example, estimated average guest spend in the village shops was put at just 1 Euro per guest per day (Datar, 2012).

Tourism Concern (2012), points out that competition between the operators is so intense that margins are pushed all down throughout the supply chain. This means hotels are paid very little for each room, which means leaves them with little to pay their staff. One hotel association contact in Turkey told us that they receive €20 a night for the whole package per person. It is possible to find a holiday package for Fethiye from UK between 350-380 euros per person per week as part of an all-inclusive package, that includes flights, transfers, the hotel and all the food and drink. If such a re-branding of Fethiye does take place, it will be done following the experience of many other Mediterranean countries that have made similar mistakes over the last three decades and have subsequently attempted to re-position themselves higher on the tourism scale. At present, it can all too easily be argued that Fethiye's tourism industry is unsustainable and economically unviable (Tuna, 2011).

Tourism, which is the second largest industry in Turkey, plays a significant role in the economic development of the country. The growth of tourism industry in Turkey over the past few decades has been phenomenal (Koc, 2006:859). But, when the impacts of the all-inclusive system on the local tradesmen, host community and the country are considered, the system is seen to lead to significant decrease in their wellbeing.

Academic studies made on the subject in Antalya and surroundings reach similar conclusions. According to Aktaş et al. (2002), the local tradesmen think that the all-inclusive system keeps the tourists within the hotel all the time, resulting in both a reduced number of customers for themselves and a waste economy for the accommodation enterprises that pushes tourists towards high consumption. In their recent studies on the impacts of the AIS on local tradesmen in Alanya-Antalya, Çeviren and Üngür (2009), and Üngür et all. (2009) found that the local tradesmen were not happy with this system. They said that the AIS decreased their profitability, sales, and the overall number of customers and thus employees. The AIS gives harm to the local community and to tourism development of the country in general. It must be abolished! Consequently, all of these results indicate that the AIS has had a negative impact on local business-owners in Antalya (Özdemir et al., 2011:505).

Conclusion

Although all-inclusive package tours are the most growing segment of mass tourism, are not sustainable and worthwhile for host communities and local enterprises. Because, in this system economic leakages are in maximum level. Tourist sending developed countries gain more than host countries, owing to foreign investment, tour operators, air transport, export goods and organizations etc. To be able to benefit more from tourism industry, host countries must develop sustainable tourism marketing strategies. For example, they have to create alternative, genuine, authentic tourism products to attract high income level tourists. They must develop their own marketing agencies, tour operators, airways etc. Sustainable, community based tourism policies must be developed and implemented.

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IMPACTS OF ALL INCLUSIVE TOURS TO HOST COMMUNITIES: TURKISH REVIERA CASE

**Summary**

Travel and Tourism continues to be one of the world’s largest industries. As the world tourism demand rapidly increases, the supply side of the market has begun to gain importance, notably in product diversification, competition, and pricing. Tour operators have developed and implemented various marketing techniques. One of these is the package tour and particularly “all-inclusive system.” All-inclusive (AI) package tours and cruises are a growing trend within the tourism industry. They are the fastest growing segment of mass tourism. Their common denominator is the tourist’s lack of interest for the host country and the tour operator’s control over the tourist’s travel budget, and having more profit than other modes. Accommodation establishments implement all-inclusive systems voluntarily, sometimes by force of international tour operators. Tour operators based in the major originating markets affect the nature of tourism development. It is essential to understand the role of tour operators and the changing structure of the tourism industry. Nowadays, the market structure is predominately marked by a handful dominant tour operating groups that are active in all European key source markets and most of them can be regarded as vertically and horizontally integrated ( Müller, 2005; PPT, 2004). There is a growing trend for people to book direct with tour operators rather than booking through a travel agent. This trend is set to continue and gather pace as the popularity of the internet, mobile technology and interactive TV grows (BTEC, 2010:36).

All-inclusive package system is mostly beneficial for tour operators, because it is easier to control the overall marketing channels, to make more profit, and to operate easier. Besides advantages, all-inclusive system has negative impacts on customers (tourists), accommodation establishments, local businesses, and host communities. As accommodation establishments work on small profit margins and the price is fixed in the all-inclusive pricing system, the only way to increase profits is to reduce their costs. Costs can be reduced through a reduction in the quality and quantity of inputs. This can be done by delaying replacement expenditures in terms of fixed assets in the accommodation establishments, using inferior quality foodstuff, beverages, etc, and employing fewer and unskilled staff. Nevertheless, AI mode has lot of economic implications, the main being the distribution of the tourist’s euro between the main three stakeholders: country of origin, country of destination and the tourist. In most cases, the countries of origin and AI tourists gain more from AI deal than the destination economies (Anderson, 2012;119). Package holidays are increasingly all-inclusive deals, making it unnecessary for tourists to spend money outside the resort, by far the greater part of the money stays in the country where the ticket was bought. Organisations such as Tourism Concern have highlighted the negative effects of all-inclusives, such as profits flowing to international hotel chains and international tour operators, rather than the local population – who are often in poorer countries (Micham, 2011). As UNEPTIE (2012) emphasises local businesses often see their chances to earn income from tourists severely reduced by the creation of “all-inclusive” vacation packages. When tourists remain for their entire stay at the same cruise ship or resort, which provides everything they need and where they will make all their expenditures, not much opportunity is left for local people to profit from tourism. Besides negative economic impacts, all-inclusive system has negative cultural, social, environmental impacts on local communities.

AI mode spreads rapidly, in Turkey too. Not only five star hotels, and holiday villages, one – two star hotels also try to implement this system. UNWTO (2012) datum show that in 2011, Turkey moved up one position to sixth place in arrivals with 29 million tourists, nevertheless is twelfth with 22.20 billion USD in receipts. In a survey, realized among travel agencies in Antalya found that, inbound tourism revenues decline per tourist while foreign tourist arrivals increase. It looks like a paradox – What are the reasons of this situation? Different surveys show that all-inclusive package tours are bought by the low and middle-income level tourists. In the past, Turkey has focused on 35 (sun, sea and sand) mass tourism, targeting lower income level tourists. As capacity has increased steadily in coastal areas, the bargaining power of tour operators has grown, bringing an increasing pressure for lower prices (Alvarez, 2010:124) Increasing number of tourists, who come to Turkey, prefer AI package tours. Because they mostly spend their holidays inside the hotels/ holiday villages, and do not make shopping, do not participate excursion tours, etc. local businesses can not benefit from tourism industry.

Although all-inclusive package tours are the most growing segment of mass tourism, are not sustainable and worthwhile for host communities and local enterprises. To be able to benefit more from tourism industry, host countries must develop sustainable tourism marketing strategies. For example, they have to create alternative, genuine, authentic tourism products to attract high income level tourists. They must develop their own marketing agencies, tour operators, airlines etc. Sustainable, community based tourism politics must be developed and implemented.

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