

## **All Inclusive System and Its Effects on the Turkish Tourism Sector**

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### **Abstract**

“All inclusive” as a system in tourism came out in 1960s; and today it is being used in a fairly large scale all over the world. In general the system is utilized by developing countries so as to increase their voice further in tourism activities. This system consists of a package in which the price is fixed and includes food, beverages, accommodation and other amenities. Though it is used in a large scale in the world, there are some negative views about this system.

To carry out the study, survey instruments were developed and administered separately to tourism enterprises, travel agencies, and individuals who have experienced the system. Furthermore, with consideration given to the process of turning inputs into output in tourism, data envelopment analysis was conducted to measure the effectiveness of Turkish tourism industry for 1996-2002 period. Based on the results of this analysis, the effects of all inclusive was explored.

**Key words:** All inclusive system; Data envelopment analysis; Super slacks based model.

**JEL Classification:** L83.

### **1. Introduction**

All Inclusive System is 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. This is a quite different application from the traditional one in which each service is priced under different packages (Turizmde Herşey Dahil Uygulaması, 2004).

Middleton defined tourism packages or the trade term “inclusive tours” as follows: Standardized, quality controlled, repeatable offers comprising two or more elements of transport, accommodation, food, destination attractions, other facilities and services (such as travel insurance) (Bowen, 2001).

The French club Med founded in the wake of World War II developed all inclusive system under the “Club Vacation” title within the international area in 1960’s and 1970’s. The concept of the one price for all vacations has shown greatest development especially in the Arab world. At present, 200 of the 1500 establishments are working with all inclusive system in the Arab world (Çorbacı, 2004).

As for the application of all inclusive system in Turkey, it is observed that this system has been growing rapidly within the past few years. All Inclusive System in Turkey was first applied by Marco Polo, followed by Magic Life and then rapidly developed and spread all over the regions (Herşey Dahil’de Neler Hariç, Dikkat, 2000).

Virtually, all of the activities are covered in one package price within the all inclusive system. All the members of a family traveling within this system are able to spend their vacation without any budget squeeze. Hence, all of the vacation difficulties and complaints are automatically reduced by using this system. However, the system displays some disadvantages. For instance, the users of the system have to eat at the same restaurant with small changes every night, and are restricted to evening activities provided in the package and to smaller rooms at the institutions applying this system (All Inclusive Resorts – an introduction Travel Tips, 2004).

As for the application of the system around the world, it is observed that all inclusive system can be served for various target audiences such as couples, bachelors, families, the youths and the elderly. The size of resorts and other accommodations applying this system may be an important

consideration. At these places, sometimes transportation and accommodation are included or sometimes transportation, accommodation together with food and drinks are all included under the price. In some applications, transportation is excluded and only accommodation with food and drinks is included under the one package price. Moreover, most of the establishments applying this system provide different kinds of protective and amusing activities for children as an extension of the system (Is an all inclusive resort right for you? An article offers detailed introduction to "all inclusive vacation" concept, 2004).

The limited knowledge concerning all inclusive system in the literature is summarized below:

Master and Prideaux (2000) sent out a questionnaire to 150 Taiwanese tourists who had been to southeast Queensland under the all inclusive system and received that cultural differences are not an important factor on the obtained level of satisfaction. Also, they concluded, service quality factors such as shopping hours appear to be a major factor in achieving high visitor satisfaction.

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 spend 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. Valhouli, based on the results of a research study by Anderson Consulting, stated that establishments applying the all inclusive system have some reductions in the labor costs but increases in the other expenditures. The research results also indicated that the profitability margin from operations in such establishments varied from 35% to 40%. In essence, such margin range demonstrates how important the all inclusive system is especially in terms of the accommodations for travelers and tourists, as it tends to be at 25% for the establishments employing other systems. However, it should be noted that all parts of the tourism sector are not pleased with the widespread application of this system. First of all, the selling function in the system is generally performed in the country in which the customers live. In such a case, the system may not provide sufficient benefit (or gain) for the country where tourists go for vacation. Furthermore, restaurants and other entertainment centers operating in the holiday camp complain that the all inclusive system prevents the costumers who would otherwise prefer them.

Aichholzer et al. (2003), considering the future expectations and/or trends of e-tourism services, state that there will be an increase in the number of people with more money but less time in the future and such people will tend to prefer services that relieve them from work stress quickly, not caring about anything and having good time. They continuously put forward that, parallel to this trend, the all inclusive system will achieve higher demand especially in the electronic setting.

"Inclusive Tours – UK – August 2004" published by Mintel International Group states all inclusive tours received 47% of the overseas market in 2003.

In their study, Wong and Kwong (2004) mentioned the results of a study carried out to define the criteria of Hong Kong tourists for preferring all inclusive system in their vacation abroad. In this research, 30 different criteria (regarded as the most vital) were included and offered to the views of 280 tourists. The results indicated the security and guaranteed departure to be the first two mostly crucial criteria for the tourists. The advertisements and vocational programs on TV were recognized as the mostly unimportant criteria in the study. Mok and Armstrong (1995), on the other hand, stated that the most popular vacation option for Hong Kong tourists is all inclusive tours and the most suitable region for them is South Asia and China.

According to the results of a recently conducted questionnaire, 52% of the U.S.A tourists prefer going on vacation through the all inclusive system. The main reason for this is the desires of the tourists to be comfortable and not to deal with details. In other words, the reason for preferring the all inclusive system is the guarantee provided to obtain everything within a fixed price. Namely, this system eliminates unexpected expenditures in the travel budget of a family. Generally, expen-

ditures for every kind of food and beverages, recreational facilities, sportive activities and similar expenses are included within a fixed price (All Inclusive Resorts – an introduction Travel Tips, 2004).

The purpose of this study is to determine the positive and negative aspects of all inclusive system used as a sort of service in tourism sector and analyze its effects on the Turkish tourism, also considering the sub-sectors in detail.

## **2. The positive and negative aspects of all inclusive system**

There seems to be considerable discussion all around the world concerning the sectors within the all inclusive framework and their effects on regional economies moreover, the overall positive and negative outcomes of this particular system have been discussed in a wider platform.

The positive aspects of the all inclusive system in general are summarized 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.
- ◆ It increases the occupancy rate of lodging establishments.
- ◆ It can effect the employment level of the country positively.
- ◆ It assists travel agencies and tour operators in marketing lodging establishments with relative ease.
- ◆ Since the system increases the circulation of tourists it may be a crucial foreign currency resource for related countries.
- ◆ The establishments applying the all inclusive system are eligible for extending their tourism seasons between 15 to 30 days.
- ◆ It is only possible for large scale establishments buying their food, drinks and other needs in total and huge amounts to drop costs being granted a rebate.
- ◆ The level of profit is effected positively for the establishments at issue due to the lower cost of inputs in the high seasons of the all inclusive system.
- ◆ Customers' staying at the hotel all day long causes activity and accordingly sales for the other goods be outside the package increases too.
- ◆ Since the services provided to customers are definite, supervision is provided with relative easiness.
- ◆ This system relieves families greatly by providing different activities for children.

The negative aspects of the all inclusive system are summarized below (All-Inclusive Tartış ası Bitmedi, 2002; Güneş, 2003; Çelebi, 2004; Demirkol, 2004):

- ◆ 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 tourists staying in the hotels that apply the all inclusive system are unlikely to go to different places in the city for shopping.
- ◆ The tourists generally tend to spend all their time with in the hotel and thus cannot get enough information about the historical background and social structure of the region.
- ◆ 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 system may give rise to unfair competition. As a result, the preference for the establishments that care for quality could be reduced.

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

In other words, the all inclusive system has increased the food and beverage consumption in the hotels and these have turned out to be the most important items within the total expenditures. In this regard, efforts to reduce the cost result in the lower level of quality in these products. The quality in food, drinks and services, however, seems to be the most important factor sought for tourists in the system. It also affects the satisfaction level of the tourists and the image of the sector negatively. The system could also result in decreased quality in full animations due to the fact that the tourists within the system stay longer hours at their hotels or holiday villages. The unfair competition caused by the markets in the hotels and the holiday villages, or the supermarkets gone through the tours for shopping should also be considered as another negative effect resulting from the application of the all inclusive system (Turistler, Her Şey Dahil Fiyat Sistemini Tercih Ediyor, 2002).

In the tourism sector, it is known that tour operators and lodging establishments use the all inclusive system as a selling and marketing method based on the demand of customer desires. Some, however, believe the argument made by some merchants and tradesmen that tourists do not go outside their hotels for shopping is untrue. For these people, the expenditures made by the tourists outside the establishments seem to be increasing rather than decreasing in comparison to those of previous years (Turistler, Her Şey Dahil Fiyat Sistemini Tercih Ediyor, 2002).

Turkish hotels, holiday villages and even boarding houses somehow apply the all inclusive system. There seems to be no other country within the Mediterranean area that offers the all inclusive system as much as that in Turkey. Some establishments are seeking for new sales methods such as “super all inclusive system, mega all inclusive, ultra all inclusive, all inclusive plus and high class all inclusive”. The majority of the Turkish tourism sector is complaining of this system. While tour operators stress the low level of profitability, hotel owners and managers think that they lose their sales and provide free services. On the other hand, employees consider themselves to be working longer hours but getting lower wages while tradesmen of the region complain about selling few products due to the application of the all inclusive system. As for the tourists, they complain about waiting long hours for the service and getting lower quality of the services (Çelebi, 2004).

### **3. Methodology**

The methodology in this study includes the population and sample, data collection, and processing and analyzing the data.

#### ***3.1. Population and sample***

In this study, four populations whose findings are generalized and argued are discussed. The first of these is the all inclusive system. The second is the hotels with 3, 4, 5 stars in Turkey and the first class holiday villages (they will be mentioned as the “tourism establishments” for the rest of the study). The number of the units included in population is 3262 according to information of the T.R Ministry of Culture and Tourism for the year 2002. The third population consists of group A traveling agencies active in Turkey (they will be referred to as “agencies” for the rest of this study). As it is stated in the 1618 item number Traveling Agencies and Law of Traveling Association (TURSAB), group A traveling agencies are the establishments providing information on tourism, transportation, accommodation, touring, sportive activities, entertainment and satisfying all the needs related to these items at issue for the purpose of making profit (<http://www.tursab.org.tr>, 2004).

Due to the context of this study, group A agencies having the greatest definition and function were chosen. The population size is 2325 according to information of the T.R Ministry of Culture and Tourism for the year 2004. Since the population is statistically a returning population type, its size is infinite.

Various sample sizes were taken related to the second, third and fourth populations. For each three populations, sampling type is “non proportional personnel sampling” The sample size selected from tourism establishments is 70. The sample size taken from agencies is 82. The sample size selected from local tourists is 476. As discussed above, sample size is the sampling frame accessed. The possible error margin for the representative power of the findings provided by sampling can be determined statistically. When the questionnaire is used as a data collection technique, the number of people giving right answers for each question differs from question to question. In this study, error margin has been calculated for each question separately (Table 1). In these calculations, “sampling error for ratio of finite population” formula (Formula 1) and “sampling error for average of finite population” formula (Formula 2) have been used for tourism establishments and agencies (Berenso n and Levine, 1992). The reason for this is that the received findings contain both ratio and average values .

$$e = Z \sqrt{\frac{p(1-p)}{n}} \sqrt{\frac{N-n}{N-1}}, \tag{1}$$

$p$  is the expected rate,  $N$  is population and  $n$  is the sample size.

$$e = Z \frac{\sigma_x}{\sqrt{n}} \sqrt{\frac{N-n}{N-1}}, \tag{2}$$

“ $\sigma_x$ ” is the standard deviation of the population. “Sampling error for ratio of infinite population” formula (Formula 3) and “sampling error for average of infinite population” formula (Formula 4) discussed below have been used for sample of local tourists (Berenson and Levine, 1992).

$$e = Z \sqrt{\frac{p(1-p)}{n}}, \tag{3}$$

$$e = Z \frac{\sigma_x}{\sqrt{n}}. \tag{4}$$

The error margins at 95% confidence level of values received from the questionnaire for all three sampling groups according to the results of calculations are shown in Table 1.

Table 1

The received sampling error margins according to questionnaire (+/-)

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
Tourism Establishments		11.9		<i>0.30</i>	12.5		12.1	<i>0.17</i>
Agencies	7.64	6.35	10.9		<i>0.15</i>			
Local Tourists	4.5	4.5	4.5		4.6		<i>0.07</i>	

Note: Italics show deviations from averages, the others show deviations from ratios.

### 3.2. The collection of data

Documentation research and questionnaire methods were used for the data collection.

Documentation research procedure includes the theses concerning this subject, the reports and statistics of some public institutions, associations and also newspapers, magazines and books related to the topic. Documents in question were obtained from university libraries and web sites.

Three different question tables for three different sampling groups discussed in chapter 3.1 were prepared for the questionnaire method (see appendices 1, 2, and 3). The questionnaires were ad-

ministered for two and a half months during the period of October, November and December 2004, sending out the questionnaires by e-mail in the PHP format. Sampling for tourism establishments included 70 establishments received response, after sending out e-mails to the hotels with 3, 4, 5 stars and first class holiday villages whose e-mail addresses were available and which were also members of Turkish Hotels Association (TUROB) (<http://www.turob.org.tr>, 2004). Sample group for agencies included agencies received response, after sending e-mails whose e-mail addresses were obtained from T.R Ministry of Culture and Tourism. As for the population for local tourists, people who had spent their vacation at the hotels with 3, 4, 5 stars and/or first class holiday villages at least once were accessed, sending e-mails to available message groups and sampling was made up of 476 people received response.

### **3.3. Processing and analyzing the data**

The data received within two and a half months from the internet were transferred from the format of PHP to MS Excel. SPSS 11 was used for the analysis. In addition, DEA SOLVER PRO 4.1 program was used for the efficiency analysis of Turkish tourism.

Standard deviations, ratios, chi-squared statistic and mean were used for the analysis of the questionnaire. Furthermore, “cronbach alpha” coefficient was calculated for the purpose of measuring endogenous consistency. Coefficient “cronbach alpha” is generally used for measuring the reliability of indicators of two or more data sets. Its result values are between 0 and 1.0 and a higher value means higher reliability of the indicators (Hair et al., 1995).

The efficiency of Turkish tourism was calculated using Data Envelopment Analysis (DEA). Data Envelopment Analysis developed by Charnes, Cooper and Rhodes (1978) using the Farrell’s (1957) study as a base is a mathematical programming technique based on the measurement of relative efficiency of the decision units. Data Envelopment Analysis measures relative efficiency using more inputs and outputs. At the end of the analysis, decision units were divided into two groups as efficient and inefficient. More than 30 models in relation to DEA have been developed up to the present day. In this study, “Super Slack Based Model – SupSBM” developed by Tone (2002) was applied not only to determine efficient years but to rank them as well. The fractional programming formula of the model is shown below:

$$\text{Min } \delta = \frac{\frac{1}{m} \sum_{i=1}^m \bar{x}_i / x_{i0}}{\frac{1}{s} \sum_{r=1}^s \bar{y}_r / y_{r0}}, \quad (5)$$

$$\begin{aligned} \text{Constraints} \quad & \bar{x} \geq \sum_{j=1, \neq 0}^n \lambda_j x_j \\ & \bar{y} \leq \sum_{j=1, \neq 0}^n \lambda_j y_j \\ & \bar{x} \geq x_0 \text{ ve } \bar{y} \leq y_0 \\ & \bar{y} \geq 0, \lambda \geq 0 \end{aligned}$$

It is possible to apply the above model separately as input/output oriented or non-oriented under the assumptions of variable returns to scale (VRS) or constant returns to scale (CRS). The analysis preferred in this study is the application of the analysis which is non-oriented under the assumption of constant returns to scale. At the end of the analysis, a decision unit (taken as year in this study) with the value of 1 or greater will be accepted efficient and the ones smaller than 1 will be accepted inefficient. Efficient ones will be ranked among themselves from more efficient to less efficient.

#### 4. Results

In this study, first of all, efficiency of tourism was measured through DEA. 3 inputs and 3 outputs were used for DEA. In general, when the number of decision units (these are years in this study) are smaller than the total number of inputs and outputs, most decision units appear to be efficient and the separation of efficient-inefficient cannot be done properly (Cooper et al., 2000, p. 103). In this study, the number of decision units is 7 and the total number of inputs and outputs are 6. The fact that the number of decision units is small prevents the usage of more inputs and outputs for the robustness of the results. Inputs are: the number of employees, number of establishments and cost of sales. Outputs are: the number of tourists, profit/loss for the period, taxes and other legal liability provisions and tourism incomes. Collecting data in relation to various years defining the year 2000 in which the all inclusive system became popular in Turkey is considered to be more meaningful to determine the effects of the system on Turkish tourism. However, all concerned data are not available after the year 2002 in the sources. Such being the case, it is logical to analyze the all inclusive system applied widespread for 3 years and 3 years before this period. In addition, since the year 1996 is known to have been efficient in Turkish tourism, adding the year 1996 to the analysis was considered to be appropriate. Hence, the concerned data were collected from the period from 1996 to 2002. These are shown in Table 2.

Table 2

DEA inputs and outputs of 1996-2002

Years	Number of Employees	Number of Establishments	Cost of sells (\$)	Number of Tourists	Profit/loss for the period, taxes and other legal liability provisions (\$)	Incomes of Tourism (\$)
1996	760,916	3,175	755,934,069	8,614,000	38,750,191	5,650,000,000
1997	891,334	3,335	895,210,752	9,689,000	38,944,123	7,008,000,000
1998	975,399	3,319	907,776,595	9,752,000	32,205,882	7,177,000,000
1999	1,012,152	3,218	750,739,162	7,464,000	22,283,865	5,193,000,000
2000	1,009,211	3,124	869,684,640	10,412,000	24,471,217	7,636,000,000
2001	1,007,793	3,220	585,669,012	11,569,000	22,018,473	8,090,000,000
2002	1,158,962	3,262	728,069,451	13,247,000	20,163,299	8,481,000,000

Note: The information was received from TURSAB (2004) and T.R.Central Bank Websites (2004), data shown in amounts were shown in TL from the web site <http://www2.tcmb.gov.tr/sector/anamenu.htm> (balance sheet of the sector), and then exchanged to the US dollar.

Efficiency values of the years according to the results of the analysis are shown in Table 3. The years 1996, 1997, 2001 and 2002 were found to be efficient and the years 1998, 1999 and 2000 were found inefficient.

Table 3

DEA Sup SBM-Cscores

Decision Unit (Year)	Efficiency Score
1996	1.07
1997	1.03
1998	0.89
1999	0.68
2000	0.91
2001	1.09
2002	1.04

The graphic for the results of efficiency with respect to the years is shown in Figure 1. Turkish tourism accepted efficient in the year 1996 was also efficient in 1997 but having a decrease in efficiency compared to the year 1996. This decrease went on until 1999 being inefficient. The year 1999 became the most inefficient year during the period of 1996-2002. An increasing efficiency from the year 1999 to 2002 exists. The most efficient year is 2001 for this period.

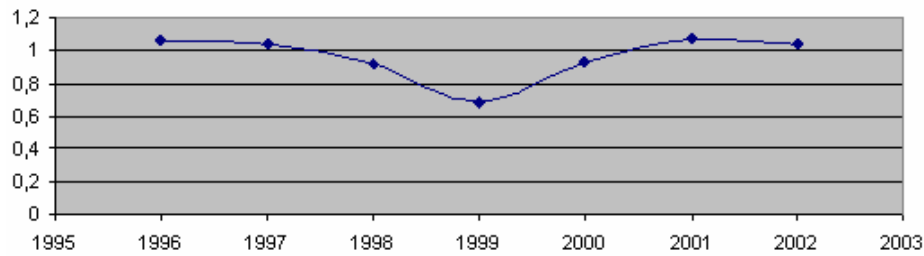


Fig. 1. DEA results according to years

With the results of DEA, it is possible to determine input excesses and output shortfalls causing inefficiency for the inefficient years. An average 20% excess in cost of sales and 2,3% excess in the number of employees for inefficient years, 1998, 1999 and 2000, exist. An excess causing inefficient matters wasn't be determined in the analysis according to the number of establishments. For these inefficient years, it is realized that the number of tourists are 23.5% and tourism incomes are 18,3% less than efficient years. Also found that there isn't any shortfall causing inefficiency according to profit/loss for the period, taxes and other legal liability provisions.

The lack of demand which took place in 1998 and 1999 can be explained by political conjecture and natural disasters but Turkish tourism entering maturity period should be perceived as a crucial matter (VİZYON 2023 Ulaştırma ve Turizm Paneli, 2003).

According to the results of the questionnaire sent out to tourism establishments, the number of active establishments is 20 before 1990, 8 in 1990, 7 in 1994 and less than these numbers for the other years.

The results of the questionnaire indicate the ratio for the establishments applying the all inclusive system to be 61%, and the ratio for the ones not applying this system is 39%. 60 percent of the establishments applying all inclusive system started to apply this system after the year 2000.

Within this frame, how the number of personnel, occupancy rate, profitability rate, the number of local tourists and foreign tourists had changed after starting to apply all inclusive system were examined. The results are shown in Table 4. The value of "cronbach alpha" indicating the endogenous consistency was found to be 0.53. Although this value is not high enough, it indicates the existence of endogenous consistency in the answers. It is observed that the number of foreign tourists and occupancy rate increased with the decreasing value of standard deviations considering the  $\pm 0,30$  error margin in Table 1. The number of the personnel, profitability rate and the number of local tourists didn't change.

Table 4

Changes after applying the all inclusive system

	Average	Standard Deviation
Occupancy Rate	2.76	0.43
Number of P ersonnel	2.16	0.85
Profitability Margin	2.24	0.83
Number of Local Tourists	2.04	0.78
Number of Foreign Tourists	2.76	0.43

Tourism establishments accept BB and HB systems positive for Turkish tourism. Answers given for the questionnaire are very interesting in that AI choice was preferred at the lowest rate. Namely, tourism establishments do not agree on the idea that the all inclusive system will have a positive effect on Turkish tourism. The results are shown in Figure 2.

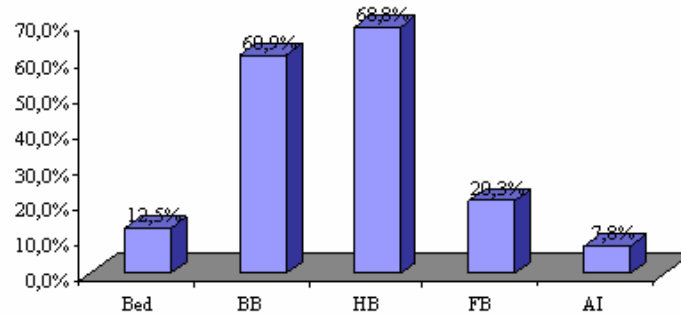


Fig. 2. Service type tourism establishments considered to be positive for the Turkish tourism

According to the answers received from agencies, 63.5% of local tourists prefer establishments applying the all inclusive system and 62.5% of foreign tourists prefer establishments applying all inclusive system. Notable difference in the preference of all inclusive system for local and foreign tourists wasn't observed.

For the local tourists, 55.59% of them prefer services within the half board system, 48.39% of them go on vacation through the all inclusive system. Information concerning other preferences is shown in Figure 3.

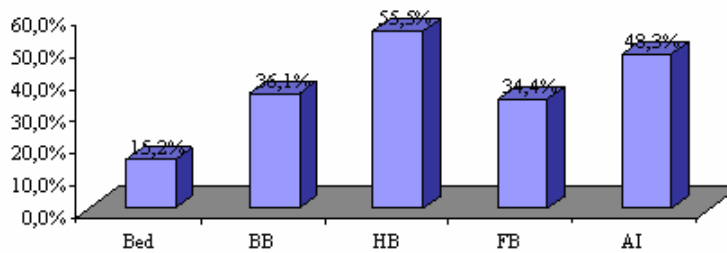


Fig. 3. Service types preferred by the local tourists

Ratios obtained from the answers of the local tourists for the questions, "which type of vacation system they prefer or which system is more suitable for them", are shown below (Figure 4). Notable difference was observed in the half board system according to these ratios.

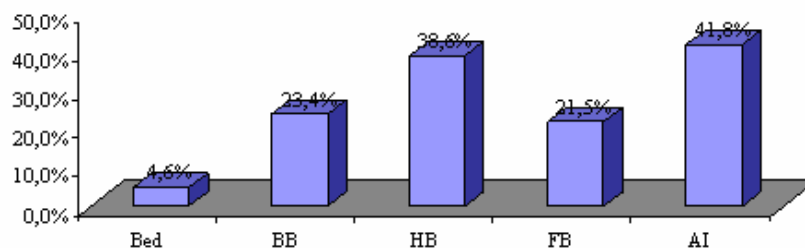


Fig. 4. Service types thought to be suitable for themselves by the local tourists

Similarly, 38% of the local tourists considering they are familiar with the all inclusive system stated it may also be suitable for foreign tourists. Differences in the other preferences concerned are shown in Figure 5.

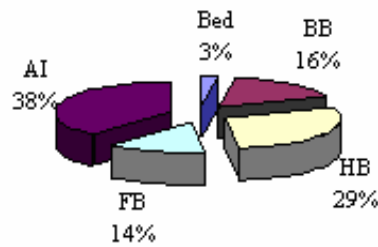


Fig. 5. Service types thought to be suitable for foreign tourists by local tourists

The reasons why the local tourists regard the all inclusive system suitable for foreign tourists were classified in 4 items:

- ◆ Extras are highly expensive and prices out of the establishments offered to the tourists are very high. In this regard, their being deceived must be prevented.
- ◆ The cheapest holiday choice is the all inclusive system for foreign tourists. In so doing, more tourists can be attracted.
- ◆ It is considered they will be safe in an unfamiliar country and protected from unexpected costs.
- ◆ It is also considered to be the most comfortable vacation system.

On the other hand, the reasons put forward by those who believe that another system is more suitable for foreign tourists are summarized in 4 items:

- ◆ Tradesmen and accordingly the country achieve more benefit from tourists.
- ◆ To provide more information about our country.
- ◆ To be more free.
- ◆ Top revent paying for the services they may not benefit in advance.

The agreed matter of all three samples formed of agencies, establishments and customers is that the all inclusive system will affect Turkish tourism positively but it will affect the country negatively. However, the views of local tourists differ from those of agencies and establishments in that the all inclusive system will exactly affect the country negatively. The comparative rates considering other views are shown in Figure 6.

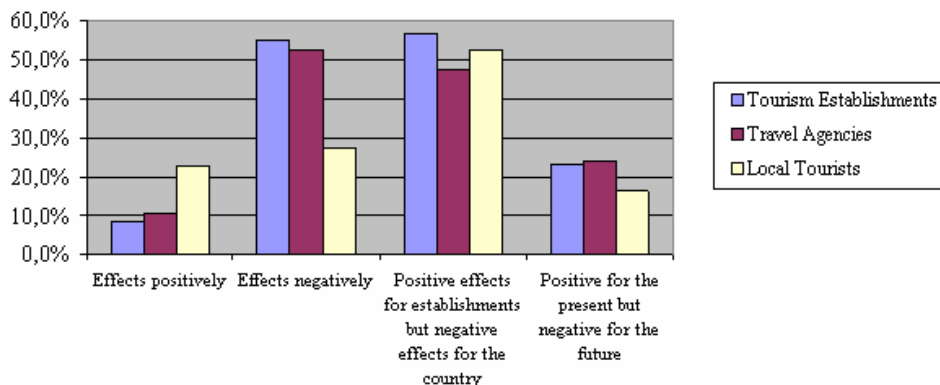


Fig. 6. The comparative views of all three sampling groups concerning the effects of the all inclusive system on the Turkish tourism

Whether a relationship between groups and views exists could be determined applying the chi-squared test to the answers of all three groups for the question, “what is your view about the effects of the all inclusive system on Turkish tourism”. Frequencies received from the answers are shown as a contingent table in Table 5. The hypotheses below were developed for the chi-squared analysis.

*H0: There is Independence between views and groups (There is no relation)*

*H1: There is not any independence between views and groups (There is a relation)*

Table 5

Chi-Squared analysis of given answers for the question “What is your view for the effects of all inclusive system to the Turkish tourism?”

			Groups			Total
			Tourism Establishment	Travel Agencies	Local Tourists	
Views	Positive	Frequency	5	8	104	117
		Expected Frequency	13.7	16.8	86.5	117
	Negative	Frequency	33	41	125	199
		Expected Frequency	23.3	28.5	147.1	199
	Positive for the establishments, Negative for the country	Frequency	34	37	239	310
		Expected Frequency	36.4	44.4	229.2	310
	Positive for the present, Negative for the future	Frequency	14	19	74	107
		Expected Frequency	12.6	15.3	79.1	107
	<b>Total</b>	<b>Frequency</b>	<b>86</b>	<b>105</b>	<b>542</b>	<b>733</b>
		<b>Expected Frequency</b>	<b>86</b>	<b>105</b>	<b>542</b>	<b>733</b>

Chi-Squared value was found to be 29.65 at the end of the analysis. Since value in question is greater than the table value, 16.81, at 6 degrees of freedom and 0.01 significance level, H0 hypothesis has been rejected. This means there is a relationship between all three groups and views concerning the effects of all inclusive system on Turkish tourism. Namely, the views of the all three groups are said to be parallel to each other.

The results of the answers given to the questions for the questionnaire applied to all three groups are shown in Table 6. The high value of “Cronbach alpha” shows the endogenous consistency of the answers. It is clearly understood from the results that all three groups didn’t give such answers as “I don’t agree with”. The results at issue are clearly as “I agree, however”, it was observed all three groups agree on the first and seventh items considering standard deviations and error margins in Table 1. It was also found that agencies and local tourists agree on the 2nd view. Items only the agencies agree on were the 3rd and the 5th items. This case could be commented as: agencies approach the all inclusive system with caution. Finally, an agreement on the 4th and 6th items for all three groups couldn’t be observed.

Tourism establishments, travel agencies and local tourists, agree on item (1) “For the all-inclusive system, which services are included in the end price, which are not must be wholly explained to the consumer, otherwise, the consumers may think they are beguiled about extra payment paid for services except consumers’ services” and item (7) “the hotels which are far from the city and which have sufficient financial power applying the system shouldn’t be dropping the price and the quality. Because the system is not a concept to be applied in every hotel”.

Travel agencies and local tourists stated they supported the view (2) “tourists staying at the hotels applying the all inclusive system are alienated from the city and don’t visit the city for shopping”.

As a result of this, the high occupancy rate can’t have an effect on shopping. When tourism is considered as a whole, it goes without saying that the tourism sector cannot thrive in such a case”.

Table 6

The answers of the all three groups given in the questionnaire for the last question

	Tourism Establishment		Travel Agencies		Local Tourists	
Cronbach Alpha	73.6%		70.4%		73.3%	
Views	Average	St. Dev.	Average	St. Dev.	Average	St. Dev.
1	2.93	0.30	2.78	0.61	2.77	0.60
2	2.66	0.74	2.81	0.58	2.67	0.68
3	2.65	0.74	2.69	0.69	2.53	0.82
4	2.52	0.77	2.52	0.72	2.26	0.90
5	2.58	0.77	2.77	0.57	2.39	0.75
6	2.58	0.77	2.51	0.82	2.18	0.83
7	2.90	0.42	2.76	0.60	2.63	0.66

As for the items supported by only travel agencies, item (3) “tourists spending all their time at the hotel can’t be familiar with the city, they can’t get enough information about the historical background and social structure of the region. This factor appears to be a crucial problem for advertising our country” and item (5) “hotels applying this system prefer decreasing goods and service quality in order to increase profit. In so doing, lower waged and unqualified employees are charged; imitative product preference ignoring quality emerges. This case can be considered as an indicator of the fact that agencies approach the all inclusive system with caution.

## 5. Conclusion

The most attractive aspect of tourism for most of the developing countries is its ability to bring economic use into effect in a relatively short period. In particular, foreign exchange obtained from tourism can be the solution to get over the foreign exchange bottleneck which is the most important problem for realizing economic development especially in developing countries. Furthermore, it is also known that tourism expenditures and tourism-focused investments increase the dynamism of the economy commensurate with the multiplier coefficient.

The development of international tourism movements causes a flow of income from developed countries to developing ones. The development of tourism attraction facilities in developing regions and countries and the labor intensive activities having a leading role in tourism ensure the redistribution of income and welfare among the members of the society providing the balance.

It is stressed that the application of the all inclusive system starts with the agreement between foreign touring operators and tourism establishments located in the southern sea shores having the purpose of no losing again and thus taking some precautions and trying to increase the occupancy rate in an environment with a lack of political and economic stability.

The all inclusive system is said to be a complementary product of a destination. In this regard, it should be remembered that Turkey is just like an open museum with its historical and cultural sources and not supposed to be a country based on the all inclusive system with in the sea-sun-sand concept.

In the conference on “The Community Tourism Summit” held in Pocantico, New York between 13-15 May 2003 for the purpose of developing mass tourism, tourism establishments were suggested to offer touring the region’s authentic aspects to the tourists within the all inclusive system in order to develop regional tourism, contact better relations with the environment, become partners with their competitors at the same time and achieve product differentiation (The Community Tourism Summit Best Summary Report, 2003).

The most important measure to be taken to enable the all inclusive system to become a more beneficial application depends on strict supervision of the goods and service quality. The most productive results will be achieved in case of applying the all inclusive system with the required quality and fair price.

Due to the course of some problems, in case of discarding the all inclusive system and/or dissolving with in an improper manner, there will be a decrease in tourism incomes, affecting the tourism demand. In this regard, the solutions of the problems occurring within the system should be searched for within the market conditions. The all inclusive system has to be argued in all its aspects. In addition, searching for the failures of the other systems and corrective ways must be an obligation too.

According to the results of the analysis in this study, to a great extent, the agreed matter of all three sampling formed of agencies, establishments and customers is that the all inclusive system will affect Turkish tourism sector positively but it will affect the country's economy negatively.

Furthermore, it was found according to DEA that there was an increasing efficiency from 1999 in which lots of problems occurred to 2002. The most efficient year was 2001. In this context, it is considered that all inclusive system bears a share in increasing efficiency.

The all inclusive system is such a system that it affects Turkish tourism positively but has some disadvantages the actors of the tourism sector are well aware of. Under these circumstances, the all inclusive system can neither be left totally nor continued within this context. In this regard, standards of the all inclusive system should be defined and applied together with the whole actors of the sector. In this process, supervision of the defined standards is also vital.

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**APPENDIX 1: Questionnaire applied to tourism establishments**

1. What year did you start your business?
2. Did you start for the purpose of applying the “All Inclusive System”?
  - a) Yes
  - b) No

(If your answer is “no” proceed with question 5)

3. Which year did you start to apply “All Inclusive”?
4. After you started to apply “All Inclusive”, concerning the differences indicating below, what changes did you observe in your company?

	Reduced	Not Changed	Increased
Rate of bed fullness capacity			
Number of Personnel			
Profitability Rate			
Number of Local Tourists			
Number of Foreign Tourists			

5. What is your comment about the all inclusive system’s effects on Turkish tourism? (Free to mark more than one alternative)
  - a) Effects positively.
  - b) Effects negatively.
  - c) It has positive effects for the tourism establishments, but from the view of the Turkish tourism, it has more negative effects.
  - d) It looks positive for the time being, but in the future negative effects are likely to appear.

6. If you have a different answer for question 5, please indicate.

7. Which system do you think will be better in the future for the Turkish tourism? (Free to mark more than one alternative)
  - a) Bed
  - b) Bed & Breakfast
  - c) Half Board
  - d) Full Board
  - e) All Inclusive

8. Please mark your participating opinion below.

	Not Participate	Undecided	Participate
1. For the all-inclusive system, which services are included in the price, and which are not, must be wholly explained to the consumer. Otherwise consumers may think they are beguiled about extra payment paid for services except consumers' services.			
2. The tourist staying at the hotel with the all-inclusive system is alienated from the town and cannot go to the town for shopping. For this reason, the customer capacity is not reflected to shopping. When tourism is considered as a whole, it is inevitable that the sector will face disadvantaging.			
3. The tourists who spend all of their time within the hotel cannot get to know the city and thus, cannot get sufficient information about historical and social structure of the region, which is a great problem in terms of advertising the country.			
4. The tourists spending their time within the hotel blame the failures they experience there on all the city and leaves the region unhappy.			
5. The hotels applying the system, by decreasing the quality of the service and goods choose the method of increasing their profit. Therefore employing the unqualified and lower waged personnel, the quality of goods is thrown into the second plan and a period of a trend towards imitation goods starts.			
6. The system also causes unfair competition and the establishments providing the real service quality not to be preferred.			
7. The hotels which are far from the city and which have sufficient financial power applying the system shouldn't be dropping the price and the quality, because the system is not to a concept to be applied in every hotel.			

## **APPENDIX 2: Questionnaire Applied to Agencies**

1. What % of your Turkish customers prefer the “All Inclusive System”?
2. Approximately what % of your foreign customers prefer the “All Inclusive System”?
3. What is your opinion concerning the effect of the all-inclusive system on the Turkish tourism?  
(Free to mark more than one alternative)
  - a) Effects positively.
  - b) Effects negatively.
  - c) It has negative and positive aspects.
  - d) It has some positive aspects for the tourism establishments but has more negatives for the Turkish tourism.
  - e) It seems to have positive effects at the moment but in the future, negative sides are likely to arise.

4. If your answer is different to 3<sup>rd</sup> question please indicate.

5. Please mark your participating opinion below.

	Not Participate	Undecided	Participate
1. For the all-inclusive system, which services are included in the price, and which are not, must be wholly explained to the consumer. Otherwise consumers may think they are beguiled about extra payment paid for services except consumers' services.'			
2. The tourist staying at the hotel with the all-inclusive system is alienated from the town and cannot go to the town for shopping. For this reason, the customer capacity is not reflected to shopping. When tourism is considered as a whole, it is inevitable that the sector will face disadvantaging.			
3. The tourists who spend all of their time within the hotel cannot get to know the city and thus, cannot get sufficient information about historical and social structure of the region, which is a great problem in terms of advertising the country.			
4. The tourists spending their time within the hotel blame the failures they experience there on all the city and leaves the region unhappy.			
5. The hotels applying the system, by decreasing the quality of the service and goods choose the method of increasing their profit. Therefore employing the unqualified and lower waged personnel, the quality of goods is thrown into the second plan and a period of a trend towards imitation goods starts.			
6. The system also causes unfair competition and the establishments providing the real service quality not to be preferred.			
7. The hotels which are far from the city and which have sufficient financial power applying the system shouldn't be dropping the price and the quality, because the system is not to a concept to be applied in every hotel.			

### **APPENDIX 3: Questionnaire Applied to Local Tourists**

1. In what type of touristic establishment did you have your vacation? (Free to mark more than one alternative)
  - a) Bed
  - b) Bed & Breakfast
  - c) Half Board
  - d) Full Board
  - e) All Inclusive
  
2. Which system do you consider is suitable for you? (Free to mark more than one alternative)
  - a) Bed
  - b) Bed & Breakfast
  - c) Half Board
  - d) Full Board
  - e) All Inclusive
  
3. In your opinion which system is suitable for a foreign tourist?
  - a) Bed
  - b) Bed & Breakfast
  - c) Half Board
  - d) Full Board
  - e) All Inclusive
  
4. If you have a reason for the 3<sup>rd</sup> question you have answered, please state.
  
5. What is your opinion on the effects of the all-inclusive systems on the Turkish Tourism? (Free to mark more than one alternative)
  - a) Effects positively.
  - b) Effects negatively.
  - c) It has some positive aspects for the tourism establishments but has more negatives for the Turkish tourism sector.
  - d) It seems to have positive effects at the moment but in the future, negative sides are likely to arise.
  
6. If you have a different answer for question 5 please indicate.

7. Please mark your participating opinion below

	Not Participate	Undecided	Participate
1. For the all-inclusive system, which services are included in the price, and which are not, must be wholly explained to the consumer. Otherwise consumers may think they are beguiled about extra payment paid for services except consumers' services.'			
2. The tourist staying at the hotel with the all-inclusive system is alienated from the town and cannot go to the town for shopping. For this reason, the customer capacity is not reflected to shopping. When tourism is considered as a whole, it is inevitable that the sector will face disadvantaging.			
3. The tourists who spend all of their time within the hotel cannot get to know the city and thus, cannot get sufficient information about historical and social structure of the region, which is a great problem in terms of advertising the country.			
4. The tourists spending their time within the hotel blame the failures they experience there on all the city and leaves the region unhappy.			
5. The hotels applying the system, by decreasing the quality of the service and goods choose the method of increasing their profit. Therefore employing the unqualified and lower waged personnel, the quality of goods is thrown into the second plan and a period of a trend towards imitation goods starts.			
6. The system also causes unfair competition and the establishments providing the real service quality not to be preferred.			
7. The hotels which are far from the city and which have sufficient financial power applying the system shouldn't be dropping the price and the quality, because the system is not a concept to be applied in every hotel.			