

Evaluation of All Inclusive System with Respect to Sustainable Tourism Principles

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Abstract

The aim of this study is to analyze the “all inclusive system”, an important marketing strategy of tourism enterprises, with respect to sustainable tourism principles. Following this purpose, all related academic studies and literature have been compiled and the subject was analyzed according to the collected information. Existing research suggests that the notion of sustainable tourism and the concept of all inclusive system may be far apart from each other in many ways. The quality of service and consequently guest satisfaction has been negatively affected from all inclusive system. Another negative aspect found is that the system stimulates unnecessary and excessive consumption, which is not beneficial both for the enterprise and for sustainability. Furthermore, since guests make most of their spending within the enterprise using the all inclusive system, local businesses find it harder to make profit and survive in the competition. Local community is a key factor in sustainability, so the system contradicts with sustainability in many ways. Some enterprises on the other hand defend the system since it creates economic activity somehow, yet they agree on the fact that this system should not be used in urban areas.

Keywords: Tourism, Sustainable Tourism, Tourism Enterprises, Tourism Marketing, All Inclusive System.

1. INTRODUCTION

Tourism is basically an economic activity and it has been growing rapidly especially after World War II. The extent of tourism and travel has increased tremendously in the last decades, both in terms of more travelers and of a vast choice of products on the market. From a historical perspective this can be explained by a number of factors such as the growing prosperity in society, vacations entitled by law, an increasing leisure time, new modes of communication, urbanization and a growing population (Nordin, 2005: 6). According to the World Tourism Organization (UNWTO), international arrivals worldwide have more than doubled since 1990, rising from 435 million to 675 million in 2000, and to 940 million in 2010 (WTTC, 2011: 2). International tourist arrivals grew by over 4% in 2011 to 980 million. With growth expected to continue in 2012, at a somewhat slower rate, international tourist arrivals are on track to reach the milestone one billion mark later this year, 2012 (UNWTO, 2012: 1).

Tourism investments worldwide have increased correspondingly, since tourism increases foreign exchange earnings, creates employment opportunities, and provides a boom to many other sectors by its multiplier effect. However, too many tourism investments caused surplus of supply in time. Furthermore, regional or global economic crisis, natural disasters or wars decreased demand in

tourism. At this point, tourism enterprises looked for new marketing strategies in order to attract more customers. They developed further strategies and used the all inclusive system, which was initially used starting from 1930s. Having the ability for travelers to plan their expenses in advance increased the popularity of the system. Along with the all inclusive system came out hotels with low profitability ratio profiles. Although the occupancy rates were high, hotels had to settle for cheaper prices because of the competition. In order to increase their profitability, tourism enterprises using this system felt the necessity of trying to decrease their costs by compromising service quality.

2. SUSTAINABLE TOURISM

By the late 1980s, the governments of most countries as well as the United Nations noted the increase in global tourism and the industry's deleterious effects to the environment and society of those countries in which it was most rapidly expanding (Bowman, 2010: 269). As a result of the global policies set forth in the 1987 World Commission on Environment and Development to the United Nations General Assembly's report "Our Common Future" (otherwise known as the Brundtland Report), and the subsequent United Nations Conference on Environment (popularly known as "The Earth Summit") in 1992, sustainability emerged as a key issue in development (Berno & Bricker, 2001: 3). Sustainable tourism shall be organically linked to development, in general, to environmental, social, economic and ethical balances, mainly aiming to offer qualitative stays that generates in return fair income to local population (Cianga & Patrascu, 2010: 33).

Sustainable tourism concept arose when sustainable development idea was applied to the tourism industry. Main principle of sustainable tourism is protecting local cultures, natural resources, and the continuation of the economy, while ensuring the growth of tourism with planning and control. The notion of the continuity of the economy is not just for tourism enterprises, but it also means that the local people who live at the tourism destination joins tourism activities and gains economic profit from tourism.

Sustainable tourism should integrate the natural, cultural and human environment. As shown in Figure 1, sustainable tourism management is an approach, which (ETE, 2009: 39):

Minimizes the negative environmental, social and cultural impacts of tourism,

Generates economic profit from tourism for local people and improves their quality of life, their working environment and their access to technology and information,

Allows local people and other stakeholders to participate in decision making processes involving tourism development which could affect them,

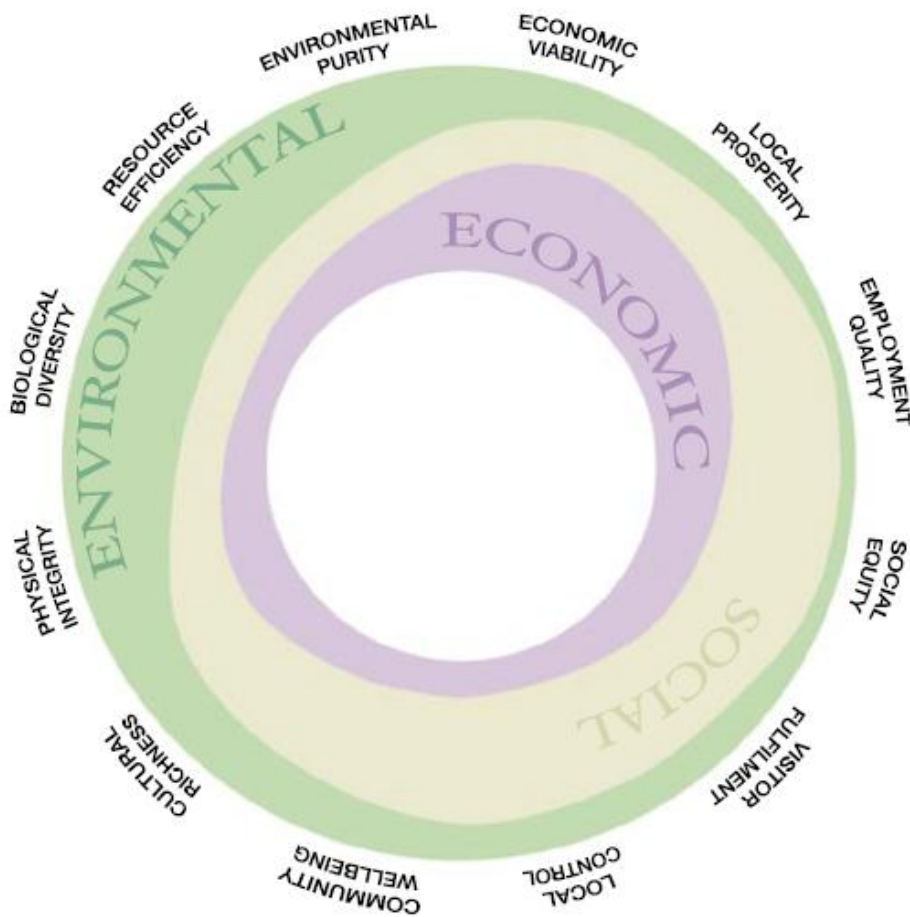
Informs all stakeholders of tourism development which could affect them,

Contributes to natural and cultural preservation and conservation and promotes the importance of and protects biodiversity,

Provides tourists with more meaningful tourism experiences, e.g. meeting, cooperating, communicating and working with local inhabitants etc. bringing the tourist closer to the culture of the destination,

Enables visitors to observe and understand environmental and cultural relationships and contexts,
Is sensitive to local people, as well as other stakeholders, their needs, rights and aspirations,
Sees policy, planning and management as extremely important to combat the problems caused by non sustainable tourism,
Emphasizes that there are limits to tourism development,
Can be very frustrating because there are limits to how much can be achieved in the short and medium term. It is a slow process of development,
Generally involves frequent conflicts between stakeholders over resources, implementation etc.
Compromises may be necessary.

Figure 1: Relationship Between the 12 Aims and the Pillars of Sustainability



Source: UNEP, 2006.

3. ALL INCLUSIVE CONCEPT

All Inclusive System is described as the application of a marketing and pricing system in which all services such as breakfast, lunch, dinner, room services, local and import drinks, sport activities are covered under a fixed price package (Ciftci et al., 2007: 269). This system emerged as an alternative to the other hotel rate systems such as bed & breakfast, half board or full pension. All inclusive services generally includes accommodation services, food & beverage services such as breakfast, lunch, dinner, local drinks and import drinks, and many other services that the tourist might need during their stay. The prices of all these services are fixed in advance (Otar, 2008: 9).

In order to understand how all inclusive system works, a brief history of the package tours need to be discussed. First package tours were organized by Thomas Cook to England in 1841. Therefore, Cook is generally accepted as the first organized package tour operator. (Icoz, 2000: 169). The first examples of all inclusive concept date back to 1930's at some vacation camps in England. Later on, a French swimmer made a vacation camp at Mallorca in 1950. Mallorca is a Spanish island and Spanish government decided the swimmer to pay one total price for all the accommodation, food & beverage and other spending activities. This incident sparked the foundation of all inclusive system and many entrepreneurs were influenced by the idea. Their investments are the founding stepping stone of today's all inclusive system. (Otar, 2008: 15). All inclusive system spread around the world after the increasing power of mass tourism in 1960's.

As seen on other pricing systems like half board or full pension, all inclusive system does not have globally standard applications and rules. What is included differs from country to country, region to region, even hotel to hotel, because there are not any set of rules of laws defining the parameters of the system. Different applications of the system resulted in different titles for the system such as; Ultra Inclusive, Mega Inclusive, Imperial, High Class, Maximum Mega Ultra Inclusive, etc. (Gurkan, 2002: 53).

4. FINDINGS

Accommodation companies started using all inclusive system in order to increase their occupancy rates and to market their products and services more easily. All inclusive system is an accepted and sought marketing tool by people who would like to find everything ready, use technology and prefer the easier methods all the time (Yurik, 2002: 291). Main reasons of why hotels prefer all inclusive system may be listed as follows:

- Provides easier marketing,
- Increases sales in order to reach maximum profitability,
- Yields competitive advantage against competitors in tourism market,
- Presents customers different holiday options,
- 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,
- Advertisement of the facility,
- Controlling of personnel, product and services costs,
- Better occupancy rates create better image for the company,
- Easier to sell for travel agencies and tour operators,

- Bulk purchasing is cheaper,
- Prepayments of all inclusive packages result in better financial planning for spending and investments. (Corbaci, 2004: 52).

According to Valhouli (2003), the popularity of the all inclusive system relies on two basic reasons. These are time and value. Tourists do not wish to spare time calculating the likely cost of their vacations. At the same time, tourists expect the services provided with the all inclusive system to satisfy their expectations. Hence, the most attractive aspect of the all inclusive system is that is an application where the value of the service to be taken and how much money to be spent in the end are clearly specified.

According to Suklum's (2006) study on 354 tourists (50% Turkish, 23% German) who stayed at two vacation clubs with all inclusive concept in Bodrum, 35,2% of the questionnaire respondents prefer all inclusive system because of the lower extras. 18,9% of the tourists prefer the system because they don't have to follow their spending, 14,4% because their vacation plans are ready in hand, 9,6% because they don't have to worry about money exchange. Only 8,2% of the tourists said they prefer all inclusive system because they believe the quality of the services is better. Another important finding of the study is that 31,9% of the tourists noted they do not participate in any economic, social or other activity outside the hotel, saying basically one third of the tourists do not even go out of the hotel.

Barak (2006) made a study with 131 enterprises in Bodrum in order to understand the effects of all inclusive system to the region. 27% of these enterprises were food & beverage, 25% gift shops, 12% bars or night clubs, 10% textile apparels, and 26% were from different sectors. According to the owners or general managers of these enterprises, "all inclusive system decreased the number of tourists visiting their shops"; "the main reason for decreasing tourism receipts is all inclusive system"; "tourists spend less because lower income tourists come for the system; and "all inclusive system does not increase the number of tourists to the region".

Otar's (2008) study on employees' job satisfaction on accommodation units suggested that employees working in other pension types are more satisfied from their jobs than employees serving in all inclusive system. The study was made on 422 employees working under all inclusive system, and 422 employees working under other pension systems. The employees of accommodation units using the other pension systems were also more satisfied from their jobs according to "manager behavior", "wage policies" and "promotion possibilities" than the employees of all inclusive system hotels.

Yayla's (2011) study in Antalya on finding out the reasons for tourist's preference of all inclusive system was applied at a total of 65 four or five star hotels with the participation of 387 tourists. The findings were that they prefer the system because (a) there are not many cancellations due to the low number of participants, (b) price of the vacation packages are affordable, (c) and many services are included in the price.

5. CONCLUSION

Findings of the literature survey and the study suggest that there are some positive and negative aspects of all inclusive system. Cheaper prices for the tourists and higher occupancy rates for the hotels are the main positive reasons for the preference of the system. Planning is the other

important positive both for the tourist and the hotel. Tourists may easily plan their spending in advance while the hotels may plan their purchasing, marketing, and financial strategies ahead of time.

When the principles of sustainability is taken into account, it has been observed by many studies that cheaper vacations for the tourists by the means of all inclusive tourism decrease the quality of service, customer satisfaction, employee satisfaction, and tourist spending. One third of tourists who prefer these packages do not even leave the hotel for shopping or other purposes, which is a big minus for social contribution of sustainable tourism to local society.

As described above, sustainable tourism has socio-cultural, economic, environmental and community participation factors. Since the main purpose of sustainable tourism is protecting local cultures, natural resources, and the continuation of the economy, all inclusive system does not directly possess any positive affects towards these three purposes at the same time. There is not any strong evidence that the hotels using all inclusive system are using local products, which is another negative aspect for sustainability.

Therefore, it is evident that all inclusive system does not directly help local community, does not increase job satisfaction of the local residents, and does not help the environment any better than hotels using other pension systems. Tourists over-consume because of fixed charges, and this is a burden to economic resources of the society. Over-competition between all inclusive hotels decreases the prices of rooms and thereby the tourism earnings decrease. It may be creating new jobs for the society, but since job satisfaction is lower than the other pension systems, work overload may be the case instead of hiring new staff.

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