

**TOURISM DEVELOPMENT AND INTERNATIONAL TOUR OPERATORS:
A CASE STUDY OF TURKEY**

BY

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This Thesis is Dedicated to My Sons:

Orhun and Tugrul

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ABSTRACT

This study has three main objectives. The first is to examine the role of international tourism corporations in determining the direction and volume of international tourism development in developing countries. The second is to consider one type of international corporation - tour operators - in the context of Turkey; the focus is on the economic opportunities and problems that arise as a result of the activities of international tour operators in their relations with the accommodation sub-sector in Turkey. Finally, the third is to suggest policies which will increase the benefits of international tourism to developing countries and reduce the negative aspects of dependency on international tour operators.

In order to achieve these objectives, the study was carried out in two main stages. The first was an extensive literature survey to provide a background to the field research, which provided information mainly on 'Tourism in Developing Countries' and 'International Corporations in International Tourism'. The second stage was the field research. Two surveys were conducted; the first was the tour operators survey in the UK and the second was the accommodation sub-sector survey in Turkey. During the accommodation sub-sector survey in Turkey, both primary data and secondary data were collected. While the secondary data was used to make a general analysis of Turkish tourism development, the primary data helped to determine the international tour operators' relationships with the accommodation sub-sector in Turkey. In conclusion, a number of suggestions are made as to ways to reduce the negative aspects of dependency on international tour operators.

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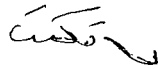
ABTA	Association of British Tour Operators
AIT	Air Inclusive Tour
ATOL	Air Travel Organisers' License
CRSs	Computerised Reservation Systems
CTRC	Caribbean Tourism Research and Development Centre
DIE	<i>Devlet Istatistik Enstitusu</i> (State Institute of Statistics)
DM	<i>Deutsche Mark</i> (German Mark)
DPT	<i>Devlet Planlama Teskilati</i> (State Planning Organisation)
EC	European Community
EIU	The Economist Intelligence Unit
FOB	Free on Board
FYDP	.Five-Year Development Plan
GDP	Gross Domestic Product
GDSs	Global Distribution Systems
GNP	Gross National Product
ILO	International Labour Organisation
IMF	International Monetary Fund
IT	Information Technology
IUOTO	International Union of Official Travel Organisation
OECD	Organisation for Economic Co-operation and Development
THISCO	The Hotel Industry Switch Company
TIA	Travel Industry Association of America
TL	Turkish Lira
TOBB	<i>Turkiye Odalar ve Borsalar Birligi</i> (The Union of Chambers and Stock Exchanges of Turkey)
TTG	Travel Trade Gazette
TURSAB	<i>Turkiye Seyahat Acentalari Birligi</i> (Association of Turkish Travel Agencies)
TURTOB	<i>Turkiye Turistik Otelciler Birligi</i> (Association of Turkish Hoteliers)
TYD	<i>Turizm Yatirimcileri Dernegi</i> (Association of Tourism Investors)
UK	United Kingdom
UNCTC	United Nations Centre on Transnational Corporations
UNDP	United Nations Development Programme

US\$	United States Dollar
USA	United States of America
USTTA	United States Travel and Tourism Association
WCED	World Commission on Environment and Development
WTO	World Tourism Organisation
WTTC	The World Travel and Tourism Council
WWW	The World Wide Web

PART ONE: INTRODUCTION TO THE STUDY

CHAPTER 1

INTRODUCTION



Background

Tourist demand for most developing countries is generated in relatively wealthy advanced industrialised countries (Jenkins, 1994), and in a global context flow patterns are dominated by the actions of large international companies. Moreover, the benefits and costs associated with tourism development in developing countries are shaped by the nature of the interrelationships between international companies and those based in developing countries (Sinclair *et al.*, 1992: 47). In this context, for example, multinational enterprises (MNEs) are recognised as one of the most important components of the international tourism industry in determining the direction, volume and impacts of international tourism to developing countries (Britton, 1982a).

A multinational enterprise can be defined as 'an enterprise [which] seeks to extend operational commercial activity beyond the frontiers of its home or 'parent' economy' (Bull, 1995: 192). This is the threshold definition of a multinational enterprise and one that is widely accepted in academic circles (Casson, 1987; Dunning, 1993; Littlejohn, 1985; Pitelis and Sugden, 1991). Although MNEs may expand their activities to other sectors such as car rental or catering services, three main groups of MNEs in international tourism may be distinguished as hotel companies, airlines and tour operators.

The effects of MNEs on host economies are mixed. The main benefits may include: (a) the transfer of technical, financial and human resources; (b) knowledge of international competition and business activities; (c) economies of scale; (d) an established reputation. However, some of the problems that can rise from the activities of MNEs include: (a) reduced sovereignty; (b) increased dependency. The benefits and costs associated with MNCs' involvement in a host country's tourism development are the subject of the following section.

International Corporations in Tourism - Literature Review

In considering this subject, it is useful to address some definitional issues. International tourism corporations, variously described as transnational tourism corporations (TTCs),

multinational tourism enterprises (MNTEs) and multinational tourism corporations (MNTCs), have been defined as 'giant industrial enterprises, very often vertically integrated, responsible for large flows of foreign direct investment and owning major sections of industrial activity in a number of countries' (McQueen, 1989: 285). In other words, a MNC/TNC/MNE is a multi-business organisation whose operational and/or financial interests transcend national boundaries. In this study, the terms 'transnational', 'multinational' and 'international' corporation/enterprise will be used interchangeably.

One of the most objective and comprehensive studies of transnational involvement in international tourism has been done by the United Nations Centre on Transnational Corporations (UNCTC, 1982). For the purpose of that study, transnational corporations were defined as (1982: 2) '... not only foreign firms with direct investments in a particular host country but those firms having all major forms of contractual arrangements, and enterprises in host countries'. (TTCs) can be identified as hotels, airlines and tour operators, mainly from developed countries, which have equity (ownership) or contractual involvement in developing countries. This may be in the form of management contracts, franchising or leasing agreements in tour operation and/or the hotel and airline sectors.

Transnational involvement within the tourism industry occurs through integration (Buckley, 1987; Bull, 1995; Pearce, 1991), be it horizontal or vertical. Vertical integration can simply be defined as an integration which brings together within one organisation different sectors of the industry (Blair and Kaserman, 1983). An example might be when Trans World Airlines (TWA) bought Hilton which it later sold. Horizontal integration, on the other hand, is a situation whereby two or more firms, which are involved in the production of the same type of output, co-ordinate their production (Gómez and Sinclair, 1991). This generally occurs through joint ownership, such as when one airline buys another, as in the case of KLM's ownership of Air UK. There are various motives behind the integration of companies. Tremblay (1998: 846) argues that 'efficiency-related and monopolistic motives were typically assumed to drive horizontal integration while vertical integration is generally associated with the need to control markets, exploit synergies (or scope economies), and reduce the transaction costs associated with packaging'. These issues will be considered in detail later in this study. The question which now needs to be answered here is: 'Why do developing countries need international

corporations?'. The answer is simple, and the reasons are obvious and lie behind the advantages provided by the transnational corporations in the development of international tourism in those countries.

Advantages

Developing countries' need for TTCs can be divided into four broad categories. The first is that developing countries have **insufficient resources**, such as technical, financial and human resources. The second is that developing countries **need to be competitive** in international tourist markets. The third is that TTCs benefit from **economies of scale**. Finally, these international corporations have a **reputation** which is acceptable internationally.

Lack of Development Resources

Developing countries need TTCs because they lack development resources, particularly capital, technical and skilled human resources. Tourism requires investments which need a large amount of capital (Ascher, 1985) and in this regard, tourism production is similar to heavy industry (Vellas and Bécherel, 1995). Given this, it may be difficult for a country to develop its international tourism industry with limited capital, even if it has natural resources important to tourism. This is the situation in most of the tourist receiving developing countries, which explains the importance of financial aid, capital and technological transfers from industrialised countries. A TTC with its diversified economic resources may therefore aid the development of an international tourism industry in a particular developing country, which may well be poor in economic, technical and skilled human resources, but rich in natural, cultural and historical attractions, as well as in unskilled human resources.

The Need to be Competitive

Although a developing country may have tourist attractions, what it needs in order to compete in international tourist markets is international business knowledge and facilities with an acceptable level of services. As argued by Dieke (1989), international tourism is a highly competitive industry in two respects - price and customer satisfaction. A developing country must therefore compete with its rivals in an environment where standards are set by international markets (Jenkins, 1994). Moreover, a developing country may have to compete

with a relatively developed country which already has experience of international business activity (for example, Spain and Turkey). In such cases it is very difficult for the developing country, whose local entrepreneurs have limited knowledge and/or experience of international tourism business activity, to compete successfully in international tourist markets. Particularly in the initial stages of tourism development, the private sector of a developing country may be embryonic or have little knowledge of tourism as an industry (Jenkins, 1991). For example, small, independently operated and locally owned accommodation establishments may be at a disadvantage since it will be very difficult for them to compete internationally, especially when they can not meet the standards expected by tourists from advanced developed countries (Williams and Shaw, 1988: 28).

In this regard, an international corporation with its expertise in international business and its global reputation will help to improve the quality and competitiveness of a developing country in international tourist markets. This argument is reinforced by Porter's (1990) analysis of 'the competitive advantage of nations', where the competitiveness of the geographical area is directly influenced by both the external business environment and the competence of local enterprises.

Economies of Scale

TTCs have extensive market connections which they use to control international tourist flows as well as technical and human resources for the design, production and management of transport facilities and accommodation. More importantly, they have commercial access to the tourist generating markets and to world-wide control and management systems (Dieke, 1998). Moreover, TTCs can obtain the financial resources required to increase the capital stock of the host country where the initial investment takes place (Kusluvan, 1994); they have also purchasing power which enables them to operate at low cost levels (UNCTC, 1982).

The first thing to be considered is that transnational companies, particularly tour operators and airlines, provide market connections or marketing ties through computerised reservation systems and public relations in the generating countries. An international company therefore, which has global operations and which may be integrated with hotels, tour operators, travel agents and airlines, is able to direct tourist flows to particular tourist destinations.

Secondly, transnational companies can provide a wide range of technical and human resources both at the initial and later stages of the international tourism development, depending upon the host country's level of economic and tourism development (Zammit, 1981). These services may range from engineering, architecture and interior design, to the preparation of food and drinks, accounting and staff training (Kusluvan, 1994).

Thirdly, TTCs with their managerial expertise can help a host country to improve its international management know-how for the future development of the industry. For example, the opening in Istanbul of both the Hilton in the 1960s and the Sheraton in the 1970s was an opportunity for Turkey to obtain international hotel management know-how. As will be discussed later in this study, today in the Turkish resort areas the senior managerial positions of the most successful holiday villages and five-star hotels are occupied by those with Hilton and Sheraton experience. Until recently, before the tourism and hotel educational institutions in the country came into existence, these two international hotel chains had been accepted as the vocational training institutions of the Turkish hotel industry (Ermete, 1996).

Fourthly, transnational companies may contribute to the financing of hotels, particularly in a capital scarce developing country. This may range from full ownership to equity participation. *TTCs can gain access to international financial institutions and their prestige may also help them to gain access to a host country's financial institutions.*

Last but not least, transnational companies with their centralised reservation systems are able to obtain supplies of superior quality at very low prices, not only because of the economies of scale associated with bulk buying but also because the wholesaler may be eliminated and the market internalised within the corporation (UNCTC, 1982). For example, a tour operator can buy an airline seat at a low price because of the advantages associated with bulk buying or the operator may own an airline and therefore be able to reduce the cost of transportation in the total holiday price. This may be beneficial to both the consumers and the host country since the cost of access to the country is reduced by the international tour operator. However, the same tour operator will also be able to negotiate low prices with local suppliers in the host country (for example, hotel rooms) and thus reduce the impact of foreign expenditure in that country.

Image

A synthesis of some of the literature (Britton, 1979; Hunt 1975; Zhang, 1989) on the image of a tourist destination indicates that image, as a marketing concept, is not concrete and precise. Indeed, it is very difficult to define. For instance, Topar (1983) argues that image is the aggregate, or sum of the feelings, beliefs, attitudes, impressions, thoughts, perceptions, ideas, recollections and conclusions that people have about an object. In addition, the image of a place as a tourist destination embodies the abstract quality of the tourism offerings of that place. If an image of a tourist attraction is established as a result of biased and incomplete information, it may have a negative impact on that area's tourism development by affecting tourists' choice. In this consideration, the image of a tourist destination is important in the development and the sustainment of international tourism in that destination. To emphasise the importance of image in international tourism, it may be useful to quote Hunt (1975: 4): 'it is possible that images, as perceived by individuals in the travel market, may have as much to do with an area's tourism development success as the more tangible recreation and tourism resources'. Failing to attract visitors may lessen the potential or actual use of tourism resources and thereby substantially reduce economic development (Zhang, 1989). This is particularly true for those countries in which tourism is seen as a major contributor to the national economy. The formation of the image of a tourist destination and the role of marketing agencies (e.g. international tour operators) in creating an image for a destination will be discussed later in chapter three.

The important point here is to mention that destination images, to a greater or lesser extent, are derived from attitudes towards the destination's perceived tourism attributes. If a destination is unknown to potential travellers, it may then be difficult to market its tourism attributes without involving international companies such as international airlines and tour operators. However, one could argue that a host country's tour operators, hotels and airlines could together market the country's tourism product and not require the services of international companies. This may be possible in principle but seems difficult in practice, because, as noted earlier, international companies have diverse experience and an established image in international tourism. Since tourists look for familiarity in an unknown and unfamiliar environment, these corporations serve as an assurance of quality and security of

international tourism (see McNulty and Wafer, 1990). In this context, Cohen (1972: 166) argues that:

Most tourists seem to need something familiar around them. Something to remind them of home. Whether it is food, newspaper, living quarters or another person from their native country. Many of today's tourists are able to enjoy the experience of change and novelty only from a strong base of familiarity which enables them to feel secure enough to enjoy the strangeness of what they experience. They would like to experience the novelty of the macro involvement of a strange place from the security of a familiar micro-environment. And many will not venture abroad except on those well trodden paths equipped with familiar means of transportation, hotels and food.

More generally, except for repeat visitors, foreign holidays are bought 'sight unseen' (Jenkins, 1982), and therefore potential tourists make purchase decisions based on information provided by international tourism companies (Dieke, 1994). It can be further argued that an international corporation may have an interest in keeping a destination attractive to tourists by investing in the destination or by providing attractions or other facilities to improve the desirability of the destination. In particular, international tour operators produce and distribute detailed information in the form of holiday brochures with the help of which clients can make buying decisions. It is clear therefore that tour operators have a lot of influence on the type of tourism developed. These issues will be considered later in this study.

Because of their above mentioned advantages, TTCs are one of the necessary forces in the development and sustainment of international tourism in developing countries.

Disadvantages

The activities of TTCs may not all be beneficial. As argued below, heavy involvement of TTCs in a host country's economic sectors may reduce the **sovereignty** through increased **dependency**.

Reduced Sovereignty

There are different kinds of sovereignty which may be described as economic, cultural, legal, and political (Gilpin, 1975). Economic sovereignty reflects the ability of a government to choose how best to manage its resources for wealth-creating activities. Cultural sovereignty means the freedom of a country to determine its own way of life. Legal sovereignty reflects a country's ability to make its own laws and regulations independently, without any outside

interference. Political sovereignty embraces economic, cultural, and legal sovereignty. In general terms, political sovereignty rests on the status, power and independence of a nation state in relation to that of other nation states which may directly or indirectly affect its own-well being (Gilpin, 1975). Transnational corporations' impact on a nation's sovereignty stems from their economic power and their effect on the economic welfare of a host country (Dunning, 1993). From a host developing country's point of view, jobs, money, patents, trade names, knowledge and greater industrial organisation may be in the hands of international corporations. In this respect, the government of that particular host country may feel that it needs to serve the interests of the international corporations in order to continue to benefit from the economic advantages brought by those corporations.

Transnational corporations' impacts on a nation's sovereignty may extend from legitimate political lobbying on specific issues to an acceptable intervention in the electoral process. Such attempts to influence political behaviour may be addressed directly to the host country, or indirectly, for instance, by inveigling its home government (in a developed country) to influence the host government (in a developing country) on its behalf (Vernon, 1975). In this case, one cause of trouble to the developing countries might be the re-establishment of the past political colonialism and imperialism through the involvement of international corporations in their economies.

Increased Dependency

As defined by Hoogvelt *et al.* (1987), dependency, in its widest and uncritical sense, refers to the degree to which a national economy relies on foreign trade, foreign capital and foreign technology for its survival and growth. Dependency theorists (Britton, 1982a; Britton, 1982b; Matthews, 1978; Nash, 1989) examine economic, political and sociocultural relationships between tourist receiving and generating countries. As they point out, in these relationships tourist receiving countries are in a dependent, vulnerable and disadvantageous position for two broad reasons: (a) developing countries receive the bulk of incoming tourists from one or two developed country markets (with limited market segments); and (b) tourism demand is determined externally, beyond the control of developing countries. As is well documented elsewhere, for instance in the study by Dieke (1989), such externalities include the international distribution system, foreign investment expertise, competition and image. These

issues will be dealt with later in this study. Here the externality has two connotations. The first is that the externality is related to the various features of the tourism demand which is seasonal, price and income elastic, and subject to economic, political and social conditions in developed countries as well as in developing countries (Dieke, 1989). Therefore, it may be either difficult or impossible for a host developing country to influence the tourism demand in a tourist generating developed country. Secondly, the externality refers to the control of international corporations from advanced developed countries over the tourism demand. Jenkins (1992: 9) put forward this argument:

... tourism is a highly dependent activity. It is dependent on economic circumstances in the main tourist generating countries, and also on the major travel and tour operating companies which greatly influence where people take holidays. It is often felt that this degree of dependency is dangerous as tour operators have it in their power to switch country destinations according to how they see the international market.

What is more important here is that there is *marketing dependency* for developing countries on transnational hotels, tour operators and airlines. Britton's studies (1982a; 1982b) of the structure of international tourism in the context of dependency provides an in-depth understanding of the particular factors that increase the dependence of developing countries on external forces, such as international corporations.

Britton likened international tourism in developing countries to a three-tiered hierarchy. At the top level are the actions of large foreign firms, whose headquarters are usually in industrialised countries, and which dominate the industry in three main sectors: hotel companies, airlines, and tour operators. The intermediate level consists of the representatives and corporate subsidiaries of large foreign firms, operating in conjunction with local tourism firms in destinations in developing countries. At the lowest level are small scale tourism enterprises of the destination country, which although marginal, depend on and co-operate with the tourist companies at the intermediate level.

In these relationships, while international corporations are the main beneficiaries of international tourism development in developing countries, the local companies are the disadvantaged, vulnerable and dependent ones. At its simplest level, this means that international tourism corporations exercise great power and influence over tourism development, while small scale local suppliers have very little clout.

Given the problems associated with TTCs in the context of this study, the key questions are as follows. 'Why are the accommodation service providers dependent on international tour operators?' and 'What needs to be done to reduce this dependency and to ensure that developing countries maximise economic benefits from tourism?'

Purpose of Study

Against the background briefly presented above, the objectives of this study are:

- (1) to examine the role of international tourism corporations in determining the direction and volume of international tourism development in developing countries;
- (2) to consider one aspect of international corporations - tour operators - in the context of Turkey. The examination will focus on the economic opportunities and problems that arise from the activities of international tour operators in their relations with the accommodation sub-sector in Turkey;
- (3) to suggest policies to increase the benefits of international tourism to developing countries and to reduce the negative aspects of dependency on international tour operators.

Turkey has been chosen as a case study country for two basic reasons. Firstly, Turkey has experienced a relatively rapid growth in international mass tourism since 1980. There are several reasons for this expansion: (a) the achievement of internal political stability after the military coup of 1980, and the installation of a government that welcomed the economic benefits of tourism by providing generous incentives; (b) a receptive Western European market that was ready to explore more exotic and unspoilt destinations further afield for sun, sea and sand holidays, combined with the overdevelopment of some of the traditional Mediterranean destinations; and arguably (c) the influence of international tour companies in developing Turkey's tourism resources. Secondly, it is thought that the familiarity of the author with the country might be helpful during the field research in terms of access to relevant data.

Research Methodology

In the context of this study, the methodology can be divided into two: (a) theoretical analysis;

and (b) empirical field research. Full details of empirical field research are presented in chapter five, but the gist given here.

Theoretical Analysis

The theoretical part consists of desk research to acquire knowledge of: (a) the various aspects of international tourism development in developing countries; (b) transnational corporations in international tourism; and (c) the significance of international tour operators in the development and sustainment of international tourism in developing countries. Existing literature on these subjects was reviewed.

Empirical Field Research

The aim of field research was to test empirically the significance and the impacts of international tour operators in the context of Turkish tourism development and to confirm the dependence of the providers of accommodation services on international tour operators, in order to sell their services in international tourist markets. Although dependency relationships have economic and non-economic effects, the main focus of this study is on the economic implications of this relationship on the accommodation sector in Turkey.

As this study relates to Turkey, documented government sources were used as a source of information. Official documents required as a source of secondary data regarding the socio-economic indicators of Turkey and the development of the Turkish tourism industry were collected from the State Planning Organisation, the State Institute of Statistics, the Ministry of Tourism in Turkey and the Turkish Tourist Office in London in 1997. Secondary research data were also blended with primary research results in order to suggest valuable actions which might enable Turkish tourism planners and marketers to strengthen the country's competitiveness.

There are several techniques available to collect primary data, such as questionnaires, in-depth interviewing, participant observation and diary methods, which are extensively discussed in the literature (Easterby-Smith *et al.*, 1991; Parasuraman, 1991; Peterson, 1982). In this research, the primary data collection technique was the use of a questionnaire. When administering the questionnaires (particularly in Turkey), the author had an opportunity to

develop contact with the practitioners.

Stages of Empirical Research

This study contains two surveys. The first is a survey of the UK based tour operators selling Turkey. The other is a survey of the accommodation sub-sector in Turkey. Two questionnaires were therefore designed for the study; one for the UK tour operators selling Turkey in 1997 and the other for the accommodation establishments in Turkey. The former were administered through a postal survey, while the latter were administered through a 'drop and collect technique' and applied both to the city accommodation establishments in Istanbul and the resort accommodation establishments in the South Aegean and West Mediterranean regions. Detailed information about the questionnaires regarding classification of the samples, questionnaire design and development, research procedures and data analysis techniques, is provided in chapter five.

Significance of the Research

Analysing the importance of international tour operators in Turkey as a developing country is important in a number of ways. First, an analysis of the significance and the impacts of international tour operators and their effect on Turkish tourism could help Turkish tourism planners, policy makers and industry players see the important issues more clearly and improve decision making on this matter. Second, the background of Turkey and its experience may assist planners, policy makers and tourism industry players in other developing countries in designing strategies for making the tourism industry competitive. Third, the assessment of advantages and disadvantages of the international tour operators in tourism development may allow the present author to suggest alternative policies and courses of action in the case of Turkey, which may also be applicable to other countries.

Limitations of the Study

This study has financial and time limitations related to the laws and regulations regarding Turkish research assistants' postgraduate programmes in foreign countries (Turkish Law Number 2547). In the case of the time limitation, the law states that research assistants, sent abroad to study postgraduate programmes in foreign countries, have to complete their study

programmes successfully within a given period of time and return to their academic work in Turkey. As regards the financial limitation, in accordance with the law, the researcher's sponsor could not provide the extra funds necessary for the field research, so the researcher had to finance the field research expenses himself. Since the researcher could not afford certain aspects of field research, this study has the following limitations.

- (1) The questionnaire was applied only to the UK tour operators selling Turkey. Due to the limitations of time and finance, it was not possible to collect the data from tour operators of other European countries (for example, Germany and France which are the main tourist generating countries to Turkey).
- (2) The accommodation sub-sector survey covered the destinations most frequently featured by the UK tour operators. In addition, the establishments in the North Aegean, the East Mediterranean and the Central Anatolia regions could not be surveyed, due to their widespread geographical coverage. Therefore the results, to some extent, might be biased.

Thesis Outline

The thesis is divided into four parts which are outlined as follows:

Part One: is the introduction to the study. It consists of chapter one, which deals with the background and the objectives of the study. International corporations are also examined in the context of international tourism. The research methodology is briefly described. Limitations of the study are also acknowledged.

Part Two: consists of chapters two and three, the main theory chapters. Chapter two looks at the general characteristics of international tourism in developing countries and moves on to examine determinants of international tourism. It concludes with an analysis of international tourism in developing countries. Chapter three focuses on international corporations and integration in international tourism. The chapter considers the importance of international tour operators in the development and sustainment of international tourism in developing countries. Finally, it identifies and discusses problem areas that can arise as a result of the activities of

international tour operators.

Part Three: details the empirical research and its analysis, and contains chapters four, five, and six. Chapter four presents a general background to Turkey including the development of tourism in the country. Chapter five explains the research methodology for the empirical part of the research. The heart of the study is the evaluation of the questionnaires - chapter six, which looks at the relationships between international tour operators and the accommodation sub-sector in Turkey and gives the data analysis and the findings of both the UK tour operators survey and the accommodation sub-sector survey in Turkey.

Part Four: consists of chapter seven, which provides a broad conclusion to the study and makes some policy suggestions. It draws lessons for other developing countries from the case of Turkey and suggests issues for future research.

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PART TWO: THEORETICAL ANALYSIS

CHAPTER 2

TOURISM IN DEVELOPING COUNTRIES

Introduction

This chapter looks at various aspects of international tourism in developing countries. It starts by elucidating such concepts as tourism, development and the world economies. General characteristics of international tourism in developing countries are subsequently discussed and then determinants of international tourism in developing countries are reviewed. The chapter concludes with an analysis of international tourism in developing countries.

It is important first to note that since our main focus will be on the economic aspects of international tourism development in Turkey, in this chapter we will mainly look at the economic aspects of international tourism development in developing countries. However, some of the non-economic aspects of international tourism development will be briefly considered. Even though every aspect of international tourism is considered important, an in-depth evaluation of each aspect requires different backgrounds, such as anthropology, sociology, and political economy, and is not feasible within the scope of this thesis.

Definition of Terms and Concepts

The terms and concepts considered here are: (a) tourism; (b) development; and (c) classification of world economies.

Tourism

It is difficult to define 'tourism' precisely, since it is a multi-dimensional, multi-faceted activity, which touches many lives and many different economic activities. To emphasise the multi-faceted nature of tourism, Jafari (1990: 33) suggests that tourism means different things to different people:

To governments, tourism may mean sources of employment, economic activities, per capita expenditure, multiplier effects; to the industry sectors, it may suggest promotion, arrivals, length of stay, receipts; while to religious groups, it brings to mind pilgrimage,

spiritual search, universal brotherhood, unacceptable forms of tourist practices. To anthropologists, tourism represents a domain of study which includes contacts between the host and the guest, culture change, commoditization of heritage, prudence. Finally to the host destinations, tourism means American tourists, Japanese tourists, inflation, intrusion; and to the tourists themselves, tourism offers escape from the daily routines, indulgence in leisure pursuits, rest and relaxation, education.

Jafari's suggestion shows that tourism can be interpreted in more than one way depending upon the basis of the study, such as geography, sociology, psychology or economics. Another definition has been made by Erik Cohen (Cohen, 1984: 374-376) who sees tourism as 'commercialized hospitality', 'democratized travel', 'modern leisure activity', 'an expression of basic cultural themes', 'an acculturative process', 'a type of ethnic relations', and finally 'a form of neo-colonialism'.

When reviewing the literature, it is necessary to touch upon various features of tourism. Burkart and Medlik (1982) suggest that there are two types of tourism definition, *conceptual* and *technical*, each with its own rationale and intended usage. First, *conceptual definitions* attempt to provide a theoretical framework that identifies the characteristics of tourism, and try to cover all the elements involved in tourism and their interrelationships. One of the earliest definition of this kind is made by Professor Hunziker (1942 cited in Burkart and Medlik, 1982: 41). He defined tourism as 'the sum of the phenomena and relationships arising from the travel and stay of non-residents, in so far as they do not lead to permanent residence and are not connected with any earning activity'. Second, *technical definitions* of tourism provide information for statistical or legislative purposes, and provide meaning and classification that can be applied in both international and domestic settings. They identify the tourist so as to provide a common basis by which to collect data; to do this, there are at least three aspects to be defined (Burkart and Medlik, 1982): *purpose of trip*, *distance travelled*, and *duration of trip*. There are two additional elements (Theobald, 1994); one that is used frequently is *residence of traveller*; and the other, less often used is *mode of transportation*. More specific analysis of the technical definitions can be found in the study by the WTO (1995).

On the other hand, Leiper (1979) argues that there are three approaches to defining tourism: *economic*, *technical*, and *holistic*. *Economic definitions* view tourism as both an industry and an international trade. For example, Lundberg *et al.* (1995: 5) define tourism as, an industry '... comprising hundreds of component businesses, some huge and mostly small businesses,

including airlines, cruise lines, railroads, rental car agencies, travel marketers and expeditors, lodging, restaurants, and convention centers'. Further, as perceived by Travis (1984: 22), tourism as an international trade provides a means of gaining hard currency, of improving the government's national balance of trade, and of promoting the commercial standing and prestige of a country. In this respect, although the economic approaches to a definition focus on the economic benefits of tourism and the supply side of the industry, they can be criticised for not relating to the tourist who is the main element of tourism. For this reason *technical definitions* are important. Leiper's approach to *holistic definitions* is similar to Burkart and Medlik's *conceptual definitions*. An example of a *holistic definition* is given by McIntosh and Goeldner (1990: 4) who suggest that tourism may be defined as 'the sum of the phenomena and relationships arising from the interaction of tourists, business suppliers, host governments and host communities in the process of attracting and hosting these tourists and other visitors'.

It can be argued that no definition is superior to one another. Each definition focuses on tourism from a different perspective indicating that tourism is a very complex phenomenon which requires an understanding of the interrelationships between all the components that constitute the tourism phenomenon. Therefore, as Leiper (1979: 403-404) notes, in the present study, tourism is considered as a system:

... involving the discretionary travel and temporary stay of persons away from their usual place of residence for one or more nights, excepting tours made for the primary purpose of earning remuneration from points enroute. The elements of the system are tourists, generating regions, transit routes, destination regions, and a tourist industry. These five elements are arranged in spatial and functional connections. Having the characteristics of an open system, the organization of elements operates within broader environments: physical, cultural, social, economic, political, technological with which it interacts.

In this definition Leiper touches upon every perspective of tourism, both at the national and international level, within an open system that includes the supply and demand sides of the industry, and also the economic, sociocultural and environmental aspects of the system. More specifically, the demand side takes into consideration the tourist. The supply side consists of those firms, organisations and facilities which are intended to meet the requirements of tourists. Given its size and structure, it is in fact tempting to ask, as Eber (1992: 1) does:

What exactly is 'the tourism industry'? Is there any such monolithic thing as the title implies? In fact, what we call tourism really embraces a vast and diverse range of

activities, from large scale mass or package tours to small-scale, individually-tailored holidays; from internal domestic visits to family or friends, to international or intercontinental journeys, to business trips and 'sun sand and sea' recreational breaks; from activity, sports, nature, health, 'green' or alternative holidays, to culture or adventure.

From the above quotation, it can be clearly understood that tourism, as an industry, is exceptionally heterogeneous and combines a large number of small business with large scale companies. It is important to note that even though tourism is considered as an industry in this study, there are two opposite views in the literature. For example, some say that tourism is a sector, which is formed by the amalgamation of various sectors, since it is very difficult to draw the real boundaries of the firms which are involved in tourism (Olali and Timur, 1988; Wilson, 1998); on the other hand, others argue that tourism is an industry since there are economic implications for any country which is involved in tourism (Leiper, 1990).

In relation to a given country, it is possible to distinguish two basic forms of tourism: (a) domestic tourism which involves residents of a given country travelling within the country; (b) international tourism which can be further divided into two; inbound tourism; and outbound tourism. While inbound tourism involves non-residents travelling into the given country, outbound tourism involves residents travelling to another country. There are two main differences between domestic and international tourism (Lickorish and Jenkins, 1997). First, domestic tourism involves trips which are taken within national frontiers, while international tourism involves trips which are taken across national frontiers. Second, since international tourism implies the crossing of a frontier, there is a foreign currency implication. It is also worth nothing that in many developing countries the domestic tourism market is small and economically insignificant (Burns and Holden, 1995). From the economic perspective, it is generally argued that international tourism development is supported by many developing countries, because of its potential to generate foreign exchange which is much needed in those countries' development efforts. Therefore, in this study the focus will be on international tourism, specifically in one way tourism from industrialised countries to developing countries; it will be based on outbound tourism from the United Kingdom to Turkey.

Development

Development is an ambiguous term which means different things to different people and it has

been defined by many scholars in different ways. Indeed, development is a complex and multi-dimensional phenomenon, difficult to measure and also difficult to define with any precision. For example, many writers (Corbridge, 1995; Harrison, 1988; Hogendorn, 1996; Nafziger, 1990; Todaro, 1997) have indicated that a debate exists about the term 'development' that proceeds with various questions such as, 'How should this word be defined?', 'What are its aims?', 'How should it be measured?', 'Is per capita real income a valid index for measuring development?', 'What should its main indicators be?' and 'How can it be achieved?'.

After the second world war, social sciences literature had a widespread interest in the term 'development' (Hettne, 1993). During the 1950s and 1960s, development was considered merely as an economic term. More specifically, development meant economic growth which was equated with a sustained growth rate in Gross National Product (GNP) and GNP per capita (Hogendorn, 1996; Nafziger, 1990). The key element in this orthodox approach has always been modernisation which indicates that the potential exists for any given country to be wealthy. Thus, Rostow (1960) predicted that traditional societies entering the development path would inevitably pass through various stages by means of the free market and would eventually become similar to the mass consumption societies of the capitalist world. However, this prognosis ultimately proved wrong. Despite the high growth rates of GNP or GNP per capita, poverty, inequality and unemployment have not been eradicated (Ghatak, 1995; Seers, 1979). Therefore, economists looked for alternative definitions of development during the periods of the 1970s and 1980s. For example, Seers (1979: 12) argued the issue of development in a broad context:

The questions to ask about a country's development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have become less severe, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result 'development', even if *per capita* income had soared.

However, according to some economists, inequality was inevitable in the early stages of economic growth (Hunt, 1989). Therefore, development has been considered in terms of the basic needs approach which assumes that a minimum set of food and non-food requirements, including adequate nutrition, health services, sanitation, water supply, and housing must be satisfied in a country for development to occur (Morris 1979).

The basic needs approach focuses narrowly on certain requirements. There is a broader approach which focuses on the level of human development in a country. As argued in the study by Hogendorn (1996: 17), 'advocates of the human development approach argue that the most fundamental requirements of the improvement of all people should be met before the less essential needs of the few are met'. This recognises the importance of policies for poverty reduction in human development, particularly those directed at reducing inequalities in the primary distribution of income. The most widely known standard for measuring the human development level of a country is the Human Development Index (HDI) formulated by the United Nations Development Program (UNDP) in its annual human development reports (see United Nations Development Program, 1993). This index combines indicators of life expectancy, educational attainment and income, and several variants of the basic index have been prepared by UNDP to take into account disparities such as gender inequalities and income distribution. What is unfortunate is that development is thought of in the context of a developed country, and universally accepted indicators of development are high per capita GNP, a large number of widely circulated daily newspapers and high economic welfare. Considering such a narrow range is a myopic approach to a definition of development. Indicators of development should include non-conventional variables, such as rates of drug addiction, crime, suicide, child abuse, and unemployment, which are also indicators of the standard and quality of life.

The Paths to Development:

There are different approaches to development. Broadly speaking, there are two schools of thought: modernisation theory and underdevelopment theory.

Modernisation Theory and Development: Westernisation theories of 'classical economic development' and 'neo-classical development' emphasise the barriers to development posed by the internal characteristics of developing countries themselves. Advocates of the modernisation theories argue that ways of overcoming these barriers should be found. In this context, they recommend that wealthy countries supply various missing components of development, such as investment capital, entrepreneurial skills and technological knowledge through foreign aid or foreign participation (see Todaro, 1997). In its simplest form, modernisation theorists believe that development is a process which includes changes in the

socio-political structure of a society, together with the acceleration of economic growth, reduction of inequality, and elimination of absolute poverty. They argue that (Todaro, 1982: 83):

by permitting competitive free markets to flourish, privatising state-owned enterprises, promoting free trade and export expansion, welcoming foreign investors from developed countries, and eliminating the plethora of government regulations and price distortions in factor, product and financial markets, ... both economic efficiency and economic growth will be stimulated. ... What is needed, therefore, is not a reform of the international economic system or a restructuring of dualistic developing economies or an increase in foreign aid or attempts to control population growth or a more effective central planning system. Rather, it is simply a matter of promoting free markets and laissez-faire economics within the context of permissive governments that allow the 'magic of the marketplace' and the 'invisible hand' of market prices to guide resource allocation and stimulate economic development.

However, according to underdevelopment theorists, modernisation theory cannot explain one of the most striking features of the contemporary world's political economy; the gap between the world's rich and poor nations as a whole has not narrowed but instead continues to widen.

Underdevelopment Theory and Development: Even though there is a variety of approaches to underdevelopment (Harrison, 1988), it is impossible to discuss them in a study of this kind. However, one prong of underdevelopment theory merits attention, that of *dependency theory*.

The gist of the dependency thesis is that the 'centre' has exploited the 'periphery', first through 'colonialism' and 'imperialism' and more recently through the neo-colonial form of 'dependent capitalism' (Worsley, 1992). In this context, the most influential critique of modernisation theory came from the political economist Andre Gunder Frank who wrote a classic treatment of underdevelopment in Latin America that led him to conclude that 'the now developed countries were never underdeveloped, though they may have been undeveloped' (Frank, 1995: 28). The reason, he argued, was colonialism - the historical expansion of the capitalist system that 'effectively and entirely penetrated even the apparently most isolated sectors of the underdeveloped world' (Frank, 1995: 28).

Dependency theorists argue that international corporation headquarters in the developed countries are the agents of penetration by transferring profits from the penetrated societies to the penetrators (Hymer, 1972). Dependency argument continues by stating that the structure of social, economic and political institutions in penetrated societies have been established by

outsiders, such as international social, economic and political organisations, and the governments of a few relatively rich countries and superpowers (Worsley, 1992). Indeed, these bodies play the role of the invisible hand. This is to say that they control socio-economic and political structure of developing countries through using the *élite* in those countries (Harrison, 1988). Therefore a few *élite* benefit from dependency while others in their societies suffer.

Even though modernisation theory and underdevelopment theory can be seen as paradigms at two extremes, Harrison (1988: 151-152) argues that they have much in common: (a) both are Eurocentric and have been largely developed and applied by intellectuals, planners, and politicians; (b) both embody the notion of transition from one state to another, and both accommodate the idea of a world system; and (c) both ignore the views, wants, wishes and ambitions of those about to be developed. The present author thinks that these two theoretical approaches to development complement, as well as compete with each other.

As the whole argument reveals, there is no agreed definition of development. Indeed, it is a normative term, 'which at various times has meant economic growth, structural economic change, autonomous industrialisation, capitalism or socialism, self-actualisation, and individual, national, regional and cultural self-reliance' (Harrison, 1988: 154). That is to say that there are several dimensions of development or underdevelopment, but 'there can be no fixed and final definition of development, only suggestions of what development should imply in particular contexts' (Hettne, 1993: 2 cited in Tosun, 1996: 16). According to Dieke (1988: 35):

The aim of development is to provide for individual improvement of opportunity and quality of life, predicted upon a combination of economic, social, and political processes and structures at the disposal of a country. The acceptance of these processes and structures should not be interpreted to mean that all countries must follow the same development paths.

We consider development in a very broad sense to be a multidimensional process of gradual improvements and change in the socio-economic structure of a country towards a higher rate of social and economic welfare.

Classification of the World Economies

World economies are classified in several ways according to such as their economic, social,

cultural and political modernity. The classification of the economies is generally dependent on the stage of a country's economic and human development indicators. Hence, we have the First World, the Second World, and the Third World. The First World contains the developed market economies, namely, the countries of Western Europe, North America, Australia, New Zealand, and Japan. The Second World consists of the former socialist or centrally planned countries such as the former Soviet Union and the countries of Eastern Europe. The Third World comprises the countries of Africa, the Middle East, Central and South Asia, Latin America, the Pacific and the Caribbean (Todaro, 1997). However, the dissolution of the former Soviet Union and the cataclysmic events in Eastern European countries have given rise to a debate on a classification of this type (Harrison, 1992; Harrison, 1994; Jenkins, 1992).

There is another classification which is perhaps much more appropriate than the preceding one. This divides the world economies into two groups: *developed countries* (variously known as 'industrial countries', 'market economies', 'advanced capitalist countries') and *developing countries* (also known as 'underdeveloped', 'periphery', 'south', 'third world' and 'less developed'). However, every country tends to have specific and different characteristics, although they may be classified in the same group. Therefore world economies may be subdivided further according to their economic and market structures, and income levels (for instance see OECD, 1997a; United Nations, 1993; World Bank, 1995).

In the World Bank's classification 'low income' and 'middle income' economies are sometimes referred to as developing economies (Table 2.1). However, as argued, high per capita GNP cannot be an indicator of development, but human development indices should also be taken into account. Like the definition of development, classification of world economies is a very difficult task and a political issue (Weaver, 1998); indeed it depends very much on who makes the classification. However, for the purpose of this study we need to make our own classification. For this purpose, we have selected the following criterion: if a country is ranked by the World Bank as a *high income country* (see Table 2.1) and if it is also ranked by the United Nations among the *first twenty-one countries with high human development indices* (see UNDP, 1998), then the country is accepted as developed. Except for Luxembourg, the Republic of Korea and Portugal, our criterion is met by all '**high income OECD**' countries. Even though, Luxembourg and Portugal do not meet our human development criterion (their

HDIs are ranked as 27 and 31 respectively), their sociocultural, political and geographical positions within the European continent, and economic ties with the European Union may offer the reason to maintain their developed country status. Therefore, in this study, developing countries include all those countries, who are not in the '**high income OECD**' country group, plus the Republic of Korea (see Table 2.1). However, this broadbrush classification is still imprecise since it does not consider the relative development levels in countries in Asia and the Middle East. We have used this classification with reference to developing countries throughout this study.

Characteristics of Tourism in Developing Countries

This section aims to look at a number of features of tourism in developing countries. In spite of many differences, developing countries obviously have common characteristics with regard to international tourism development. They are summarised in the following sections as *tourism volume*, *the nature of tourism development*, *trigger market*, and *seasonality*.

Tourism Volume

Tourism volume of a country can be measured in two broad ways: by the number of tourist arrivals; and by the amount of tourism revenue. However, tourist arrivals cannot be the sole indicator of the importance of tourism in economic terms; tourism receipts are usually more important than tourism arrivals. Countries may be ranked in different positions for each. In 1996, Thailand ranked twentieth in arrivals but thirteenth in receipts, while Mexico was seventh in terms of arrivals but only sixteenth in receipts. Moreover, in the same year, Greece ranked eighteenth in arrivals but twenty-eighth in receipts, whilst Turkey was nineteenth in terms of arrivals but twentieth in receipts (WTO, 1998a). The number of tourist arrivals received and the amount of tourism revenue earned are not adequate to measure the significance of international tourism in an economy and to compare countries.

Table 2.1 Classification of Economies by Income and Region, 1997

Income group	Sub-group	Sub-Saharan Africa				Asia		Europe and Central Asia		Middle East and North Africa		Americas
		East and Southern Africa	West Africa	East Asia and Pacific	South Asia	Eastern Europe and Central Asia	Rest of Europe	Middle East	North Africa			
LOW INCOME	Angola	Burundi	Burkina Faso	Cambodia	Afghanistan	Albania						
	Comoros	Congo, Dem. Rep.	Cameroon	Laos PDR	Bangladesh	Armenia						
	Ethiopia	Ethiopia	Central African Republic	Mongolia	Bhutan	Azerbaijan						
	Kenya	Kenya	Chad	Myanmar	India	Bosnia and Herzegovina						
	Lesotho	Lesotho	Congo, Rep.	Viet Nam	Nepal	Kyrgyz Republic						
	Madagascar	Madagascar	Cote d'Ivoire		Pakistan	Moldova						
	Malawi	Malawi	The Gambia			Tajikistan						
	Mozambique	Mozambique	Ghana			Turkmenistan						
	Rwanda	Rwanda	Guinea									
	Somalia	Somalia	Guinea-Bissau									
MIDDLE	Sudan	Sudan	Liberia	China	Maldives	Belarus						
	Tanzania	Tanzania	Mali	Fiji	Sri Lanka	Bulgaria						
	Uganda	Uganda	Niger	Indonesia		Georgia						
	Zambia	Zambia	Mauritania	Timor		Kazakhstan						
	Zimbabwe	Zimbabwe	Nigeria	Timor-Leste		Latvia						
			Sao Tome and Principe	Togo		Lithuania						
			Senegal	Cape Verde		Macronesia FYR						
			Sierra Leone	Equatorial Guinea		Romania						
			Togo			Russian Federation						
						Ukraine						
MIDDLE	Djibouti	Djibouti				Uzbekistan						
	Nemibia	Nemibia				Yugoslavia Fed. Rep. (Serbia/Montenegro)						
	Swaziland	Swaziland										
Subtotal:												

Table 2.1 (continued)

Income group	Sub-group	Sub-Saharan Africa				Asia		Europe and Central Asia			Middle East and North Africa		Americas
		E. and SE. Africa	West Africa	East Asia and Pacific	South Asia	E. Europe and C. Asia	Rest of Europe	Middle East	North Africa	Americas			
M I D D L E I N C O M E		Botswana Mauritius Mayotte Seychelles South Africa	Gabon	American Samoa Malaysia Palau		Croatia Czech Republic Estonia Hungary Poland Slovak Republic	Gibraltar Isle of Man Malta Turkey	Bahrain Lebanon Oman Saudi Arabia	Libya	Antigua and Barbuda Argentina Barbados Brazil Chile Guadeloupe Mexico Puerto Rico St. Kitts and Nevis St. Lucia Trinidad and Tobago Uruguay Venezuela			
	U P P E R												
H I G H I N C O M E				Australia Japan Korea Rep. New Zealand			Austria Belgium Denmark Greece Finland France Germany Iceland Ireland Italy Luxembourg Netherlands Norway Portugal Spain Sweden Switzerland United Kingdom			Canada United States			
	O E C D												
Non-OECD		Reunion		Brunei French Polynesia Guam Hong Kong, China Macao New Caledonia North Mariana Is. Singapore		Slovenia	Andorra Channel Islands Cyprus Faeroe Islands Greenland San Marino	Israel Kuwait Qatar United Arab Emirates		Aruba The Bahamas Bermuda Cayman Islands French Guiana Martinique Neatherlands Antilles Virgin Islands (US)			
	Total: 210	27	23	34	8	27	28	14	5	44			

Source: World Bank (1998), *World Tables 1997*, The John Hopkins University Press, Baltimore, [URL: <http://www.worldbank.org>].

In order to measure the importance of tourism to a country's economy, and its dependence on tourism, Bryden (1973) used the concepts of 'tourism country' and 'non-tourism country'. He distinguished between a 'tourism country' and 'non-tourism country' on the basis of tourist receipts as a proportion of either Gross National Product (GNP) or visible exports. He defined a 'tourism country' as one where revenue from tourism exceeded 5% of national income or 10% of visible exports. However, Bryden made this classification more than 25 years ago and the economic conditions of the 1970s were very different from the late 1990s. It is thus very difficult to estimate that Bryden's classification is still applicable today. Harrison (1994: 710) has recently suggested that if international tourism contributes 5% of exports or 2% of GDP it may be considered as an important factor in economic growth.

These standards are important in three respects (Dieke, 1988). First, by using these standards, the significance of international tourism in a country's economy can be measured. Second, these standards may indicate a particular country's level of dependence on tourism. Third, these standards are useful in giving a means of comparing countries.

To find out how many developing countries might be defined as 'tourism countries', figures for 30 developing countries, those with over US\$1 million tourism receipts, were analysed (Table 2.2) by using both Bryden's criteria and Harrison's suggestion. The analysis based on Bryden's criteria showed that 15 out of 30 developing countries might be defined as 'tourism countries' when the 5% national income criterion is considered. However, 16 out of 30 countries fell into the 'tourism country' category when the 10% of visible exports criterion is considered. However, the analysis based on Harrison's suggestion showed that except for Brazil and the Republic of Korea, international tourism plays an important role in the economic growth of the countries listed in Table 2.2.

Table 2.2 The Contribution of Tourism to National Income and Exports of Selected Developing Countries in 1995

COUNTRY *	GNP	Exports	Tourism Receipts	TOURISM RECEIPTS	
	US\$ million	US\$ Million	US\$ million	as a % of GNP	as a % of Exports
Argentina	278,431	20,967	4,306	1.55	20.54
Bahamas	3,297	na	1,346	40.82	na
Brazil	579,787	46,506	2,171	0.37	4.67
China	744,890	148,797	8,733	1.17	5.87
Croatia	15,508	4,630	1,584	10.21	34.21
Cyprus	8,590	4,900	1,670	20.76	34.08
Czech Republic	39,990	21,678	2,875	7.19	13.26
Dominican Republic	11,390	-	1,604	14.08	-
Egypt	45,507	-	2,800	6.15	-
Hong Kong (Province of China)	142,332	173,754	9,604	6.75	5.53
Hungary	42,129	12,435	1,723	4.09	13.86
India	319,660	30,540	2,754	0.86	9.02
Indonesia	190,105	45,417	5,228	2.75	11.51
Jamaica	3,803	1,371	1,069	28.11	77.97
Korea, Republic of	435,137	125,058	5,587	1.28	4.47
Macao	6,480 ^a	-	3,117	48.11	-
Malaysia	78,321	73,715	3,910	4.99	5.30
Mexico	304,596	48,430	6,164	2.02	12.73
Morocco	29,545	4,665	1,163	3.94	24.93
Philippines	71,865	17,502	2,450	3.41	14.00
Poland	107,829	22,892	6,700	6.21	29.27
Puerto Rico	28,371	23,811	1,826	6.44	7.67
Russian Federation	331,948	78,290	4,312	1.30	5.51
Singapore	79,831	118,263	8,212	10.29	6.94
Slovenia	16,328	8,286	1,079	6.61	13.02
South Africa	130,918	26,912	1,595	1.22	5.93
Syria	15,780	3,970	1,325	8.40	33.38
Thailand	159,630	56,191	7,664	4.80	13.64
Tunisia	16,369	5,474	1,325	8.09	24.21
Turkey	169,452	21,600	4,957	2.93	22.95

na: not available.

^a Data available for 1994

* Selected Developing Countries are those with over US\$1 million tourism receipts in 1995.

Source: Author's calculation based on data from Central Bank of Cyprus (1998) and WTO (1997).

An examination of the average figures for all developing countries between 1992 and 1996 showed that the share of tourism receipts was around 2% of the gross national products, while the share of tourism receipts in export earnings for all developing countries was around 9.5% (Table 2.3).

Table 2.3 The Share of International Tourism Receipts in All Developing Countries' Gross National Products and Export Earnings

	Years				
	1992	1993	1994	1995	1996
Receipts as % of GNP	1.95	2.04	2.19	2.25	2.18
Receipts as % of Exports	9.18	9.66	9.69	9.22	9.68

Source: WTO (1998a).

Table 2.4 illustrates that international tourism flows are concentrated in Europe and North America. Not only are these two regions the generators of international tourist flows but also the receivers. They received approximately 79 per cent of international tourist arrivals and 77 percent of international tourist receipts in 1996.

Table 2.4 International Tourist Arrivals and Receipts by Regions in 1996

	ARRIVALS		RECEIPTS	
	(Thousands)	(% Share)	(US\$ Million)	% Share
WORLD	596,827	100	423,022	100
Africa	21,553	3.62	8,334	1.92
Americas	116,673	19.61	112,854	26.01
East Asia/Pacific	89,186	14.99	81,352	18.75
Europe	348,999	58.67	219,670	50.63
Middle East	14,084	2.37	7,739	1.78
South Asia	4,332	0.73	3,914	0.90

Source: WTO (1998a).

According to WTO (1998a) statistics, it can be said that the developing countries share of the world tourism market in terms of both arrivals and receipts is low. Between 1992 and 1996, developing countries' share of world arrivals and the receipts were around 29% (Table 2.5).

Table 2.5 The Share of Developing Countries in World Arrivals and Receipts

	Years				
	1992	1993	1994	1995	1996
Share of Total World Arrivals (%)	27.92	28.58	28.97	30.05	30.69
Share of Total World Receipts (%)	26.15	28.30	29.94	29.59	29.89

Source: WTO (1998a).

These statistics emphasise three interesting features. First, it can be said that world tourism is highly concentrated in favour of developed countries. Second, developed countries have become key generators and receivers of tourists, which may have a considerable impact on their economies. Third, although in absolute terms the share of developing countries in

international tourism is quite small, it is steadily growing and has increased by almost one hundred per cent in the last ten years (WTO, 1997) relative to the increase in international tourist arrivals and receipts. The importance of tourism varies in different developing countries. Some developing countries, such as Indonesia, Tunisia, Turkey and the Caribbean islands, are among the world's top tourism destinations while international tourism in other countries is very limited (Iran, Libya, the Democratic Republic of the Congo, Oman, etc.).

A variety of factors affect the volume and level of receipts, such as government development and initiative policies, the average length of time spent by tourists, tourist expenditure patterns. Other factors may include mode of travel and how travel is organised (inclusive tours or independent travel).

Nature of Tourist Development

There are several factors which make tourism development unique in a host developing country (Gartner, 1996). The first is the type of tourist attractions available in the country; second is the tourism policy of the country; third is the physical tourist development within the country; and fourth is the types of tourists visiting the country. These factors are briefly explained below.

Tourist attractions: Different types of resources and climate result in different types of tourism development. For example, beach tourism can be developed in a country where sea, sand and sun are available, while winter tourism is developed in a country where skiing facilities are accessible. Moreover, special interest tourism (bird-watching, trekking, hunting etc.), business tourism, ethnic tourism (visiting friends and relatives) can be promoted, depending on availability of the tourism resources in the country concerned (Pearce, 1989).

Tourism policy: The country's tourism policy may affect the type of tourism development. For instance, a country's tourism development policy can be affected by the country's religion, therefore beach tourism and some types of special interest tourism (sex tourism as in some Southeast Asian countries, and casino tourism as in Las Vegas) may not be developed in a strict Muslim country such as Iran and Saudi Arabia.

Physical tourist development: With respect to physical tourism development, two types of

tourism development can be seen: *enclave* and *integrated* (Jenkins, 1991). Enclave tourism development has two main characteristics (Jenkins, 1982). The first is *structural enclavism* which means that tourism development occurs physically separated from the local community and the infrastructure is mostly intended to benefit tourists rather than local residents. The second is *price enclavism* which means that the indigenous community could not afford to buy the services produced primarily for foreigners. That may be seen because of wide differences in the living standards of locals and tourists. In this kind of tourism development, heavy investment, large scale development and probably foreign involvement seem to be necessary, particularly at the initial stage of development. Therefore, as noted by McQueen (1983), the degree of involvement of transnational hotel corporations in most of the developing countries is quite high. There may be some reasons for the enclave kind of tourism development such as environmental and cultural protection, security and social exclusiveness (as in Club Mediterranean in many countries of the world).

In the case of integrated tourism development, tourism uses the existing infrastructure, or it may require new infrastructure that may also be beneficial to the local community. It is located within the community and uses indigenous management and capital flow. There are also some other additional advantages of this type of tourism development: firstly, it is more sensitive to the environment and host communities; secondly, it employs local people in the operational structure of the industry; thirdly, there may be less dependence on transnational enterprises. However, there may also be some disadvantages such as problems of achieving scale economies, marketing problems, low occupancy rates and lack of competitiveness.

Types of tourists: There is another type of tourism development which is according to the types of tourists visiting the country. According to Gray (1970) there are two tourist types: *sunlust* and *wanderlust*. However, Cohen (1972) classified tourists as: *the organised mass tourist*, *the individual mass tourist*, *the explorer*, and *the drifter*. A similar classification is made by Smith (1990). He has seven types: *the explorer*, *élite*, *off-beat*, *unusual*, *incipient mass*, *mass*, and *charter*. Whatever the merits of these classifications, they mainly convey three ideas which may be important for developing countries: (a) the expectations of different groups of tourists, with regard to travel experiences, tourist establishments and services are different;

(b) the travel organisation of the different groups is different; and therefore (c) marketing channels and messages should be different.

Trigger Market

'Trigger market' is the third feature of international tourism development in developing countries. The trigger market means that 'certain Third World destinations attract certain nationalities' (Dieke, 1988: 149). Reviewing the literature (Hoivik and Heiberg, 1980; Palmer, 1994) has indicated that tourist traffic from the former colonial powers, the United Kingdom and France, tends to concentrate on their former dependencies, such as Eastern and Northern Africa. However, colonial history is not the only factor for determining the trigger market relationship between a tourist generating and a receiving country. In this respect, as Kusluvan (1994) points out, there may also be other factors such as historically good relations between tourist receiving and generating countries, involvement of tourism transnational companies from the main tourist generating countries in tourist receiving countries, sociocultural similarities between the tourist receiving and generating countries and unique selling points in the receiving countries. For example, Allcock (1986) has written about the tourism industry in Yugoslavia, and shows that tourism has been dominated by German tourists since they were the largest single group of overseas tourists in the former Yugoslavia. In addition, Saudi Arabia and The Vatican are good examples of destinations for pilgrimage tourism. Saudi Arabia may attract Muslim people, whereas The Vatican attracts Christian Catholics.

The implications of trigger market relations for developing countries are clear: firstly, any negative economic changes in the main tourist generating country may affect the number of tourists who want to take a holiday; and secondly, a tourist generating country may use this as political leverage over the tourist receiving country. Sharpley *et al.* (1996: 2) argue that '... given the structure and flows of international tourism, the potential exists for governments of tourism-generating countries to influence, through travel advice, the flows of tourists, thereby exerting economic and political pressure on destination countries'. Therefore, developing countries should not be dependent on a single tourist generating country. They should enhance their tourist markets by promoting their tourist attractions in other tourist generating countries or regions.

Seasonality

Seasonality is another characteristic of tourism in developing countries. As Allcock (1989) argues, the term 'seasonality' means the concentration of tourism flows in a certain period of time in a destination country. Seasonality has two main sources (Hartman, 1986; Butler, 1994): one is natural seasonality and the other is institutionalised seasonality.

The first type of seasonality refers to the climatic conditions in destination countries that affect the holiday season. For example, ski resorts suffer the seasonality problem in the summer, while seaside resorts suffer it in the winter (Jefferson and Lickorish, 1988). The second type of seasonality is induced by human decision and relates to the holiday periods of the tourists in tourist generating countries which affects the tourism season. One of the most common types of institutionalised seasonality are public holidays: summer, Christmas and Easter holidays (Dieke, 1991) and tourists usually go on holiday during these periods. City centre hotels face the problem of seasonality every weekend and especially on Bank Holiday weekends, when there are no business travellers.

Seasonality affects all aspects of the tourist industry, including hotel occupancy rates, employment and retention of labour, and under-utilisation of tourist attractions and services during the off-season. Furthermore, overcrowding is another consequence of seasonality during the high-season. Can anything be done to solve the seasonality problem? In this context, Butler (1994: 335) suggests ways in which the seasonality problem could be overcome:

trying to lengthen the main season, establishing additional seasons, diversifying markets, using differential pricing and tax incentives on a temporal basis, encouraging the staggering of holidays, encouraging domestic tourism in off-seasons, and providing off-season activities such as festivals and conferences.

However, the application and success of some of these recommendations in developing countries are subject to several factors: (a) availability of various tourism attractions; (b) governmental support to encourage domestic tourism; and (c) skilled planners and policy makers.

In order to broaden our perspective on various aspects of international tourism in developing countries, it would be useful to look at general determinants of international tourism in those

countries, and to answer the following two questions: 'Which factors determine the international tourist flows from a generating country to a receiving one?'; and 'How do these factors determine the international tourist flows?'. It is important to note that the focus of the next section will mainly be on the economic determinants.

Determinants of International Tourism in Developing Countries

A number of scholars have proposed models of the tourism system (Gunn, 1994; Leiper, 1979; Mill and Morrison, 1985). In its simplest form, a tourism system consists of an origin and a destination. An origin represents the demand side of tourism, the region or country generating the tourists. A destination, on the other hand, refers to the supply side of tourism that can be regarded as the *raison d'être* for tourism, providing an amalgam of tourism products such as facilities, attractions and activities which respond to the needs and wants of the demand side of tourism (tourist) (Buhalis and Cooper, 1998).

Given this, the supply side of tourism generally consists of three elements (Jafari, 1983). The first is *tourism-oriented products* which include accommodation services, restaurant and bar facilities, transportation, travel agencies and tour operators, recreation and entertainment facilities, and other tourism and travel services (souvenir stores, camera and film stands, etc.). The second is *resident-oriented products* which consist of hospitals, bookstores, barbershops, and so on. The third is *background tourism elements* which include natural, sociocultural and manmade attractions. All three supply elements are equally important in the development and the sustainment of international tourism in a developing country since these elements draw tourists to the country.

While the demand side and the supply side of tourism are the central elements of the international tourism system, between them, there are linkages, such as the transportation and marketing components, which enable tourists to make decisions concerning where to go, where to stay, how long to stay, and what to do. These linkages also enable the providers of the supply side components to sell their products in an international market place by directly affecting the decisions of prospective customers (Uysal, 1998). In this context, determinants of international tourism development in a host developing country depend on at least three core elements: the demand side elements; the supply side elements; and the linkage elements

which link the former two.

To provide more insights into the factors that determine international tourism development in a developing country, this section, first, attempts to give an overview of the use of economic theories, particularly theories of international trade. Subsequently, it examines mainly the economic determinants of international tourism demand as well as some non-economic ones. That is simply because without demand there would be no tourism development and therefore even though demand related factors, to a certain extent, arise in a tourist generating country, eventually they affect and determine the type of tourism development in a host developing country.

An Analysis of the International Trade Theories in the Context of International Tourism

The literature review (Bakkal, 1991; Gray 1970; Sinclair and Stabler, 1997; Smeral, 1989; Södersten and Reed, 1994; Vellas and Bécherel, 1995) has revealed three economic determinants to explain the position of a developing country in international tourism. The theories of *factor endowments*, *absolute advantage*, and *comparative costs* to a large extent are able to explain the international distribution and trends of international tourist flows.

The Theory of Factor Endowments in International Tourism

Before discussing the theory in the context of international tourism, it is necessary to have an overview of its historical background. The theory is based on Ricardo's theory of comparative advantage but adds and modifies it to take into account existing differences in factor proportions between trading countries. An analysis of the theory of Ricardian comparative advantage indicates that a country will specialise in producing the goods and services that can be produced at a better price than in other countries. Samuelson and Nordhaus (1985) argue that Ricardo's findings show that:

If each country specializes in the products in which it has comparative advantage (or greatest relative efficiency), trade will be mutually beneficial. Real wages and income will rise in both countries. And these statements are true whether or not one of the regions is absolutely more efficient than the other in the production of every good.

According to the Heckscher-Ohlin theorem, the capital-rich country will have the comparative advantage in capital intensive goods, and the labour-rich country will have the comparative

advantage in labour-intensive goods (Södersten and Reed, 1994). However, from the Leontief's paradoxical results emerged a controversy on the theory of factor endowments (Kerr and Perdakis, 1995). Examining the trade patterns of the US, which was considered to be a capital-rich country, Leontief (1953) discovered that its exports were in fact labour intensive while its imports were capital intensive. The question is simply 'Why do we observe the Leontief paradox?'. Indeed, no one is quite sure. This led economists to re-examine the assumptions on which the theory of factor endowments was based. Many scholars (Buchanan, 1955; Minhas; 1963; Travis, 1964) argued that the statistical basis for the demonstration of Leontief's paradoxical results was inadequate. Today, a possible explanation of the Leontief's paradoxical results might be as follows (Stern and Maskus, 1981): The United States has a special advantage in producing new products or goods made with innovative technologies such as aircraft and sophisticated computer chips. Such products may well be less capital-intensive than products whose technology has had time to mature and become suitable for mass production techniques. Thus, the United States may be exporting goods that heavily use skilled labour and innovative entrepreneurship, while importing heavy manufactured goods. However, Vanek (1963) has suggested that *Leontief's unorthodox* conclusion might be challenged by the existence of the third group of factors of production, natural resources. According to Vanek, the United States is relatively well endowed with labour, while its natural resources are relatively scarce. In this consideration, Vanek has concluded that the developed part of the world, almost without exception, is a net importer of natural resources, while the poor countries are net exporters. What is important here is that not only are the capital and labour endowments important but also natural resource endowments affect the position of a country in international trade.

For the purpose of our area of study, natural resources mean abundance of landscape, climate, sea, rivers, lakes, and the flora and fauna assets of a country. From this point of view, the theory of factor endowments is of great importance in explaining the economic determinants of international tourism in developing countries. That is because a developing country, which has adequate natural, cultural and historical resources, can attract international tourist flows to its particular destinations. However, it is important to note that natural, cultural, and historical resources will only have an impact on tourism flows if they are developed and made accessible (without which they remain just potential resources). Therefore, with

accessibility and development, natural, cultural and historical resources become economic resources since they satisfy a demand for international tourism. However, in this regard, capital is needed in order to construct necessary infrastructure and superstructure for tourism development. In addition to that, as noted, tourism also requires a large amount of unskilled and semi-skilled labour. In this respect, it can be said that the abundance of capital and labour endowments has also a considerable role in the development of international tourism in a country. For example, Vellas and Bécherel (1995: 66) argue that:

... tourism development on the French Côte d'Azur and on the Italian Riviera has not only been a consequence of the natural resources of these areas. It has been dependent on the high demographic density which provides a workforce. The Balearic Islands and Corsica have similar natural resources but the make-up of their population is very different. There are fewer than 200,000 residents in Corsica and a large proportion of the population is retired. The Balearics, on the other hand, have more than 600,000 residents and a much younger population. Therefore, the Balearics have a large population available for employment in the tourism industry.

From the above discussion it is understood that factor endowments are the resources or factors available to enable a country's production of international tourism services. The abundance of these resources (natural, cultural and historical resources, infrastructure, experienced knowledge, skilled and unskilled human resources, and capital) reinforces a country's comparative advantage in international tourism.

The Theory of Absolute Advantage in International Tourism

This theory was developed by Adam Smith in 1776. To understand his economic thinking, it is useful to quote from Gray (1979):

... in terms of absolute advantage, whereby imports consist of goods made more efficiently abroad and exports consist of goods made more efficiently at home. ...Therefore, through international trade, a nation would benefit because the exports needed to pay for the imports would cost less to produce in real terms than the provisions for domestic production of replacements for the potential imports.

From the above quotation, it is important to note that Smith's theory of absolute advantage is similar to the export monopolies of certain countries (Bull, 1995), which either arise from unique natural advantages or from technological advantages. In this respect, the application of the theory of absolute advantage in international tourism is crucial. Firstly, certain countries have unique tourism resources which can be either exceptional natural resources, like the

Grand Canyon in the United States, or more usually architectural resources, such as the Great Wall in China, the Pyramids in Egypt, the Taj Mahal in India, and the Cappadocia Valley (the land of beautiful horses) in Turkey. The importance of these attractions, in terms of international tourism, is determined by their uniqueness which gives a country a monopoly or a near-monopoly (Burke and Resnick, 1991). Their unique qualities allow countries to create specific tourism products which are very different from those offered by other countries. Secondly, as Hjalager (1994) contends, innovation is another aspect of a differentiation policy which reinforces a country's absolute advantage in the production of tourism services. For instance, countries can differentiate their tourism product by considering high quality as the primary objective of their tourism policy (Laws, 1991). Moreover, technical innovations such as a well-established superstructure, information and promotion techniques, and product development and marketing techniques, are other aspects of absolute advantage which strengthen a country's competitiveness in international tourism (Vellas and Bécherel, 1995). To provide a deeper understanding of the factors that determine international tourist flows, further investigation is necessary regarding the theory of comparative costs in the context of international tourism.

The Theory of Comparative Costs in International Tourism

The theory of comparative advantage in international tourism has been discussed above within the context of factor endowments theory. Therefore, here it is considered best to discuss the countries' comparative advantages in terms of the production cost of tourism services. In this respect, when the theory of comparative advantage is applied to international tourism, certain difficulties may arise (Vellas and Bécherel, 1995). There are two main reasons for this.

The first stems from **the nature of the tourism product** which is a complex phenomenon, and consists of a great diversity of different elements (Jefferson and Lickorish, 1988). More specifically, as Doswell (1979) points out, the tourism product consists of **essential elements** (transport, accommodation, other tourist services) and **optional elements** (recreation, entertainment, historical and scenic attractions, rest and leisure, climate, *in situ* transport, image, shopping, culture). Moreover, the tourism product mostly consists of services that cannot be repeated in an identical way every time. Therefore, comparing these services is not like comparing other commercial goods.

The second is related to **the price and cost of the tourism product**. Some of the aspects of the tourism product, such as climate, image and holiday experience of individuals, can not be priced (Johnson and Thomas, 1992). How could natural, cultural, and historical attractions be priced? In this context, Sinclair *et al.* (1992: 49) contend that:

... the analogy between the export of goods and of tourism requires some modification. Unlike the export of goods, the movement of people, as consumers, is essential export of tourism. Furthermore, beaches or monuments are not productive factors and may be public goods. The property of a public good is that its consumption by one person does not exclude its consumption by others. Thus public goods are sometimes priced through taxes and similar devices to prevent those who do not pay from consuming them.

Furthermore, even though the essential parts of the tourism product, like accommodation and transportation, can be priced, their costs are influenced by several factors such as international agreements on airline fares, the cost of fuel, the structure of transport companies, the use of technology and the cost of labour. It is also argued by Dieke (1989: 12) that 'the overall competitiveness of a destination may be due to distance from the main generating countries, transport links, costs, prices, and image'. These are outside the control of host developing countries. In addition, economic policies applied by governments also influence the costs of tourism supply services both directly and indirectly. These factors may be under the control of host developing countries. For example; firstly, tax policies of the governments affect the costs of accommodation and investment expenditures; secondly, as the comparative costs of tourism products from country to country are subject to exchange rates, they greatly influence the international tourism flows (Bull, 1995). For example, the Economist Intelligence Unit (EIU, 1975) identified the impacts of an unfavourable change in the exchange rates to include: (a) less travel abroad, (b) travel to different locations, (c) a reduction in expenditure and/or length of stay, (d) changes in the mode or time of travel, and (e) a reduction in spending by business travellers. Even though the parity of exchange rates has a role in determining people's decisions concerning where to go, how long to stay, how much to spend, and how to travel, in an era of floating exchange rates the time lags between purchasing and taking a holiday can mean that fluctuations in exchange rates no longer have the same influence that they once had (Lickorish and Jenkins, 1997: 56).

As the above discussion reveals, the application of the theory of comparative costs to international tourism may only be generalised. However, the analysis of the theory of

comparative advantage in international tourism does not only reveal the importance of quantitative factors (factor endowments and comparative costs) but also qualitative aspects of production, particularly the price-quality ratio (see Gray, 1970; Vellas and Bécherel, 1995), which may play an important role in the comparison and the choice of tourism supply offered by competing countries or destinations. In other words, today's international tourist market is predicated by global rather than local events and quality management has surfaced as one of the most encompassing factors that influence competitiveness and international tourism development. In this vein, for instance, de Holan and Philips (1997: 780) argue that:

a hotel or resort in a Caribbean nation may market the beauty of its physical location to attract the tourists, a comparative advantage if the location is really the most beautiful, but a hotel or resort with outstanding customer service or exceptionally skilled personnel will be more likely to attract and retain customers. In the latter case, the competitive advantage is the result of a series of organisational processes over which firms, managers, and employees have control. In the former, the competitive advantage, if any, is simply the result of country factor endowments, which are the most difficult to differentiate and to sustain.

Therefore, it can be said that a country may compete internationally by improving the quality of its tourism services and facilities. It can also adopt a policy of differentiating its tourism product from that of its competitors.

The theories of factor endowment, absolute advantage, and comparative costs focus more attention on the supply side factors (particularly attractions), which surely have great importance in determining international tourism development in a host developing country. However, it should be noted that tourism has multisectoral, segmented and international characteristics, and therefore in a sense, the application of economic theories to an activity such as tourism is inadequate. More important, international tourist development is not only influenced by the availability of the supply side factors, but also by the demand side factors. Therefore, in the following section, our focus will be on the factors that affect tourism demand.

Factors Affecting International Tourism Demand

In order to get a better understanding of the factors that affect international tourism demand, the attention should first be given to market segmentation, since each market segment has different characteristics regarding factors that cause people to travel (Lickorish and Jenkins, 1997). There are many different ways of segmenting tourism markets. For example, as noted

in Seaton (1996), tourist markets can be segmented by two broad descriptors. The first based on tourist descriptors (segmentation based on socio-demographic and geographic data, segmentation based on psychographics and lifestyle elements, and behavioural elements) (for further explanation see, for example, Seaton, 1996). The second is based on trip descriptors. The latter group is briefly explained below.

A very broad classification of tourism markets based on trip descriptors can be expressed as follows: recreational trips (generally known as pleasure holidays or voluntary trips undertaken as holidays); business trips; and trips taken for the purpose of visiting friends and relatives. Travel motivation for each group of trip is different (Burkart and Medlik, 1982; Witt *et al.*, 1991). Therefore, the success of the marketing operation depends on a different approach to each group (market segment). Business travellers and holiday takers may seem to have broadly similar demand characteristics, since both group of travellers need transport, accommodation, and food and drink services. However, as noted in the study by Holloway and Robinson (1995), the demand for a business trip is quite different from one for pleasure, since it is by its nature less 'discretionary', that is, less a matter of choice. As Holloway and Robinson (1995: 63) further add:

Business people travel because of the demands of their business. As a result, such travel is less price sensitive, since the company rather than the individual will be footing the bills. Business people tend to make frequent short-duration trips, which are generally taken mid-week rather than at weekends, and travel is not subject to seasonal fluctuations. Travel decisions often have to be taken at short notice, so that they need regular scheduled flights available and a fast and convenient reservation service.

In other words, business travellers and pleasure travellers are pushed or pulled to travel to a particular destination by different factors. However, business travellers can also be an important part of international tourism by utilising their non-business time for the purpose of pleasure holidays. It was noted in the study of Lickorish and Jenkins (1997) that about 76 per cent of European outbound trips were for the purpose of holiday, about 14 per cent were for business and about 10 per cent for VFR and miscellaneous reasons during the period of 1990 and 1994. For the purpose of this study, the determinants of international tourism demand refer to the determinants of demand for pleasure holidays.

Before examine the determinants of international tourism demand, let us consider the meaning of a pleasure holiday. In fact, it is very difficult to draw the precise borders of a pleasure

holiday. Burns and Holden (1995: 45) notes that 'an underlying premise of pleasure travel is that the individual participates in it out of free choice for an intrinsic reward'. It is, of course, true that no choice is made completely freely. The economic, political, social, and cultural environment of the origin and the destination will influence people's choice. It is also important to know that the life cycle of a pleasure holiday can be divided into three time phases. The first is the 'pre-holiday period', which is the period before people embark on a holiday. The second is the 'holiday period', which starts when people embark on a holiday and ends when they return. The third is the 'post-holiday period', which is the time after the return from a holiday. Although the events and factors during the 'holiday period' and the 'post-holiday period' may have influences on the further increase of tourist demand to a particular destination, the focus here lies on the 'pre-holiday period'. That is simply because it is the 'pre-holiday period' that initiates the holiday needs, wants, and decisions of people.

In considering the determinants of demand, particularly for pleasure holidays, it is necessary to separate economic determinants (facilitators) from non-economic ones (motivators). While the latter factors motivate people to take holidays, the former factors make it possible for them to indulge in their desires (Holloway, 1994).

Economic Factors

Economic factors are important in international tourism because consumption patterns in tourism are largely dependent on the economic conditions in the market. One of the most common economic determinants of international tourism is the *availability of sufficient disposable income*. This economic determinant is a demand-related push factor. There are some other economic determinants which are supply-related pull factors such as *adequate means of transport, full development of the providers of tourist services, and relative prices*.

Sufficient Disposable Income:

A review of past research by Crouch (1994) reveals that the income variable has been incorporated into demand models as the single most important determinant of international tourism demand. Demand theory implies that the higher the per capita income, the more people are likely to travel, *ceteris paribus*. In other words, increase in per capita income, purchasing power, and disposable income enable people to travel to other countries. Like in

many goods and services, the demand theory hypothesises that the demand for international tourism is a positive function of income. This hypothesis has been supported and it has been estimated that income elasticities have generally been found high in most cases (Gray, 1966; Barry and O'Hagan, 1972; Di Matteo and Di Matteo, 1993; Laber, 1969; Sheldon, 1993; Witt and Witt, 1990; Uysal and Crompton, 1984). High income elasticity indicates that international tourism is regarded as a luxury product. Therefore, economic recession in a tourist generating country usually has a negative impact on international tourism, because people tend to cut their travel expenses first during an economic crisis.

What is clear from the above discussion is that per capita income is a significant determinant of international tourism demand. It is commonly agreed (Middleton, 1988) that if the other determinants remain unchanged, there is a clear direct relationship between the performance of a country's economy, particularly the average disposable income of its population, and the volume of demand which it generates for the purpose of pleasure holidays.

Adequate Means of Transportation:

The theory suggests that those destinations that enjoy greater market access, as measured in terms of lower travel time, effort, or financial costs, should be more attractive to consumers (McKercher, 1998). In this context, as previously noted, accessibility is of great importance in order to draw tourists to a certain destination. Accessibility can be achieved by the availability of adequate transportation both to the destination country and within it (surface transportation). Therefore the position of transport and its relationships with the tourism industry is particularly important because without transport there would be no demand for tourism to enjoy and patronise particular attractions and facilities (Smith, 1987). The more international a tourist market becomes, the more important becomes the air transport sector. For example, Pearce (1991: 235) contends that:

The further expansion of tourism in Split and elsewhere along the Adriatic coast will also depend in part on questions of access and transport infrastructure. So far Split airport, which is served by scheduled and non-scheduled flights from 50 international airports as well as by domestic connections, appears to have coped with demand and there is a confidence that will be able to cater for further growth.

Equally, sea and land (both rail and road) transportation modes are essential to develop a well-established tourism industry in a country. So it can be said that transportation modes are

the necessary ingredients of international tourism in creating demand for tourism, and hence in developing the international tourism industry.

Full Development of the Providers of Tourist Services:

International tourism, as noted, is viewed as a means of stimulating economic development, however, Harrison (1994) has suggested that it can also be viewed as a sign of development. This is because tourists want to satisfy their needs in a destination such as sleeping, eating, shopping, entertainment, and so on. Therefore, to be able to draw a large number of international tourists to a certain destination, and to satisfy their needs within the destination, full development of the accommodation services, recreational facilities, restaurants and cafes, car rental agencies, and shops is essential. In the absence of these services, only a small number of independent travellers will come and visit that particular destination, and hence the number of international tourists will be limited. Therefore, 'it is not tourism that leads to development but a country's general development that makes tourism profitable' (Ascher, 1985: 11). In this case, it may be argued that development stimulates tourism rather than vice versa, particularly in the early stages of both.

Relative Prices:

International tourists are responsive to changes in prices in a destination and the effect of relative prices is significant as a determinant of demand for international tourism (Loeb, 1982). Barry and O'Hagan (1972) suggest three aspects of price: (a) the tourist cost of living at the destination; (b) transportation costs; and (c) exchange rates. However, as noted earlier, in an era of floating exchange rates, the determining role of exchange rates on tourists is arguable. Demand theory hypothesises that the demand for international tourism is an inverse function of relative prices. This hypothesis implies that the greater (lower) tourist cost of living in the destination country relative to the origin country, the lower (greater) tourism demand, other factors being held constant. This hypothesis has been supported by previous research and in most cases the relative prices variable has been statistically significant (Loeb, 1982; Quayson and Var, 1982; Uysal and Crompton, 1984).

Transportation costs may determine the level of demand for international tourism. That is, an increase (decrease) in transportation costs is likely to decrease (increase) the demand for

international tourism (Quayson and Var, 1982). However, transportation costs vary depending on the mode of transportation, season and related factors.

It is further argued that the demand for international tourism depends on the total budget which is available for spending and preferences for tourism relative to other goods and services. Changes in the price of other goods may also affect the demand for tourism (Tribe, 1995). For example, at one extreme a person could allocate all of his/her discretionary income to tourism and, at the other, none of it to tourism and all of it to other goods (Sinclair and Stabler, 1997). On the other hand, in the case of goods and services which are substitutes, a rise in the prices of one good will lead to a rise in demand for the other. It is worth noting that the rate of inflation in a destination country is also important (Sinclair and Stabler, 1997). For example, if the inflation rate is high in a country, then the real purchasing power of the tourists may not be as high as expected. This issue may not be generally considered by tourists when deciding where to go, though it certainly has great importance in determining the purchasing power of the tourists and has become a factor which tour operators take into account when choosing destinations.

Non-Economic Factors

Non-economic factors can be explained in terms of structural changes and motivational changes. These factors can be either demand-related push factors or supply-related pull factors, but most of these factors require long-term changes. It is important to note that for the purpose of explanation even though these factors are called non-economic, like many others they have also some economic aspects.

Structural Changes:

Structural changes consist of changes in the population structure and in the availability of leisure time. The changes in the population structure and leisure time are the demand-related push factors

Changes in the Population Structure: In Europe, which has been a traditional supplier of tourists, the structure of the population has been changing. As Lickorish and Jenkins (1997) note, it is not only the size of the population which is important but also the ability to afford

holidays and travel. In analysing the demand for tourism, rather than the size of the population, the most important trends are: a greater life expectancy, earlier retirement and increased affluence, all of which imply more travel.

Changes in Leisure Time Availability: A study by the World Tourism Organisation (WTO, 1983a) provides valuable information on the patterns of leisure time and the rights to holidays throughout the world. It identified four basic types of time. The first is biological time which is required by individuals to satisfy all their natural needs. The second is work time which is devoted to any remunerated activity. The third is obligated time which is necessary for family obligations, social commitments and shopping. The fourth is free time which is remaining once people have been released from work and obligations and they have eaten and rested. In terms of tourism, it is the fourth that allows sufficient blocks of time for travel and stays away from home. Together with technological improvements, the amount of annual free time has increased with a widespread trend in the reduction in the working week and an extension of paid holidays (Lickorish and Jenkins, 1997), particularly in Western societies. This trend is important for tourism because people who have more free time, better health and an adequate level of income take part in both domestic and international tourism

Motivational Changes:

There are a number of motivational factors which are also important as determinants of demand for tourism. As Lickorish and Jenkins (1997) note, the motivational factors may be (see also Liu, 1994): education, urbanisation, marketing, destination attractions, and the travel trade, though these factors may vary from one country to another. Urbanisation and levels of education are demand-related push factors, while destination attractions are supply-related pull factors. Marketing and travel trade are the market-related factors they can either push people to have a holiday or pull them to a specific destination.

Education Levels and Urbanisation: As discussed in the study of Pearce and Moscardo (1985), education is an important factor in influencing the perception of attractions, the motivation of and the demand for holidays. However, a study of World Tourism Organisation (WTO, 1995) notes that this variable should be treated with care. It has strong links with other important variables such as occupation and income and it may be that these latter variables

influence tourism behaviour of people through their relationship to education levels. On the other hand, the level of urbanisation has a strong influence on the size and the structure of tourism demand. Generally, large urban and suburban communities reflect the factors of relative wealth and education. Consequently, they generate more tourism per capita than the populations of smaller, especially rural, communities. Many people living in urban areas also experience a higher level of pleasure in terms of their living environment compared with people in non-urban areas (Lickorish and Jenkins, 1997). This tendency affects the choice of destination, as residents of urban areas seek holiday destinations which give them a different environment from that in which they usually live.

Destination Attractions: As noted, special environmental conditions in a tourist receiving country generate demand for tourism. In this context, Stevens (1992: 179) argues that 'a region's heritage, cultural, or natural attraction base provides the primary appeal for tourists'. For example, ancient Greek or Egyptian civilisations, the sea and sun of Spain or Turkey, the Safari image of Kenya, and the religious significance of Jerusalem attract quite a number of international visitors. These attractions are destination specific and therefore pull people to the destination concerned. It is important to note that there may be other specific factors which pull tourists to the destination country such as mega-events which are specific to the destination country.

Marketing: Through a sound marketing approach, the international tourism demand for a specific country can be created or stimulated to the realisation of tourism potential. Tourism marketing depends on a well-planned programme involving the marketing mix of the tourism product. In this regard, as defined by McIntosh and Goeldner (1990), international tourism marketing embraces pricing, promotion, distribution, product differentiation, and market segmentation. Carey (1991) suggests that promotional expenditure may influence demand for tourism. Therefore, promotional expenditure by national tourist offices and organisations may be expected to play a role in determining the level of tourism demand since these activities are destination specific and are more likely to influence tourist flows to the destination concerned (Witt and Martin, 1987). However, even though national tourist offices, through promotional activities, can build images of their destinations for tourism, their ability to influence demand through their own marketing and promotional activities may be severely limited in a generating

country (Wing, 1995). In this context, Uysal and Crompton (1984) concluded that the impact of promotional expenditure on international tourism to Turkey was minimal, which is partly due to the distribution system. Marketing its tourism product directly in the market place might cost too much for a national tourist office, since the distribution channel is dominated by international corporations with interests in airlines, tour operation and retailing. For example, as Wing (1995: 99) argues, 'tour operators and travel agents can *make or break* any destination because tourists may not have a clear idea of their holiday destination'. These travel intermediaries have therefore become one of the important marketing agents since they act as go-betweens for the countries.

The Travel Trade: The travel trade is a complex mixture of voluntary and commercial sector organisations and usually acts as an intermediary between the public and the tourism product, as identified by Briggs (1997). During the pre-holiday period, as noted, the holiday needs and decisions of a person are mainly determined by economic, political, social, and cultural factors in the tourist generating countries over which a tourist receiving country has little influence. They may indirectly influence the tourism demand and destination chosen through advertising and relative prices. However, the dominant method of promoting and selling holiday products, particularly for mass tourist destinations, is via tour operator packages which are sold through travel agents. In contrast to other segments (e.g. the accommodation segment) of the tourism industry, this segment (the travel intermediary segment) is located where the tourists come from, rather than at their destination. Therefore, the brochures of the large mass tour operators of the tourist generating countries have become the main form of representation and marketing for the tourist receiving developing countries. In addition to these brochures, both the mass and the specialist tour operators have recently developed the Internet and TV teletext pages in order to promote the destinations they feature. In this respect, as pointed out by Jenkins (1982) and Dieke (1989), most of the potential tourists' formal choice of a destination depends, and will probably depend, on information and guidance given by the travel agents and/or tour operators of the tourist generating countries. Given this, it can be said that the demand-related determinants are mostly external and beyond the control of individual suppliers in a developing country, and changes occurring in any of these determinants exert an influence on a receiving country's share of international tourism flows.

Further explanation of the determinants of the tourism demand can be found in the analysis of consumer motivation in the tourism industry. This usually refers to the theories of physiological and psychological needs and goals (for further explanation see, for example, Ryan, 1991; Witt and Wright, 1992). The determinants of international tourism demand have also been discussed more specifically in the studies of Cockerell (1990), Middleton (1988), Jenkins (1990), and Johnson and Thomas (eds. 1992).

Synthesis

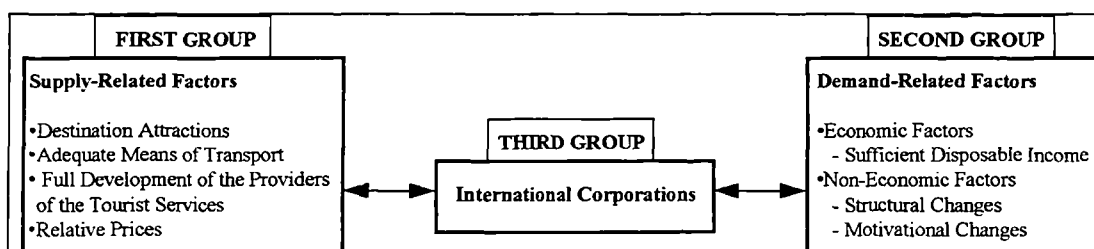
The theories of international economics based on the determinants of supply and demand, to some extent are able to explain the determinants of international tourism in a host country, and the patterns of the international tourist flows to that particular country. In relation to this, the development of an internationally competitive industry depends on the availability of various factors such as natural and physical resources, knowledge resources, capital resources, and infrastructure. Moreover, a country can gain a competitive advantage if it possesses low-cost or high-quality factors that are significant to competition in international tourism. Indeed, the most important source of international tourism development is that which springs up from natural, cultural and historical resources. Moreover, development of international tourism depends on creating an environment whereby the needs of tourists are satisfied. That can be achieved primarily with the full development of the accommodation, accessibility and transportation facilities. These are supply-related factors which pull people to the destination concerned. On the other hand, the availability of the demand-related factors in an origin can also stimulate the development of international tourism in the destination concerned. However, Sinclair (1991b: 17) argues that:

Although both demand and supply-side theories are useful in helping to explain international tourist and associated currency flows, tourism differs from trade in agricultural and manufactured commodities in that tourism is a composite commodity, consisting of a variety of components which the tourists consumes sequentially in different locations. Some of the components may be supplied by firms (such as airlines) from one country, whereas others are supplied by firms (such as hotels) based elsewhere. International trade theory can therefore usefully be complemented by the theory of international industrial organisation and integration.

From the above quotation it is clear that the demand and supply side theories do not appreciate the power of international companies which impose their policies and desires upon

local and often powerless enterprises and authorities (Shaw and Williams, 1994; Sheldon, 1994; Sinclair *et al.* 1992; Klemm and Martin- Quirós, 1996; Mill and Morrison, 1985; Wanhill, 1993). In this context, it can easily be recognised that international tourism development and tourist flows are influenced and determined by a number of more specific factors. As Mathieson and Wall (1982) argue, these factors may involve; firstly, the development and increasing use of travel intermediaries (travel agents and tour operators); secondly, the growth of charter airlines; thirdly, the development of new tools to sell the tourist product, such as the use of package tours; fourthly, greater organisation within the tourism industry. This has been achieved through the efforts of travel intermediaries, international tourist organisations (such as WTO), national and regional tourist boards, and the vertical and horizontal integration of travel and accommodation companies.

Figure 2.1 Main Elements of International Tourism



Source: Adapted from Lea, J. (1988), *Tourism and the Development in the Third World*, Routledge, London.

As illustrated in Figure 3.1, the determinants of international tourism can therefore be divided into two broad groups. The first group consists of elements that tourism destinations own (the supply-related pull factors). The second group includes the elements that affect tourism demand (the demand-related push factors). When both are in place and operative, then the process of tourism can take place. This process, in a sense, is governed by the actions of those who operate the component parts of the trade. Therefore, between these two groups a third group emerges. They are the international tourism corporations which influence both groups and connect them. The above section has provided a general discussion on the former two groups (demand-related and supply-related factors). It is the third group (international corporations) which needs to be examined more specifically. Therefore, leaving aside the third group to be studied in detail later in chapter three, in the following section we will now look at tourism and development issues in developing countries.

International Tourism and Developing Countries

International tourism used to be portrayed as a panacea for the developing countries, as 'manna from heaven' (Erbes, 1973: 1). Thus, faced with the foreign exchange constraints and the need to diversify their economies, many developing countries have turned to international tourism as an aid and one of the alternatives in their development efforts. Many embarked upon tourism development and invested heavily, without proper feasibility studies, without any sense of opportunity costs, with little planning to integrate tourism into national development, and without carefully investigating its strengths and limitations in the development process (Crick, 1989; Jenkins, 1990). In assessing tourism in the context of developing countries, it is useful to revisit the theories of modernisation and underdevelopment (Harrison, 1992a).

Modernisation Theory and International Tourism

According to modernisation theory, tourism is an economic approach which occurs mainly in the context of a market economy. Therefore, modernisation theory sees tourism as an economic potential for maximum gain in the development process of developing countries. According to modernisation theory, tourism is a good means of acquiring not only capital, entrepreneurial skills and technical knowledge but also western modern values which are seen as prerequisites for development. Therefore, in many respects tourism is regarded as an advantageous export industry for developing countries. There are several reasons for this. First, historically international tourism has been a rapid and continuous growth industry in terms of tourist numbers and tourist revenues. Although Europe and North America dominate international tourist arrivals and receipts, there has been an increase, somewhat marginal, in the share of developing countries during the last two decades (WTO, 1997). Second, international tourism does not suffer from tariff barriers and quotas, which characterise the manufacturing industry, and declining terms of trade. Third, all developing countries are mainly tourist receiving countries, due to their scenery, climate, cultural and ethnic amenities. The exploitation of these amenities in tourism is also considered to be at a low marginal cost relative to the development of other economic sectors (Dieke, 1988; Jenkins 1997). Finally, as Brohman (1996) argues, in the early development stage of the developing countries the agricultural sector was seen as a comparatively advantageous export sector, but in today's world, due to the reasons given above, developing countries have a comparative advantage in

the tourism industry.

Underdevelopment Theory and International Tourism

Underdevelopment theory looks at tourism in developing countries from a historical perception of tourism. It considers the host-guest interactions and increased dependence on external forces. Its main focus is on the sociocultural and political as well as economic aspects of tourism. In the context of underdevelopment theory, the concept of dependency occupies a significant place in the evaluation of the role of international tourism in the development process of developing countries (Britton, 1982a; Britton; 1982b; Harrison, 1992a). As noted earlier, dependency analysis investigates exploitative economic, political and socio-cultural relationships between 'centre' and 'periphery' which put the former in a dependent, vulnerable and disadvantageous position. Dependency theory regards tourism as a special part of the international economic relations between the rich capitalist countries and the developing countries (Nash, 1989). The theory is concerned with the increasing tendency of international tourism to serve the interest of rich countries at the expense of poor countries and international tourism's role in aggravating the inequalities between the two groups of countries. Therefore, international tourism is criticised as a strategy for economic development since it is associated with dependency, especially as it is dependent on external influences (de Kadt, 1979). Britton (1982a) and Matthews (1978) contend that one-way tourist flow from developed countries fits into the historical patterns of colonialism. Leaving aside these sociocultural and political themes which are beyond the scope of this study, we can now consider the ways in which international tourism can create economic dependency for tourist receiving developing countries.

Tourism and Economic Dependency:

The first form of economic dependency that tourism creates is *the use of imported goods, materials and foreign expertise and finance* (Erbes, 1973), due to the tastes, needs and wants of tourists. These issues will be considered later under the heading of 'foreign exchange and balance of payments effects' of international tourism.

However, there is a second kind of dependency resulting from the *nature of tourism demand and the structure of international tourism*. As noted, since tourism is still perceived as a luxury

consumption, economic, social and political movements both in an origin and destination country would affect the demand for international tourism. Britton (1982a: 334) argued that dependency involves the 'subordination of national income autonomy' as a direct result of the unequal relationships existing in the world economy and that within the present structure of international tourism, developing countries can play only a passive role. Britton (1982a: 336) summarised his approach as follows:

Underdeveloped countries promote tourism as a means of generating foreign exchange, increasing employment opportunities, attracting development capital, and enhancing economic dependence. The structural characteristics of Third World economies, however, can detract from achieving several of these goals. But equally problematic is the organisation of the international tourist industry itself.

Britton's statement indicates that since demand for tourism is controlled by international corporations, e.g. tour operators, it may be very difficult for the providers of tourism services of a host country to reach the final consumer in a tourist generating country. Therefore, as noted in chapter one, there is marketing dependency for a host country's providers of tourism services on international corporations in advanced developed countries. For instance, as will be argued later, a huge number of international mass tourist arrivals to coastal resorts in Turkey implies that providers of the accommodation services are dependent on a few oligopolistic international tour operators from a few western tourist generating countries. In the case of Turkey, to a certain extent it may be said that there are policies and plans to be blamed for the increased dependency of international tourism. As will be discussed later in chapters four and seven, generous incentives increased the accommodation capacity through entrepreneurs who have little knowledge of international tourism or international business management. These entrepreneurs faced with a few oligopolistic international mass tour operators in order to fill their establishments. Dependence of the accommodation establishments increased as a result of tourism policies applied by the government.

For the purpose of our study, what is important here is that the more established and expanding a developing country's international tourism industry, without coherent planning and policies, the greater may be its dependence on a few oligopolistic tour companies from tourist generating countries.

An Introduction: Population and the Economic Impact

The most popular variables used in measuring the significance of tourism in a country are the number of tourist arrivals and/or the amount of tourist expenditure. However, as noted earlier, using absolute numbers in international comparisons makes little sense. Therefore, economists have developed various techniques to measure the impact of tourism receipts on an economy (see Table 2.2). They usually concentrate on how tourism affects the GNP and export earnings of a country. However, the economic impact of tourist arrivals should also be taken into account. For example, three million visitors per annum to the Bahamas and Morocco each would, *ceteris paribus*, have different environmental impacts owing to the difference in the size of the two countries. It is therefore common to use ratios for comparisons rather than absolute numbers (Harrison, 1992a: 11).

Table 2.6 The Measurement of Tourism Impact and Concentration Ratios: Selected Countries, 1996

COUNTRY	TIR		TPR		TDR		CR
	Ratio	Rank	Ratio	Rank	Ratio	Rank	
Bahamas	617.5	1	9.2	1	1.8	4	90
Singapore	240.7	2	1.6	3	78.5	1	39
Barbados	165.5	3	4.8	2	30.4	2	69
Jamaica	45.7	4	1.3	4	3.0	3	85
Costa Rica	22.6	5	0.6	5	0.4	5	56
Turkey	13.8	6	0.2	7	0.22	6	52
Morocco	9.9	7	0.3	6	0.12	7	34
Egypt	6.5	8	0.1	8	0.05	9	29
Sri Lanka	1.7	9	0.04	9	0.1	8	46

TIR Tourist Intensity Rate = (international tourist arrivals / 1996 population) x 100
 TPR Tourist Penetration Rate = [(average length of stay x number of tourists) / (365 x 1996 population)] x 100
 TDR Tourist Density Rate = (average length of stay x number of tourists) / (365 x area in square kilometres)
 CR Concentration ratios = % of all tourist arrivals of top three sending countries

Source: Table adapted from Harrison (1992a: 12) and figures derived from WTO (1998a) and WTO (1998b).

Table 2.6 provides ratios for measuring the impact of tourist arrivals for selected countries. The Tourist Intensity Rate (TIR) measures the number of tourists visiting a country on a per capita basis. The Tourist Penetration Rate (TPR) takes into account the length of time tourists spend in the country. The Tourist Density Ratio considers the ratio of tourist nights to the area

of the region. The Concentration Ratio 'indicates percentage of tourists received from a country's three most important sending societies' (Hall, 1991: 18 cited in Harrison, 1992a: 11). As Concentration Ratios show, most of the tourist receiving countries depend on a few neighbouring tourist generating countries. For instance, the Bahamas and Jamaica heavily rely on tourists from the United States. As can be observed from Table 2.6, although almost twice as many people visited Morocco as the number visiting the Bahamas, the TIR for the Bahamas is many times that for Morocco, because the population of Bahamas is only fraction of that of Morocco and the number of people visited the Bahamas is six times more than its population. According to TPRs and TDRs, the length of stay, the size of the territory and the size of the population are important factors in measuring the economic impacts of tourism. For instance, the territory of Singapore is 641 square kilometres and approximately seven million tourists visited the country in 1996, hence it has the highest TDRs in the world.

In order to increase receipts from tourism, tourist receiving countries should find ways to persuade people to stay longer rather than trying to attract more visitors. These measurements are criticised since they ignore the sociocultural impacts of international tourism, seasonality, and the concentration of tourist facilities within a country (Harrison, 1992a: 12). For instance, even though the TIR, the TPR and the TDR are relatively low for Turkey, as will be argued later in chapter four, tourist facilities are concentrated on the Aegean and Mediterranean coastal fringes. Therefore, in those coastal areas these ratios would be expected to be high. In the following section various economic impacts of international tourism will be considered.

Economic Impacts of International Tourism

As noted earlier, the basis for developing countries' promotion of international tourism has been the anticipated economic benefits. In this section, the author critically examines economic aspects of international tourism in developing countries.

Foreign Exchange and Balance of Payment Effects

A strong case for the promotion of tourism by developing countries is the potential foreign exchange earnings and its positive effects on the balance of payments. Therefore, foreign exchange earnings are usually of critical importance. The significance of foreign exchange

receipts as a proportion of total export earnings varies from country to country (see Table 2.2). However, there are serious problems in determining the net foreign exchange receipts, which may be estimated in various ways, such as from bank transfers, travel agency records and tourist expenditure surveys (Pearce, 1989). Sometimes the amount of foreign exchange earned from tourism is expressed superficially as the difference between receipts from inbound tourists and expenditures by citizens travelling abroad, which is called the tourism balance. As Gray (1970) and Pearce (1989) observe, these two sums are fairly independent of each other and it does not say much about the net foreign exchange contribution of international tourism. In other words, since a gross foreign exchange calculation does not take into account leakages, the volume of international tourism receipts may give a wrong impression of international tourism's contribution to the national economy as a foreign exchange earner. Therefore, to understand better the effect of tourism receipts on a national economy's balance of payments, leakages should be considered. Sinclair (1991a: 195) defines the term as:

The percentage remaining abroad has sometimes been termed the foreign exchange leakage from tourist expenditure, although the term is also used to define the percentage of tourists' expenditure within the destination country which is lost in the form of payments for imported inputs, or to refer to the evasion of foreign currency controls.

As Dieke (1995) identified, leakages may stem from various sources: (a) the cost of imported goods and services consumed by tourists; (b) the cost of imported goods and services consumed by residents due to demonstration effects of tourism; (c) the cost of promotion and publicity and training of personnel abroad; (d) payments abroad in the form of management royalties and other fees; and (e) foreign tourist companies' profit, capital and expatriate workers' wage transfers to their home countries.

Imports of goods and services consumed by tourists comprise direct and indirect imports (Erbes, 1973). Direct imports include the goods and services consumed by tourists which are not available or adequate in the tourist receiving country, for instance, 'in some Caribbean islands more than half of the food and 60% of beverages consumed by tourists were imported' (Liu and Jenkins, 1996: 105 quoting CTRC, 1984). Belisle (1983) examined food production in the Caribbean and concluded that six main factors influenced hotels' links with the local economy, namely: (a) most tourists are conservative in their tastes; (b) imported food may be

cheaper than that produced locally; (c) hotels will pay more to ensure reliable and high-quality suppliers; (d) local food may be processed in unhygienic conditions; (e) hotels may be unaware of locally produced food; and (f) local producers may not know how to contact the hotels. Indirect imports consist of the goods and services required by the industries which supply the tourism industry such as construction equipment, air conditioning units, telephone wiring, computers and so on. The consumption habits of tourists may induce residents to buy the same goods which have a high import content (through a demonstration effect). Moreover, as Dieke (1992: 559) debates, there is another form of foreign exchange leakage:

Most tourists arrive as part of an inclusive tour, using foreign owned air carriers, perhaps staying in foreign owned hotels, the service of which has been paid abroad. The result is that much of the total holiday price paid by tourists may not accrue to the destination country. Estimates of inclusive tour prices accruing to the host country are imprecise, as the evidence shows, but range between 15% and 45%.

Although the costs and leakages reduce the contribution of tourism to the balance of payments, it is difficult to measure them. A number of factors affect the leakage rate in a country: (a) the structure and diversity of the national economy; (b) the nation's import policy; (c) the type of tourism development and tourists; (d) management resources, (e) the degree of foreign involvement; and (f) the degree to which tourism is integrated into the local economy (Liu and Jenkins, 1996; Oppermann and Chon, 1997). *Small scale accommodation* establishments are better integrated into the local economy and have a lower propensity than do large scale accommodation establishments (Milne, 1992). The leakage rate may also vary depending on the country's ownership of a national airline (Sinclair, 1991a).

The more a country is industrialised and developed, the more it is capable of producing the goods and services required in international tourism, and hence has a low leakage rate (Cater, 1990). In Singapore, the leakage is estimated to be between 27% (Heng and Low, 1990) and 38% (Khan *et al.*, 1990). On the other hand, estimates for the Bahamas suggest that for every American tourist dollar spent, at least eighty cents leak out of the economy to purchase imported foodstuffs (Eber, 1992). Momsen's work (1986 cited in Shaw and Williams, 1998) on the small Caribbean islands of St. Lucia and Montserrat shows an improvement in the linkages between the hotel sector and local agriculture during the period 1971-1983. As that study claimed, in 1971 in St. Lucia 70% of the value of food consumed by tourists was imported, compared to only 58% in 1983. On the basis of the proportion of net foreign exchange

earnings (after subtracting the import content and other leakages) to gross receipts from tourism, Cleverdon and Edwards (1982) divides developing countries into four categories.

Import Degree	The Proportion
a) Totally import reliant	10% or below
b) Heavily import reliant	10-50%
c) Import luxuries and a few necessities	50-70%
d) Import principally luxuries	70-90%

In conclusion, it may be said that in many developing countries import content and leakages are high and consequently net foreign exchange contribution is not always as high as it is claimed to be. Therefore developing countries should find some strategies to reduce the amount of leakage because less leakage would mean more net foreign exchange earnings. For example, by promoting local foods and drinks and by reducing their prices relative to the imported ones, tourists can be encouraged to consume locally produced goods. This argument is taken on the basis that these supplies are of the quality acceptable to tourists and that they are generally available. Moreover, by encouraging the development of small-scale locally owned accommodation establishments, which are integrated with the local economy, the import propensity may be reduced.

Government Revenues

At the macro level, tourism often becomes an important source of government revenue, which may be one of the reasons why many governments are eager to encourage tourism development. As tourist activities increase, a rise in government revenues may occur. The main government revenues to be derived from tourism come from tax revenues (income, corporate, sales, property), increased foreign exchange earnings and reduced social charges (unemployment benefits). However, fiscal benefits derived from the industry are reduced by the charges incurred in developing the industry, such as investment in infrastructure, development incentives and promotional and training expenses (Pearce, 1989).

As Jenkins (1991) points out, government revenues from tourism can be derived from direct and indirect sources. He further states (1991: 94) that 'direct contributions arise from the possibility of charging tax on incomes, both personal and company, generated by tourism employment and business. Indirect sources of revenue will comprise the range of taxes and

duties levied on goods and services supplied to the tourist'. More specifically, government revenues from tourism refer to revenues which arise from hotel occupancy taxes, airport departure taxes, aircraft landing fees, visa fees, entertainment taxes, licence fees, income tax on tourism employees, import duties on goods and services used by tourists and sales tax (Olali and Timur, 1988). As the World Travel and Tourism Council (WTTC, 1995) reports, government revenues derived from tourism are between 10%-20%, but it may differ from one country to another. In some countries, which are highly specialised in tourism, such as in the Caribbean, these figures may reach around 30% (WTTC, 1995). On the other hand, although taxes derived from tourism have considerable impacts on government revenues, Lickorish and Jenkins (1997) emphasise that the government should avoid imposing a high level of taxation on personal and government incomes because a high level of taxation may discourage investors and may deter them from reinvesting in the industry. A high level of taxes obviously has an effect on prices, which will affect the price competitiveness of a destination (WTTC, 1996). Moreover, as noted, tourism relies on imported goods, especially in most of the small islands, which cause foreign exchange leakages, and furthermore the governments of these countries may not have an appropriate taxation system. Therefore, government revenues from the industry may not be as high as it is claimed.

Employment

As a service industry, tourism is claimed to be more labour intensive than other sectors of an economy. The degree of labour intensity is the cost per job created or the employment/output ratio in tourism compared to other sectors. The employment output ratio is the number of workers employed divided by the contribution of tourism to the national income (Mill and Morrison, 1985). It is also argued that tourism requires little training and uses low skilled manpower which are in abundance in the developing world. Tourism creates direct employment in tourist plants, indirect employment in tourist-related industries, and induced employment in input supplying industries (Mathieson and Wall, 1982).

It is difficult to measure how many jobs are provided merely for the sake of international tourism (Harrison, 1992a). The reason for this is the problem of determining what constitutes the tourism industry and which jobs should be considered as tourism-created rather than non-tourism-induced jobs (Harrison, 1992a; Snow and Wall, 1993). As Liu and Jenkins (1996)

contend, the total employment effect of tourism differs from country to country with respect to country size (GNP, territory, population). However, it is argued that a firmly established tourist industry provides 5-8% of direct employment (Dieke, 1988). As Archer (1995) reports, in 1992, tourism created 9,550 total jobs (direct, indirect, and induced) in Bermuda. Moreover, the contribution of tourism to direct and indirect employment accounts for 50% of the total labour force for the Virgin Islands, 35% for the Bahamas, and 37% for Jamaica (WTO, 1988). The amount of indirect employment generated depends on the degree of linkage between the tourism industry and other sectors such as agriculture and manufacturing. The higher the degree of integration and diversification in the economy, the higher the volume of indirect employment generated.

One of the most noted effects of tourism on employment opportunities is the creation of a new division of labour between the sexes and within the household (Cohen, 1984). Young women can find jobs in tourist services such as hotels or in the production of crafts and souvenirs for the market. However, a number of criticisms against tourism as an employment generator in developing countries can be made. It is generally agreed that the cost per job created in tourism is no less than in other sectors of the economy (Erbes, 1973; Mill and Morrison, 1985). This is perhaps because of the capital intensity of mass tourism investments in infrastructure, buildings etc. at the initial stage of tourism development. Bryden (1973: 73) contends that:

It is true that hotels and tourism services require employees, and [it is] possibly acceptable that the ratio of employees to hotel beds or rooms is likely to be higher than in developed countries. What is less acceptable is the inference that tourism has special advantages in this respect, especially when the whole gamut of investments required to establish a tourism sector are taken into account, including relatively capital intensive and tourist specific infrastructure.

In line with Bryden, Cleverdon and Edwards (1982) give the example of Tunisia, where the cost per job created in the tourism industry is higher than in the manufacturing sector in the country. Moreover, Erbes (1973) argues that the cost per job created by the tourism industry is related to the level of tourism development in a country. In the initial period of tourism development, the cost per job created may be high since the tourist receiving country does not have the superstructure and infrastructure to meet the requirements of tourists. In the development period, some reductions in the cost per job created can be seen relative to changes in the type of tourism establishments which are less expensive and cater for ordinary

tourists. In the growth period, the cost per job created may rise again because of the higher land cost, the heavy engineering and the higher building costs.

There are also other criticisms against tourism employment with respect to the nature of tourism jobs (Dieke, 1993a). Firstly, the jobs are seasonal with high labour turnover in the industry from month to month. The effect of this is the dissatisfaction and frustration of employees. Secondly, tourism employment can be seen by locals as serving foreigners because of low level employment for locals in the industry. This may effect national self-esteem and identity. Thirdly, although tourism employs people with relatively little specialisation, it may also require highly sophisticated people in the managerial or upper positions. In most cases, especially in the initial stage, employees in senior positions are recruited from developed countries (Dieke, 1988). The high salaries paid to foreign employees result in increased leakages. Moreover, Harrison (1992a: 14) argues that 'employment arising directly from tourism - for example, in hotels - may be relatively little, and such establishments also cater for at least some local residents, perhaps playing a key role in the country's class structure'.

Finally, it may be said that the contribution of tourism to employment generation differs from one country to another. It depends on the extent to which the tourism sector is integrated with the rest of the local economy, the diversity of the economy, the type of tourism (integrated or enclave), the scale of tourism and the number of trained personnel.

Income Generation

One of the principal claims for the development of tourism has been the argument that tourist expenditures can generate further flows of income through the multiplier effect mechanism (Dieke, 1988). The multiplier effect investigates how the initial tourist expenditure flows through the economy and stimulates other sectors. In other words, it is the relationship between an additional unit of spending and the changes in the level of income, output and employment. There are a number of different multipliers (e.g. income, output, employment), as well as different methods to measure them.

The income multiplier measures the income generated by extra unit of tourist expenditure (Pearce, 1989). Many researchers define generated income as disposable income accruing to

households or governments. As the initial tourist expenditure trickles down, spending on imports leaks out of local or national economy at each round. This process continues until the additional income generated by a new round of spending essentially becomes zero. In practice it is very difficult to determine the multiplier effect. There are several reasons for this. First, tourism is made up of so many diverse industries that it is impossible to follow and record each stream of expenditure spent. Second, the import content at every round may be different, and it may be wrong to assume a constant pattern at each stage. Third, there are different methodologies to measure it. For instance, many models fail to take into account the generated additional income which is saved that may lead to investments in the destination country (Mill and Morrison, 1985). Fourth, multiplier analyses 'are alleged to ignore income accruing to non-nationals and to assume underutilisation of labour and capital' (Harrison, 1992a: 17). Moreover, they do not take into account the opportunity cost of tourism. For example, what would happen if resources devoted to tourism had been utilised in other sectors of the economy (Harrison, 1992a: 17; see also Bryden, 1973: 77).

A leading authority on the matter reports that one dollar of extra tourist expenditure creates between 0.6 and 1.2 extra dollar income in developing island countries whereas the corresponding figure is between 1.7 and 2.0 in some other countries. 'Generally, the large and more populated countries tend to have the highest tourist income multipliers' (Harrison, 1992a: 17). In this context, it is necessary to note that the size of the income multiplier depends on the nature and diversity of economies concerned, the degree of sectoral linkages, and the propensity to import tourism related goods. In other words, the more diversified, integrated and advanced an economy, the higher the income multiplier and the better for the economy. The less developed a national or regional economy, the greater the leakage and lower the multiplier effect.

Despite many difficulties in measurement and methodology, the income multiplier shows how much of a tourist dollar goes around the local or national system and creates income for others before it disappears through the various leakage channels.

Regional Development and Infrastructural Change

Tourism development is seen as an important channel for economic development because it is

claimed that tourism can help spread resources from richer to poorer regions (Pearce, 1989). However, the use of international tourism for underdeveloped regions in developing countries is somewhat superficial and lacks logical cohesion. Although backward regions may have some natural resources such as sun, sea, scenery, mountains, poor and low skilled people, that are not exploitable for other purposes, it does not mean that development can be or should be achieved through tourism. There may be economic or non-economic obstacles to tourism development in that poor region. In terms of economic obstacles, it may be said that poor regions often lack basic infrastructure as well as superstructure. This means that a potential resort development in that poor region may be very difficult because of high engineering and infrastructural costs. In addition, a poor region implies a poor economy base which in turn prevents sectoral linkages and increase leakages. There may be another reason for leaving a potential destination undeveloped; because it may not have international competitiveness to attract international tourist market. More importantly, external inputs of capital, labour, technical and commercial resources are not easily attracted to such regions. As for non-economic obstacles, tourism development might be abandoned because of the locals' rejection of tourism on sociocultural grounds.

It is generally argued that tourism improve infrastructure to local areas where it was previously lacking. Improvements to roads, water supply and treatment and waste management systems can result from increased revenue from tourism. Although the infrastructure is carried out for the sake of tourists, it can also be used by the local community (Weaver, 1998). However, it is generally argued that tourism requires a fully developed infrastructure, at the same standard as in developed countries, which developing countries often lack. This puts a financial burden on government expenditure and increases the costs of tourist development against the revenues derived from it.

Other Economic Implications

International tourism may create inflation and land use problems in tourist recipient developing countries. As Mathieson and Wall (1982) contend, the inflationary effects of international tourism occur in several ways. First, since tourists can afford to buy goods and services at high prices, suppliers enjoy high profit margins by increasing the prices and producing more expensive goods and services for tourists. As a result of this, local residents can be affected

by the high price levels. However, in that case, as noted in the study of Vanhove (1997), tourism creates high price levels particularly for the facilities (hotels, rented apartments, and other tourist facilities) used by tourists rather than local residents. In this context, Vanhove (1997: 69) rightly argues that:

Tourist demand is very often concentrated in a limited number of streets or areas. Local residents change their buying behaviour and move to other points of sale. Furthermore, tourists in general are interested in a narrow range of goods and services as souvenirs, sports articles, clothes, beauty products, meals and special products (e.g. chocolates and lace in Bruges).

Secondly, inflation also rises with an increase in land values. The more the international tourism industry in developing countries expands, the more land price rises may be recorded. To meet the international tourism demand, the construction of new hotels, motels and other tourist facilities is required. The effect of this is an increase in the land prices which also creates an inflationary impact on the local residents. This may be beneficial for land owners and residents, since it creates additional value. The effect is also quite local (Vanhove, 1997). Vanhove may be right, but the question to ask is: 'Who would benefit from the increased land prices in a developing community?'. While it may be beneficial to a few *élite* landlords, the local majority may suffer. Many local people may not afford to buy even a property in their native area. Moreover, since land prices in developing countries are often low in international terms, international companies can buy large areas of land relatively cheaply. Therefore, this resource will be lost for local exploitation which might be appropriate at a future stage of development of the country. For example, it is noted in the study of Tribe (1995: 234) that:

At a Japanese golf course development in the Philippines it was calculated that 150 hectares of land were bought for 150 million yen, a fraction of land prices in Japan, and that the development would yield 600 million yen of income by recruiting just 300 members out of an eventual target of 1600 members.

Moreover, as a result of an increase in demand for land, other sectors of the economy, such as agriculture, may be affected. For instance, farmers, who see tourism as a profitable industry, may prefer to sell their agricultural lands to a few rich people (a few local *élite* and foreigners) for very low prices for the use of tourism (Olali and Timur, 1988). This may also reduce the production of agricultural goods on which local people depend. For example, Forsyth (1995) notes that in the Klumbu region of Nepal, agricultural production was reduced after the growth of tourism. Attractive prices for agricultural land combined with comparatively

high salaries to be made from tourism may attract people away from their traditional livelihoods to work in tourism. However, there are some policies for controlled development such as enclave development and implication of policies to encourage spatial tourism development, through zoning. In this regard, another and perhaps more important criticism is related to the controversial contribution of tourism to a local community (Tosun, 1998). For example, if there is an enclave tourist development in a region, as Jenkins (1982: 239) argues, 'the specific infrastructure is not intended to benefit directly the resident - indigenous community. Any spill-over effect is purely gratuitous: emphasis is placed on the provision of infrastructure facilities for the tourism development'.

Sociocultural Impacts of International Tourism

Since tourism development requires that local residents share their hometown with outsiders, tourism has some influence on the social and cultural values of a host society (Ap, 1992; Brohman, 1996; Dogan, 1989; Harrison, 1992b; Travis, 1984). We define socio-cultural impacts of tourism as:

the way in which tourism is contributing to changes in value systems, individual behaviour, family relationships, collective life styles, safety levels, moral conduct, creative expressions, traditional ceremonies and community organisations (Mathieson and Wall, 1982: 133).

What must also be further defined, according to Harrison (1992b), is the distinction between *social consequences* and *social problems*. As he argues (1992b: 20):

The former [social consequences] arising from the well established pattern of modernisation, include alterations in the physical environment to accommodate and entertain tourists, deep and possibly traumatic changes in the social structure, and alterations in the value system, either throughout society or in some part of it. By contrast, social problems are defined according to perceptions of *development*.

According to dependency theory, the flow of affluent members of developed countries to the lands of the poor has adverse sociocultural effects on the host countries, considered as social costs (Nunez and Lett, 1990; Pearce, 1989). There are also studies (Travis, 1984) that point to positive consequences of international tourism. Before starting to look at various sociocultural impacts of international tourism, it is useful to consider some important points. The sociocultural impacts of tourism may be different from one country to another (Bryden, 1973). Within most destinations, the extent to which tourism induces negative sociocultural

consequences depends upon many factors. For example, as Weaver (1998: 55) argues, some of these factors can be summed up as follows: (a) the significant differential in wealth between tourists and the host society; (b) the significant social and racial differences between tourists and the host society; (c) the strong tendency of tourists to adhere to their own cultural norms while at the destination; (d) the rapid growth of the tourism industry; (e) heavy spatial and temporal concentrations of tourists relative to local population; (f) the dominance of tourism over the destination economy; and (g) the external control over a major proportion of the tourism industry.

As noted, since our focus will be on the economic perspectives of the Turkish tourism development, it is not our intention to consider the sociocultural impacts of international tourism in detail. However, in order to provide a general background, the author thinks that it will be useful to look briefly at some sociocultural aspects of international tourism in developing countries.

Growth in Undesirable Activities

It is argued that tourism gives rise to undesirable activities within a host society. For example, tourism can cause an increase in crime rate, prostitution, drug addiction and alcohol consumption (Dogan, 1989; Harrison, 1992b). The relationship between increased crime rate and tourism can be seen as a result of the loss of local control during the high tourist season, de-personalised and commercialised human relations, and enmities and community resentment against tourists (Chesney-Lind and Lind; 1986; Tarlow and Muehsam, 1996). Moreover, Ryan and Kinder (1996) argue that tourism creates opportunities for sex exploitation in tourist destinations. Similarly, Grabum (1983: 439) states that:

Korea has become famous for its *Kisaeng* tourism which draws hundreds of thousands Japanese men every year. *Kisaeng* used to be equivalent of Japanese *geisha*, accomplished female entertainers and companions, but by now it has become a synonym for prostitutes. These women are introduced to men in hotels as part of package tours, as 'enterprise rewards' to functionaries of small and middle sized companies, and by travel agencies, taxi drivers, and bell boys, and cost about one quarter of the price for similar services in Japan. They are licensed by the Korean government which sees the need to perpetuate South Korea's image as a 'Male Paradise' in its drive for foreign exchange.

In addition, as quoted in Women's International Network News (1990: 45), the following words

were written in the editorial part of a Thai women's magazine:

Tourism has become the most important income of many developing countries. Thailand is a case in point . . . With the growth of prostitution in countries where tourism is strongly promoted, negative impact of tourism cannot be denied . . . Moreover, traffic in women, international migration of women from poor countries and marriage by catalogue are by-product of sex tourism . . . What we need is an alternative to tourism, and a new economic order in which the body and sexuality of poor women are not considered as a means of earning hard currencies.

It is claimed that as foreign life style, ideologies, and values come to be accepted and understood, tourism may have the effect of diminishing prejudice between the nations of the world (Hudman and Hawkins, 1989). However, tourism creates social dualism and conflicts in values and life-styles of local people (Haralambopoulos and Pizam; 1996). Traditional family structure can be disturbed (Harrison, 1992b) and a sharp increase in the rate of divorce may occur.

Demonstration Effect

Tourism affects host communities through the demonstration effect. Tourist spending is based on conspicuous consumption and it may not be representative of actual consumption patterns at home. However, it is controversial whether it is conspicuous consumption or a necessity in the sociocultural and economic context of developed nations. As mentioned earlier, demonstration effect creates demand for imported goods but apart from this economic effect, there is also a sociocultural aspect. In this context, Crandall (1994: 416) identifies the demonstration effect as '... the adoption by local residents, especially the young, of tourist behavior and attitudes, consumption patterns, and even language'. Thus, it can be said that the demonstration effect creates a number of social impacts in a host country. Tourism can affect the financial and moral gap between generations, and it may disturb the social structure of local communities as younger people move to urban centres, tourism development areas or abroad to the tourism generating countries (Sharpley, 1994). In this respect, Tsartas (1992: 527) describing the demonstration effect of tourism in the case of Ios, a small Greek Island, states that:

..., the young men imitate (demonstration effect) the standard of living of the tourists. They proudly declare that they go to Europe for winter vacations and consider the young Athenians 'old-fashioned', since they do not know how to dress and cannot afford winter vacations in Europe.

What is more important for our consideration here is that tourists' reckless spending mode and behaviour patterns distort social standards. However, there are some prospects for controlled development as IUOTO (1975: 34-35) points out some possible directions: (a) enclave development; (b) official policy to encourage spatial tourism development, through zoning; (c) pricing or other controls to reduce tourist traffic; and (d) the tapping of the alternative markets to diversify the sources of visitors and their attendant cultural impacts.

Increased Commoditisation

Another sociocultural impact of tourism on the host society can be seen in the commercialisation of sociocultural values (Harrison, 1992b). Tourism uses sociocultural motives of the host community as tourist attractions (Hughes, 1987; Squire, 1994). Tourists come to a destination to see or to buy such things as handicrafts, dress, traditional music, wedding ceremonies, historical buildings and monuments, architectural style (Crandall, 1994). Thus, one can argue that tourism may help keep the culture alive. However, the packaging and commoditising of culture for tourism renders that culture meaningless. As Tucker (1997) observed, when the local people in a tourist destination recognise the economic importance of their culture, their attitudes towards tourists will be artificial rather than natural. On the other hand, Eroglu (1995) stated that some of the Turkish folk dances have been performed in forms that have humiliated the local communities from where the dances originated.

Growth of Resentment

If locals find themselves unable to emulate the life styles and products they are witnessing for financial reasons, it may cause resentment towards tourists (Murphy, 1985). The resentment may also arise as a result of congestion and diminished local services for residents, exclusion of locals from certain local resources, recreational facilities, and economic benefits of tourism. The disturbance of the local way of life and the display of wealth amidst poverty can also cause hostility towards tourists and international tourism may not be welcomed by local people in some tourist destinations. Tosun (1998: 79 quoting Pfafflin, 1987: 577) cited the following words: 'We don't want tourism. We don't want you. We don't want to be degraded as servants and dancers. This is cultural prostitution. I don't want to see a single one of you in Hawaii. There are no innocent tourists'. This quotation reflects that international tourists have been

seen as exploiters, lavish, hedonists and foreigners with a lack of cross-cultural understanding and communication. These indications are supported by Din (1989) and Dogan (1989).

In conclusion, it may be argued that if tourism disturbs the traditional way of life, brings or increases social pathological behaviour and habits, such as drug addiction, alcoholism, child abuse, increased divorce, even if tourism brings tremendous economic benefits to a society at the same time, the tourism development may not be desirable. One suggestion may be to include sociocultural issues in tourism development plans.

Environmental Impacts of International Tourism

In the context of this study, environment refers to the physical environment which comprises the 'natural' and the 'built' (Jenkins, 1991). *The natural environment* includes climate, land, air, water, flora and fauna. *The built environment* consists of all man-made features such as the Great Pyramids, St. Paul's Cathedral, Ephesus and so on. The following statement about the environmental costs of tourism may give a better picture (Brohman, 1996: 58-59 quoting Hong, 1985: 12):

Having ruined their own environment, having either used up or destroyed all that is natural, people from the advanced consumer societies are compelled to look for natural wildlife, cleaner air, lush greenery and golden beaches elsewhere. In others words, they look for other environments to consume. Thus armed with their bags, tourists proceed to consume the environment in countries of the Third World -'the last unspoiled corner of earth'.

Broadly speaking, the environmental effects of international tourism may be seen in the following areas: pollution and the destruction of resources, the problems of concentration, deforestation and erosion.

Pollution and Destruction of Environmental Resources

Tourism contributes to different types of pollution such as water, air and visual. The intense use of beaches by tourists and the drainage of sewage from tourist establishments into rivers or seas can cause serious water pollution. Moreover, transportation as an important part of tourism, causes traffic pressure on tourist resorts (Witt *et al.*, 1991), appearing as traffic bottlenecks, parking problems, and may also add to air pollution. Inadequately and poorly constructed tourist facilities may create visual pollution in tourist resorts (Jenkins, 1992). High

rise luxury hotels may pollute the visual environment. An example can be given of the caravanserais in Turkey, which date back to the Seljuk Empire of the 11th century. They have been recently renovated for the use of tourism, and some of them have been turned into luxury hotels. One might argue that in this way tourism encourages organisations to rehabilitate existing historic sites, but this affects the traditional architectural style.

Equally important, an increase in the amount of visitors may result in increased litter because of thoughtless tourist behaviour (Cooper *et al.*, 1993). For example, a TV program called World in Action, shown on ITV, is a good example of how a tourist destination (Ibiza) has developed from a peaceful resort to the rave capital of Europe together with unrestricted mass tourism development. In that programme, drunk tourists threw their shoes into the sea and they eventually retrieved their shoes but not without damaging the palm trees (ITV, 1998). WTO (1983b: 12) reports that:

Litter leads to insanitary sites, pollutes water, traps and poisons domestic animals and wildlife and invariably reduces the aesthetic enjoyment of a site. ... In the countryside and mountains, litter reduces visual and amenity values, changes the nutrient status of soil and damages vegetation by blocking out air and light.

On the other hand, when tourism development is uncontrolled and unplanned and carrying capacity is overreached, the increased tourist volume causes pressure on the environment damage to vegetation and areas of wilderness, deterioration of footpaths, disturbance of wildlife, and the loss of peace and quiet (Cooper *et al.*, 1993).

Designation of national parks, zoning of tourist sites, specifically guided trips, the limitation of tourist numbers to sensitive areas, high pricing, the watch of tourist yachts or ships, the continuous monitoring of the impacts on the environment are some of the management tools to protect the environment from the destruction of tourism. For example, in Costa Rica the entrance fees to national parks were increased overnight from US\$1.30 to US\$15 for foreign visitors (cited in Headley, 1995). Bhutan which borders Northeast India limits the number of visitors to 2,500 each year and charges them US\$250 per day (cited in Headley, 1995). However, many developing countries charge extremely low rates anyway and there are advocates to end the underpricing of natural resources, because the lower the price the higher the visitor volume.

Problems of Concentration

The concentration of tourism in time and place is another source of pressure on the environment. As noted, one of the characteristics of tourism in developing countries is seasonality. The higher the concentration rate, the higher the pollution and the adverse effects on the environment. A high degree of concentration increases the demand for land, water and energy which may not be in abundance in developing countries.

Deforestation and Erosion

The cutting down forests to build large holiday villages, golf or ski areas and tourist activities such as walking, and riding destroys the environment. For instance, as reported by Hope (1998), in the south-west Peloponnese (in Greece), a large scale holiday village development project is under way, but not without cutting down the trees amid hills near the port of Navarino. Deforestation and subsequent soil erosion may lead to a change in weather conditions, biological species and plants in the resort.

Inevitably, the development of tourism in a destination requires major structural changes in the environment. These may be the construction of roads, airlines, marinas, man-made tourist attractions and tourist accommodation establishments. The changes may contribute to any of the previously mentioned environmental destruction. However, it may be argued that the environmental effects of tourism are the consequence of badly managed and planned tourism development, and the exceeding of carrying capacities (Archer and Cooper, 1994; Mlinaric, 1985). Therefore, in conclusion, it may be said that environmental issues should be considered in development plans, otherwise any environmental issue created by tourism will eventually destroy the things which attract tourists and may create pressure on the economy.

A Critique of International Mass Tourism and An Argument for Sustainable Tourism

Broadly speaking, mass tourism has two main characteristics (Vanhove, 1998: 51): (a) the participation of a large number of people in tourism; and (b) the holiday is standardised, rigidly packaged and inflexible. In this respect, for a host country, mass tourism means large scale tourism development and requires international travel intermediaries which put individual components into one standardised package. Since mass tourism is standardised and

inflexible, destinations can substitute for each other. For instance, for mass tourists there may be no difference between Greece and Turkey. Even if there are some cultural and linguistic differences, these two countries offer the same sun, sea and sand as a packaged holiday product. Therefore, mass tourism can easily be directed through price fluctuations, while other things remain unchanged. If this is the case, large scale mass tourism development means increased dependence on international travel intermediaries and market conditions in the generating countries. As noted earlier, in the context of this study, dependence refers to the marketing dependence of the accommodation service providers on international tour operators.

In strictly economic terms, large scale tourism may provide some economic advantages to a host economy, such as mainly foreign exchange earnings and employment opportunities. However, since it involves participation of a large number of people and large scale tourism development, its sociocultural and environmental effects can be a burden to a host community. Therefore, it is argued that tourism development should be sustainable (Croall, 1997; Middleton and Hawkins, 1998; Mowforth and Munt, 1998; Wahab and Pigram, 1997). Thus, we face a vague concept of sustainable tourism which is impossible to analyse in a study of this kind. However, we will briefly look at various aspects of this concept.

The notion of sustainable tourism has its roots in the concept of sustainable development. Therefore, in order to understand the meaning of sustainable tourism development, it would be useful to look at the meaning of sustainable development. United Nations' World Commission on Environment and Development defined sustainable development as 'the development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987: 43). According to this definition, there are at least three important characteristics of sustainable development. First, sustainable development seems to be a long-term strategy. Second, it considers an inter-generational and intra-generational balanced level of welfare. Third, it is perceived as a universally valid prescription, which is supposed to be applicable to all countries without considering their level of development. Mannion (1992: 297) makes the following critique:

... if inter-generation is considered, which introduces a temporal scale; what may be sustainable over a decade may not be sustainable over a century, etc. Moreover, the longer the time span is, the more difficult it will be to determine whether a practice will be sustainable. And what is sustainable is sustainable only for one time. And only for

one place.

In this regard, sustainable development is criticised as being rhetorical, non-operational and ignoring the underlying political and economic causes of inequality in the distribution of scarce resources (Adams, 1990: 64; Harrison, 1996).

Sustainable tourism is advocated as a concept which claims to make a low impact on the environment and local culture while helping to generate money, jobs, and the conservation of wildlife and vegetation (Frommer, 1994; Lumsdon and Swift, 1998). In other words, sustainable tourism is seen as a form of tourism development which uses resources sustainably, supports the local economy, respects and cares for the community life, enables communities to care for their own environments and integrates development and conservation. This type of tourism development is claimed to be not only for the protection of environmental and sociocultural resources but also for economic and social benefits which are supposed to be equally distributed. If this is the case, sustainable tourism is most likely to be on a smaller scale and located within the community, with low import leakage and a higher proportion of profits remaining in the country. In this regard, sustainable tourism seems to be good.

However, in spite of the benefits of this kind of tourism, there are still a number of issues to be addressed. For example, 'Do tourists know how to behave at destinations?' and 'Who is responsible for informing them?'. There are books on the subject but 'When tourists are going on holiday do they study?'. There are other issues to be considered: 'Who would decide what is good and bad?'; 'What will be sustained for tourism?'; and 'Is it applicable?'. Like sustainable development, its application is debatable. Harrison (1996: 83) argues that 'there are difficulties in operationalizing the concept of sustainable tourism, especially in consideration of socio-cultural phenomena, need not mean that the concept itself is valueless'. He suggests that if the concept is used, the following problems need to be recognised (Harrison, 1996: 82-83):

First, ... census in host societies cannot be assumed, and a vague advocacy of equity may reveal more the ideology of outsiders than the host society's social and cultural practices. ... Second, sustainability is an especially problematic concept when applied to socio-cultural phenomena. There are, indeed, traditional societies where the activities of the present continue to be largely validated by the past, but specific traditions change and are supplanted by others. Generally, the culture of a people or a community is highly flexible and few criteria exist for assessing which elements of a culture or a social structure should be sustained. ... Third, although there may be some value in depicting

social and cultural phenomena as part of a wider natural system, this does not make them any amenable to analysis.

Particularly, for a developing country, sustainable tourism may require hard political choices and may not be feasible since the country concerned may not have a well-established economic structure (Tosun and Jenkins, 1998). This is to say that debt-ridden, eager to earn foreign exchange and create employment opportunities, most developing countries may have little option but to support large scale rapid tourism development without any sense of opportunity costs. In addition, tourism development, even it is claimed to be sustainable, may still require foreign expertise and investment as long as developing countries have financial, technological and managerial deficiencies. In addition, tourists from the developed countries may still use foreign airlines, tour operators, and travel agencies as long as these international corporations provide an acceptable level of services with reasonable prices. Therefore, since there will be a large number of different interest groups in tourism development, the application of sustainable tourism development, like its origin (sustainable development), is rhetorical and non-operational.

Finally, it is important to note that mature tourist destinations cannot afford to reject large scale tourism because of the massive economic dislocation it would cause the local and national economy. For example, Turkey supported large scale rapid tourism development on the Aegean and the Mediterranean coastal fringes. These areas consist of approximately 66% of tourism operation licensed beds and 74% of tourism investment licensed beds (see Table 4.12 in chapter four). The main tourism attractions of these regions depend on the sun, sea, sand kind which appeal to mass tourist markets. In this case, a country like Turkey cannot phase out large scale mass beach tourism. However, the development of small scale tourism may be applicable in less developed destinations, for instance, the Black Sea region in Turkey.

Conclusion

This chapter has dealt with various aspects of international tourism in developing countries. General characteristics of international tourism have been discussed and determinants of international tourism have been reviewed. Three main factors have been identified as explaining the determinants of international tourism in developing countries. One, the impacts of factors which tourism destinations own, **supply-related factors**. Two, the factors that have

an influence on tourism demand, **demand-related factors**. Three, the international corporations namely hotels, airlines and tour operators, which have the influence on the former two factors and connect them, **market-related factors**.

Finally, the chapter has concluded with an analysis of international tourism in developing countries. As argued, both tourism and development are multidimensional phenomena. Therefore, measuring tourism's contribution to the development of the economy has all the pitfalls of any cost-benefit analysis regarding an economic project with social and environmental dimensions. This is to say that even though tourism may make some economic contribution to the local economy, it may affect the local community in terms of crowding, pollution, noise, and, in some cases, a changed way of life. Therefore, when looking at international tourism which involves many economic and non-economic aspects it can hardly be expected that its impacts on developing countries can be uniformly 'good' or 'bad'. In brief, Fox's (1976) following words, as quoted by Richter (1994: 229), are very clear in understanding tourism, 'tourism is like a fire. It can cook your food or burn your house down'. However, the impacts of international tourism may vary from country to country, because every country has different economic and sociocultural structures. What can be suggested here is that in addition to economic policies, sociocultural and environmental issues should be *considered by planners and policy makers*.

The next chapter will look at the role of international tourism companies in developing countries' tourism.

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CHAPTER 3

INTERNATIONAL CORPORATIONS

IN INTERNATIONAL TOURISM

Introduction

In the previous chapter, various aspects of international tourism in developing countries were discussed. It was argued that international corporations play a key role in determining the international tourist flows to developing countries and hence the development of international tourism in those countries. It was further noted that there is *marketing dependency* for the local services providers on international tourism corporations.

Therefore, in order to gain a better understanding of the role of international corporations in international tourism in developing countries, this chapter aims to look at international corporations and integration in international tourism. The chapter is divided into two main sections. The first deals with the international corporations and integration in international tourism in general. The second looks at the importance of international tour operators in determining the direction and the volume of international tourism development in developing countries, and deals with their general impacts on the host developing countries. The synthesis of existing theories will provide the conceptual framework for examining the influences of international tour operators on the Turkish accommodation sub-sector.

International Corporations and Integration in International Tourism

As noted in chapter one, the business extensions of international corporations across the boundaries of their own countries occur through horizontal and vertical integration. In this study, especially in the empirical part of the study, the focus will be on the tour operators from tourist generating developed countries, and their role in and impacts on international tourism development in developing countries, particularly Turkey. However, it is inevitable that tour companies will operate in conjunction with hotels and airlines. Therefore, the accommodation and the transportation (particularly the airline) sectors of international tourism will also be dealt with. The following sections will now take a closer look at horizontal and vertical integration, and the theories behind them.

Horizontal Integration

There are several motives to explain why firms expand their activities horizontally across national boundaries. In this context, the literature review has revealed that Dunning's (1977) eclectic theory provides an important conceptual framework for considering horizontally integrated transnational tourism corporations (TTCs), and several authors (Dunning and McQueen, 1982a; Dunning and McQueen, 1982b; Kusluvan, 1994; Williams, 1995) have already applied this theory to explain transnationalisation in the international tourism industry. Dunning's theory attempts to synthesise the principal existing theories of foreign direct investment. It proposes a formal model of international direct investment in which the main determinants of such investment identified by existing theories are integrated. According to this theory, there are three main reasons for firms to operate in foreign countries; 'ownership advantages', 'internalisation advantages' and 'locational advantages'.

First, a firm enters the international market and possesses ownership advantages over the indigenous enterprises in a host country. In this context, one could ask what determines the ownership advantages which one country's enterprises possess over those of another. The answer could be found in Dunning's (1983) classification of the ownership advantages. He distinguishes ownership advantages in two ways. *The first comprises those stemming from 'the asset power', and the second constitutes those stemming from 'transactional advantages' (also known as transaction costs).* As Buckley (1985) argues, these two advantages are interdependent and difficult to distinguish, causing one another to emerge, but logically the two should be dissociated. It is generally argued that transactional advantages are more easily understood in the case of vertical integration. Therefore, leaving them aside to be discussed later (under the theories of vertical integration), asset power advantages can be considered here. Bain's (1956) classic work on the barriers to new competition provides more insights into the factors that determine asset power advantages. These advantages lie in the access to markets or raw materials not available to competitors; in the size (which may both generate economies of scale and inhibit effective competition); or in an exclusive possession of intangible assets, for example, patents, trademarks, management skills, which allow a higher level of technical or price efficiency and achieve more market power. Thus, it can be summarised that asset power advantages stem from size, monopoly power, and better

resource capability and usage. In the case of horizontally integrated transnational companies, intangible assets, like knowledge and goodwill (reputation), are found to be the most crucial factors and rent yielding ownership advantages (Teece, 1983; Yamin, 1991). It is worth noting that it would be more beneficial to a firm to use these intangible assets rather than selling or leasing them to foreign firms. In other words, a firm can internalise its advantages through an extension of its own activities rather than externalise them through licensing and similar contracts with independent firms. In fact, it has been argued that a firm can either capitalise on its reputation by itself producing goods and services bearing its trademark, or it can rent the use of its trademark to others through franchising (Hennart, 1991).

The second group advantage refers to internalisation. Firms may want to internalise ownership advantages as long as they yield more revenue or less costs (Bull, 1990). It is questionable whether internalisation advantages of firms stem from ownership advantages or transactional advantages (Buckley, 1985). In this respect, Dunning (1981) says that even if a firm attains transactional advantages by internalising its activities, these advantages must be related to assets it possessed prior to the act of internalisation.

The third group of advantages involves the profitable combination of a firm's ownership-specific advantages and internalisation advantages with the factor endowments located in foreign countries. For a country to be attractive to direct foreign investment, the country should possess a number of location specific advantages (Dunning, 1977), such as the possession of certain natural resources, availability of cheap labour and proximity to large potential markets, favourable tax concessions and non economic elements like favourable political conditions and stability. In this respect, it can be said that location-specific endowments are advantageous to the host country, and ownership endowments are advantageous to the foreign country's firms.

Having discussed the main determinants of horizontally integrated transnational corporations, it is now important to understand the motives for vertical integration.

Vertical Integration

Although the theories of horizontal and vertical integration seem to originate quite independently of each other, they often converge on each other, and even overlap. However,

since vertical integration involves input suppliers and output purchasers at different stages of the production process, there will also be certain differences between the motives for horizontal integration and those for vertical integration. For example, in the case of horizontal integration the 'economies of large-scale production' is important, whereas in the vertical perspective of the integration 'economies of scope' is considered (Koch, 1995).

Theories of Vertical Integration

Before explaining the specific motives for vertical integration, it may be useful to have a brief description of the basic terms and concepts. As Arrow (1975) argues, there are two kinds of firms: *upstream firms* (sellers) and *downstream firms* (buyers). The upstream firms are closer to the initial or primary stages of the production, for example airlines and hotels, while the downstream firms are closer to final consumer, for example tour operators and travel agencies. Vertical integration occurs either backward (into the resource-base) or forward (into the market distribution). In the first case, a downstream firm is integrated with an upstream firm, for example when a tour operator acquires an airline or a hotel. The second case refers to the integration of an upstream firm with a downstream firm, for example when an airline opens its own travel agency or it is involved in tour operation business. Moreover, Casson (1987) argues that vertical integration can involve either open or closed internal markets. In an open internal market, a vertically integrated firm not only supplies its linked downstream firm, but also non-linked firms, while the integrated downstream firm is supplied by non-linked upstream firms. However, in a closed internal market, a vertically integrated firm only supplies its linked downstream firm.

There are many theories to explain motives for vertical integration, and they have been discussed by several authors (Casson, 1984; Perry, 1989; Gómez *et al.*, 1989). As mentioned before, the best source of enrichment to the theory of vertical integration has been the transaction costs approach (Buckley, 1987). Transaction costs refer to any costs arising from the process of exchange in the market (Hoogvelt *et al.*, 1987). For example, costs are generated by the search to find appropriate suppliers, associated with the drawing up of contracts, or monitoring the adherence to such contracts (Dunning and Rugman, 1985). Transactional advantages arise when a firm benefits from many of the endowments of its parent company, for example, access to cheaper inputs, knowledge of markets, knowledge of

pricing, computerised reservation systems and quality control. Thus, an integrated firm may have an opportunity to lessen its transaction costs and enhance its transactional gains.

While the transaction costs approach provide more insights into the factors that determine the motives for vertical integration, it is questionable whether all the various motives for vertical integration can be encompassed by this approach. As noted previously, international tourism mostly depends on services, and the characteristics of tourism are different from those of the industries which produce physical products. Therefore, when analysing the motives for vertical integration in international tourism, various factors should be taken into account and analysis needs to be broad. In this study, the motives for vertical integration in international tourism are divided into in three main categories (Gómez *et al.*, 1989). One important category refers to the objective of decreasing 'uncertainty'. A second important motive concerns avoidance of 'contractual problems'. And the third explanation of vertical integration includes increasing 'market power'. To understand better these specific motives of vertical integration, deeper discussions are provided below.

Uncertainty:

Uncertainty in international tourism can be explained in two ways. Firstly, uncertainty about future demand is one of the most important characteristics of the international tourism industry (Johnson and Thomas, 1992). Secondly, there is uncertainty about the quality of the product (Buckley and Casson, 1976; Casson, 1979). In the case of the former, Carlton's (1979) model of demand uncertainty may provide more insights into the causes for vertical integration in international tourism. As Carlton argues, the upstream firms, for example airlines and hotels, have to decide on their service capacity and prices for the next year in a context of uncertainty concerning the demand for their outputs. However, as mentioned previously, tourism demand is unstable, external and beyond the control of individual suppliers in developing countries. Therefore, in an uncertain world it may be very difficult to estimate the future demand and set appropriate prices in international tourism. In this regard, it may be said that there is an incentive for an upstream firm to be integrated with a downstream firm. By integrating with a downstream firm, an upstream firm can guarantee to sell some part of their capacity. The form of integration may be determined by the relative market power of the upstream and downstream firms. In some instances, an upstream firm approaches a downstream firm

directly. For example, a hotelier may approach tour operators directly or through trade shows (Ioannides, 1998). In other instances, a downstream firm may send out its representatives to a destination to find an upstream firm that matches its quality expectations. In either way, as Sheldon (1986) contends, tour operators can either make 'block reservations' or 'block purchases' with suppliers. However, to reduce their risks, tour operators often make 'block reservations' at a number of establishments rather than deal with a single one. Tour operators will be unwilling to make 'block purchases' since this form of agreement increases the risks for them.

Secondly, uncertainty about the quality of product may also give rise to vertical integration. As mentioned earlier, reputation, which is related to the quality of product and services, is an important asset for firms. If a firm at one stage of production of commodities and services believes that its reputation will be damaged and quality will not be sustained at another sequence of production or distribution (or in another country), then there may be an incentive for this firm to be integrated with an upstream firm. As an example, to ensure certain service standard and quality, a tour operator from a tourist generating country may have an equity participation or a contractual arrangement with a hotel in a host developing country. In this respect, uncertainty about the quality of tourism supply services is of little consequence to the tourists as long as these services are guaranteed by a downstream firm which is familiar to the tourists and has a good reputation in their environment.

Contractual Problems:

In an uncertain world it may also be difficult and costly to specify a contract that covers all possible future conditions. Therefore, most contracts are open-ended, continuing automatically until they are terminated by one of the parties (Blair and Kaserman, 1983). Incompleteness of contracts can be caused by the relative bargaining position of the two firms at the time the contract took place; at a later date, this may change (Klein *et al.*, 1978). As a concrete example given by Gómez *et al.* (1989), at the time the contract is made, a tour operator can threaten to use some other hotel if a hotelier is unwilling to reduce the price offered to tour operator. Therefore, since the tour operator is in an advantageous position, the hotelier may appear to accept the conditions of the tour operator. However, at the last moment the hotelier may refuse to accommodate the tour operator's clients by overbooking. Overbooking in the

hotel industry is practised in order to overcome the shortcomings of cancelled reservations or no-shows (failure to arrive without notice) (Rothstein, 1974). In this situation, the tour operator may be able to sue for breach of contract, but this is expensive and there may be a delay during which time profits and or reputation can be lost. In such a situation the tour operator is vulnerable due to the time-related nature of the business. By breaking the terms of contract, the hotelier may gain in the short-term, but may lose its future profits. The overbooking problem has also been addressed in the context of the airline industry (Rothstein, 1971; Smith *et al.*, 1992). Both the hospitality and airline industries have common characteristics (Hadjinicola and Panayi, 1997) such as relatively fixed capacity, the ability to segment markets, perishable products, products sold in advance, and fluctuating demand (Kimes, 1989a; Kimes, 1989b). For this reason, vertical integration may be one of the most effective ways to prevent such contractual problems. Moreover, technical factors may also encourage firms into vertical integration. For example, co-ordination problems between different activities, such as flights, airport transfers and rooms, may create difficulties for contractual relationships but can also be reduced by vertical integration. In this respect, Williams (1996) argues that a strategy of vertical integration offers the advantage of improving synchronisation of the different activities (see also Perry, 1984). Finally, as also noted by Sheldon (1986), it can be said that vertical integration reduces costs, and permits the operators to be even more price competitive.

Market Powers:

Another major advance toward understanding motives for vertical integration comes from the market powers approach (otherwise known as market imperfections approach) (Robock and Simmonds, 1983). Lall (1976 cited in Cantwell 1991: 21) defines market power as:

... the ability of particular firms, acting singly or in collusion, to dominate their respective markets (and so earn higher profits), to be more secure, or even to be less efficient than in a situation with more effective competition. The concept may, of course applied to buyers (monopsonists) as well as sellers.

The main idea is that in the early stages of growth, firms steadily increase their share of domestic markets by means of merger as well as capacity extension, and that as industrial concentration (and market power) rises so do profits. However, there emerges a point at which it is no longer easy to increase further concentration in the domestic market, as few major

firms remain, and at this stage profits earned from the high degree of monopoly power at home are invested in foreign operations, leading to a similar process of increased concentration in foreign markets (Hymer, 1976). According to this approach, vertical integration also enables the firm to increase its market power and profits by such means as the imposition of barriers to entry against potential competitors and the monopolisation of the supply of inputs.

Furthermore, it is argued that if independent monopolistic firms integrate vertically, they can earn a larger profit than can be obtained by monopoly pricing at different stages independently (Blair and Kaserman, 1983). Hence, it can be said that there is an incentive for monopolistic (or oligopolistic) tour operators to be integrated vertically with travel agents and airlines. In addition to this, it is also argued that a monopolistic upstream firm (an airline or a hotel) can increase profits by practising price discrimination based on each downstream firm's demand curve (Casson, 1983). The opportunities for arbitrage that exist in an external market limit the monopolist's ability to discriminate. Even if a monopolistic upstream firm could discriminate, efficient pricing would be inhibited by lack of information about the downstream firm's (tour operators) demand curve (Arrow, 1975). For example, an upstream firm charges different prices to downstream firms. The problem for the upstream firm is to prevent those customers charged a low price from reselling to those charged a high price (Caves, 1982; see also Hanlon 1996). Vertical integration prevents resale and also gives the upstream firm full information about the downstream firm's demand (Blair and Kaserman, 1983). Consequently, if this is the case, it can be said that vertical integration is advantageous particularly for airlines.

Conglomerates

No discussion of integration in international tourism could be complete without touching on the role of conglomerates (also known as diversified enterprises). Holloway (1994: 60) says that a conglomerate is 'an organisation whose interests extend further than a single industry'. Hence, a diversified or 'conglomerate' firm can be defined as a multi-product and multi-divisional firm which operates in two or more markets. Buckley (1985) points out that a transnational corporation can be diversified in two ways: first, by its product-market position, second, by being financially diversified. In addition to motives for horizontal and vertical expansion of

firms, which have been explained above, there are a few theories that attempt to explain why conglomerates exist.

The main attraction of diversification is the ability to spread risks and broaden the firm's profit-earning potential. Specifically, a one-market firm is vulnerable not only to erratic, cyclical profit returns resulting from the business cycle, but worse still, its very survival may be threatened by a long term decline in market demand. Given this it is generally argued that individuals usually avoid 'putting all their financial eggs in one basket' and hence hold diversified portfolios of financial assets. In other words, as Caves (1982) and Pearce (1983) note, international diversification of firms lies in the goal of spreading business risks. Diversification can also raise the firm's credit limit and decrease the cost of capital, and also result in an increase in the value of shares (Hennart, 1991). Diversification may produce synergy (i.e. the two plus two equals more than four effect). Synergy results from complementary activities or from the carry-over of management capabilities. For instance, in the case of a diversified merger, one firm may have a strong production organisation, while the other excels in marketing - joining the two renders both firms more effective. Similarly, a high degree of carry-over of management expertise may make it possible to reduce production costs and improve product quality of the combined group.

An example of a diversified enterprise is American Express, which is a huge travel credit card operation, and also involved in tour wholesaler operation offering tours world-wide, for example Havas Voyages in France, BBL travel in Belgium, Nyman and Schultz in Sweden, Norway and Denmark (Bywater, 1998). Some more examples include, the ownership of Thomas Cook by a German bank, Westdeutsche Landesbank (Key Note, 1998); Thomson's ownership of a printing company (Canadian Thomson Media and Publishing Group) and the establishment of a co-operation with IBM computer company to support its reservation system; a computer technology expertise (and in particular the software) developed as a commercial business arm with Alpitour in Italy; and a tourism training school in the case of Nouvelles Frontières in France (Bywater, 1992).

The Accommodation Sub-Sector

It is important to consider this sector separately because it is 'accommodation, more than any

other component, which dictates the sort of tourism industry a country can expect' (Young 1973: 98). The supply of accommodation is both determined by and helps to determine demand. In most of the tourist receiving countries, the quantitatively high and also very diversified demand, regarding socio-economic origin, available income, motivation, etc., has made it necessary to diversify the supply of accommodation (WTO, 1984). While most tourist destinations are based upon small and medium sized accommodation establishments (Buhalis and Cooper, 1998), there are a few large hotel enterprises which provide a very wide range of accommodation services. Similarly, as noted in Shaw and Williams (1994), in Europe the accommodation sector tends to be dominated by a few large hotel chains and holiday villages alongside a large number of small and medium scale independent accommodation establishments - including second homes, rented villas, private homes, self-catering accommodation establishments, boarding houses, and small and medium scale hotels.

Firstly, international large hotel chains are increasing in importance since they possess a number of advantages, including the projection of a brand image, access to large advertising budgets, economies of scale in purchasing, and computer reservation systems (CRSs) (Williams and Shaw, 1988; Sinclair, 1991b). Moreover, a report by the UNCTC (1982: 47) has indicated that the basic reasons for the extension of international corporations in the accommodation sector are related to the fact that benefits generated by the international corporations as a whole are greater than the sum of separate parts. As it is also noted in the same report (1982: 42), this is:

... partly a matter of the size, geographical diversification and business strategy of transnational corporations and the economies of scale associated with advertising, the provision of first-rate training facilities, good promotional prospects for higher management and technical staff, bulk purchasing and marketing (including computerized global reservation system) etc.

It is important to note that the degree of international corporations' involvement in the accommodation sub-sector relates to the size of a host country. As Liu and Jenkins (1996) point out, the larger the size of a country, the lower the foreign participation is likely to be. In this context, they note the fact that the size of GNP is the most direct and influential element. For example, in 1987, the share of foreign owned accommodation establishments in total bed capacity in Austria, the Marshall Islands, and Turkey was 1.4 percent, 62.7 percent, and 4.9 percent respectively (WTO, 1989). On the other hand, depending upon the country's level of

tourism development there may be other large or medium scale accommodation establishments which are operated independently or as part of a group at the national level in tourist receiving countries: domestic accommodation establishments which are owned and operated locally. As the study of UNCTC (1982: 47) observed, these establishments are:

. . . often more flexible in their operations than the centrally controlled transnational corporations and are, therefore, potentially more capable of adapting to local conditions. This may result in lower operating costs, greater diversity in the range of services offered by the hotel ... and greater ability to comply with the economic, social and cultural objectives of the economy, for example by procuring inputs from local subcontractors, designing the hotel in order to maximize the use of local materials and reflect indigenous architecture, employing indigenous management etc., and thereby minimizing the transfer of earnings abroad.

Clearly, the contribution of locally owned and/or operated accommodation establishments in the tourism industry is very significant. They facilitate a rapid infusion of tourism spending into the economy and therefore have a significant beneficial effect upon the host population and in turn, stimulate the multiplier effects of tourism activity at a destination. However, as the same report of UNCTC also recognised, the one thing that may be troubling those domestic accommodation establishments is the marketing of their products in an international market place. The large domestic hotel chains may certainly link up with the international reservation systems of transnational-associated hotels, although they cannot get the same preferential treatment in an international reservation system as a transnational-associated hotel could do. This may be partly because domestic hotels may not have as great a reputation in an international market place as have their transnational counterparts. In that case, they may depend on international tour operators in order to reach an international market place. This dependence may increase particularly in the case of group reservations.

Secondly, as noted above, there are also a large number of small accommodation establishments, which are independently operated, and locally owned enterprises. Morrison (1996: 400) defines a small tourism business as one which is:

. . . financed by one individual or small group and is directly managed by its owner(s), in a personalized manner and not through the medium of a formalized management structure. In comparison to the largest unit of operation within its particular tourism sector, it is perceived as small, in terms of physical facilities, production/service capacity, market share and number of employees.

These small, independently operated and locally owned accommodation establishments are at

- a disadvantage since it becomes more difficult for them to compete, particularly when they lack facilities such as private bathrooms, bars and swimming pools which are becoming a part of standard expectations of tourists. Therefore, the smaller establishments have to compete in terms of price (cutting their margins to a minimum, often through relying on unpaid family labour) or offering a distinctive product, such as highly personalised service, exceptional cooking or, as in farm holidays, participation in household activities. Since the lower quality and individually owned accommodation establishments find it increasingly difficult to compete in the international tourist market, they are either dependent on large booking agencies (such as incoming travel agencies of their own country) or international tour operators, in order to sell their products in the international tourist markets (Williams and Shaw, 1988: 28).

Go and Pine (1995) have claimed that international hotel companies with their headquarters in the US, Europe and Japan, enjoy strong competitive advantages over their local rivals in a host country, many of which may be small and medium scale independent establishments. Such advantages increase because of favoured access to their domestic markets, accumulated knowledge of tourism practices and preferences of consumers, and through linkages with airlines and tour operators (Shaw and Williams, 1998). In that case, it is therefore understandable why international corporations are one of the most important factors in determining the nature and direction of tourism development in a host developing country. In order to get a better understanding of the functions of transnational hotel corporations in international tourism, further analysis should be done using Dunning's eclectic theory.

Explanation of the Transnational Hotel Corporations

Dunning and McQueen (1982b) have provided more insights into assessment of the relevance of the eclectic theory to an analysis of the hotel sector. They argue that all three of the principal reasons (ownership, internalisation and location) for transnationalisation are applicable to the hotel sector. First, there is the 'ownership' factor whereby prestigious chains such as Hilton and Sheraton seek to capitalise on their brand images (Go and Pine, 1995), which convey clear impressions of the quality and the range of services to be provided. This ensures that the services provided match the aspirations of their customers, which is one element in generating brand loyalty. It is proprietary rights over a differentiated product which essentially creates the ownership conditions for transnationalisation in this sector.

Secondly, as noted earlier, it is normally assumed that internalisation advantages can only be achieved through direct or equity investment. However, this is not the form of internalisation usually chosen by hotel companies. Dunning and McQueen (1982b) argue that transnational hotel companies prefer to internalise ownership specific advantages in the form of minority equity participation or mostly in the form of contracts. And it is generally argued that once foreign firms have a high level of bargaining power, they may not need to engage in direct investment to take advantages of relationships with the host country (Sinclair *et al.*, 1992). Therefore, a variety of co-operation arrangements between foreign firms and domestic hotel enterprises in host countries constitute an alternative or additional element, which has considerable influence on the extent and structure of tourism in many developing countries (Zammit, 1981). Moreover, Dieke (1988: 130) contends:

Foreign tourism companies, by their international organisation, control industry managerial expertise, especially in the hotel sub-sector. Although they do not own the hotels, their monopoly is limited to contractual arrangements - an arrangement which ensures their effective corporate control and profits, with no investment strings attached. They then use their critical role to win various incentive programmes from the host developing country governments.

These arrangements between transnational hotel companies and local hotel enterprises may be distinguished into three main groups (Go and Welch, 1991): hotel chains associated with airlines and tour operators; hotel companies operating under management contract; and other hotel chains operating under a franchise or on a referral basis, which gives every hotelier access to the international tourism market. As Dunning and McQueen (1982a) point out, they can also supply developing countries with valuable inputs such as management know-how, technical assistance, and access to marketing and reservation systems of large-scale hotels. Moreover, foreign involvement in hotel business may also take place from a variety of sources, including transnational banks, the international capital market, land and property development companies, or even individuals unconnected with the hotel business (UNCTC, 1982).

The third principal reason for transnationalisation, as already mentioned, is related to locational advantages. In the case of hotel companies, locational advantages include having a presence in most of the principal locations which their regular customers are likely to visit. Furthermore, Dunning (1988: 258) identified five groups of factors which determine the attractions of a particular country for transnational involvement:

First, and most obvious, are all the factors determining the volume, kind and rate of

growth of tourism, particularly business tourism to a particular country. Second is the availability of the appropriate infrastructure for tourism, e.g. transport and communication facilities. Third is the availability of quality of hotel inputs, including hotel staff and essential services which cannot be imported. Fourth is the policy of government towards foreign direct investment in general. Fifth is the general political, social and economic stability of the country and the attitude of the local population to foreign tourists.

In addition to these factors, the ratio of foreign involvement in the host countries and the growth rate of hotel supply vis à vis indigenous managerial capacity in those countries may also be important factors in determining a country's attractiveness for transnational hotel companies.

Dunning and Kundu (1995) conducted a field study regarding the critical ownership, internalisation and locational advantages. They sent mail questionnaires to the executives of 118 multinational hotels which were associated with at least one foreign hotel, based in eighteen countries (developed and developing). They asked about the hotel executives' opinions on the significance of a group of *ownership*, *location*, and *internalisation* variables identified and received 34 replies (29% response rate) from thirteen countries. The three most important ownership advantages perceived by the executives of multinational hotel companies for both the developed and developing countries are '*knowledge of tastes and requirements*', '*trade and brand image*', and '*access to referral and reservation system*'. '*International experience*' is perceived to be critical ownership factor for the multinational hotels in developing countries.

As for the internalisation advantages, since multinational hotels are primarily concerned with: (a) maintaining their '*quality of services*' provided to the clients, and (b) '*co-ordinating the capabilities and activities of the parent company*', they internalise the markets for their ownership advantages both in the developed countries and developing countries. For the location specific advantages, '*size and growth of markets in the host country*', and '*opportunities for tourism*' are among the critical factors for setting up operations both in the developed and developing countries. In the case of developing countries, there are another four factors perceived as critical by the executives of multinational hotel companies. These critical factors include '*general infrastructure of the host country*', '*host government policy towards direct foreign investment*', '*political, social and economic stability of host country*', and

'availability of good quality and low cost inputs'.

Forms of Involvement

As discussed above, there are different ways in which a transnational hotel may be involved in a developing country. It has been argued that internalisation advantages in international tourism may be attained either in the form of equity participation or contractual relationships such as, management contracts, franchising and leasing agreements.

Equity Participation: Equity participation occurs either in the form of complete ownership or part-ownership of a project. If the case is part-ownership of a project, then it is usually called a joint venture. According to Oman (1984: 12), 'a joint venture normally implies the sharing of assets, risks and profits, and participation in the ownership of a particular enterprise or investment project by more than one firm or economic group'. Moreover, Casson (1987) argues that joint ventures are a useful method of rationalising production in an oligopoly, or sharing risks under bilateral monopoly, when there are significant economies of scale, such as sophisticated production or management techniques and improved product quality. Not only do joint ventures provide access to knowledge, experience and managerial expertise, but also entry to joint-distribution channels, hence increasing output sales and profitability. Political opposition to foreign control of production, particularly in developing countries, may also encourage the exploitation of joint ventures as a means of decreasing their degree of economic dependence on developed countries. However, joint ventures may, indeed, provide the foreign company with the advantage of easier access to capital and operating licences in the host country, while switching the distribution of risk towards the latter (Sinclair *et al.*, 1992).

Co-operation Agreements: For transnational hotel companies, co-operation agreements offer a viable way to expand their activities with minimal or no capital investment. In some developing countries, political instability or foreign ownership laws prevent outside ownership control, and therefore a co-operation agreement may be the only way for a transnational corporation to establish its presence in those countries (Gee *et al.*, 1997). The report of UNCTC (1982) has indicated that management contracts, franchising, and leasing are the most common types of co-operation agreements in the tourism industry, particularly within the hotel sector. Accordingly, a recent research report conducted by Todd and Mather (1995)

revealed that 36 international hotel companies use contractual agreements as a method of expansion. However, it is worth noting that in some cases companies may have equity participation up to 100% depending on economic, social, and political circumstances of host countries.

First of all, a management contract can be defined as a licensing or subcontracting arrangement between the owner of a property and a foreign company. Under a management contract, the control of production and marketing of the output is the responsibility of the foreign company although in some cases it may be shared with the local firm (Gee *et al.*, 1997). Management contracts thus allow the transfer of production methods and managerial techniques from an associated foreign company to the host country. Under a management contract, the foreign company is also responsible for controlling the quality and the marketing of the output. Secondly, another type of transnational involvement in the international tourism industry is through a franchising agreement. Dunning and MacQueen (1982b) report that the proportion is much greater (82%) in developing countries, where political risk and cultural distance raise the cost of managing hotels above that of franchising them to local people. Although there are several types of franchising, generally a franchising agreement allows an independent owner to use the advantage of a large chain while leaving ownership and management control to him/her (Karamustafa, 1993). Therefore it can be said that although the franchising agreement has many of the features of management contracts, a greater degree of risk is often taken by the host country. Thirdly, leasing is a further way for transnational companies to be involved in the tourism industry in developing countries. Under a leasing agreement, the owner only provides the property and does not have any role in management control. It is generally accepted that there are two types of leasing agreement (IUOTO, 1975); *the operating lease*; and *the real lease*. In the case of former, the owner is paid an agreed percentage of the profit. In the case of the real lease agreement, the owner is paid a fixed rent and in some cases, in addition to a specified amount, the owner can also be paid a percentage of the gross revenues and profits.

International Hotel Consortia

The focus of this section is on the transnational hotel corporations. At first sight, it may therefore appear to be a contradiction to look at international hotel consortia, since they are

made up of independently owned and operated properties. However, as defined by Byrne (1993: 126), international hotel consortia 'are the best means for a single hotel to operate effectively in the international marketplace while still retaining a high degree of independence'. Given this, since consortia help the individual hotels to internationalise their services, it was thought that a brief explanation of international hotel consortia would be beneficial to the reader.

As seen, for an owner of a hotel property, it is possible to make a contractual agreement with an international hotel company. However this type of agreement would not allow the owner to participate in the hotel management. Therefore, instead of making contractual agreements with international hotel companies, owners may wish to join a consortium which enables them to have a full control over managing their hotels. Having a consortium membership also enables the owners to operate independently, whilst benefiting from the marketing, financial and educational services offered. One of the most widely known hotel consortia is Best Western International, while some others include Utell (UK), Jal World Hotels (Japan), Lexington Services Corp. (USA), Supranational Hotels (UK), Leading Hotels of the World (USA), Keytel SA (Spain), Grande Collection of Hotels (USA), SRS Hotels Steigenberger (Germany), Logis de France (France) and Golden Tulip Worldwide (Netherlands) (Go and Pine, 1995; Yarcın, 1996).

According to Slattery *et al.* (1985), there are four types of consortium: (a) Full consortia; (b) Marketing consortia; (c) Reservation systems; and (d) Referral consortia. Full consortia tend to operate domestically rather than internationally and provide not only marketing expertise and services, but also assistance regarding human resources and purchasing. Marketing consortia help individual hotels to create a brand image under a consortium membership, and hence provide marketing assistance. Reservation systems enable individual hotel owners to represent their businesses in the international reservation systems. Referral systems are affiliations of hotels with airlines and their reservation systems. It is difficult to distinguish the four types, because even though one hotel consortium may originate from a reservation system, it may also provide marketing services to its members, as in the case of Utell.

Airlines

Airline transportation is obviously one of the key operations in international tourism, especially for developing countries, where approximately 53 percent of tourist arrivals are by air (WTO, 1998a). Statistics for individual developing countries show that among the developing countries which had over a million international tourist arrivals in 1995, the following seven countries had 85 percent or more of tourist arrivals by air: Cyprus (88%), Dominican Republic (100%), Philippines (99%), Guam (99%), India (86%), Malta (93%) and Taiwan (99%) (WTO, 1997). A high dependence on air transportation may be because of geographical location of these countries, and distance. However, what is striking is that air transportation, to a large extent, is under the control of foreign airline companies with the control of computer reservation systems (CRSs) and communication systems (Wheatcroft, 1998; WTO, 1994). Moreover, as noted in Key Note Airlines Market Report (Key Note, 1997a), Air Transport Users' Council works to certain 'consumer principles' which might be categorised into seven items. The first is **passenger safety** which must be the most important consideration for providers of air transport services both in the air and on the ground. The second is **access** which is important in making sure that the users actually get the services they need. The third is **choice** where users should be able to choose from a range of services offered by competing suppliers. The fourth is **information** which means that users need accurate and clearly presented information to enable them to make the right choice. The fifth is **value-for-money** which indicates that users should get what they pay for. The sixth is **redress** meaning when something goes wrong, the airline or airport should put it right quickly and simply. The seventh is **representation** which means that the industry should consult users and listen to their views. These principles may help international airline companies to increase their market powers, since they are able to access Global Distribution Systems (GDSs), use international marketing techniques, and they may also easily adopt and adapt the changes.

In short, the reason for developing countries' dependence on international airlines can be examined in two broad categories. First, airline transport is an economic activity which involves very costly investment (in aircraft and infrastructure) and uses advanced technologies such as very expensive computer reservation systems (CRSs) (WTO, 1985). Second, the marketing and promotional provision of the large airline transport companies from

industrialised countries gives these airlines significant control over the inflow of tourists. Although most of the developing countries have their own flagship airlines, the role of foreign-owned charter airlines is also crucial in directing the international tourist flows from generating countries to the particular destinations of the developing countries. In the European region, it was the expansion of inclusive tour air services in the 1970s and 1980s which was responsible for the large growth of the tourism industries of Greece and Cyprus (also of Spain and Turkey) (Wheatcroft, 1998). It is clear that there is a powerful synergy between the development of international air transport and international tourism. For example, two countries - Turkey and the Dominican Republic, have enjoyed very high growth rates in international tourism as a result of policies that have allowed the unrestricted development of inclusive tour (IT) air services (WTO, 1994). However, while governments of developing countries have some control over the frequency of charter flights, they have little or no power to affect prices because charter operations are not subject to the same bilateral agreements as scheduled services (WTO, 1994). Control of air transportation, particularly by the foreign charter airline companies as an effective channel for the supply of tourists, is one of the major problems facing developing countries. It seems to be very difficult for developing countries to enter the international airline sector directly and claim a large percentage of tourist demand for their destinations. The world's leading airlines are also involved in other related activities such as catering, insurance, computer services, technical services and shipping. Furthermore, as stated earlier, in some cases, airlines, to strengthen their market position, integrate with hoteliers and tour operators.

Table 3.1 Some Key Links Between Airlines and Hotels

Airline	Country of Headquarters	Hotel Affiliations
Aer Lingus	Republic of Ireland	The Copthorne Group/Dunfey
Air France	France	Meridien Hotels
All Nippon Airways	Japan	ANA Enterprises
British Airways	UK	BA Associated Hotels
Canadian International	Canada	Canadian International & CN Hotels
Cathay Pacific	Hong Kong	Swire Group Operated Hotels
KLM	Netherlands	Golden Tulip
Lufthansa	Germany	Kempinsky
SAS	Norway/Sweden/Denmark	SAS International Hotels
Swissair	Switzerland	Swissôtel
UTA ^a	France	Hotels in Africa and the Pacific
JAL	Japan	Nikko

^a Now part of Air France

Source: Derived from Go and Welch (1991), Gee (1994) and O'Connell (1997).

Originally, many international hotel chains had strong vertical links with airlines and tour operators; 20 percent of a sample of 81 hotel chains in 1978 were associated with airlines (UNCTC, 1982). However, changes in ownership in the 1980s and 1990s have loosened these links (Table 3.1). There are various motives for airlines to be involved in the accommodation sector. Some of the most important of these motives are explained as (UNCTC, 1982: 36):

... the need to provide accommodation for airline passengers, or to establish links with a destination in order to obtain traffic rights. In other cases, it may be prompted by a desire to exercise control over passengers movements and to pre-empt a profitable market for hotel accommodation from indigenous investors. Alternatively, the involvement may be more in the nature of portfolio investment, reflecting a desire to enter a profitable and rapidly expanding market.

Moreover, as Go and Welch (1991) argued, there may be two other reasons for airlines' involvement in the hotel market; the expectation that ownership would stimulate tourism in their home markets, and the desire to expand their own national culture overseas. Air France's Meridien Hotels subsidiary is a good example of latter. On the other hand, airlines' involvement in tour operation, which is the fastest growing component of their business, is clearly induced by the desire to enter a rapidly expanding and potentially profitable sector that complements their normal scheduled and charter operations (Bywater, 1992). This involvement may also be influenced by a desire to increase passenger load factors to certain scheduled destinations, particularly in developing countries (UNCTC, 1982).

The extent of direct airline participation in the tour-operating business varies considerably. For example, SAS has strategic footholds in the Spanish package travel market (Club Vacaciones) and the Italian market (Aviatour). SAS also sells package travel on its own account on its scheduled flights (Bywater, 1992). British Airways is involved in tour operation particularly in city holidays and short breaks. A long-haul niche carrier, Virgin Atlantic Airways is part of the Virgin Travel Group. Air UK, in which KLM has ownership (45%), has a sister company called Air UK Leisure which is the operator of both European/Mediterranean and transatlantic charter services, and was until recently jointly owned by Unijet Group PLC (Key Note, 1997a). However, it has been renamed Leisure International Airways and become a subsidiary of Unijet which became part of First Choice Holidays in the summer of 1998 (TTG, 1998a).

Explanation of the Airline Industry

When applying Dunning's eclectic theory to the transnationalisation of the airline industry, the same pattern is observed: First, transnationalisation has been essential to those airlines which have sought to capitalise on 'ownership' of a brand name, because of the significant economies of scale in branding, advertising and marketing, especially in the wake of the development of computer reservation systems. Second, obviously there are also economies of scale involved in realising 'internalisation' advantages, and these again impose the need for transnationalisation. Two of the most important strategic objectives behind the internalisation of airlines are *traffic feed* and *access to new markets* (Hanlon, 1996). As Williams (1995) argues, this is most clearly seen in the way major airlines operate networks of systems of 'hubs' and 'spokes'. Normally, this allows airlines to carry passengers on one route (a spoke) to a central hub from where they can transfer to other spokes. Ensuring that all these journeys are taken on one company's flights will both increase and help guarantee their market share. In order to realise these internalisation advantages, however, the airlines have to invest in a relatively widespread system of spokes to a large network of countries. The result is to make it very difficult and expensive for new entrants to break into such a huge system and benefit from it.

Third, locational advantages of airlines stem from several factors such as; bilateral agreements between the home and host countries; the volume of traffic to and from the destination; the distance and size of the destination; the cost of flight and other services at the destination, closely related to exchange rate; and the general political, social and economic stability of the destination.

International Tour Operators

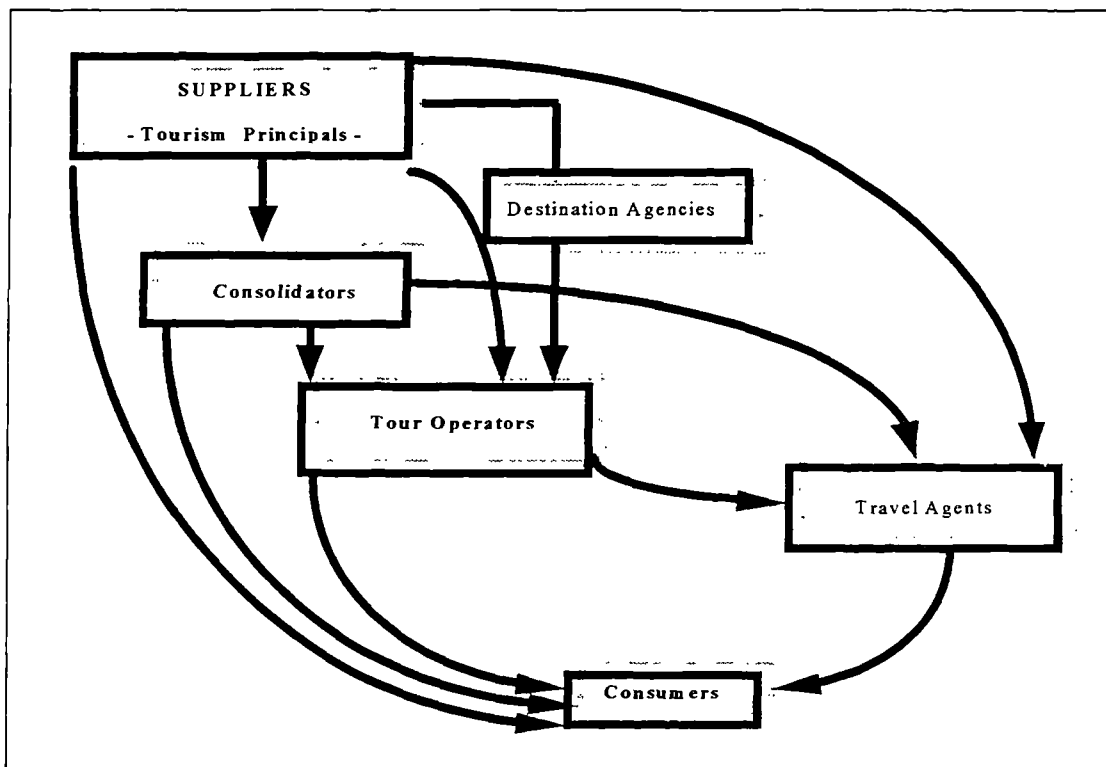
Given the importance of various demand-side and supply-side factors in determining the international tourism development, the role of tour operators in the development of international tourism in developing countries is crucial. In this consideration, the tour operators sector requires more attention. Before starting with the tour operators' sector, it would be useful to clarify the position of tour operators within the tourism distribution system by identifying their differences from those of other travel intermediaries, such as *consolidators*

and travel agents.

Definition of Terms and Concepts

The main function of *tour operators* is to purchase and assemble a large number of components produced by the tourism principals in the transportation, accommodation and other tourism sectors, and sell these to consumers as holiday packages (Mill and Morrison, 1985; Holloway, 1994). In this regard, tour operators fulfil a critical role in the development, sustainment and internationalisation of tourism activities in the tourist receiving countries by matching international tourist demand with tourism supply in those countries, while satisfying the demands of tourists (Delaney-Smith, 1987). Tour operators are therefore the central element of international tourism (Vospitannik *et al.*, 1997), because they act as intermediaries between tourism principals (suppliers), who provide transportation, ground facilities and accommodation, and travel agents; or between tourism principals and consumers (Figure 3.1).

Figure 3.1 Traditional Tourism Distribution Channels and Tour Operators' Role



Source: Adapted from Mill, R. C. and Morrison, A. M. (1985), and Renshaw, M. B. (1992).

Consolidators, which also refers to 'bucket shops', purchase certain types of tourism components from a number of tourism principals (generally from the airline companies), thus acting as a pool, and then sell these components to other companies and consumers, while conducting marketing and distribution activities and bearing part or all of the financial burden of unsold stock. One of the main advantages for tourism principals in dealing with consolidators is that the financial risk of excess capacities is passed on; and one of the main advantages for tour operators, travel agents and consumers is that lower prices can be achieved through the bargaining power of consolidators over tourism principals. As noted in the study by Renshaw (1992), consolidators can exist for basically any type of tourism component flight, cruiseship, and accommodation consolidators. Moreover, seat-only departments of large tour operator groups, which were set up to sell excess capacity of in-house charter airlines and excess purchased capacity, both of which if unsold would result in high financial expense, can also be regarded as consolidators. While both consolidators and tour operators act as wholesalers in the tourism industry, consolidators concentrate on one type of tourism component, whereas tour operators distribute a larger variety.

Travel agents act as distributors, brokers or retailers on behalf of tourism principals and tour operators by selling their services and are rewarded by a commission. Many of the functions executed by travel agents and tour operators are similar, the most distinctive difference between them is that tour operators sell their holiday packages in their own names (Renshaw, 1992; Yale 1995), while travel agents retail tourism products with few exceptions, on behalf of others. Due to the similarities in the tasks, however, some companies trade as both tour operator and travel agent (Key Note, 1995). In short, tourism principals are producers; consolidators and tour operators are the wholesalers; and travel agents are the retailers.

There are also tour operators (also known as destination agencies) which are located in the tourist receiving countries. However, since tourists generally purchase holiday packages from a travel agent or tour operator of their own nationality (Williams, 1996), receiving countries' tour operators (otherwise known as incoming travel agencies of those countries) also depend on generating countries' tour operators. However, the tour operators of a receiving country generally have two primary functions: the 'holiday period function' and the 'pre-holiday function'. The 'holiday period function' involves the ground handling of passengers once they

have arrived at the destination, such as conducting transfers between airports and hotels, organising local guided tours, as well as looking after the customers. The 'pre-holiday function' of the local tour operators of the receiving countries is to purchase or arrange accommodation in particular, as well as the catering and entertainment components at the holiday destinations as an agent of a tour operator and to handle the communication between the tour operators and the principals that provide these components. In this regard it can be said that tour operators of receiving countries act as tour operators for local residents on their domestic or overseas travel but with regard to package tourists from the major tourist generating markets of the developed world, they act solely as land arrangement organising agents for the tour operators of the generating countries. In the case of destinations which are not large volume resorts, principal tour companies from generating countries can use these local companies as middlemen to put together the destination portion of the package. These companies have generally no presence in the major tourist generating markets nor any direct contact with tourists from these markets except insofar as the tourist may independently purchase services (IUOTO, 1975; Bywater, 1992).

Explanation of the Tour Operation Industry

Once more Dunning's eclectic theory on transnationals can provide a clearer understanding of the tour operation industry. Regarding the ownership advantages, there are three areas where tour operators can provide necessary services to both travellers and developing countries (UNCTC, 1982). First, tour operators can arrange packages that can be mass marketed on the basis of their brand name and quality assurance. Second, tour operators are considered specialists in marketing and distribution of tourist related services and can achieve higher sales volume than single service providers. Finally, given the high price elasticity of demand for international travel, the ability of tour operators to obtain low cost charters is crucial. In other words, tour operators are able to reduce economic distance (low cost charter), cultural distance (providing complete packages), and to increase quality of host services (brand name and quality assurance).

Second, the internalisation theory indicates the determinants and forms of involvement of transnationals in the host countries. Tourist generating countries' tour operators can be involved in a tourist receiving developing country by choosing one of the following options:

they can expand horizontally by establishing affiliates; they can integrate with airlines in those countries; and lastly, they can integrate vertically with hotels in developing countries. However, there may be some risks associated with being in the hotel business, such as those associated with direct foreign investment, increased fixed costs, reduced flexibility, and dulled incentives (Gómez *et al.*, 1989). Moreover, Williams (1995: 171) argues that:

There is relatively little product differentiation between resorts and countries, and main competition has tended to be in terms of price differentials. There is, therefore, no imperative for tour companies to own their own hotels. All that is required, as a minimum, is that the tour company can deliver certain levels of ... services at relatively low prices in the resorts for which there is effective demand. The most efficient means of achieving this, in terms of prices, is via a system of subcontracting to locally owned hotel groups.

Therefore tour operators have a dominant position which derives from the fact that they are buying under conditions of perfect competition but are selling under conditions approaching oligopoly (Klemm and Martin-Quirós, 1996). That is because tour operators have the advantages of large-scale purchasing power set against a supply of accommodation which is, as mentioned previously, dominated by a relatively large number of undifferentiated, small-scale hotel companies in most of the tourist receiving developing countries. On the other hand, as noted by Bywater (1992), for some tour operators it might be necessary to be involved in hotel business in order to control one of the most crucial components of their products. The same reasoning may also lead mass-market tour operators to ownership of incoming agencies in destination countries. Third, there are some locational advantages for tour operators in determining which destinations they serve. In this context, Jenkins (1982: 233) notes that 'the business objectives of tour wholesalers might be represented as being the need to identify and organise travel opportunities to destinations which will be acceptable to customers'. Although acceptability changes in terms of different market segments such as sunlust tourists and wanderlust tourists, some groups of factors which make a particular host country attractive for international tour operators can be identified. In this regard, there are at least seven factors, as identified by Ioannides (1998).

First is the availability of suitable tourist amenities in the host country concerned, such as accommodation, communication, food, recreation facilities and transport. Second is the exchange rate and prices in the host country compared to the generating country and other host countries (Goodall, 1988; Reimer, 1990). Third is the manmade and natural attractions of

the host country. Fourth is the distance and relative profitability of the host countries. Fifth is the image of the host country, and the volume, type and rate of tourism growth in the country. Sixth is the market trends in the generating country. Last is the general political, social and economic stability of the country and the attitude of the local population to foreign tourists.

The tour operator's role is essentially one of (Sheldon, 1986): (a) increasing occupancy or usage rates and reducing promotional costs for suppliers; (b) reducing the cost of locating destination information for travel agents and consumers; (c) reducing transaction costs, since communications and bookings with many different firms are reduced to one (with the tour operator); and (d) reducing risks for consumers (in the form of uncertain accommodation, unknown terrain and disaster). Therefore, the dependence of developing countries on international tour operators derives basically from (a) the expertise of these operators as producers and wholesalers of tourism related services; (b) their knowledge of the market, particularly the international market, and their access to the relevant complimentary services whereby a total package of tourism related services can be provided. On the other hand, tourists also depend on tour operators as a source of, presumably, expert information about quality of the product.

Market Structures of Tour Operators in Generating Countries

The tour operation industry in tourist generating countries are generally characterised by two types of tour operators (Renshaw, 1992). A few large tour operators (known as mass-market tour operators) are integrated with airlines and travel agents, and in some cases they may also be involved in the hotel business by integrating with transnational hotels from the same country or elsewhere. Alternatively, many small and medium size tour operators (known as special interest operators and short break tour operators) specialise in particular segments of the tourist market, such as ethnic groups, cultural historic tourism, sailing and cruising, long haul, villa, and skiing holidays.

At the mid-year point of 1997, the Association of British Travel Agents (ABTA) had 635 members within its tour operating section (Key Note, 1998). Between 1992 and 1997, the number of registered tour operators remained similar, although more than 10 percent membership was lost or omitted in any year. The movement in the tour operation sector is a

reflection of the low barriers to entry (Sinclair and Stabler, 1997) and the demand variability of niche products (Key Note, 1998). However, the outbound tourist market is dominated by a few large mass market tour operators integrated with airlines and travel agencies. According to figures from the Key Note Report (Key Note, 1998), in the UK the top ten tour operators accounted for over 60 percent of approximately 25 million seats of ATOL (Air Travel Organisers' License) licences granted in 1997. Five companies - Thomson (17.8%), Airtours (12.3%), First Choice (7.7%), Thomas Cook Group (5.9%) and Cosmos Group (4.2%) - took almost 50 percent of the air holiday licences. Moreover, as the same Key Note Report illustrated, the air inclusive tour (AIT) sector in the UK has also been dominated by these top five tour operators during the period 1992 to 1996. The average market share of the UK's top five tour operators as part of the total air inclusive tours was around 54.4% during that period. However, as recently announced in the Travel Trade Gazette (TTG, 1998a), *First Choice's* purchase of *Unijet* and *Hayes and Jarvis* increased its market share from 10% in 1996 to 15.7% in 1998.

Table 3.2 UK's Top Five Tour Operators and Estimated Market Shares in 1998 *

Tour Operator Company	Investment in		Summer 1998
	Airline	Travel Agency	Market Shares (%)
The Thomson Travel Group (Portland Holidays, Skytours, Cottages Group)	Britannia	Lunn Poly	27.0
Airtours PLC (Aspro, Bridge Travel, Cresta Holidays, Direct Holidays, Eurosites, Late Escapes, Tradewinds, Panorama Holiday Group)	Airtours International	Going Places	18.0
Thomas Cook Travel Group (Sunworld, Neilsen Ski, Time Off, Sunset Holidays, Club 18-30) ^a	Airworld / Flying Colours	Thomas Cook Travel	14.4
First Choice Holidays PLC (Unijet, Hayes and Jarvis, Suncars, Viking International, Eclipse)	Air 2000/Leisure International	Strategic alliance ^b	15.7
Carlson (Inspirations, Orchid Travel)	Caledonian/Peach	Worldchoice	1.5
Total Market Shares of Top Five UK Tour Operators			76.6

^a In October 1998, Thomas Cook and Carlson announced the merger of their UK package holiday interests.

^b Thomas Cook has a 10% stake in First Choice. This is termed a strategic alliance.

Sources: Derived from TTG (1998a), TTG (1998b) and Key Note (1998).

The estimated market share figures of the UK's top five tour operators in the summer of 1998

* Because of the dynamic structure of the tour operation industry, a tour operator's ownership structure changes quite often. Even though, this table has been provided on the basis of the recent figures, one should consider the possible changes which might have occurred.

are as illustrated in Table 3.2. All these figures indicate the fact that the lion's share of the UK tourist market is held by a few large companies which control the outbound tourist market through backward (with airlines) and forward (with travel agencies) integration.

Similarly, in Germany five large integrated tour operators, TUI (Tourist Union International GmbH und Co. KG), DER (Deutsches Reisebüro GmbH), NUR (NUR Touristic GmbH), the LTU Group and ITS (International Tourist Services Länderreisesdienste GmbH) controlled approximately 67% of the Germany's outbound tourism, particularly to the Mediterranean countries in 1994 (Károher, 1996). However, there is a major difference between the UK and German tour operators. Whereas German tour operators have expanded into other European markets the UK tour operators have been reluctant to move outside their home market (Gratton and Richards, 1997). In France, the inclusive tour market has also been controlled by five tour operators, Club Méditerranée, Fram, Frantour, Nouvelles Frontières and Sotair (Bywater, 1992).

In Europe, except in the UK, tour operators tend to be involved in the hotel business (see Appendix 1). Although the European package tour business has many small operators offering special interest holidays, it is obvious that the European tourist market is dominated by a few large companies. Porter (1985 and 1986) argues that firms' competitive strategies are based on seeking low-cost leadership, product differentiation and focusing on market niches. The application of these competitive strategies can also be seen in tourism. For example, tour operators may seek cost leadership in the mass market by establishing holiday packages in leading low-cost destination countries, or by *differentiating the product and focusing on niche markets*. It is worth remembering that vertically integrated mass-tour operators are able to reduce their costs and seem to be more price competitive *vis à vis* small and medium tour operators. However, there is one feature that may change this (Sheldon, 1986): by focusing on niche markets, the smaller tour operating companies may gain a foothold in the market, albeit a smaller one.

The tour operation sector of the USA is structured somewhat differently from that of Europe (Bitner and Booms, 1982). Due to the geographical spread of population and the variety of tourism amenities in the country and its neighbourhood, the tour operation industry in the USA is less concentrated and operates on a relatively smaller scale (Ioannides, 1998). For

example, any US-based company with more than 100,000 sales per year is considered large (cf. the number of UK-based operators with sales of more than a million). Therefore, it may be said that while most of the package tours from the European tourist generating countries to the host developing countries are dominated by a few large mass-market tour operators, the package tour industry in the USA is domestic and handled by small and medium size tour operators or travel agencies.

In conclusion, it can be said that owing to conditions for, and the nature of, tourism demand itself in tourist generating countries, the tour operation sector has been dominated by large and transnational companies from developed countries (see also Bitner and Booms, 1982; WTO, 1985). As noted earlier, in some cases, international tour operators, which are integrated vertically with hotels and airlines, especially with charter airlines, have more influence on the international tourist markets. In this regard, as Dieke (1989: 10) points out, citing Leonie Dobbie (1977), 'tour operators exercise their power on the destinations as interpreters and co-ordinators of tourism demand'. In that case, a few mass market tour operators are able to determine the direction and the type of tourism development in a host country.

Impacts on Host Developing Countries

After having studied the various advantages and the influential role of tour operators on tourist demand and flow patterns, it is now essential to look at their impacts on developing countries. It has been already noted that international tour operators are specialists in the areas of marketing, public relations and management because of their skill in linking a country's tourism products and services to tourists. On the other hand, in most of the sun-belt developing countries around the world, particularly in the Mediterranean and more recently in the Caribbean and South Pacific, governments encourage rapid development of their resorts in order to take full economic advantage of international tourism, and the owners of the accommodation establishments in those areas look naturally to tour operators as the easiest way to generate their business (Middleton and Hawkins, 1998).

Because of its nature, the tourism product has to be consumed at the place where it is produced. Tourism enterprises of the tourist receiving countries therefore market their

services abroad, often with the help of middlemen such as tour operators and travel agents, with the expectation of customers coming to their home country where the services are produced and consequently must be consumed. International tour operators are therefore in a position to influence the development of a destination, including the speed of growth, type of development, and also the markets a destination will serve and the prices it will offer. As the UNCTC's report (1982: 45) indicated, the impact of tour operators on developing countries 'depends upon the size and number of inclusive tours from the tourist generating country to the tourist receiving country and on the size and structure of tour operations in the tourist generating country'.

The large mass market tour operators played a crucial role in the development of the international tourism industry, particularly in areas where rapid mass tourism development was encouraged in order to benefit economically from international tourism. However, this kind of tourism development increased the tour operators' impact on the destination countries. These impacts can be separated into two groups: positive ones; and negative ones. In terms of positive impacts, tour operators can help establish and improve the image of a host country. Also by directing the tourist demand to the countries they promote, they increase occupancy rate and foreign exchange earnings in the host developing country. However, in some cases, as Bull (1995) notes, much of the total holiday price paid to the tour operator or travel agency by the tourist may not be channelled to the destination country as might be expected. This is because the tour operators have used their own airlines to transport the tourists and accommodate them in their shareholder hotels. It is almost impossible to generalise about the price breakdown of inclusive tours and proportions which accrue to the host country and elsewhere. There are several reasons for this (IUOTO, 1975); first, the distance of the host country from the generating one; second, the variation in the hotel rates; third, hotel and local itinerary arrangements; and fourth, the use of scheduled and charter airlines. However, it is argued that the price of a full-board inclusive tour, from any western European country to a mass tourist receiving developing country, can be broken down as illustrated in Table 3.3.

Table 3.3 The Price Breakdown of a Short-Haul Full-Board Inclusive Tour from any Western European Country to a Mass Tourist Receiving Developing Country *

Tour Component	%	Tour Component	%
Scheduled Flight	40%	Charter Flight	35%
Hotel, transfers, etc.	40%	Hotel, transfer, etc.	45%
Tour operator's overheads, profit and commission	20%	Tour operator's overheads, profit and commission	20%
Total	100%	Total	100%

Source: IUOTO (International Union of Official Travel Organisation) (1975: 91).

Depending upon the use of a scheduled flight or charter flight, the price breakdown of an inclusive tour changes. Assuming that the host developing country has no charter airline, the amount of tour price that accrues to the host country will decrease. However, there are two possibilities concerning the amount of revenue that accrues to the host country in the case of mass tourism. The first is that tour operators use a scheduled flight and a locally-owned hotel within the host country. The second possibility is that tour operators use a charter airline from the generating country and a foreign-owned hotel in the host country.

As illustrated in Table 3.4, the share of a host country will be around 52% if the hotels are locally owned and tour operators use the scheduled flight. In contrast, if tour operators contract with foreign-owned hotels and charter airlines, the share of the host country will decrease to 30%. If one adds import leakages to these figures, the share of the host country will be even more limited. A full proportionate subdivision of these two cases is given in Table 3.4.

Table 3.4 Proportionate Allocation of Revenue from Various Types of Inclusive Tours to Mass Tourist Receiving Developing Country

Cases	Proportion accruing to the tourist receiving country	Proportion lost to other countries
Case I:		
Scheduled flight	20%	20%
Hotels, transfers, etc.	32%	8%
Tour operator's overheads, profit and commission	-	20%
Total	52%	48%
Case II:		
Charter flight	3%	32%
Hotels, transfers, etc.	27%	18%
Tour operator's overheads, profit and commission	-	20%
Total	30%	70%

Source: IUOTO (International Union of Official Travel Organisation) (1975: 92).

* For similar figures see also Lickorish and Jenkins (1997: 115).

These figures highlight the impact of international tour operators on the tourism revenue of a host country. Moreover, it is generally agreed that other negative impacts of tour operators cover five main areas; first, their control over the structure and development of the tourism industry in the host countries; second, the dependence of host countries on international tour operators; third, their bargaining powers *vis à vis* local suppliers; fourth, their ability to create the image of the host country in the generating countries; and fifth, their ability to influence the seasonality of the tourism industry in most of the host countries. An in-depth discussion of these five issues will give us a better understanding of the negative impacts and influential role of international tour operators in developing countries.

Control Over the Structure and Development of the Tourism Industry

One of the most important impacts of tour operators refers to their control over the structure and the development of the tourism industry in developing countries. As a starting point, Cohen's following observation is considered to be most useful in understanding the issue (Cohen, 1972: 171): 'a tourist infrastructure of facilities based on Western standards has to be created even in the poorest host countries. This tourist infrastructure provides the mass tourist with the protective *ecological bubble* of his accustomed environment'. In this regard, large mass-market tour operators, particularly those who deal with sunlust travellers, may not want to sell the destinations of certain developing countries, unless they provide acceptable amenities, including large hotel developments. They may prefer the accommodation establishments associated with high foreign involvement, particularly during the initial stage of the tourism development since it may be difficult to find locally owned or operated accommodation establishments which meet the requirement of their customers (tourists). Due to the fact that mass-market tour operators cater for a large volume which enables them to achieve economies of scale, they may only want to negotiate with and contract large hotels which are able to provide international standards and handle a high volume of business. It is obvious that such hotels are likely to be transnational and a certain size, and this type of hotel development is seldom seen in developing countries particularly during the initial stage (construction) of tourism development. This kind of hotel development also gives rise to many import requirements, and results in heavy leakages. Moreover, the speed and concentration of such development may lead to some undesirable impacts, such as environmental,

sociocultural, planning and manpower problems for the host countries.

On the other hand, in some destinations, as Ioannides (1998) contends, tour operators may also work with local hoteliers as long as they ensure that their product is mainstream and comparable to that offered by their larger transnational counterparts. Only on rare occasions, if a destination's primary tourist attractions are exceptional, tour operators may not consider the quality and the size of the accommodation since they feel confident to sell to a special group. For example, it was noted in the study of Ioannides (1998) that one US-based firm catering to the higher end of the market added some part of Eastern Europe and Turkey to its program, even though the standard of accommodation and other tourism services was perceived to be far below their clients' normal expectations.

Dependency on Tour Operators

As noted earlier, international tour operators from developed countries have the power to direct the volume of tourists to particular destinations of developing countries. The host developing countries are thus in a vulnerable and dependent position. Tour operators may therefore have a detrimental effect on those countries which rely heavily on a high ratio of package holidays. The host countries may find their considerable investments in tourist complexes wasted when tour operators switch to other destinations. However, Jenkins (1997) argues that this tends to be exaggerated. He puts the issue as follows (1997: 56):

Most tour operators who send tourists to particular countries often do so over a long period of time and build up a relationship with these countries and sometimes invest in joint marketing. It is not a relationship that is broken easily but it can be changed because of the exogenous circumstances that affect tourism, for example, due to political uncertainties in regions and countries.

The exogenous circumstances that may lead tour operators to switch the tourism demand alternative destinations can further be explained by a number of other factors. As a result of government regulations, exchange rate changes or other political, economic and social factors, the host country may begin to be unprofitable for tour operators. Moreover, conflicts between large tour operators and host countries may also be a reason for tour operators to stop serving that particular destination. In this regard, it is worthwhile to remember that tour operators are only integrated with airlines from developed countries and do not have long-term financial commitment at risk in developing countries, and are therefore in a position to shift to

alternative host countries. However, in the case of special interest tours, the situation may differ. Therefore, it is important to note that, unlike large-scale mass tour operators, the special interest tour operators may display considerable loyalty towards the destination they market (Ioannides, 1998). That may be partly because a special interest tour operator's entire business may depend on specialised tours to a narrow range of destinations, and may offer customised holidays for individual travellers who travel for special purposes (for example, hiking in the Himalayan region of Nepal), so cannot easily substitute their destinations.

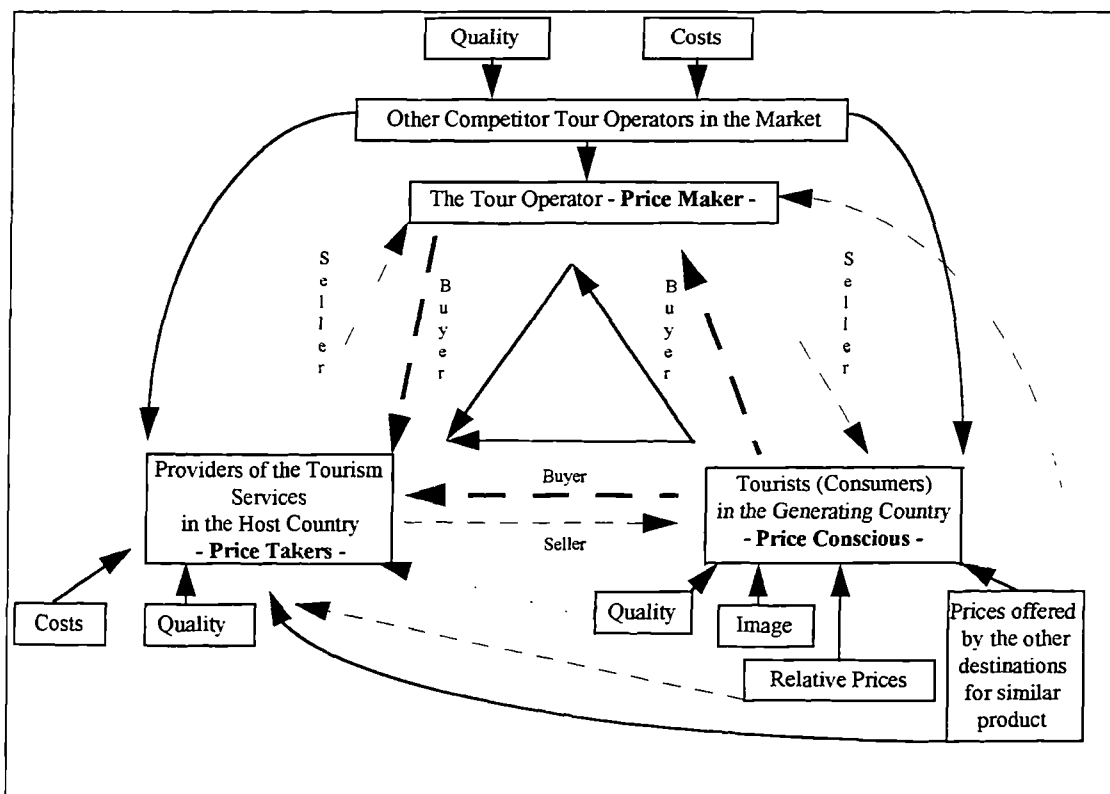
Bargaining Power of Tour Operators vis à vis Local Suppliers

The next area of impact to be considered is that of the notion of the bargaining power of international tour operators vis à vis local suppliers of tourism services. The tour operators' bargaining position is reinforced by the large number of tourists which they provide. The fact is that tour operators' ability to bring increased numbers of tourists to destinations encourages entrepreneurial activity and increases the supply of accommodation (Burns and Holden, 1995). This is known as the *displacement effect* of tourism development (Cooper *et al.*, 1998). As the supply of accommodation increases the more opportunity there is for the tour operator to play hotels off against each other and reduce the prices they pay. For example, since indigenously owned small and medium sized accommodation establishments are particularly vulnerable and depend on international tour operators to increase occupancy rate, tour operators push them to give low price rates (Sinclair *et al.*, 1992). There may be various reasons for this. For example, as Buhalis and Cooper (1998) suggest, from the point of view of indigenously-owned small and medium-sized accommodation establishments, five different scenarios can be observed in order to explain the causes of low price rates and hence the competition: (a) Scenario one - competition from similar products and service providers at a destination; (b) Scenario two - competition from similar or undifferentiated destinations; (c) Scenario three - competition from differentiated destinations; (d) Scenario four - competition in the distribution channel; and (e) Scenario five - competition with alternative leisure activities.

Given these scenarios, it is possible to explain the causes of low price rates and competition from a broader perspective in the international tourism industry. In this respect, the important point to make is that while most of the providers of the tourism services in the host countries are generally 'price takers' rather than 'price makers' (Jenkins, 1994), consumers (tourists) in

the tourist generating countries are 'price conscious' rather than 'price takers' (Dieke, 1988). In the case of the former, tourism is an export industry where competitive standards and prices are determined by the international market, not by the providers of the tourism services themselves. Therefore, if tour operators can not get the acceptable level of services at the right price, then they may easily switch the demand to alternative establishments or destinations. While all other things remain unchanged, the latter case (the price consciousness of tourists), may create three different actions. First, in terms of prices and satisfaction, if the holiday needs are not met in one destination, then tourists may want to move to alternative destinations. Second, consumers may not want to make early booking since they may have low-price expectation of late bookings. Therefore, tour operators because of their high capacity must either take prices down or reduce their high capacity of bookings in order to keep the level of prices. This inevitably creates competition among the host countries that have similar attractions for tourism and whose destinations are substitutable.

Figure 3.2 Some of the Factors that Cause Competition within the International Tourism Industry



Source: This figure has been drawn based on the theoretical arguments.

Third, since consumers are 'price conscious', changes in the prices of other goods may also affect the demand for holidays. For example, if car prices decrease, consumers in the generating countries may then wish to allocate their discretionary income to buying a car, and none of it to taking a holiday. It can therefore be said that the tourism product of the host countries can also be substituted for other goods in the generating countries. Destinations are competing not only with the other destinations, but also with other products, such as a new car, home or electronics. However, accommodation establishments in the destinations compete against each other and fail to appreciate that they are competing against tourism products and services in other tourist destinations and alternative activities and spending opportunities in the tourists' country of origin (Buhalis and Cooper, 1998) (for further factors that cause competition see Figure 3.2).

As long as the mass tourism product is standardised into a package consisting in essence of an attractive hotel in a sunny climate, possibly on a beach, the purchaser of an inclusive tour is largely indifferent to the country in which his/her attractive hotel is located (Burkart, 1975). Therefore, as the touristic qualities of destinations are very similar and comparisons are difficult (Tunisia is as good as Morocco), competition among tour operators mainly relates to price (Ascher, 1985), particularly for the sunlust tourists. Although this gives some benefits to consumers in tourist generating countries, it is generally at the expense of the tourism industry in developing countries, which are forced to accept relatively low rates. Evidence of the power of concentrated buying by tour companies is shown in a study of hotels in Portugal, Greece, and Spain (cited in Urry, 1990) in which British tour operators obtained the lowest prices in 39 of the 57 hotels surveyed. In order to force hoteliers and host countries to accept low rates and remain flexible against fluctuations in tourism demand, tour operators sell a number of destinations more or less indiscriminately (mainly undifferentiated products).

It can be further argued that since mass market tour operators marketing 'look alike' sun, sea, and sand destinations can rarely differentiate their products on the basis of price, then they may try to compete on the basis of quality (Ioannides, 1998). Therefore, it may be necessary for those operators to convey an image of high quality facilities and services through their brochures and more recently via the Internet World Wide Web pages. In that case, tour operators create images of the destinations they market.

Creation of Place Images

The formation of image has been described by Reynolds (1965) as the development of a mental construct based upon a few impressions chosen from a 'flood of information'. In the case of destination image this 'flood of information' has many sources, and as argued in the study by Dieke (1989), it is possible to separate them into three. The first is the extent to which a tourist destination is known. For example, a destination may have an established traditional image of tourism and therefore be popular with tourists. The second relates to the view of the tourist receiving country which wishes to present a positive image of itself to the international community. The third refers to how tour operators would wish the destination to be seen by using various promotional tools to get their messages across. It is also possible to fit these three variants into Gunn's (1972) two classifications of how images, 'induced' and 'organic', are formed. *The induced image* is the impression(s) one will have of an area without having been there. These images are formed through advertising, news reports, information received and processed from friends and relatives, and other indirect information sources. *Organic images*, on the other hand, are formed through non-tourism sources (books, media, news reports, and films). Phelps (1986) contends that images are formed in two levels, primary and secondary. *Primary image* formation results from actual visitation. *Secondary image* formation results from any information received from another source. In this case Phelps has grouped both Gunn's *induced* and most of the *organic* image formation agents into one type (secondary image) and separated out actual visitation as a distinctly different form of image formation (primary image).

Using Gunn's image typology as a starting point, Gartner (1993) has studied the image formation process as a continuum consisting of eight distinctly different components. The first is '*overt induced I*' which consists of traditional forms of advertising such as the use of television, print media, brochures, billboards, etc. by destination promoters in a direct attempt to form particular images in the minds of prospective tourists. The second is '*overt induced II*' which consists of information received or requested from tour operators, wholesalers and organisations which have a vested interest in the travel decision process but not directly associated with any particular destination. The third is '*covert induced I*' which aims to develop destination images by using traditional forms of advertising, as in '*overt induced II*', but the

image is projected through the use of a recognisable second-party spokesperson. The fourth is '*covert induced II*' and includes the images formed by, for example, travel writers for newspapers and magazines. The fifth is '*autonomous*' and consists of independently produced reports, articles, films, documentaries, etc. about specific places. The sixth is '*unsolicited organic*' and consists of unrequested information received from individuals who have visited an area or believe they know what exists there. The seventh is '*solicited organic*' and consists of requested information from a knowledgeable source, generally one's friends and relatives. The last is '*organic*' and consists of actual visitation, after which a new destination image is formed in the mind of the visitor. In the context of this study, it is the *induced* type, particularly *over induced II*, which has most relevance.

Holidays are generally purchased when individuals perceive that the benefits they will attain can best satisfy their needs, but any decision to purchase is based on information about the service, and the way it is understood by each individual. Potential travellers generally have limited knowledge about the attributes of a destination which they have not previously visited. In that case, in order to encourage a desire to visit the destinations they feature, tour operators fulfil an important role in promoting those destinations (Phelps, 1986). In other words, since advertising and promotion via brochures play a key role in consumers' choice of destinations (Kent, 1990), tour operators are the principal agencies in the creation of tourism marketing and advertising promotion. Thus, one of the major functions of tour operators is to influence their customers by creating images of destinations (Lapage and Cormier, 1977; McLellan and Foushee, 1983). By doing this, they not only shape tourist expectations (sea, sun, sand, sex, and servility) but also they create images of peoples and cultures that may be inconsistent with reality (Ascher, 1985). In this sense tour operators help to build positive or negative image(s) of the tourist receiving countries. However, it should be added that 'tour operators can only retain the desired image if the resort is compatible with the market segment they serve. From this viewpoint therefore, the image of specific tourist destination may be in part generated from the image of the tour operators that promote holidays in that area' (Ryan, 1991:176).

Seasonality

There is another influence of the international tour operators that relates to their promotional

strengths. Tour operators match acceptable destinations with tourism demand and they have considerable power in making a destination acceptable, manipulating and directing tourist demand in line with their own interest. By switching their promotional power, international tour operators can direct large flows of tourists to other destinations at the best time of the season. This, of course, increases the pressure on hotel supply and congestion during peak season in the destination country and causes under-utilised capacity and unemployment in the rest of the season (UNCTC, 1982). However, they can also help reduce seasonality by organising tours during the off-season for incentive travellers or special interest groups, although this issue again demonstrates the dependence of developing countries on international tour operators.

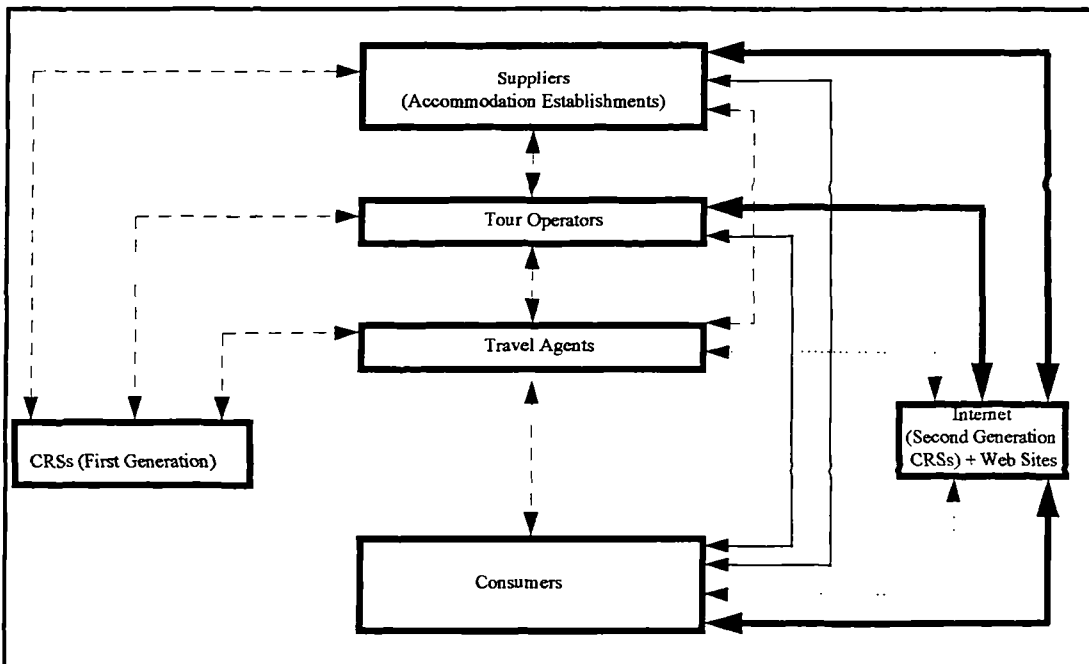
Information Technology (IT): A Challenge or An Opportunity?

There is a sense in which, the use and the development of information technology (IT) may reduce the role of conventional travel intermediaries, and hence tour operators can be seen as redundant in the structure of international tourism. More specifically, it is argued (see, for instance, Poon, 1993) that in an era of easy communication by telephone, fax, and beyond these, when computer technology makes information much easier to obtain, people will be able to put their own holidays together without depending on operators and/or agents as intermediaries. In fact, the evolving technologies in telecommunications have created the opportunity for both tourist destinations and travel intermediaries to present themselves in a completely different and customer-oriented way. In this respect, it may be true to say that the introduction of new technology will have a major impact on international tourism.

As described by the Electronic Commerce Association (cited in Hsieh and Lin, 1998), the information technology may involve bar-coding, electronic data interchange (EDI), electronic document management, electronic funds transfer, e-mail, and the Internet, networking, smart cards, voice response, etc. Within the international tourism industry, information technology traditionally used to refer to Global Distribution Systems (GDSs) - Amadeus, Galileo, Sabre, Worldspan - which were developed by airlines to automate their passenger seat reservation and ticketing process (Wheatcroft, 1998), and Computerised Central Reservation Systems (CRSs) - Utell, Golden Tulip Worldwide, Hilton International Worldwide, etc. - which were developed particularly by the international hotel corporations to accept world-wide room

reservations. In today's world, CRSs and GDSs can display the availability of, and make reservation for flights, hotels, inclusive tours, and car rentals (Littlejohn, 1997; Sheldon, 1997). Having said that, CRSs and GDSs can be criticised in two respects. First, particularly for a developing country, participation in a central reservation system does not guarantee a higher market share unless a developing country's tourism services are represented fairly without computer display bias, discrimination and high fees charged for access. Second, GDSs can only be used by suppliers of the tourism services (airlines, hotels, and car rental agencies) as illustrated in Figure 3.3.

Figure 3.3 A New Dimension in the Distribution Channels of Tourism



Source: Rimmington, M. and Kozak, M. (1997: 67).

As illustrated in Figure 3.3, CRSs do not allow consumers to have direct access to the providers of the tourism services and vice versa. However, as Figure 3.3 also shows, among information technologies, the one which has recently become the focus of attention from all business management is the Internet, also known as 'International Electronic Network'. The Internet allows both suppliers and consumers to have direct contact. It is argued that consumers can easily access the suppliers of the tourism services in a host country, book their hotels and flights, and arrange their own holidays without depending on the travel intermediaries. For instance, THISCO (The Hotel Industry Switch Company [URL: <http://www.consothotels.com>]) is an important development, both from the point of view of

how it came about and what it does. THISCO is part of Pegasus Systems, Inc., which is one of the leading world-wide providers of hotel reservation and commission processing. It was founded in 1989 by the hotel industry for the hotel industry. Its mission was to develop a universal electronic switch to connect hotel reservation systems to the major distribution systems selling the hotel product to the travel agency industry and consumers around the world.

Today, the system consists of 28 hotel companies with over 90 hotel brands, which have more than 25,000 properties and 2.3 million rooms (THISCO, 1998). Its on-line access allows consumers and travel intermediaries a single point to access details on a wide number of hotels, in a very full and clear way. On the Internet, it allows consumers to access hotel groups and individual units and, potentially, to avoid the commission element of a intermediary-made booking. Modern day's hotel chains are now using the Internet and Global Distribution Systems to improve business operations. The relationship between travel agents and hoteliers is changing as the industry gets connected to the Internet. This may be also a growing opportunity for the future of the tourism industry. For example, around 40 million people are assumed to be directly connected to the Internet (Hsieh and Lin, 1998). The number is increasing by around 100% every nine months and is expected to reach between 400 and 800 million by the end of the year 2000 (cited in Rimmington and Kozak, 1997). Particularly in the UK, as Key Note Market Report (Key Note, 1998) states, there are nearly 1 million Internet connections used by 8% of the population. Half of the regular Internet users shop electronically and if the forecasts of 2.6 million dial-up account holders come true, the possibility of shopping and booking holidays over the Internet will be a substantial proportion of the existing market. According to the most recent figures published by the Travel Industry Association of America (TIA) (cited in Wardell, 1998), on-line travel sales increased by just under 200% in 1997. They are projected to increase by 130% in 1998, and by a further 68% and 47% in 1999 and 2000 respectively, eventually reaching US\$8.9 billion in 2002.

Given these figures, one can question how the Internet can/will alter existing tourism distribution channels. Regarding the implications of the Internet and distribution channels, Rachman and Richins (1997) have suggested five different possible scenarios in the context of a developed country, New Zealand: (a) the Internet may reinforce the existing intermediary structure; (b) tourists make all their arrangements directly with a tourist generating country's

tour operators on the Internet, bypassing travel agencies; (c) new intermediaries may emerge on the Internet that perform the functions of all tour operators and travel agents in tourist generating countries; (d) tourists can make their arrangements with a destination country's tour operators on the Internet bypassing a generating country's tour operators and travel agents; (e) through the Internet, tourists contact the suppliers of the tourism services in a destination country and arrange their own holidays without depending on the tourism intermediaries.

The foregoing might prompt the following speculations. From a critical analysis, the first three scenarios neither seem to be very beneficial nor appear to change the structure of the distribution channels in favour of a developing country. However, the last two options may be beneficial for a host developing country's tourism enterprises and perhaps change the structure of the traditional distribution channel, but, it appears to be difficult to predict which scenario(s) might be relevant in the future. In addition, it should be considered that tourism enterprises in developing countries need to invest in the information technology and human resources to support it.

In this consideration, it can be argued that the increasing use of the Internet may have a major impact on the need for conventional travel intermediaries, like tour operators and travel agents, as distributors of travel arrangements. However, it may not be as easy as all that and the challenges from both the demand and supply side of the industry should be taken into account when evaluating the possible impacts of IT on the structure of international tourism.

Demand Side Challenges

The relatively low number of users accessing the reservation pages is noteworthy and indicate that many Internet users prefer their travel agents to make bookings (Hanna and Millar, 1997). For example, it has been reported in the Key Note 1998 Market Report (Key Note, 1998) that 61% of consumers would not use a computer or TV (teletext) to book a holiday. That may be because of the five reasons which are identified and explained below.

First, as Urbanowicz (1990) and Yale (1995) argue, it may be difficult for individuals to know much about a particular hotel in a particular destination and booking to stay there may be an expensive mistake (particularly in a developing country). For example, 'Who would accept

responsibility and provide compensation when the holidaymaker arrives at his selected hotel to find that the hotelier has overbooked and the holidaymaker is told he has to spend his holiday somewhere else?', 'Who is responsible when the holidaymaker and his family suffer food poisoning from badly prepared food at their hotel?'. Such questions highlight the need for international tour operators in distributing and promoting the tourism services of a tourist destination. It may be more convenient for the holidaymaker if the tour operator is found to be personally negligent and the holidaymaker has a right of action against him. In addition to that, the tour operator, as an intermediary, makes the arrangements for individual travellers and ensures that getting to the hotel, transfers from airport to hotel, etc., will be as painless as possible. For example, the main legislation concerning European tour operators is the 'EC Directive (90/314/EEC) on Package Travel, Package Holidays and Package Tours' (Bywater, 1992; Hodieme and Botterill, 1993; Stewart, 1993). In particular concerning tour operators, the directive regulates aspects of contract formulation, payment, service provision, liability and information provision. It also limits price rises for package holidays; and it imposes insurance and bonding schemes on tour operators to ensure the repatriation and refunding of consumers in the event of a tour operator ceasing trading.

Second, Jenkins (1995: 715) argues that '... information technology and powerful CRSs (Computerised Reservation Systems) can facilitate flexibility is not in contention - the *real* question is at what price? Price is ultimately the main influence on market segmentation'. For example, as UK Travel and Tourism Market Review (Key Note, 1997b) reports, the most important factor for people when they are booking a holiday is price. In this respect, what is more important here is that by virtue of its bulk-buying ability, the operator can often book the same hotel more cheaply than individuals could on their own.

Third, people from the tourist generating countries may take holidays by using the IT independently. The current concern here is the low number of independent travellers to particular tourist destinations. For example, as can be seen from Appendix 2, the share of independent holidays from the UK is relatively low to particular tourist destinations of the Eastern-Mediterranean such as Cyprus, Greece, Malta, and Turkey. On the other hand, the figures change in favour of independent holidays to France, Spain, and Portugal. One of the reasons for this might be the accessibility of these countries from the UK. For example,

Western Mediterranean countries can be accessed easily by land, rail and sea transportation, since they are relatively short distance destinations. Eastern Mediterranean countries such as Cyprus, Greece, Malta, and Turkey can only be easily accessed by air transportation, since they are relatively long distance destinations. This leads to the importance of integrated tour operators for travelling to these countries since most of them have their own charter airline companies.

Fourth, while the primary commercial objective of tour operators is to sell package holidays, they also fulfil a much broader role of promoting and marketing the destinations and properties contained in their brochures. Therefore, another important role of tour operators, as identified by McLellan and Noe (1976) and Bitner and Booms (1982), is as gatekeepers of information. In effect, they become tourism representatives for the destinations in their brochures. Their influence can spread over the entire market since individual travellers also obtain information from tour operators' brochures. In other words, tour operators, and also travel agents, provide information about destinations even if travellers do not choose to use their services. Of course, the use of IT can provide some free information on tourist destinations, although there will always be consumers who do not know much about IT. Moreover, even if the consumers know more about IT they may still need help sorting out their possible problems with prices and options. In other words, technology may increase the complexity which then strengthens the position of intermediaries who reduce this complexity for customers. For example, Graham Todd, managing director of the Economist Intelligence Unit's Travel and Tourism Department, quotes his own experience of the Internet travel search as follows (Todd, 1996: 2):

..., for the average computer novice like me, things may not be all that they seem. Last week I wanted to find a simple piece of information - the railway timetable for the new Eurostar service from London to Paris. I did not want to book anything, I just needed the times. So I logged on to the Internet, hit the relevant button and waited. What I have got, after a delay of about five minutes, was the timetable of the Deutsche Bahn in Germany. This could tell me when I could travel from Hamburg to Munich, but did not seem quite so good at telling me how to get from London to Paris. I *surfed* around for a while, trying to appear as a nonchalant, computerised travel expert, but that did not fool the system. So then I went down the road to my local travel agent and found what I needed in the old-fashioned way.

Last but not least, there may also be cultural barriers for individuals arranging their own holidays in an unknown environment. For example, according to a study by the United States Travel and Tourism Association (USTTA, 1988 cited in Berrol, 1990: 166), 'the use of both

agent and inclusive package are high among those going to Eastern Europe, perhaps because of greater perceived difficulties in making independent arrangements in that area'. An analysis of tourist psychology can also help to explain the issue. In this regard, for instance, Plog's (1977) study provides more insights. He identified two psychologically opposite types of tourists: 'allocentrics' and 'psychocentrics'. The allocentric is a confident and adventurous tourist who welcomes changes, new experiences, foreign environments and 'going it alone'. By contrast, the psychocentric tourist seeks familiar and safe surroundings, tends to lack confidence in a strange environment, and prefers to be entertained and looked after. Therefore, for the latter group, the importance of tourism intermediaries (travel agents and tour operators) is crucial. These are of course extreme examples, as Holloway (1994) noted, in practice most holiday makers are likely to fall somewhere between the extremes, as mid-centrics. It is also noteworthy that personalities change over time, and that given time, a psychocentric may become an allocentric in his/her choice of holiday destination and activity, as they gain experience of travel.

Supply Side Challenges

Individual suppliers in tourist receiving countries, particularly in developing countries, may suffer from greater than usual difficulty in matching their supply with demand. Without a large advertising budget such suppliers can not make contact with all the potential tourists. Diaz (1995: 31) argues the issue as follows:

The final sale of tourism products in several developing countries is currently being handled primarily by international tour operators who contract hotel rooms from domestic hotel and resort owners in advance of the tourist high season. Hotel owners do not have the resources to invest in international advertisement campaigns and depend on tour operators for the sale of rooms in the international markets. Information networks may provide developing countries with a way to present and sell their products to an international audience. As the end-user begins to increasingly access the service providers directly over a highly interactive media interface, the role of intermediaries will begin to diminish.

For large multinational companies, there does not seem to be a problem. A search of the Internet would show that most of the well-known multinational hotel companies (Hilton Hotels Corporation, Hyatt Hotels Corporation, Intercontinental Hotels, etc.) have World Wide Web (WWW) pages to promote their services and even to take reservations through the Internet. However, it is worth noting that since the Internet is not yet a secure on-line system for taking

reservations, it may create some problems. For instance, even an international hotel company, Sheraton Hotels, learned the hard way when computer hackers booked every room in the world for them. The hotel chain lost millions of dollars in lost customers and in downtime to straighten the problem out. On another occasion, the Sheraton found that many of its customers' reservations had been cancelled by the pranksters on the Net (Seal, 1995).

There may be some advantages in doing business on the Internet for small and medium size locally owned/operated independent establishments in a host country. The major ones are described as follows: (a) all sites on the Internet are equal, and the small companies have just as much space in heavily used search engines as the large corporations; (b) the Internet is considered to be a less expensive way for small companies to market their goods and services globally (Wilder, *et al.*, 1997); and (c) the Internet allows small businesses to implement effective globalisation strategies, which would be otherwise impossible or implausible due to the complexity of doing business in foreign countries. However, the use of the Internet may be very limited among the small and medium-sized and locally owned/operated independent establishments of developing countries. There may be certain reasons for this.

The first thing to be considered is that one of the most important problems of developing countries is the inadequacy of trained personnel, both qualitatively and quantitatively, and hence their reduced IT capacity (Rimington and Kozak, 1997). This prerequisite is becoming more important over time because of the ever increasing sophistication of IT. Unlike developed countries where hardware and software support is taken for granted, locally owned/operated enterprises in the developing countries have to think twice when support is concerned. In developing countries, training-on-the-job facilities may be far from satisfactory, not only because the effectiveness of the training organisations is questionable, but also because they require scarce resources which may be directed to other priorities. Second, English is the international language for information technologies as well as for global trade. Programming languages and most of the hardware and software manuals are in English which is therefore a prerequisite for training people in IT. Third, a non-roman alphabet or character set would create another problem, since computers use the roman as the native alphabet and additional cost and effort is necessary to support a national character set.

It is, of course, true that IT may help to increase the effectiveness of the destination countries' promotion and even individual suppliers of the destinations can use it as an effective channel to advertise their services (for example see Marcussen, 1997; Cano and Prentice, 1998). However, even if the individual suppliers are able to be in contact with potential tourists by utilising the information technology (like the Internet), they may face other problems such as unfamiliarity with the tourist's home environment and consequently an inadequate reputation in the eyes of tourists (Yale, 1995). So when considering the structure of international tourism, what is questionable whether the role of tour operators will tend to diminish or increase with the use of IT.

The Internet: An Opportunity for Tour Operator

As Sheldon (1997) argues, information technology can be used by the tour operators of the tourist generating countries to reach the customers, and travel agencies can be bypassed by both consumers and tour operators. World Wide Web pages provide a directory of tour operators by speciality and destination. Between 1986 and 1997, the percentage of outbound air inclusive tour (AIT) package holidays bookings accounted for by travel agents fell from 85% to 80%. Similarly, 50% of ferry bookings were handled through travel agents in 1986, compared with 32% in 1997, while the percentage of non-package independent holidaymakers through travel agents fell from 44% to 32% (Key Note, 1998). These figures illustrate the continuing trend of travel agents losing market share. It is a trend that is driven by an increase in the number of experienced travellers and perhaps the increasing use of technology. According to the International Labour Organisation (cited in Key Note, 1998), once new technology, in the shape of the Internet, takes hold, it could quickly drive travel agents out of business. This approach benefits tour operators in a number of ways (Buhalis, 1998): (a) the Internet enables tour operators to concentrate on niche markets by offering customised packages; (b) the Internet allows tour operators to update electronic brochures regularly through their Web Sites; (c) it saves the 10-20% commission usually made payable to travel agencies; (d) it reduces the costs of incentives, bonuses and educational trips for travel agencies; (e) it saves the cost of developing, printing, storing and distributing conventional brochures which is estimated to be approximately £20 per booking. However, most of the travel agents believe that the Internet will be used by most consumers as an electronic

brochure, and, when it comes to booking, most will still use travel agents, either face-to face at a retail outlet or over the phone in the same way that teletext is used as a method of finding out the cheapest prices (Key Note, 1998).

Table 3.5 Tour Operators on the World Wide Web (WWW)

TOUR OPERATORS	THE WORLD WIDE WEB ADDRESSEES
Air Travel Group	http://www.atg.co.uk
Club Mediterranean	http://www.clubmed.com/
Cosmos	http://www.globusandcosmos.com/
Eclipse Direct	http://www.eclipsedirect.com
First Class Holidays	http://www.1stclassholidays.co.uk
First Choice	http://www.firstchoice.co.uk/
Holidays Direct	http://www.holidays-direct.co.uk
Manos	http://www.manos.co.uk
Saga Holidays	http://www.saga.co.uk
Sovereign	http://www.sovereign.com
The LTU Group	http://www.ltu.com/ltu
Thomas Cook	http://www.thomascook.co.uk
Thomson	http://www.thomson-holidays.com
TUI	http://www.tui.com
Other Specialist Tour Operators Available via Internet Travel Services (ITS)	http://www.its.net

Source: Internet Search (June 1998).

The Internet is particularly useful for finding small to medium size tour operators who specialise in niche markets, as well as mass market tour operators (Table 3.5). For example, Thomas Cook was the first travel agency to launch a UK Internet booking service for holidays and flights for the second half of 1997.

Finally, it can be said that links to GDSs, like CRSs and direct booking systems, enable tour operators to open up international markets (Károher, 1996), while links to the Internet enable them to expand into the independent and business travel markets. For example, as noted in Orlando Business Journal (1996), in America, there is now a service whereby holidaymakers can invite tour operators to tender for their business. First, they shop around for the best rate on an airline ticket or even a package tour and make a reservation. Then they post the details on the Internet and tour operators around the country can evaluate the deal and bid on handling it at a discounted price. In this vein, it can be said that information technology, which initially appeared as a threat to tour operators, can instead be seen as an opportunity, if tour operators adapt the information technology for use in the business. For example, information

technology (particularly the Internet) may also assist tour operators in increasing their bargaining power by having detailed information on competitors and suppliers illustrated in their World Wide Web pages. However, the question remains if consumers bypass the travel agents and contact tour operators directly by using the Internet, then does the Internet threaten retailers such as travel agents who sell the product of tour operators for a commission? The answer may be 'yes' for those who do not adapt the changes in technology. In other words, it may be said that the agencies that survive will be those who offer a real value-added service rather than a simple brochure, booking and ticketing process. What is important is that to sell effectively through the Internet, travel agents need to develop specialist skills, capabilities and services, and this will require new investment priorities.

In conclusion, the Internet has many risks associated with its use, but it also has many benefits that may outweigh the threats. Companies that do not use it will be left out in the cold. An analyst from the Gartner Group summarises this issue with the following (cited in Computer World, 1994): 'fire up your Internet engines and ease into traffic - but drive slowly and do not carry any valuables'.

Conclusion

This chapter has examined international corporations and integration in international tourism. Since tourism demand is exogenous and to some extent beyond the control of the host countries, tour operators, which are located within the main tourist generating countries, are one of the most critical determining elements of international tourism. They play an important role between tourists and the destinations. This is, in short, because of (a) the structure and characteristics of global tourism; and (b) the nature of the tourism demand.

Given this, the repercussions of international tour operators' involvement in the developing countries' tourism industry are clear and can be classified as follows. Firstly, developing countries have a largely passive and dependent role in the international tourism system. Secondly, international tour operators' control over the tourist flows and creation of demand strengthens their market position in the international context. And lastly, developing countries' local petty-artisan and retail sectors are in a weak position *vis à vis* tour operators of the generating countries.

The evidence suggests that there is a need for a cautionary approach to the impacts of international tour operators on tourism development in a developing country. In this context, a case study of the UK tour operators and the Turkish accommodation sub-sector will be used to examine the current impact of international tour operators on tourism development in a developing country. It is anticipated that the case study will identify certain principles to assist planners, policy makers and tourism industry players in designing strategies for making the tourism industry competitive in Turkey and also in other developing countries. Before starting to explore field work data, the next chapter gives a general profile of Turkey; its economy; international tourist development; and the role of international tourism in the economy. More specifically, the next chapter will also look at various aspects of Turkish tourism development.

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PART THREE: EMPIRICAL ANALYSIS

CHAPTER 4 **TOURISM AND DEVELOPMENT** **IN TURKEY**

Introduction

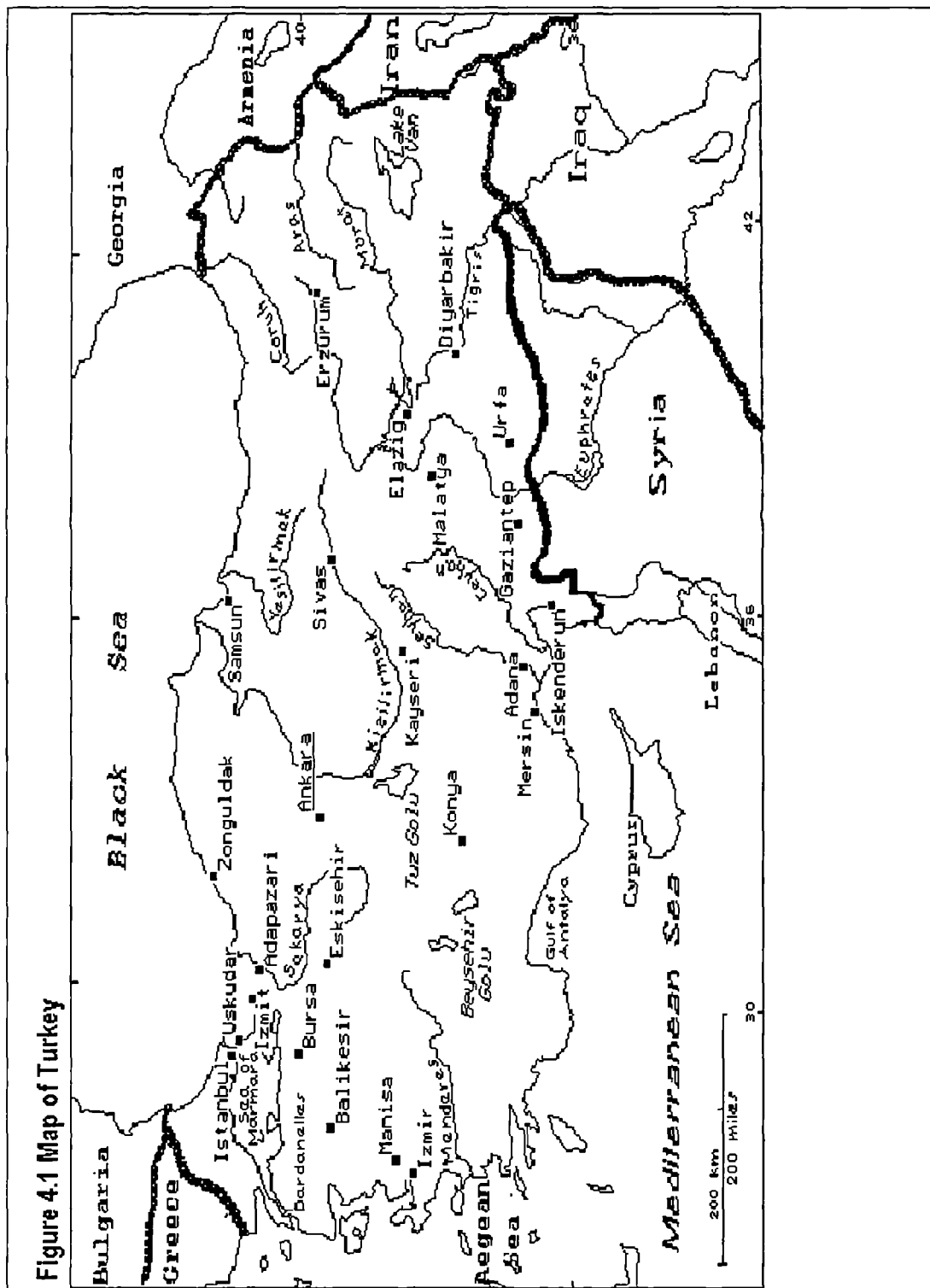
Although the main purpose of this chapter is to examine the Turkish tourism industry from various perspectives, the chapter will provide the reader with the necessary basic information about Turkey since it would be difficult to examine the country's *tourism development* without knowledge of its geographical, social, political, and economic structures. In this regard, the chapter begins with a general profile of Turkey including its location, geographical regions, climate, population, socio-cultural features, political system and administration, and its international relations. Then it examines economic policies and the recent socio-economic indicators of the country. Subsequently, the chapter deals with the development and the importance of tourism in the Turkish economy. It looks at the demand and supply aspects of tourism in Turkey. It ends with a general examination of the problems of the Turkish tourism development.

General Profile of the Country

This section gives some brief information regarding geography, climate, population, socio-cultural features, and political system and administration of Turkey.

Location

Turkey is located at a point where three continents making up the old world, Asia, Africa and Europe are closest to each other, and straddle the point where Europe and Asia meet (Figure 4.1). Geographically, the country is located in the northern hemisphere, about halfway between the equator and the North Pole. The territory of Turkey is roughly rectangular measuring 550 kilometres from north to south at its farthest and 1,565 kilometres from east to west at its widest (Ministry of Culture and Tourism, 1986).



The actual area of Turkey inclusive of its lakes, is 814,578 square kilometres, of which 790,200 are in Asia (Anatolia) and 24,378 in Europe. The land borders of Turkey are 2,573 kilometres in total, and coastlines (including islands) are another 8,333 kilometres (Yesiltas, 1996). Turkey has land borders with two European and six Asian countries. The land borders

Georgia, Armenia, Nahcivan (Azerbaijan) to the north-east and Iran to the east. In the south it shares a border with Iraq and Syria. Turkey's neighbours on the European continent are Greece and Bulgaria.

Turkey is also surrounded by sea on three sides, the Black Sea in the north, the Mediterranean in the south, and the Aegean Sea in the west. In the north-west there is also an important inland sea, the Sea of Marmara, between the straits of the Dardanelles and the Bosphorus, important waterways that connect the Black Sea with the rest of the world. In this regard, the land of Anatolia is in the shape of a peninsula.

Geographical Regions

Turkey is divided into seven regions: the Black Sea region, the Marmara region, the Aegean, the Mediterranean, the Central Anatolia, the East Anatolia, and the South-east Anatolia regions. As Tosun and Jenkins (1996) point out, these geographic regions were established according to climatic features and endowments of factors of production rather than considering sociocultural characteristics and demographic factors of the regions.

The Marmara, the Aegean, and the Mediterranean regions are the most developed parts of Turkey. Particularly, **the Marmara Region** is the heart of industrialisation, and Istanbul, the biggest metropolitan city where approximately 15% of the total population live, is also located in the region (State Institute of Statistics, 1998). Therefore, it is the centre of business, commerce and industry. Whilst the region is the smallest of the regions of Turkey after the South-east Anatolian region, it has the highest population density of all regions (State Institute of Statistics, 1998).

The Aegean and the Mediterranean regions have unspoilt coastal and historical sites, which are used as tourist attractions. In the former, industrial and commercial growth has been rapid, particularly in Izmir and Denizli. The eastern parts of the Mediterranean, particularly the Mersin-Adana-Tarsus parts, are well developed in terms of industrial sectors and commercial activities. Agricultural production is also the main source of livelihood in these regions. **The Central-Anatolia** region, is one of the biggest regions of Turkey. Ankara, the second biggest metropolitan and the capital of Turkey where approximately 6% of the total population live, is situated in the region (State Institute of Statistics, 1998). It is the centre of wheat production,

and hence the region is called 'the grain basket of Turkey'. Industrial production is developed in the western parts of the region. Since the eastern part of **Central-Anatolia** has cultural and historical sites of interest to tourists, such as Cappadocia, the tourism industry is also developing in the region. **The East Anatolia and the South-east Anatolia regions** are the less developed parts of Turkey, and are mainly agricultural, though there are some small industrial plants. However, in the **South-east Anatolia** region, there is a major agricultural development programme, which, is intended to stimulate major economic growth. Lastly, **the Black Sea** region is the greenest part of Turkey, the main industry is agriculture, and commercial activities are developing on the border of the former Soviet Union. Because of its historical and natural beauties, it has the potential for tourism development, but the climatic conditions make the tourist season very short.

Climate

Although Turkey is situated in a geographical location where climatic conditions are quite temperate, the diverse nature of the landscape, and the existence in particular of the mountains that run parallel to the coasts, create significant differences in climatic conditions from one region to the other. While the coastal areas enjoy milder climates, the inland Anatolian plateau experiences extremes of hot summers and cold winters with limited rainfall.

Table 4.1 Climate Characteristics by Geographic Regions

REGIONS	Highest Temperature *	Lowest Temperature *	Average Sea Temperature *	Average Hours of Sunshine in a day	Average Number of Days with Precipitation	Average Number of Days of Snowfall
Black Sea	37	-6.4	16	5	134	9
Aegean	43	-8.2	19	8	82	18
Mediterranean	46	-8.4	22	8	76	11
Central Anatolia	38	-24.9	-	7	102	22
East-Anatolia	35	-32.5	-	7	120	113
South-east Anatolia	46	-24.2	-	8	88	13
Marmara	41	-16.1	15	6	156	9

(*) in degrees centigrade.

Source: State Institute of Statistics (1998).

The Black Sea region has warm summers, mild winters and a fair amount of rainfall throughout the year. The Mediterranean and Aegean regions enjoy a Mediterranean climate with hot, dry summers and mild, rainy winters. The Central Anatolia and the Southeast-Anatolia regions have cold, moist winters and hot, dry summers. The East Anatolia region has fairly warm

summers but severe winters. The Marmara region has warm summers, mild and rainy winters.

Population

In 1927, Turkey's population was about 13.6 million according to the First General Population Census conducted in that year. By the 1997 census, the fourteenth general census, the population had reached 63,5 million, and it is still increasing at an average annual rate of 1.4% (State Planning Organisation, 1998). According to official statistics, it is expected that the population of Turkey will reach approximately 67 million by the year 2000. Male population is 50.65% of the total population while 49.35% is female. In general, the population in Turkey is characterised by youth and dynamism contrary to the ageing trend in most other OECD countries (OECD, 1996a). According to the State Institute of Statistics (1998), latest census figures, 48.30% of the population are under 20 years of age, while the proportion of elderly is quite low, 9.73% of the population are over 55 years of age. 60.9% of the population live in cities while 39.1% live in villages. Statistics in Turkey indicate that the elderly are mostly concentrated in the rural areas.

Socio-Cultural Features

Since the Republic of Turkey was founded on the inheritance of the socio-cultural structure of the Ottoman Empire, which was spread over a very diversified area from the Persian Gulf to Morocco, including most Arab regions and Balkans, the social and cultural structure of Turkey is highly heterogeneous. Ethnically Turks predominate; Kurdish, Arabic, Greek, Circassian, Georgian, Armenian, and Jewish communities of varying sizes complete the ethnic mosaic of the rich and complex culture of the Turkish society (Erginsoy, 1995). To the extent the ethnic minorities conform to the constitutional order, they have been free to participate fully in Turkish society since they are Turkish citizens. The official language of the country is Turkish. The citizens of Turkey are predominantly Muslim, about 98% (Directorate General of Press and Information, 1993). However, it is noteworthy that there is a distinction between Turkey and other Islamic nations. Unlike other Islamic nations, Turkey is a secular nation. Governments, schools, and businesses operate independently of religious beliefs. Even traditional clothing, such as veils for women and fezzes for men, were abandoned in the shift from Islam to secularity. Consequently, Islam does not affect daily Turkish life as much as it would in an

Arab nation. A small but growing political movement has evolved around the issue of making Turkey a theocracy like those found in Iran and other Arab nations. In that case, it may be true to say that Republican Turkey is still experiencing a crisis of identity, spurred by internal, centrifugal, ideological, nationalist and religious forces, as well as by external political, economic and cultural changes.

In some parts of the Republic, particularly in western parts, the ways of living are not much different from those in most European countries. However, in the eastern part, and even in some western villages and small towns, the life style is completely different from western metropolitan areas (Hancioglu, 1994). For example, while attitudes to life of inhabitants of the metropolitan areas are more contemporary, like people in the Western world, people are more conservative and religious in the rural areas of the country like in the Eastern world.

Political System and Administration

The Republic's political structure is based on a democratic multi-party parliamentary system. Legislative power is vested in the Turkish Grand National Assembly (TGNA) with 550 deputies, who are elected for a five-year term. The president of the Republic is elected for a period of seven years by the parliament. The prime minister is chosen by the president. The ministers are selected by the prime minister and all are appointed by the president. Governance and administration of the country are fairly centralised. The country is divided into 80 provinces, which in turn are subdivided into administrative districts. Governors of the provinces are appointed by the central government. Every province and administrative district has its council (whose officers are elected by the people living in those areas) which exerts great influence in the administration.

Geographical Location and International Relations

Geographical importance has always been a mixed blessing for countries. In Turkey, too, the pros and cons of its geographical position have been intermittently unbalanced. An important element of this mixed blessing is the security aspect, which is part and parcel of every polity, but assumes particular importance in certain geographical situations, such as those of Turkey. The military burden of Turkish economy, which is officially estimated at about 5% of the GNP (State Institute of Statistics, 1998), apart from the direct NATO (North Atlantic Treaty

Organisation) outlays, does not exceed significantly that of most developing countries and even lags behind some of them (Hershlag, 1988; Barham, 1997). Military expenditure is primarily influenced by the need for *security* and the perception of *threat* that the country faces (Deger, 1986). However, as in other developing countries, the military burden of Turkey combines with other factors to throw the resources equation out of balance and places an undue strain on meagre domestic funds and foreign exchange. Meanwhile, a survey from the Economist (Survey of Turkey, 1996) points out that in view of its internal regional and global considerations, Turkey's half-heartedness in its attitude to NATO and the European Union (EU), intermittently raises the issue of Western responsiveness to its financial needs. Hence the frequent questioning of reliability of both sides. Of course, in this context the political problems between Turkey and Greece and the appended Cyprus issue play a major role.

Certain aspects of its geographical position are more advantageous. In the strictly economic sense, with regard to such aspects as tourism, trade, transportation and communications, Turkey bridges the East and the West. Turkey is a member of NATO. It is worthwhile to note that Turkey also belongs to most other major international, European, and economic organisations, such as the OECD, the IMF, the World Bank, the Council of Europe, and the Black Sea Economic Co-operation. Moreover, Turkey is a member of the Islamic Conference.

As a 'country in the process of development' and at the threshold of becoming an industrial and service society (OECD, 1997b), Turkey is striving to attain ambitious aims. The President, Suleyman Demirel, has recently mentioned that (The Times, 1997: 2) 'Turkey is becoming a fully industrialised state by the year 2000, with high economic growth and full integration into the European Union' (to which it has only been associated with Customs Union since January 1996). The introduction of the Customs Union is important for Turkey in two respects (Rumford, 1997). Firstly, it represents a major opportunity for the development of the Turkish economy. Through the Customs Union, Turkey effectively becomes a member of European Union's Single Market. Secondly, adoption of EU competition policy will transform the Turkish business environment and the relationship between government and industry. Turkish business will increasingly need to adapt itself to EU norms and absorb the impact of the EU competition policy. However, Turkey's relations with the EU were especially soured by comments made on the margin of the EU summit in Luxembourg in December 1997. In that

summit, Turkey's full membership was delayed temporarily by the EU because of its violation of human rights and the Cyprus issue. Unfortunately, this decision of the EU leads Turkey to look for new horizons elsewhere. Intensified relations with Israel and the United States partly aim to demonstrate Turkey's other alternatives to the Europeans.

Economic Policies

Turkey's dynamic economy is a complex mix of modern industry and commerce along with traditional village agriculture and crafts. The economy has a strong and rapidly growing private sector, yet the state still plays a major role in basic industry, banking, transport, and communication. As in many developing countries, the state has played an important role in economic development. From the 1930s until 1980, Turkey was ruled under the policies of '*etatism*' and the 'import substitution' through public enterprises and development planning. These policies created a mixed economy in which industrial development was rapid. However, during the post-war period the drawbacks of excessive state intervention became ever more apparent to policy makers and the public. State enterprises, which accounted for about 40% of manufacturing by 1980, were often over-staffed and inefficient; their losses were a significant drain on the budget (Ramazanoglu and Ramazanoglu; 1985). State planning targets were often excessively ambitious, yet they neglected such essential sectors as agriculture and exports. Concentration on import substitution played down the need to export, resulting in chronic trade deficits and a pattern in which periods of rapid growth, financed in part by foreign borrowing, led to balance-of-payments crises that necessitated austerity programs.

Kusluvan (1994) notes that *etatism* is the active and large involvement of the state as producer and consumer in an economy. However, as Hale (1981) argues, the *etatism* seen in Turkey was completely different from the concepts of *etatism* prevailing in certain other countries and was unique in many of its features. Ataturk (cited in Hershlag, 1988: 5), the founder of the Republic of Turkey, defined *etatism* as:

a system peculiar to Turkey which has evolved from the principle of the private activity of the individual, but places on the state the responsibility for the national economy, with consideration of the needs of a great nation and a large economy, and many of other things that have not been done so far. ... , since things have to be done quickly, it must be a system different from liberalism.

It is noteworthy to explain why *etatism* was one of the principles of Turkish economic policy

and practice. There were at least three reasons for this: first, Turkey inherited a tradition where everything is expected from the state, like a father, and individuals were seen as passive servers of the state rather than *vice versa* or in a relationship of mutuality; second, Turkey lacked indigenous manpower, a commercial and industrial class which is necessary for economic development; third, the international atmosphere in the 1920s and 1930s, when there was the growing ideology of communism in the neighbourhood and the crisis of the capitalist system (Hershlag, 1988).

Import substitution was another fundamental economic principle followed as a development strategy. In this regard, the major targets of government policies were to protect domestic production through customs policies and to refrain from external borrowing (Parlatir, 1991). This orientation helped Turkey in the short run, in the 1930s and part of the 1940s, to improve its external balances, to enhance the feeling of economic and political independence, and to lay the foundations for the diversification of the economy. Economic activities such as agricultural output increased by 58% (Kepenek, 1990) and in 1930, for the first time, foreign trade yielded a surplus. In the long run, however, this strategy proved, on balance, disadvantageous. The costly, capital-intensive plants with under-utilised capacity and the resultant absence of economies of scale, together with the shortages in physical and high-grade human capital, resulted in inefficiency, supported by protectionist policies; in artificial price structures; dictated largely by the state; in inflation; and in fluctuating but for the most part overvalued official exchange rates with their adverse impact on exports.

In January 1980, the Turkish government, led by Turgut Ozal, undertook a major reform programme to open the Turkish economy to international markets. Therefore, before starting to examine Turkey's current socio-economic indicators, it would be useful to overview the structural adjustment programme of the 1980s and the liberalisation trends on which Turkey's current economic development based.

Structural Adjustment Program: The Liberalisation Trend

Together with the Structural Adjustment Program (STA), which came into effect on January 24, 1980, Turkey's economic policies shifted from the policies of '*etatism*' and 'import substitution' to 'liberalisation'. The basic targets of the STA (also known as January 24

Decisions) were to control high inflation, to reduce the balance-of-payments deficit and to stimulate economic growth. These policies demonstrated a basic reorientation of economic policy from direct government regulation and control towards greater reliance on market forces. However, at the time the 'January 24 Decisions' were introduced, the country was going through highly undesirable problems in terms of domestic peace and security, in addition to those besetting the economy. A military coup occurred in September 1980 to ensure domestic peace and security. This was the third military coup since 1960.

Following the '12 September 1980' military operation, a new constitution was drafted. During that period, Turkey undertook a radical shift of policies away from market intervention, import substitution and dependence on the public sector towards greater reliance on market forces and trade liberalisation (Ahmad, 1985). In order to enforce the liberal economic system, the civilian government, which came to power after the 1983 general elections, took a number of radical decisions in line with the 'January 24 Decisions'. The key element of this liberalisation has been the opening up of the Turkish economy to the outside business world. Radical economic changes were enacted, as a growth model based on exports which entailed major lowering of tariff barriers, and domestic industry began competing with its foreign rivals. Furthermore, the private sector was largely financed by various funds and credit was made available. As Onis (1994) contends, major emphasis was placed on foreign direct investment (FDI) as a source of capital inflow and technology transfer. The institutional framework and the structure of incentives governing foreign direct investment in Turkey were radically transformed during the post-1980 period. Relative liberalisation was introduced for foreign exchange transactions in a bid to increase foreign exchange inflow.

The most important new policy was for the government to take responsibility for the building of infrastructure, rather than industrial plant *per se*, the establishment of which was left to private enterprise. A further goal was to transfer state sector plant into private hands by making stocks available to the public. An extension of this policy was the establishment of various factories, hotels, etc. on the 'build, manage, then transfer' plan.

Current Socio-Economic Indicators

The World Bank (1998) ranks the country among 'the developing countries with upper-middle

income'. Per capita income amounting to US\$3,130 (in 1997) is the lowest among OECD countries (OECD, 1997b). According to the United Nations Human Development Index (HDI) based on life expectancy, adult literacy rate, combined gross school enrolment ratio, and real GDP per capita, Turkey's HDI ranked 69th (at 0.782) putting it in a group of 'medium human development' with other developing countries like Belarus, Bulgaria, Lebanon and Saudi Arabia (Table 4.2).

Table 4.2 Indicators of Human Development Index for Turkey (1995)

HDI rank	Life expectancy at birth (years)	Adult literacy rate (%)	Combined 1st, 2nd and 3rd level gross enrolment ratio (%)	Real GDP per capita (PPP\$US)	HDI value	Real GDP per capita (PPP\$) rank minus HDI rank
69	68.5	82.3	60	5,516	0.782	-2

Source: United Nations Development Program (1998).

It is important to note that these average figures mask wide regional and urban-rural variances. In other words, Turkey's overall HDI must be seen within the context of large urban and rural, as well as east-west differences. To put these HDI indicators into perspective, in 1996, Turkey's infant mortality rate was around 42.2 per 1,000 live births (State Institute of Statistics, 1997) versus 4.6 in Japan and 43 in Mexico at the beginning of the 1990s (OECD, 1991). On the other hand, about 60% to 70% of the Turkish population live in rural areas (Bulutay, 1995). Many of these people live in squatter's houses and either work in low productivity jobs at correspondingly low wages or are unemployed. This implies that a significant portion of the population lives in moderate to extreme poverty. There is a huge gap between the poor and rich. In other words, national income is distributed unequally among the segments of the population. For example, while the poorest 10% of the population shares 1.8% of the national income, the richest 10% of the population enjoys 40.5% of the national income (TURSAB, 1998). This unequal income distribution surely creates a huge gap between the rich and poor and between the metropolitan cities and small provinces of Turkey. According to the latest figures from the State Institute of Statistics (1998), while per capita GDP is US\$7,882 in Kocaeli (one of the industrial metropolitan cities in Marmara Region), it is only US\$744 in Agri, one of the poorest provinces in Eastern-Anatolia Region.

Table 4.3 Distribution of Population Engaged in Various Fields of Activity (in percentages)

	YEARS							
	1927	1935	1945	1955	1965	1975	1985	1995
AGRICULTURE	81.6	79.9	73.7	77.4	71.9	65.2	57.0	47.4
INDUSTRY	5.6	7.8	8.5	6.7	7.7	9.4	11.8	15.4
SERVICES	12.8	12.3	17.8	15.9	20.4	25.4	31.2	37.2

Source: Derived from Istanbul Ticaret Odasi (1996) and DPT (1997).

As can be seen from Table 4.3, in 1995, 47.4% of the population belonged to the agricultural sector while 15.4% in industry and 37.2% in the service sector, including construction. Despite the decline in the proportion of the population engaged in agriculture, a large percentage of the population still makes its living from farming and animal husbandry. On the other hand, the service sector is the one that has grown fastest in respect to the increase in the labour force. It is clearly observable that the shift from agricultural activities to non-agricultural activities is evidenced by the increase of the urban population observed since 1970 (Table 4.4).

Table 4.4 Urban Population in Selected Years

	1970	1980	1990	1991	1992	1993	1994	1995	1996
Urban Population (%)	32.4	42.1	54.0	55.0	56.2	57.6	59.3	60.9	61.4

Sources: DPT (1996).

As in some other developing countries, urbanisation is more rapid than the increase in employment in manufacturing (OECD, 1997b); thus the shift out of agriculture results in an increase in the service sector. According to the OECD (1995), the unemployment rate in Turkey was 6.3% in 1970, 8.1% in 1980, 8% in 1990. Figures for 1995 and 1996 were 6.9% and 6% respectively (State Institute of Statistics, 1997).

When planned import substitution policies were practised between 1963-1980, an average 6% annual growth rate was achieved with an average 15% annual rate of inflation (DPT, 1996). As can be seen from Table 4.5, although the rate of inflation fell from an average 110% in 1980 to 31.4% in 1983, 1985 saw a return to an upward trend which is continuously growing and unlikely to change within the foreseeable future. In this regard, it can be said that inflation is still one of the most serious problems the Turkish economy has to contend with.

Table 4.5 Comparison of Annual Change in the Value of Foreign Exchange Rates and Yearly Inflation Rates in Selected Years

YEARS	The Inflation (%) Increase Over 12 Months (A)	Change in the Value of Foreign Exchange Buying Rates Over 12 Months (%) (B)			Variation (B-A)		
		US\$	DM	UK£	US\$	DM	UK£
1980	110.6	155.1	123.8	165.9	44.5	13.2	55.3
1983	31.4	39.2	32.3	17.3	7.8	0.9	-14.1
1985	45.0	29.7	65.1	60.1	-15.3	20.1	15.1
1990	60.3	26.6	42.7	56.4	-33.7	-17.6	-3.9
1991	66.0	73.4	71.5	68.9	7.4	5.5	2.9
1992	70.1	68.6	58.8	36.6	-1.5	-11.3	-33.5
1993	71.1	69.0	57.4	64.9	-2.1	-13.7	-6.2
1994	125.5	167.6	198.5	182.9	42.1	73	57.4
1995	78.9	57.8	70.9	57.1	-21.1	-8.0	-21.8
1996	80.4	74.7	60.1	88.3	-5.7	-20.3	7.9
1997	79.5	68.3	23.9	45.4	-11.2	-55.6	-34.1

Source: Author's calculation based on data from State Institute of Statistics (1997), The Istanbul Chamber of Commerce (1997), and State Planning Organisation (1998).

Over the last 20 years inflation has run far ahead of the levels of inflation in most OECD countries (OECD, 1997b). The sources of Turkey's inflation originate from a budget deficit, which was TL316,576 billion (approximately US\$6.9 million) in 1995 (State Institute of Statistics, 1997), and the increased cost of imports resulting from the depreciation of the Turkish Lira. Also price rises by state enterprises which are now no longer subsidised by the Treasury as well as inefficient private producers attempting to maintain profit margins have made a major contribution to the inflation spiral (Tigrel, 1990).

Table 4.6 Balance of Trade in Selected Years

Years	Exports (1)	Imports (2)	Balance (1) - (2)	Exchange Rate
	Value (million US\$)	Value (million US\$)	Value (million US\$)	TL/\$
1950	263.4	285.7	-22.3	2.80
1960	320.7	468.2	-147.5	4.74
1970	588.5	947.6	-359.1	10.13
1980	2 910.1	7 909.4	-4 999.3	77.54
1990	12 959.3	22 302.1	-9 342.8	2 634.00
1995	21 637.0	35 709.0	-14 072.0	45 705.00
1996	24 500.0	45 000.0	-20 500.0	81 137.16
1997	26 500.0	45 700.0	-19 200.0	146 881.00

Sources: Derived from TOBB (1997) and State Planning Organisation (1998).

Currency depreciation has resulted in an increase in exports from US\$2.9 billion in 1980 to US\$26.5 billion in 1997 (Table 4.6). However, liberalisation of the economic policies and

freedom to import those raw materials and capital goods necessary for increases in output and structural changes in Turkish industry have allowed an increase in import expenses from US\$7.9 billion in 1980 to US\$45.7 billion in 1997. Overall, the foreign trade deficit rose from US\$4.9 billion to US\$19.2 billion during the same period.

A World Bank study covering 127 countries suggests that inflation rates of above 40% affect growth rates 'severely, negatively' (cited in Barham, 1997; see also Hogendorn, 1996). As the comparison of average annual growth rate and inflation suggests, Turkey, in general, is an exception to this rule.

Table 4.7 Growth Rates in Selected Years between 1980 and 1997

Years	1982	1985	1990	1992	1994	1995	1996	1997
Growth Rates (%)	3.1	4.3	9.4	6.4	-6.1	8.0	7.9	6.0

Source: State Planning Organisation (1998).

Turkey's performance over the past two decades defies the conventional wisdom that high inflation is necessarily associated with low growth. Between 1982 and 1997, Turkey achieved an average 5.04% growth rate with an average 59% annual rate of inflation. Furthermore, interest rates reached over 96.22% in 1997 (State Planning Organisation, 1998). As Barham (1997) argues, Turkey seems to have chosen the Italian model for development growing from poverty to wealth under high inflation, a weak currency, budgetary anarchy and revolving-door governments. As the growth rates, inflation rates and exchange rates of selected years indicate, the economic development of Turkey is not stable. Everything is done on a daily basis, and long-term structural decisions cannot be taken due to political corruption and political self-interests of current politicians.

Regarding the sectoral composition of GNP in the Turkish economy, there has been a considerable increase in the share of industry and services, while agriculture's share has declined dramatically since 1960. The predominantly agricultural characteristics of the Turkish economy have been changing rapidly over recent years (Table 4.8).

Table 4.8 Sectoral Composition of Gross National Product in the Turkish Economy in Selected Years

YEARS	SECTORS		
	AGRICULTURE (%)	INDUSTRY (%)	SERVICES (%)
1960	37.9	17.2	44.9
1970	36.7	16.6	46.7
1980	25.5	18.3	56.2
1990	16.8	24.8	58.4
1992	15.0	25.6	59.4
1994	15.4	26.4	58.2
1996	17.1	25.0	57.9

Source: Derived from State Institute of Statistics (1997).

With regard to the external debt, it was US\$16.2 billion in 1980 (DPT, 1996), then rose to US\$54.6 billion in 1992, US\$67.4 billion in 1993, US\$65.6 billion in 1994, US\$73.3 billion in 1995, and US\$79.8 in 1996 (State Institute of Statistics, 1997).

International Tourism in Turkey

Awareness of the dynamic tourist industry in Turkey has grown, and tourism has become a vital component of the Turkish economy during the last two decades (Korzay, 1994). There is no doubt that Turkey is still experiencing a substantial tourist boom. According to WTO (1998a), in 1996 Turkey was ranked 19th among the world's top destinations in terms of international tourist arrivals and 20th in terms of international tourism receipts, while the respective figures for Greece are 16th and 25th, 3rd and 4th for Spain, and 17th and 22nd for Portugal. Meanwhile, Turkey as a short-haul tourist destination, has been ranked 5th according to 1997 short-haul sales of the Thomson Group in the UK (TURSAB, 1997a).

As can be seen from Table 4.9, in 1996 the Turkish share of world tourism was 1.34% in tourist arrivals and 1.37% in tourism receipts. In 1996 Turkey received about 4.57% of total tourist arrivals and 5.31% of tourism receipts in the Mediterranean basin. In addition, the share of Turkish tourism was 1.93% of tourist arrivals and 1.94% of tourism receipts in the OECD countries.

Table 4.9 Turkey's Place within World Tourism

Tourist Arrivals (Thousands)									
Years	Turkey (1)	Mediterranean Countries * (2)	Europe (3)	OECD Countries (4)	World (5)	(1)/(2) %	(1)/(3) %	(1)/(4) %	(1)/(5) %
1992	6,549	158,178	301,929	373,312	502,311	4.14	2.17	1.75	1.30
1993	5,904	158,781	309,758	375,414	518,074	3.72	1.91	1.57	1.14
1994	6,034	169,050	330,630	395,148	549,611	3.57	1.83	1.53	1.10
1995	7,083	166,590	333,855	399,305	563,605	4.25	2.12	1.77	1.26
1996	7,966	174,390	348,999	413,685	594,827	4.57	2.28	1.93	1.34
Tourism Receipts (Million US\$)									
1992	3,639	86,283	166,856	239,607	313,523	4.22	2.18	1.52	1.16
1993	3,959	84,722	162,854	237,507	321,124	4.67	2.43	1.67	1.23
1994	4,321	92,312	178,412	253,358	352,645	4.68	2.42	1.71	1.23
1995	4,957	105,335	206,840	287,864	401,475	4.71	2.40	1.72	1.23
1996	5,962	112,354	219,670	307,531	433,863	5.31	2.71	1.94	1.37

* Albania, Algeria, Cyprus, Egypt, France, Gibraltar, Greece, Israel, Italy, Lebanon, Libya, Malta, Monaco, Morocco, Palestine, Spain, Syria, Turkey, Yugoslav (SIR);-Bosnia Herzg, -Croatia, -Slovenia, -Yugoslavia.

Source: Author's calculation based on data from WTO (1998a).

Tourism Development Strategies in Turkey

It is possible to identify two periods when considering tourism development strategies of Turkey, namely the pre-planned period and the planned period. The planned period can also be divided into two; before 1983 and after 1983. The reason for this division is that the beginning of the 1980s witnessed the radical changes which created a significant increase in the number of tourist arrivals, tourism receipts and bed capacity after 1983.

Pre-Planned Period

During the mid-1920s, the new republican government opened the Ottoman palace to the public. The Topkapi, the Sultan's huge and wonderful palace complex in Istanbul (the capital of Ottoman Empire) and the Ayia Sophia were both turned into museums which attracted many foreign and domestic visitors. The rail network was built throughout Turkey. However, the absence of suitable accommodation was the main shortcoming which limited the development of tourism in Turkey.

Although there were no official public bodies to organise, manage and plan the tourism industry, some private and voluntary institutions tried to deal with tourism. Until the beginning of the 1930s the most important body for Turkish tourism was the 'Touring and Automobile Club of Turkey' which directed tourism affairs. In 1934 Turk Office was established and it took

responsibility for policy formulations. It should be noted that these two institutions were private sector bodies.

The government began to involve itself in tourism in 1949 with the meeting of the 'First Tourism Advice Committee' which prepared the report on national tourism policy. The report was so important that its impacts were felt even in the planning period (Yesiltas, 1996). After the report of the 'First Tourism Advice Committee', the 'Act for the Encouragement of the Tourism Industry' in 1953 and the 'Act for Co-operation in Tourism' in 1955 were prepared and put into practice. Basically the former stated that tourism was desirable for the country and therefore it should be supported. The latter introduced the idea that public and private interests should collaborate and co-operate in tourism development (Aslanyurek, 1982). Indeed, these acts were the infrastructure for the legislation of tourism in the 1960s. The responsibility for tourism related duties was given to the Ministry of Press, Information and Tourism in 1957. This was the first representation of tourism at the ministry level.

Because of the absence of reliable statistics the author is unable to present any figures with respect to tourist arrivals, tourism income, or bed capacity for the pre-planned period.

Planned Period

The Constitution of 1961 brought about new economic and social changes and Turkey entered the planned mixed economy periods with the Five-Year Development Plans (FYDPs). The plans introduced not only the general tourism policies and strategies but also specific targets in terms of tourist arrivals, tourism receipts and tourism expenditures. The comparison of six FYDPs' targets in terms of tourist arrivals and tourism receipts can be found in Appendix 3.

Planned Period (before 1983):

Four FYDPs were prepared during this period (1963-1983). Although four FYDPs were prepared, most of the aims of these plans were not achieved and their principles were not put into practice due to the political unrest and economic crises in the country.

With **the first FYDP (1963-1967)** the significance of tourism was recognised. The creation of the Ministry of Tourism and Information in 1963 was a proof of this official recognition. The

government focused on the economic benefits of tourism development and the first FYDP set out certain principles and objectives for tourism. The first FYDP aimed at increasing international tourist arrivals and receipts. In order to achieve these, it determined principles of how to increase the share of tourism investment out of the total amount of investment in the economy. The public sector shouldered the expected responsibility of establishing the infrastructure and the private sector was to build the superstructure. The spatial priority of tourism investment was determined as the Marmara, the Mediterranean and the Aegean regions. The decision to intensify investment in these regions which had high tourism potential was due to the fact that Turkey had very scarce financial resources like other developing countries. A sound inventory of tourism assets and research into potential demand were to be done in order to help achieve pre-determined objectives. In addition, necessary legislation was to be prepared to facilitate investment in tourism and establish links with foreign companies and governments for the promotion of tourism (Ozturk, 1993).

As the objectives of the first FYDP revealed, the focus was on building the infrastructure and superstructure of the tourism industry while the promotion of the tourism industry was also emphasised. The focus of tourism planning was to increase the supply of, and demand for tourism in the country simultaneously. It was supposed that increasing the supply of tourism and promotion would achieve the aims.

The second FYDP (1968-1972) accepted the objectives of the first FYDP and in addition it brought about the notion of physical planning, internationally competitive pricing policy and the principles of mass tourism for transport and accommodation policy. The importance of the second FYDP was that it introduced the concept of physical planning (Ozturk, 1993). Although the second FYDP was in line with the first FYDP, it recommended the preparation of a physical plan at national level for tourism development but the government failed to prepare it.

The third FYDP (1973-1977) emphasised the necessity of physical planning to prevent the haphazard development of tourist facilities. It stated that the unregulated development of tourism could only be controlled by co-ordination and collaboration of related Ministries. Therefore, the Ministry of Tourism and Culture and the Ministry of Reconstruction and Resettlement were held responsible for preparing and implementing land use plans in the selected regions. It also endorsed that the private sector was to be supported through

selective fiscal and financial policies (DPT, 1973). In the 1970s the government commenced showing an interest in the development of international tourism and built several hotels (owned by a public body - e.g. Turban Hotels and Emek Hotels) to serve as guides for this infant industry in Turkey (EIU, 1993).

Even though the third FYDP seemed to be more comprehensive than the previous FYDPs its focus and scope was more or less the same. The only difference between the third FYDP and previous counterparts was that it put on the agenda the necessity of co-ordination and collaboration of related official bodies in order to prepare and implement tourism development planning and land use planning.

In the fourth FYDP (1978-1983) the main concern was to learn lessons from past mistakes. Reviews of the previous tourism policies and plans were made and the mistakes determined, and a new tourism development policy was established (DPT, 1979). In order to achieve the desired objectives, the government issued the 'Tourism Encouragement Framework Decree' in 1980 and the 'Tourism Encouragement Law' was endorsed in 1982. The plan also emphasised more liberation and gave the leading role in tourism investment to the private sector. It was stated that the finance of the sector was crucial, and therefore the importance of the banking system outside the Tourism Bank was determined. In addition, the intensification of skill-based training programs were proposed in order to help fill the personnel gap in the sector. Prevention of haphazard development was to be affected through the extension of physical planning.

The most important result of the fourth FYDP was that the 'Tourism Encouragement Law' was passed, which was necessary in order to provide the superstructure for mass tourism. This basic legislation, Law 2634 of 1982 for the encouragement of tourism, offered fiscal, financial and technical incentives for investors operating in the tourism sector. An extremely attractive range of incentives has helped to stimulate a tremendous increase in awareness and activity in the tourist sector, particularly from Turkish investors but also from overseas. Main tourism investment incentives are as follows (Kalkan, 1995; Ministry of Tourism, 1998).

a) Allocation of public land to investors for tourism investments: The Ministry of Tourism offers publicly owned land designated for tourism investment to potential investors as part of the

investment promotion scheme. The allocation is on a long term lease basis from 49 to 99 years. The lessee pays 0.5% of the value of the leased land to the Ministry of Tourism annually. In addition, for land owned by the Ministry of Forestry, 3% of the total land value has to be paid to the Ministry of Forestry every year.

b) Provision of Long-term Investment Credits: Long term and low interest credits are provided both in Turkish Lira and foreign currency. The Ministry of Tourism determines the terms of credit such as grace period, the payback period, interest rates and those who are eligible for the credit every year. The amount of credit ranges from 25% to 75% of the total project cost depending on the type and size of accommodation and where it is located.

c) Encouragement Fund: This is a financial incentive paid directly to the investors who use their own capital for the investment. It ranges between 15% and 40% of the investors' capital depending on the location of the investment.

d) Exemptions From Customs Duties: No custom duties are charged for the imported tools and machines to be used in the investment, if imported tools and machines are in the Global List. If these items are obtained locally, 20% of the cost is paid by the government.

e) Exemption From Construction Tax: Construction tax is levied on buildings and is based on the size of the construction area. Approved and licensed tourism projects are exempted from this tax.

f) Permission to Employ Foreign Persons and Artists: Foreign personnel may make up to 20% of the total workforce.

e) Other incentives: There are other incentives such as: (a) minimum tariff rates are charged for electricity, gas and water bills; (b) priority in allocation of telephone, fax and telex lines; (c) exemption from property tax for a period of five years; (d) corporation tax exemption (under the Corporation Tax Law); and (e) real estate tax exemption (under the Real Estate Tax Law).

In order to benefit from these incentives, the investors are required to obtain a tourism investment and operation licence from the Ministry of Tourism and tourism encouragement licence from the State Planning Organisation.

Although throughout the fourth FYDP tourism development was encouraged and supported, the expected improvements in the tourism industry were not obtained and the planned targets were not achieved. As a result, the country's natural, historical, archaeological and cultural wealth was not fully utilised. The main aim of the fourth FYDP was to increase hard currency earning in the tourism sector. In order to achieve this aim, some sub-goals were established: (a) to increase bed capacity; (b) to increase foreign tourist arrivals; (c) to meet skill-based personnel requirements and the needs of personnel at management levels. There was no reliable source of data for this last sub-goal: it seems however that the expected improvements were not realised. The statistical data of the Ministry indicated that the main aim, to increase hard currency earnings, and the first two sub-goals were not achieved either (see Appendix 3).

The conclusion is that the 1960s and 1970s saw very little growth in international tourism to Turkey because of internal political uncertainty and disturbance. Therefore, this period hardly provided a conducive environment for Turkey to be identified as a strongly desirable destination by either the major international tour operators or individual tourists (Brotherton and Himmetoglu, 1997). Similarly, internal problems made it difficult for successive governments to implement the tourism element of the country's economic development. However, since 1982 the Turkish government has begun to encourage tourism by establishing the necessary infrastructure and creating incentives for foreign investment in an ambitious plan to make a Turkey a major tourist region.

Planned Period (after 1983):

As a result of the export-oriented industry policies under the leading role of Turgut Ozal's government the Turkish economy has made great strides during the last decade with consequent beneficial effects on the tourism sector. As the EIU (1993) reported, improvements particularly in transport and telecommunications, and also in the quantity and quality of accommodation facilities were achieved alongside economic growth. As Ozkan (1992) stated, during the post-1983 period, the prime concern was to increase the number of beds and other components of tourism supply. The Development Plan for 1984 (the fifth FYDP was not completed on time so a special plan was prepared for one year in 1984), the fifth

FYDP (1985-1989), and the sixth FYDP (1990-1994) which have framed the new policy for tourism development, have been prepared in line with the new economic policy.

The Development Plan for 1984 was to support the travel agencies and tour operators that organise tours to Turkey, to give priority to tourism development areas and to increase the number of beds (DPT, 1984). In accordance with the objectives of **the Development Plan for 1984, the fifth FYDP's** objectives were: (a) to give priority to mass tourism but not to neglect independent travellers; (b) to improve international tourism affairs by establishing closer links with the Balkans and other developing countries; (c) to give importance to the collection of statistical data for international tourism; and (d) to prefer using the Tourism Bank as a creditor rather than direct investors (DPT, 1985). During the fifth FYDP, privatisation was started in the industry, the Tourism Bank closed and a new bank, the Development Bank of Turkey, was established to support tourism together with the other industries of the economy. The Foundation for Tourism Development and Education (TUGEV) was established.

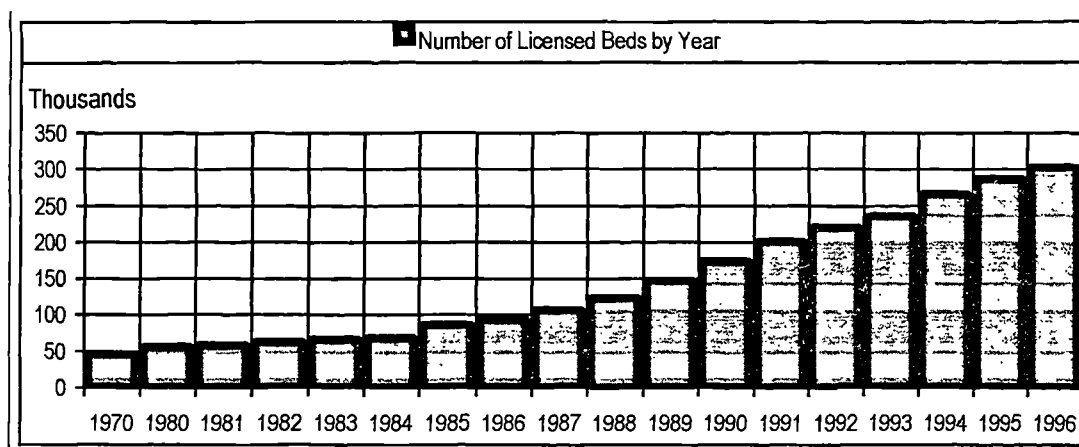
The sixth FYDP proposed a number of objectives. These were to give importance to preservation of the natural and cultural resources; to improve the quality of the infrastructure of the tourism industry; to increase occupancy rates and to improve the quality in accommodation establishments; to extend the tourism season by diversifying the tourism product, such as festival tourism, thermal tourism, third-age tourism, winter tourism, golf tourism, and youth tourism (DPT, 1989).

It is clear that the Turkish government followed a tourism policy which was directed solely by economic motives. Although the sixth FYDP contained some written policy related to environmental and cultural impacts of tourism development, there was no implementation because of the weak and revolving door governments, and therefore it failed to achieve its aims. In short, the Turkish government devoted tremendous efforts to developing tourism without considering the social and environmental dimensions of tourism development.

From the early 1980s to the present, a number of laws have been made in order to offer a number of investment incentives to the industry. An extremely attractive range of incentives has helped to stimulate a tremendous increase in awareness and activity in the tourist sector, particularly from Turkish investors but also from overseas. Tourist regions, zones and centres

were determined in order of touristic importance and received incentives accordingly in the 1980s. All the coastlines along the Mediterranean and Aegean regions were included in the priority list for tourism development. Infrastructural investments were speeded up by the public sector in designated areas. To this end, drinking water supply, sewage and waste water treatment plants, electrification and telecommunication investments have been completed in the tourism areas on the Aegean and Mediterranean coastlines which are planned and open to investments (OECD, 1992). The number of licensed beds went up from 68,300 in 1984 to 301,524 in 1996 with more than a fourfold increase in 12 years (Figure 4.2).

Figure 4.2 Distribution of Licensed Bed Capacity in Selected Years (1970 and 1996)



Sources: Ministry of Tourism (1992) and Ministry of Tourism (1997b).

After 1984 there was a sudden increase not only in bed capacity but also in the number of tourists visiting Turkey. The number of tourist arrivals rose from 1.6 million in 1983 to 8.6 million in 1996, an increase of 537.5% (Appendix 3). As statistical figures of the Ministry of Tourism illustrated, during the period of the fifth FYDP, tourism demand for Turkey increased beyond the expectation of Turkish planners. The unexpectedly rapid increase caused serious problems in bed capacity, particularly during the peak season in 1988. In fact, peak congestion caused many tourists to return home with negative images. A slow down in forward bookings for 1989 and a decline in the increasing growth rate were proof of this.

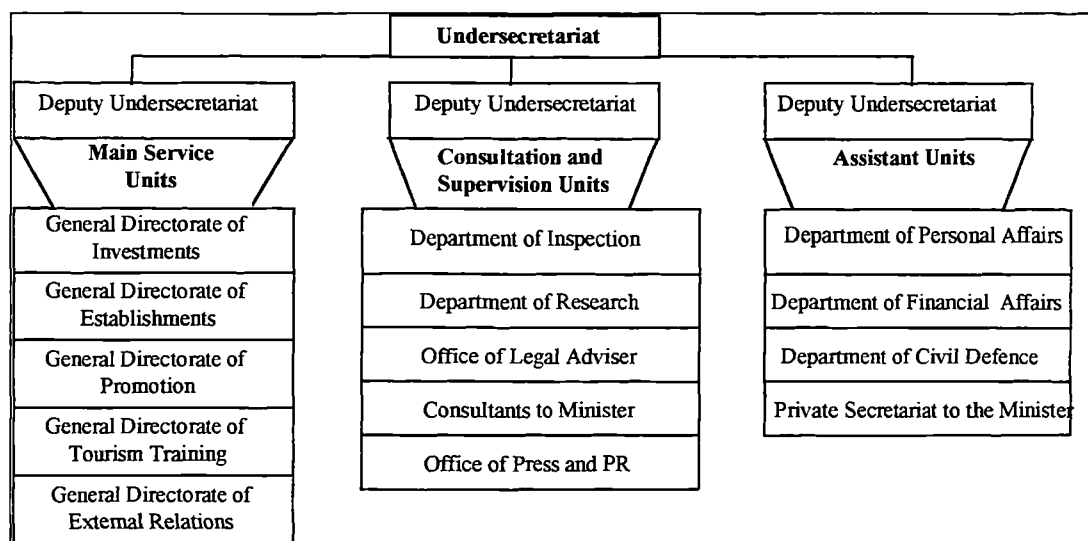
The important point is that the rapid increase in tourism demand for Turkey was provided by international tour operators; an increase in prosperity in the north European source countries; the relatively cheapness of Turkey; and the relatively unspoilt image of Turkey as a destination on the Mediterranean coast (EIU, 1993). The unexpectedly sudden increase in tourism

demand for Turkey in 1988 and the creation of a negative image of Turkish tourism due to the lack of bed capacity warned the government to increase the accommodation capacity on the Aegean and Mediterranean coastal fringes. Therefore the measurements taken by the Turkish government directed the public and private sectors to invest in tourism in order to further increase bed capacity on these coastal fringes. This induced many entrepreneurs who had no knowledge or experience of the tourism industry to invest in tourism. The consequences of the rapid development will be argued later under the heading of 'Problems of Turkish Tourism Development'.

Public Body Responsible for Tourism: Ministry of Tourism

A basic policy issue for any developing country is the degree, content and organisation of public sector involvement in the development and management of international tourism. In this respect, the public sector in Turkish tourism has been active in the development, control and management of tourism.

Figure 4.3 Ministry of Tourism: Central Organisation Structure

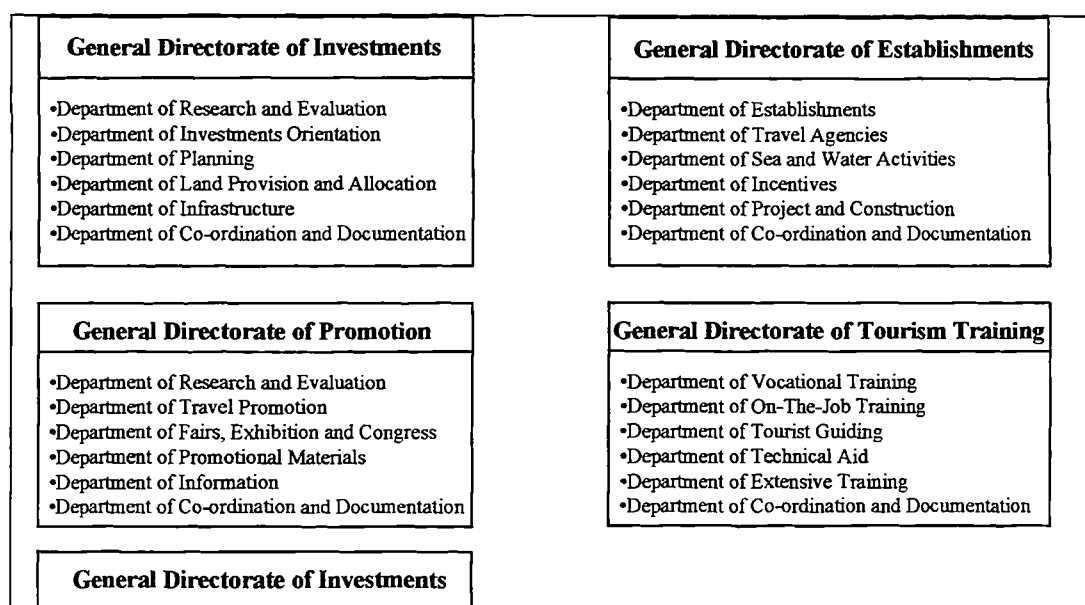


Source: Ministry of Tourism (1990:11).

The main reasons for active government involvement in developing countries are well described and justified in the study of Jenkins and Henry (1982). A tradition of 'etatism', lack of private sector and international experience, lack of basic tourism infrastructure and superstructure are the most relevant reasons for government intervention in the Turkish

tourism industry. The Turkish Ministry of Tourism is the main governmental body responsible for all tourism affairs. The Ministry of Tourism is composed of three main parts: Main Service Units, Consultation and Supervision Units, and Assistant Units (see Figure 4.3). The Ministry of Tourism, including central, provincial and overseas units, undertakes the duty of providing tourism products in such a way as to make a favourable contribution to the economy. The Ministry of Tourism carries out the following main activities (refer to Figure 4.4): *supervision of tourism development; promotional activities; project evaluation and implementation; and tourism vocational training; tourism regulations.*

Figure 4.4 Ministry of Tourism Main Service Units



Source: Ministry of Tourism (1990: 12).

Supervision of Tourism Development: The Ministry supervises and encourages all business activities in tourism. Its role is to assist, guide and co-ordinate public sector involvement in tourism development. It also reviews feasibility studies related to foreign participation or ownership, not only in relation to their economic targets but also to ensure that the projects will meet the standards laid down by the Ministry.

Promotional Activities: The Ministry is responsible for the promotion of Turkey's tourism. For this purpose, national tourist offices were established in the capital cities of the major tourist generation countries including Austria, Australia, Belgium, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, Great Britain, and the USA.

Promotional activities undertaken by the Ministry consist of participation in international travel exhibitions, fairs, conferences, organisation of publicity campaigns, newspaper and other media promotion, cultural festivals and the circulation of a variety of promotional publications.

Tourism Vocational Training: The Ministry offers short-term tourism education and hotel management courses in its Tourism Education Centres (known as TUREM) and Hotel Management Training and Education Centers (known as OTEM). It also formulates training programmes for hotel and catering staff, tourist guides, etc.

Tourism Regulations: The Ministry formulates standards, grades and regulations for hotels and other types of accommodation, for restaurants and other related businesses, travel agencies and tour operators. It also prepares and implements loan schemes for the construction, expansion and modernisation of the tourism enterprises.

In short, the Ministry takes measures for the development, marketing, promotion, and support of tourism; provides an overall orientation for, and co-ordination between, public sector bodies and institutions. Therefore the government is mainly responsible for (Kalkan, 1995):

- Granting incentives for tourism investments (land allocation, loans, etc.) in accordance with the Tourism Encouragement Law;
- Providing infrastructures and public services;
- Defining zones which have high tourism potential as tourism centres or areas, by law;
- Elaboration and approval of land use plans;
- Environmental control and protection issues;
- Promotion of the country abroad;
- Realisation of research and statistics;
- Vocational training.

Association of Turkish Travel Agencies (TURSAB)

TURSAB is a semi-public organisation established under the Travel Agency Law of 1618 in 1972 to develop and promote Turkish tourism both at home and abroad. According to this law,

Turkish travel agencies are obliged to be members of TÜRSAB which stipulates three distinct categories of travel agency depending on their activities and capital. 'Group A agencies' perform all the recognised activities of a travel agency, including tour operating. In other words, they work as local tour operators, notably on the incoming tourist market and operate outgoing tour packages as tour operators. 'Group B agencies', whose activities are confined to ticketing, handling services offered by 'Group A agencies' and providing all kinds of ground arrangements. 'Group C agencies' organise tours for the domestic market only. According to official records (TYD, 1997a), travel agents in Turkey are quite high in number. For example, in 1996, 1,518 'Group A' licensed travel agencies, 207 'Group B agencies' and 218 'Group C agencies' operated in Turkey. The main activities of TÜRSAB include (TÜRSAB, 1996: 8):

- promotion of Turkish tourism and services provided by travel agencies;
- collecting information concerning the travel agency business and conveying the information to members of the public;
- dealing with complaints from travellers and members;
- organising courses and seminars to train people in travel agencies;
- research, study and publicity about the development of Turkish tourism;
- promotion of professionalism and ethics in the tourism sector;
- taking disciplinary action against those members which operate in an improper manner.

Association of Turkish Hoteliers (TURTOB)

TURTOB was established by the leading Turkish hoteliers in 1989 in Istanbul. It is an independent professional organisation and has around 800 members with around 150,000 beds (TURTOB, 1997). The majority of the international hotel chains which operate in Turkey are also members. The main objective of TURTOB is to bring together hoteliers in Turkey and lend assistance to their present and future plans and programmes in order to strengthen the sector and gradually increase its contribution to the economy. However, TURTOB can be criticised in number of ways:

- it does not have any specific objectives, such as to find ways to bring hoteliers together and lend assistance to their present and future plans and programmes;
- it was established by leading hoteliers on the basis of goodwill, and therefore most individual hoteliers cannot be persuaded to be members;
- since hoteliers are not obliged to be members, it cannot fulfil its main function properly;
- since there is no legislation regarding disciplinary action, decisions taken by TURTOB can easily be overturned because of the independent attitudes of members.

Tourism in the Turkish Economy

Turkey as a developing country needs foreign currency, diversification of economic activities for job creation, increased government revenue, etc. As previously noted, chronic current account deficits, high rates of unemployment, inflation, deficits in the government budget and foreign debt are the main problems of the Turkish economy. The Structural Adjustment Program and the Liberalisation Trend of 1980 in particular gave priority to international tourism for easing lack of foreign currency, debt crisis and unemployment. Therefore, Turkish governments have generously supported the tourism industry in the hope of decreasing some of the negative effects of these macro-economic problems. As shown in chapter two, there are different dimensions to consider when evaluating the contribution of tourism to an economy. In the context of the Turkish economy, macro level economic impacts (foreign exchange earnings and government revenues) and micro level economic impacts (income generation, employment provision, and regional development) will be considered.

Macro Level Economic Impacts

The macro level contributions of international tourism to the Turkish economy will be dealt with both from the perspectives of foreign exchange earnings and government revenues.

Foreign Exchange Earnings:

Between 1963 and 1996 tourism receipts rose from US\$7.7 million to US\$5.9 billion, and the balance of tourism payments changed considerably from US\$12.9 million deficit to US\$4.7

billion net revenue (Table 4.10).

Table 4.10 Balance of Tourism Receipts and Expenditure and the Average Expenditure Per Person in Selected Years

Years	Receipts (million US\$)	Number of Foreigners Arriving (millions)	Average Expenditure Per Foreigner (US\$)	Expenditure (million US\$)	Number of Citizens Travelling Abroad (millions)	Average Expenditure Per Citizens (US\$)	Balance (million US\$)
1963	7.7	198,9	38.5	20.5	41,8	490.3	-12.8
1965	13.6	361,8	33.0	24.3	186,5	130.3	-10.7
1970	51.6	724,8	71.2	47.7	515,9	92.5	3.9
1980	326.6	1 288,0	253.6	114.7	1 794,8	63.9	211.9
1985	1 482.0	2 614,9	566.7	323.6	1 806,2	179.2	1 158.4
1990	2 705.0	5 389,3	621.3	520.0	2 917,2	178.3	2185.0
1993	3 959.0	6 500,6	668.1	934.0	3 311,3	282.1	3 025.0
1994	4 321.0	6 670,6	674.0	866.0	3 446,6	251.3	3 455.0
1995	4 957.0	7 726,9	684.0	912.0	3 981,4	229.1	4 045.0
1996	5 962.0	8 614,1	748.0	1 265.0	4 260,7	296.9	4 697.0

Source: Ministry of Tourism (1997a).

Table 4.11 underlines the tremendous importance of tourism to the Turkish economy. Among the nine major sectors illustrated in the table, apart from tourism, only three of them, agriculture and livestock production, processed agricultural products, and textile sectors brought a net foreign exchange, while others created a deficit in foreign exchange earnings.

Table 4.11 Foreign Trade by Major Sectors in Selected Years and the Place of Tourism

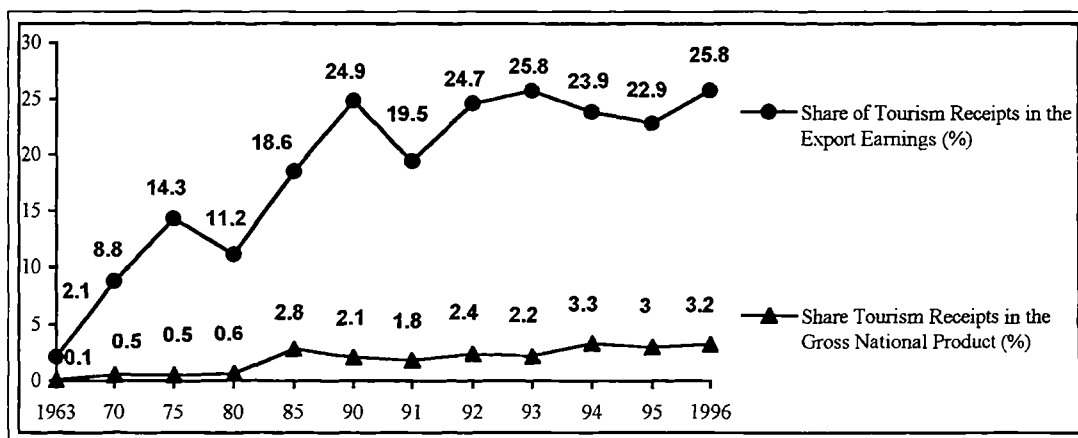
Major Sectors	Total Foreign Exchange Expenses (1993, 1994, and 1995 US\$ Million) (1)	Total Foreign Exchange Revenues (1993, 1994, and 1995 US\$ Million) (2)	Balance (2) - (1)	Rate of Imports Covered by Exports (%) (2) / (1)
Agriculture and Livestock Production	5 317	7 129	1 812	134.1
Mining	9 487	917	-8.570	9.7
Processed Agricultural Products	4 114	5 348	1 234	130.0
Chemical Products	9 916	1 756	-8 160	17.7
Textiles	4 063	19 865	15 802	488.9
Iron and Steel	9 024	6 637	-2 387	73.5
Manufacture	14 578	1 572	-13 006	10.8
Electrical Machinery	5 917	2 162	-3 755	36.5
Motor Vehicles	9 843	1 699	-8 144	17.3
Others	16 148	8 003	-8 145	49.6
TOTAL	88 407	55 088	-33 319	62.3
Tourism	2 712	13 237	10 525	488.1

Source: Author's calculation based on data from State Institute of Statistics (1997).

In terms of foreign exchange earnings, tourism is the second biggest sector in the Turkish economy after textiles. Tourism created US\$10.5 billion net revenue in total between 1993 and 1995 versus a US\$33.3 billion foreign trade deficit during the same period. As the figures show, tourism itself offset about 32% of the foreign trade deficit in Turkey. Furthermore, tourism expenditures are covered by tourism revenues such a high ratio as 488.1%, which can be interpreted as when a Turkish citizen travelling abroad spends US\$100, a tourist travelling to Turkey spends US\$488. However, as mentioned, investment and consumption of tourism services are highly import-dependent, and one should also consider the leakages that tourism creates. This issue will be touched upon later under the argument of income generation of tourism in the Turkish economy.

The importance of international tourism to the economic performance of a country can also be assessed through the GNP and export earnings. Tourism receipts made up 0.1% of GNP and 2.1% of export earnings in 1963, 2.8% and 18.6% in 1985, and 3.2% and 25.8% in 1996 respectively (Figure 4.5).

Figure 4.5 The Share of Tourism Receipts in the Gross National Product and the Export Earnings



Source: Ministry of Tourism (1997a).

Government Revenues:

A comprehensive study by The Turkish Tourism Investors' Association (TYD, 1992) reveals that tourism contributed TL2.3 trillion to Social Security Funds, Withholding Tax, Compulsory Saving Fund dues, Stamp Duty and so on, from those employed in the tourism sector at the investment and operational stages. When the demand for tourism consumption increases

US\$1,000, it also causes a US\$86 net increase in indirect taxes. Net indirect taxes paid to the state amounted to TL1 trillion in 1992.

The figures above do not include the corporation and income taxes, deductions made from payments to the personnel at the investment stage and lease payments for allocated land that amounted to more than US\$100 million in five years between 1985 and 1990. What is striking is that US\$422 million worth of grant resources provided to investors between 1985-1990 under the cash incentive programme led to an investment volume of TL5.5 trillion which, in turn, provided ten times as much additional foreign currency inflows and forty times as much added value to the economy as the cash incentives offered during that period (TYD, 1992). Although the figures regarding government revenues are not recent, it gives some insight into understand the significance of international tourism in the Turkish economy.

It is estimated (DPT, 1995) that at the end of the Seventh Five-Year Development Plan (in the year 2000), tourism receipts will reach US\$33.4 billion in total during the planned period. This will create a total US\$31.5 billion in additional demand for others sectors of the economy, and total tax revenues of US\$8.5 billion (representing approximately 13% of total taxes) for the government. Overall, tourism is expected to create approximately US\$73.4 billion total added value for the Turkish economy.

Micro Level Economic Impacts

The micro level contributions of international tourism to the Turkish economy will be discussed from the perspectives of creation of employment, generation of income and regional development.

Generation of Income:

Income creation in the tourism industry depends on the integration with other sectors of the economy. The more tourism is integrated with other sectors of the economy the higher the income that will be created. There are two widely used methods to measure income creation, namely income multipliers and input-output analysis (Olali and Timur, 1988).

Studies of the tourism income multiplier on Turkey assert that it ranges between 1.5-2.0

depending on sectors (Olali and Timur, 1988; Archer and Fletcher, 1990). The meaning of these figures can be explained thus; each US dollar spent by a tourist visiting Turkey results in US\$1.5-2.0 income to locals.

Tourism income multiplier values have been calculated for other developing countries; 1.23 for Egypt, 1.14 for Cyprus, 0.88 for Antigua, 0.79 for Bahamas, 0.72 for Fiji, 0.58 for British Virgin Islands (Archer and Fletcher, 1990). As can be seen from these multiplier values, smaller countries have lower income multiplier values than larger countries. This is because of the variety of leakages due to imported goods and the low level of intersectoral linkages in most small states. In this respect, the tourism income multiplier of Turkey is higher than many developing countries. This reflects Turkey's large agricultural base, the level of industrialisation attained and the integration between these industries and tourism.

Input-output analysis also shows a high degree of integration of tourism with other sectors of the economy. In a study undertaken by the Ministry of Tourism (Turizm Bakanligi, 1993), it was found that every Turkish Lira (TL)100,000 spent on tourism creates a demand of TL200,097 in direct and indirect industries which provide input to the tourism industry, that is backward linkages. It has also been found that an increase of TL100,000 in the production of tourist goods and services offered a possible demand increase of TL113,291 in industries to which tourism provide inputs, that is, forward linkages. The same study asserts that when the demand for tourism consumption increases US\$1,000, it needs the importation of intermediate goods worth only US\$75, which is 7.5% of the consumption. Where the investment stage is concerned, imports make up 15-17% of the total investment. All these may be an indication of strong sectoral linkages of tourism within the Turkish economy. According to a survey (TYD, 1992) studying the sectoral investments with the 'input-output evaluation' method, tourism stimulated 33 other sectors.

Contribution of Tourism to Employment:

As already noted, the service sector occupies around 37.2% of Turkey's total population and 30.09% of the civilian labour force (DPT, 1997). According to a study by the Ministry of Tourism (1994b), around 197,000 people were employed specifically in the tourism industry in 1993. The breakdown is as follows.

• Tourist guides	5,324
• Accommodation, Catering, Entertainment	171,219
• Travel agencies	18,000
• Ministry of Tourism	2,222

When indirect employment and induced employment are considered, it is obvious that the effect of tourism on employment in Turkey must be higher. According to the statistics from the Ministry of Tourism (1994b), indirect employment is estimated to be triple that of direct employment. WTTC's estimated statistics (WTTC, 1996) indicate that tourism is expected to generate employment for more than 2.6 million in Turkey (including direct, indirect and induced employment) by the year 2006 creating 153 new jobs everyday. If this figure is accurate, tourism creates employment for 11.57% of civilian labour force of Turkey. However, it is a very difficult to determine the effects of tourism on employment, although these figures give a general idea.

Regional Development:

The contribution of international tourism to regional development is another economic benefit to developing countries. The experience of Turkey suggests that the case is exaggerated. A very important portion of accommodation capacity is concentrated in Istanbul and along the Turkish Riviera.

Table 4.12 Number of Licensed Accommodation Establishments by Geographic Regions (31/12/1996)

REGIONS	TOURISM OPERATION LICENSED				TOURISM INVESTMENT LICENSED			
	Establishments		Beds		Establishments		Beds	
	Number	Share %	Number	Share %	Number	Share %	Number	Share %
Marmara	445	23.85	63 777	21.15	159	12.15	27 945	13.79
Aegean	583	31.24	93 225	30.92	530	40.49	80 839	39.90
Mediterranean	502	26.90	105 801	35.09	385	29.41	69 225	34.16
Central Anatolia	163	8.74	22 739	7.54	74	5.65	8 192	4.04
Black Sea	83	4.45	7 709	2.56	67	5.12	6 305	3.11
East Anatolia	47	2.52	4 688	1.55	53	4.05	5 654	2.79
South East Anatolia	43	2.30	3 588	1.19	41	3.13	4 472	2.21
TOTAL	1 866	100.00	301 524	100.00	1 309	100.00	202 631	100.00

Source: Ministry of Tourism (1997b).

As seen (Table 4.12), 87.16% of tourism operation licensed beds, and 87.85% of tourism investment licensed beds are located in the south and west part of Turkey covering the

Mediterranean, the Aegean and the Marmara regions. These three regions are also the most developed ones economically. Touristic concentration occurs in these regions because they have the combination of assets for beach and historic-cultural tourism, which appeal to the mass market. Although other regions have tourism potential for nature and cultural tourism, the market is limited to special interest groups which are small in size. Beyond this, unstable political and social movements, particularly in the East Anatolia and the South-east Anatolia regions, are another handicap for the development of tourism in the regions.

According to a survey conducted jointly by the Turkish Ministry of Tourism and the International Labour Organisation (ILO) (1994), regional distribution of employment in the tourism industry is also concentrated in the three most developed regions of the Marmara (28.5%), the Aegean (27.2%), and the Mediterranean (30.5%), while only 1.7% of total tourism employment is in Eastern-Anatolia (0.8%) and South-eastern-Anatolia (0.9%), the least developed regions in the country. In addition, 9.35% of total tourism employment is concentrated in the Central Anatolia, while 2.75% of it is in the Black Sea.

These figures enable us to understand the place of tourism in the Turkish economy. What is obvious is that tourism creates some foreign exchange for the Turkish economy. The fact is that tourism also plays a crucial role as generator of employment, income and government revenue in the economy. However, what is lacking in the discussion of economic benefits of tourism is a qualitative assessment of environmental and sociocultural effects of international tourism on Turkey which is beyond the scope of this study.

Supply Aspects of Tourism in Turkey

All destinations require adequate attractions, amenities and accessibility if they are to develop their share of international tourism (Holloway, 1994). The purpose of this section is to evaluate Turkish tourism in terms of these three elements. Therefore, the following section, first deals with Turkey's current and potential tourism product and subsequently looks at the current structure of the accommodation sub-sector and distribution channels.

Turkey's Potential for Tourism

As noted in chapter two, the tourism product is a broad concept that includes virtually

everything about a potential destination country (essential and optional elements). The tourism product refers to tourist attractions which can be marketed in order to draw tourists to Turkey. Therefore in order to evaluate Turkey's current and potential product for tourism, Turkey's tourist attractions will be examined under five broad headings: sun, sea and sand attractions, historical and cultural attractions, attractions for winter tourism, attractions for special interest tourism, and attractions for business tourism.

Sun, Sea and Sand Attractions:

Turkey is well endowed with climatic and natural prerequisites of sun, sea and sand tourism along the Aegean and the Mediterranean coastlines. As previously mentioned, Turkey is surrounded by three seas, the Black Sea, the Aegean and the Mediterranean. Turkey has 1432 km long natural beaches (Directorate General of Press and Information, 1993). The summer season lasts six to seven months in the coastal areas except the Black Sea where it is three to four months. The annual amount of sunshine ranges from 135 days in the north to 270 days in the south and west. The monthly average sea temperature from April to October in the Aegean and Mediterranean regions is around 19-22 degrees centigrade (State Institute of Statistics, 1998). These coastlines offer swimming, sunbathing, fishing, yachting and water sports opportunities often against a more picturesque backdrop of simple Turkish villages or small town architecture, old stone castles or historical sites, and the Anatolian mountain ranges (Bolman and Bolman, 1993). For example, a travel writer of the Sunday Times, Daniel Farson, says that (1996: 4):

noting can equal the beauty of the Turkish coast between Bodrum and Antalya, where civilisations have left their mark over thousand of years. Not even the mass tourism of today can spoil the splendour of the shores where Alexander the Great dropped anchor.

However, together with the rapid mass tourism development most of the traditional Turkish resorts are being environmentally destroyed and new unspoilt resort areas are being developed for the purpose of mass tourism along those coastlines of Turkey. What is important is that if the unplanned mass tourism development continues in those resort areas, as has happened before in traditional resort areas, Turkey as a tourist destination may lose its uniqueness regarding unspoilt beach and environmental attractions. This will eventually effect the macro-economic benefits of Turkish tourism.

History-Culture Based Tourist Attractions:

In geographical terms, Turkey constitutes a natural bridge between Asia, Europe and Africa, which are the continents of the old world. For this reason, human relations between continents since the earliest times have taken place through Anatolia. The territory of Anatolia has been used for migrants, wars, invasions, trade routes and communication during all the ages. On the other hand, Anatolia itself has been the cradle of many civilisations. Traces of civilisations in Turkey date back to 8000 BC, indicating that civilisation started to flower 10,000 years ago in Anatolia (Billings, 1995). Besides this history of civilisation, the variety of people who have lived in Turkey gives a unique character to its archaeological and cultural assets. The Hattis, the Hittites, the Sumerians, the Urartus, the Lycians, the Phrygians, the Ionians, the Romans, the Byzantines, the Seljukis and the Ottomans were the masters of civilisations until the Republic of Turkey. Turkey has 2,363,652 historical art objects in 170 museums; 10,000 protected heritage sites; and 50,000 excavation sites (World Newspaper, 1993). In addition to its rich historical and cultural inheritance, Turkey displays a great wealth of natural assets including a vast, varied and unspoilt landscape and forests, high mountains, lakes and rivers.

Attractions for Winter Tourism:

Skiing and related winter sports can be considered as the fundamental elements of winter tourism. About half of Turkey's surface area (55%) is covered by mountains with an average altitude of 1500 to 3500 metres, located on the Alpine-Himalayan Mountain Range. Because of this topographic feature, Turkey offers potential for winter tourism.

Table 4.13 Turkey's Snow Skiing Centres

Skiing Centre	Height	Season	Bed capacity
Bursa-Uludag	2543m	December/April	3 500
Antalya-Saklikent	1850m	January/April	-
Bolu-Kartalkaya	2200m	December/March	743
Erzurum-Palandoken	3100m	December/April	140
Kars-Sarikamis	2250m	December/April	60
Kayseri-Erciyes	3917m	November/May	140
Ankara-Elmadag	1800m	December/March	163
Kastamonu-Ilgaz	2000m	December/March	50
Gumushane-Zigana	1870m	December to April	-

Source: Ministry of Tourism (1995), Turkey, General Directorate of Information, Ankara.

Mountains of varying heights, the highest being Mount Ararat (5165m), both inland from the coastal areas as well as in the interior, have suitable slopes and are covered with snow for a period of four to six months a year. However, winter tourism is still at an underdeveloped stage despite Turkey's potential particularly for skiing (Table 4.13). Although there are nine skiing centres, only Mount Uludag (2,543m) skiing centre can offer adequate international service with 3500 bed capacity.

Attractions for Special Interest Tourism:

There are many activities that can be put under the special interest tourism category. In terms of what Turkey can offer, the following special interests are the most important that can be provided: Pilgrimage; mountaineering; trekking; visiting battlefields; turtles, hunting, fishing, diving and other water sports; yachting; health tourism (spas); shopping; bird-watching; and visiting friends and relatives.

Attractions for Business Tourism:

Turkey is, remarkably, a land passage between Europe and Asia. Not only is Turkey a member of social-political-economic European institutions such as NATO, OECD, European Council, but also it has close cultural and economical ties with Islamic countries in the Middle East and North Africa. With the dissolution of the former Soviet Union, Turkey initiated the Black Sea Economic Co-operation Project and strengthened economic and cultural ties with newly emerged Turkish republics in Central Asia. Turkey also has gone a long way in the industrialisation process and launched liberal economic policies since the 1980s. All these developments point to the fact that Turkey is well placed for the prospect of business tourism. On the other hand, located at the junction of Europe and Asia, Turkey is a superb venue for meetings, incentives and conventions. Furthermore, the biggest project in the Turkish economy, South-east Anatolia Project (Güneydoğu Anadolu Projesi), will bring more business opportunities for foreign capital in the near future. Turkey took part in a consortium for a big oil project with the United States, the United Kingdom and Russia in Azerbaijan. Moreover the oil pipe-line which starts from Kazakhstan and ends at the Turkish ports is a project supported by the United States despite the opposition of Russia. The absence of or inadequacy of the direct flights from European airports to newly emerged Turkish republics makes Turkey a land

passage.

An Evaluation of the Current Tourism Product

A recent survey carried out by the State Institute of Statistics (DIE, 1997) has indicated that while holidays account for 51.14% of total tourist arrivals; 14.44% come for business and commercial purposes; 12.85% of visits are for cultural and religious purposes; 4.53% come for VFR; 4.43% visit for shopping purposes; and 12.88% visit for other purposes. 75.35% of holiday visits are with a package tour, while 67.85% are for cultural visits. Business travellers and visitors of friends and relatives are most likely to travel independently, 80% and 74.78% respectively (Table 4.14).

Table 4.14 Purpose of Visits of Foreigners by Types of Organisation in 1996

Purpose of Visit	Independently	%	Package Tour	%	Total	%
Holiday	1 005 249	24.65	3 073 137	75.35	4 078 386	51.14
Cultural	317 463	32.15	669 935	67.85	987 398	12.38
Sportive Events	25 591	39.10	39 817	60.90	65 408	0.82
Business	608 936	80.00	153 629	20.00	762 565	9.56
Public Services	15 860	52.45	14 378	47.55	30 238	0.38
VFR	270 398	74.78	91 195	25.22	361 593	4.53
Meeting-Conference	64 971	60.86	41 788	39.14	106 759	1.34
Shopping	192 900	54.65	160 073	45.35	352 973	4.43
Education-Training	24 855	49.77	25 081	50.23	49 936	0.63
Health-Thermal Care	17 974	63.89	10 158	36.11	28 132	0.35
Religious	5 561	14.88	31 810	85.12	37 371	0.47
Work	199 017	52.78	178 028	47.22	377 045	4.73
Commercial	220 212	56.63	168 653	43.37	388 865	4.88
Transit	58 782	72.69	22 089	27.31	80 871	1.01
Other	138 594	51.96	128 145	48.04	266 739	3.34
TOTAL	3 166 363	39.70	4 807 916	60.30	7 974 279	100.00

Source: DIE (1997), Haber Bulteni, Ankara, 4.

Turkey's attractions are fairly conventional and lie on its Aegean and Mediterranean coastline. In this regard, it can be said that Turkey's current product for tourism is mainly composed of sun, sand and sea, accompanied by some historical and cultural assets.

On the other hand, as noted, the availability of the accommodation facilities, travel organisers sector and transportation facilities, and also the accessibility of the country are the most important components of the tourism supply in establishing the popularity of a destination. Therefore, an in-depth evaluation of these components of Turkish tourism is a necessity in a

comprehensive study.

The Accommodation Sub-Sector

The Turkish accommodation sub-sector is very diversified in terms of classes and types, and establishments are licensed by either the municipalities or the Ministry of Tourism. A certain number of hotels throughout the country are registered with the Ministry of Tourism which means that they abide by certain regulations and standards of facilities, and these are given the name 'touristic'. There are other establishments registered with local authorities and these too meet a certain standard with regard to facilities and services. The Ministry's licence is the guarantee of a higher level of quality.

Accommodation Capacity:

As of the end of 1996 the Ministry's records showed 1,866 accommodation establishments with an operation licence and 1,309 with an investment licence corresponding respectively to 301,524 and 202,631 beds.

Table 4.15 Number of Tourism Operation and Investment Licensed Accommodation Establishments by Types and Classes (31/12/1996)

TYPE	CLASS	TOURISM OPERATION LICENSED				TOURISM INVESTMENT LICENSED			
		Units	Rooms	Beds	Average Beds	Units	Rooms	Beds	Average Beds
Hotels	5-star	92	25 554	54 014	578	43	11 337	24 726	575
	4-star	156	21 601	44 078	283	90	14 031	29 443	327
	3-star	411	33 571	68 125	166	371	29 137	60 227	162
	2-star	579	25 342	49 703	86	409	17 010	34 301	84
	1-star	204	6 878	13 050	64	88	2 294	4 560	52
HOTELS SUB-TOTAL		1,442	112 946	228 970	159	1,001	73,809	153,257	153
Holiday Villages		79	22 251	48 283	937	67	15 918	33 579	545
Boarding Houses		185	3 138	6 137	33	166	2 745	5 400	33
Apart Hotels (Self-catering)		27	818	2 270	84	-	-	-	-
Special Certificated		62	1 908	4 411	71	17	567	1 189	70
Others ^a		71	4 432	11 453	162	58	3 525	9 206	159
TOTAL		1 866	145 493	301 524	162	1 309	96 592	202 631	155

^a Camping, Caravans, Motels, Inns, Golf Course Establishments, Hostels, Thermal Hotels, Training and Practice Facilities, and Tourism Compounds.

Source: Ministry of Tourism (1997b).

In addition, as the statistics published in 1994 indicate, there were 8,403 accommodation establishments registered by the municipalities, 5,142 of which are relatively high quality and 3,261 of which are very poor in quality, corresponding respectively to 250,899 and 104,026 beds (Turizm Bakanligi,1995). In total, with the completion of the accommodation establishments under construction or at project stage, the lodging capacity of the facilities licensed by the Ministry of Tourism is expected to be 800,000 beds, while the total number of beds, including those operating under municipal licence, is expected to have reached 1.3 million by the year 2000. In terms of market segmentation, accommodation establishments registered by the Ministry of Tourism can be divided into three broad categories: hotels, holiday villages, and other accommodation establishments (motels, camping sites, self-catering accommodation establishments, inns, and caravans).

Hotels, which are mainly geared towards holiday travellers, businessmen and conference delegates, are located both in the resort areas and city centres and classified by stars in accordance with the general criteria and conditions established by the Ministry of Tourism. However, Turkish star ratings do not always reflect international norms, and many comment that Turkish 5-star classification hovers between European 3-star and 4-star category (this can be seen, for example, in the catalogues of the UK tour operators who are currently featuring Turkey as a tourist destination). That might be because the hotel grading system in Turkey based on a 'one to five star rating' is not comprehensive but based solely on the physical aspect of the accommodation establishment and does not consider the provision of standard of services.

As seen from Table 4.15, hotels have a large share (76%) of total licensed bed supply. In terms of classes, much of the operation licensed bed supply is in five-star (17.91%) and four-star (14.62%) hotels, while 22.59% is in three-star hotels, and 16.48% and 4.33% are respectively in two-star and one-star hotels. However, early attempts to promote a 'five-star' mentality appear to have been modified by a realisation that there is a limited market for this 'élite' segment (especially among tourists rather than business arrivals). Although many projects start out with ambitious 'five-star' aims, financial and other problems frequently result in an eventual down-grading (Akmel, 1993). In this respect, three-star (29.72%) and two-star (16.93%) hotels are more common and most of the investment licences have been granted to

these categories. The average size of hotel is around 159 beds. However, the average size of 'five-star hotels' reaches the level of 578 beds.

The share of holiday villages in total licensed operational bed capacity is around 16% with an average size of 937 beds. Holiday villages which are located on the Aegean and Mediterranean coastal fringe, have been particularly active in this area of 'enclave' tourism, which is thought to be less popular with the indigenous inhabitants. That is mainly because most of the holiday villages have been built far away from the town, like an oasis in the desert and they have management agreements with tour operators in Europe (Table 4.16).

Table 4.16 Accommodation Establishments Operated by Foreign Tour Operators in Turkey

TOUR OPERATOR	UNITS	NUMBER OF ROOMS	NUMBER OF BEDS	NAME OF THE ACCOMMODATION ESTABLISHMENT	HOME-COUNTRY
Accor Group	6	1 275	2 540	Eldorador - Mercure	France
Club Mediterranean	7	2 528	5 056	Club Mediterranean	France
Rewe - ITS	1	237	504	Club Calimera Hydros Village	Germany
Neckermann	3	979	1 958	Paradiana	Germany
Sol Meliá	5	1 319	2 638	Sol Meliá	Spain
Preussag - TUI	4	1 052	2 104	Iberotel	Germany
Preussag - TUI	6	1 652	3 304	Robinson Club	Germany
TOTAL	31	9 042	18 104	-	-

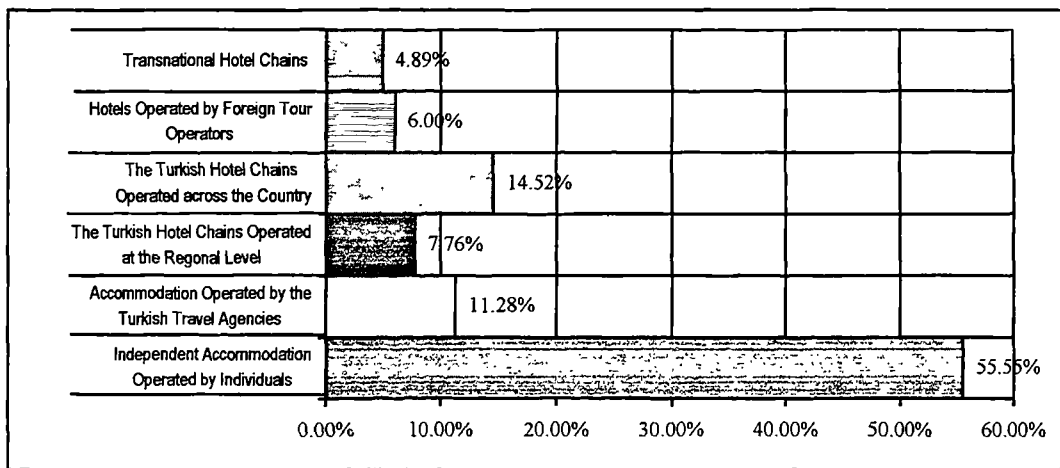
Source: Derived from TURTOB (1995), and Hotel Guide (1997).

These holiday villages are marvellously furnished and well-equipped with lounges, two or more restaurants, a grill-room, snackbars, fountains, sun terraces with open-air bars, one or two outdoor and indoor swimming pools, a coffee shop, dancing with orchestra and bazaar, everything for the comfort of tourists who are dependent on the structure and the quality of the hotels. Tourists may feel quite happy in this type of hotel because every effort has been made to make them feel comfortable. However, one has to realise that this type of hotel is not to everyone's taste. There are other accommodation establishments, which mostly meet the requirements of low-budget holiday travellers, such as motels, camping sites, apart hotels (self-catering accommodations), inns and caravans. On the other hand, golfing establishments, timesharing establishments, rental houses, hostels, yachts, health establishments (in spas and thermal resorts), and special licensed establishments (accommodation facilities converted from historical and cultural buildings) constitute an important part of the Turkish accommodation sub-sector.

Ownership Structure and Type of Management:

The author has tried to distinguish the Turkish operation-licensed accommodation establishments with regard to their operation type. The Hotel Guide 1997 and the survey of the Turkish Hoteliers Association (TURTOB, 1995) were the key sources in distinguishing the operation-licensed accommodation establishments in terms of their operation type (Figure 4.6). Even though international companies are the major players of the sector (Manisali and Yarcan, 1987), their share in the number of total operation licensed beds is as low as 10.89%, 4.89% of which are operated by international hotel chains and 6% of which are operated by overseas tour operators. These figures, in total, correspond to 32,836 beds.

Figure 4.6 Distribution of the Licensed Beds by Types of Operation



Source: Author's calculation based on data from TURTOB (1995) and Hotel Guide (1997).

Table 4.17 Forms of Foreign Involvement in the Accommodation Sub-sector in Turkey

FORMS OF INVOLVEMENT	Number of Establishments	Number of Beds
Equity Involvement and Management Contracts	34	18,060
Management Contracts and Franchising Agreements	28	14,776
Total	62	32,836

Source: Basbakanlik Hazine Mustesarligi Yabancı Sermaye Genel Mudurlugu (1996).

The scale of international hotels is quite large; average bed number is 521. They are overwhelmingly three-star or over hotels or holiday villages. This confirms Jenkins' (1982: 336) argument that 'below a unit size operating costs are likely to be unattractive to an (international) investor or management company'. This is because of the economies of scale

that large projects offer to international hotel developers. The incentives offered by the government have been largely unsuccessful in attracting substantial foreign investment in the hotel industry. The reasons for the small participation of international companies in investment or management in the Turkish hotel industry can be explained as follows (see also Manisali and Yarcan, 1987; British Overseas Trade Board, 1988):

- international tour operators have mainly provided 'occupancy guarantees' rather than direct investment in or operating of the facilities;
- international hotel groups have been mainly interested in providing management or consultant services, with very limited actual financial investment commitment;
- international banks have been reluctant to invest long term in Turkey generally and traditionally regard tourism as a volatile and insecure sector;
- many foreign capital companies are in fact vehicles to facilitate transmission of funds from Turks working overseas and do not represent genuine foreign investment;
- some investment in the tourist sector represents relatively short-term investment in ventures which operate on leases rather than investment in fixed assets such as land or building;
- last, but of course not least, there may still be considerable worries about the security on investment under conditions of such high inflation, which has been around 80% during the last few years.

Although these factors are specific to Turkey, they may be present in other developing countries.

However, the share of the Turkish hotel chains in the number of total operation licensed beds is 22.28%, of which 14.52% was operated across the country and 7.76% only at the regional level, particularly in the Aegean and the Mediterranean coastline. 11.44% of operation licensed beds was operated by the Turkish travel agencies, while 55.55% of beds was operated independently by individuals who do not belong to any group or chain. It is worth noting that nine of the major Turkish banks have whole ownership or equity participation in the tourism industry (TURSAB, 1997b). This kind of involvement is a good example of diversification in the Turkish tourism industry. However, it is limited to a few hotels and similar

establishments in Turkey.

Average Length of Stay and Occupancy Rates:

According to statistics from the Ministry of Tourism (1997a), the average length of stay for foreigners has increased from 2.7 nights in 1990 to 4 nights in 1996. This figure published by the Ministry of Tourism takes into account only the average length of stay in licensed accommodation establishments throughout the country. However, it is estimated that the average length of stay between May and September in the coastal resort areas is around 11 days, while the average figure is around 8 days in licensed holiday villages (Ministry of Tourism, 1997b). The average occupancy rate was 51.24% in 1996, but it differs from one region to another and also from one type accommodation to another (Table 4.18).

Table 4.18 Distribution of Occupancy Rates in Selected Establishments by Type and Class of Accommodation

Types	Classes	MAR.	AEG.	MED.	C.A.	B.S.	E.A.	S.E.A.	All Areas
Hotels	5-star	50.72	42.18	64.08	36.46	54.14	-	31.43	53.86
	4-star	58.66	49.66	55.96	43.59	36.54	35.86	35.35	52.82
	3-star	52.96	46.91	61.43	42.67	36.98	23.76	25.92	49.75
	2-star	43.97	56.80	51.36	38.43	42.60	33.78	40.85	47.63
	1-star	39.16	36.86	28.20	46.32	32.02	34.76	37.96	37.41
Holiday Villages		40.65	48.06	67.15	-	-	-	-	58.80
Boarding Houses		34.59	31.01	58.28	2.47	38.43	52.72	54.38	45.36
Apart Hotels		-	45.97	87.56	27.32	-	-	-	70.25
Special Certificated		23.60	37.84	49.24	25.50	32.02	-	9.55	30.89
All Accommodation		46.21	48.50	50.98	42.01	38.18	29.82	32.04	51.24

MAR.: Marmara; AEG.: Aegean; MED.: Mediterranean; C.A.: Central Anatolia; B.S.: Black Sea; E.A.: Eastern Anatolia; S.E.A.: South-eastern Anatolia.

Source: Ministry of Tourism (1997b).

The highest occupancy rates were in four- and five-star hotels, holiday villages, and self catering accommodation establishments (apart-hotels) in the regions of the Mediterranean and Aegean. However, the vast majority of the leisure hotels in holiday resorts remain closed during the winter. The occupancy rates quoted are based on the holiday resorts' summer season when hotels operate. However, the year-round occupancy rate for all licensed accommodation establishments in Turkey is 34%. As the year-around occupancy rates of the Turkish licensed accommodation establishments are very low, the hoteliers have great difficulty operating their properties profitably. In addition high interest and inflation rates affect

the profitability of the establishments.

Distribution Channels

According to a study undertaken by Yucel (1995), the Turkish accommodation establishments mostly depend on travel agencies for their reservations (Table 4.19). International companies also receive a significant proportion of their reservations through travel agencies. The study by Yucel proves once again the tourism intermediaries' crucial role in the marketing of the country's tourism potential abroad. As can also be seen from the table, the dependence of national hotels on travel intermediaries appears to be higher than that of international chain hotels.

Table 4.19 Hotel Reservation Systems and their Shares in Total Reservations of Selected Hotels

Hotel	Type of Operation	Name of the Computerised Reservation Systems (CRSs)	Reservations		
			Through a CRS	Through Travel Agencies	Direct Sale
Sheraton	IC	RES IV	30%	30%	40%
Kalyon	IO	UTELL	8%	74%	18%
Kaya Prestige	IO	-	-	70%	30%
Klasis Hotel	NC	STEIGENBERGER	5%	50%	45%
Ege Palas	IO	-	-	85%	15%
Dedeman Hotel	NC	UTELL	2%	65%	33%
Golden Age	NC	HOTEL INTERNATIONAL HOTEL DIRECT	5%	80%	15%
Divan	NC	SUMMIT HOTELS UTELL (Golden Tulip Worldwide)	10%	60%	30%
Pera Palas	NC	UTELL	5%	65%	30%
Ayma Hotel	NC	UTELL	5%	55%	40%
Gunes Hotel	IO	-	-	70%	30%
Hilton	IC	HIW	15%	40%	45%
The President	IC	Best Western	20%	50%	30%

IC: International chain, IO: Individually operated, NC: National chain.

Source: Yucel (1995: 82).

Turkey has been served by a well-developed travel trade and the large number of overseas based travel companies contribute to the marketing effort of the country (Ozturk, 1996). There are about 700 tour operators organising tour packages to the country from tourist generating countries, 138 (20%) of which are UK based companies (Turkish Tourist Office, 1997a).

With regard to local travel trade companies, there is no distinction between tour operators and

travel agencies in Turkey. Turkish travel agencies are strictly controlled by the Association of Turkish Travel Agencies (TURSAB). The number of travel agencies increased from 320 in 1982 to 1943 in 1996, an important indicator of the growth in the marketing of the country's tourism potential abroad.

Transport and Accessibility

As already discussed in chapter three, the development and growth of international tourism depends on the availability of adequate transport services and hence accessibility of the host country from the tourist generating countries. Adequate transport services and accessibility of the regions of the country are also important in enabling tourists to travel within the country.

The share of air transportation in total tourist arrivals is growing. In 1993, 54.3% of tourists arrived by air, 33.1% arrived by road, 0.6% by train, and 12% by sea (TYD, 1997a). However, in 1996, these figures changed in the favour of air transportation. In 1996, 72.4% of international visitors to Turkey arrived by air, 15.8% by road, 10.7% by sea and the remainder 1.1% by train (Ministry of Tourism, 1997a). This very large increase in air traffic was mainly caused by the liberalisation of Turkish policy regulating charter operations (WTO, 1994). The development of inclusive charter flights has been a crucial element in the growth of international tourism in Turkey as in other Mediterranean countries, which the above figures confirm.

The development of inclusive tour charter (ITC) services to Turkey was initially undertaken by tour operators and associated airlines in Western Europe, particularly in the UK and Germany (Ministry of Tourism, 1996), but the success of this business has led to the establishment, with successful government inducement, of new charter airlines in Turkey. There are now nine Turkish private airline companies, some of which are charter airlines and have foreign partners and/or shareholders (Yucel, 1997).

Table 4.20 Air Transportation Capacity in Turkey

Name of the Company		Number of Seats
1.	Turkish Airlines	9 869
2.	Private Sector Air Carriers	11 496
	• Onur Airlines	3052
	• Istanbul Airlines	2660
	• Air Alfa	1567
	• Pegasus Airways	850
	• Sun Express Airways	781
	• Cyprus Turkish Airlines	720
	• Intersun Air	678
	• Sunway	678
	• Top Air	510
TOTAL		21 365

Source: Yucel (1997: 25).

It is also worth noting that the number of seats which Turkish private airlines own exceeds that of Turkish Airlines, which is a scheduled and publicly owned airline company. From Table 4.20, it can be inferred that the Turkish airline industry is highly fragmented. On the other hand, while the market shares of Turkish Airlines and foreign airline companies in international passenger arrivals have been stagnating, the market share of Turkish private airline companies in international passenger arrivals has shown a steady increase since 1990 (Table 4.21).

Table 4.21 Market Shares of Turkish and Foreign Airline Companies in Passenger Arrivals

Years	Market Shares (%)			Number of Travellers Carried			Total
	Turkish Airlines	Turkish Private Airline Companies	Foreign Airline Companies	Turkish Airlines	Turkish Private Airline companies	Foreign Airline Companies	
1990	24.0	12.0	64.0	1 979 404	1 013 100	5 289 738	8 282 242
1991	22.0	23.0	55.0	1 519 230	1 612 267	3 878 243	7 009 740
1992	21.0	28.0	51.0	2 269 107	3 118 546	5 662 384	11 050 037
1993	20.0	29.0	51.0	2 676 968	3 810 420	6 783 202	13 270 590
1994	23.0	28.0	49.0	3 057 389	3 769 121	6 723 466	13 549 976
1995	19.5	36.0	44.5	3 342 079	6 315 678	7 762 094	17 419 851
1996	20.0	35.0	45.0	4 000 000	7 000 000	9 000 000	20 000 000

Source: Yucel (1997: 25).

Even though the market shares of both the public and private Turkish airline companies seem to be increasing with respect to all passengers coming to Turkey, inexperience and the fragmented structure of the private airline industry in Turkey, are two of the reasons for the low market share of incoming tourists. Furthermore, lack of joint ventures, strategic alliances and

marketing agreements with tour operators and airlines in tourist generating countries are perhaps other reasons for Turkish carriers' low market share (see Kusluvan, 1994). Since foreign airlines carry a relatively a large percentage (45%) of all passengers coming to Turkey, the market share of Turkish carriers in incoming tourists is relatively low *. For example, in Antalya, Izmir, Dalaman airports, where tourist arrivals are high, foreign charter airlines are dominant, respected figures were 84%, 53% and 72% in 1995 (Ministry of Tourism, 1996b). This implies that most of the tourist arrivals are via foreign charter airlines. This results in the loss of revenue to the Turkish economy and the increase of the Turkish industry players' dependence on international tour companies which are integrated with charter airlines. One suggestion might be that Turkey should favour bilateral agreements at individual country level and try to create two or three strong carriers.

On the other hand, although the country's internal air transportation is growing on domestic routes, it is limited to a few towns and provinces. This creates an obstacle to inland transportation in Turkey which is geographically a wide country. Although road links between cities and towns are in better condition now in comparison with the previous two decades, they are still narrow and some of them unsealed. Rail transportation is not much used to link destinations, due to insufficient connection with tourist areas. On the whole, in spite of the government's continuous effort to upgrade roads and related infrastructure, an inadequate inland transport system is still one of the main factors limiting the spread of tourism through the country. Given this, it is important to note that due to the distance factor and lack of good road access from Europe, most foreign tourists arrive by air, so the coastal tourist developments depend mainly on accommodation services and are limited to sites easily accessible from the existing airports.

Demand Aspects of Tourism in Turkey

The traditional image of the tourist in Turkey is more one of 'wanderlust' as opposed to 'sunlust'. The discerning enthusiast, 'élite' yachtsman or archaeological explorer have typified visitors to Turkey in contrast to the typical tourist for example in Malta and Spain (Akmel, 1993). This type of tourism has been complemented mainly by the resort or holiday village

* The market share of Turkish charter airlines in total passenger arrivals to Turkey seems to be more than 55%. But this may be because of the use of Turkish charter airlines by the citizens of Turkey working abroad (particularly in Germany), when they travel to Turkey.

visitors.

As a result of being a short-haul destination from most of the Western European countries, Turkey's international tourism business depends on the Western European tourist generating countries. As illustrated in Table 4.22, the major foreign market for Turkey is Western Europe which accounted for 54.65% of total arrivals in 1996. Germany heads the ranking, accounting for 24.86% of all arrivals, followed by the UK (8.80%), France (2.93%), Austria, Netherlands, Sweden, Italy, Greece, Denmark, Finland, Belgium, and Norway. Eastern Europe generated 25.77% of arrivals in 1996, with the United Independent States of the former Soviet Union (18.37%), Romania (2.22%), Bulgaria (1.62%) and Yugoslavia (1.22%) as the major sources from that region.

Table 4.22 Foreigners Arriving by Country Group

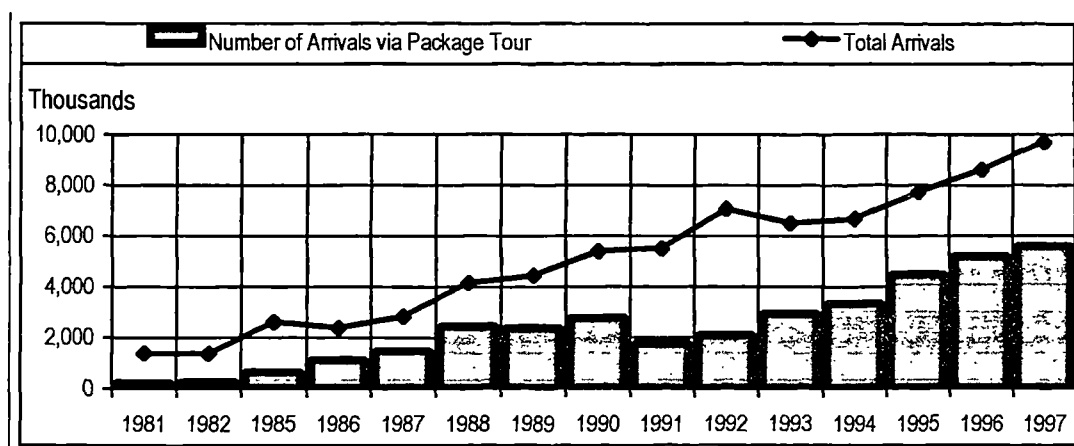
COUNTRY GROUP	1994		1995		1996	
	Number	%	Number	%	Number	%
OECD COUNTRIES (EUROPE)	2 855 939	42.65	3 912 887	50.51	4 707 253	54.65
Germany	994 301	14.85	1 656 387	21.38	2 141 778	24.86
United Kingdom	568 284	8.49	734 721	9.48	758 433	8.80
France	233 142	3.48	251 609	3.24	251 976	2.93
Austria	138 278	2.10	181 709	2.34	235 540	2.73
Netherlands	180 667	2.70	203 029	2.62	216 672	2.52
Sweden	93 852	1.40	127 901	1.65	163 944	1.90
Italy	105 595	1.58	108 231	1.40	160 118	1.86
Greece	127 005	1.90	154 224	1.99	147 305	1.71
Denmark	76 356	1.14	104 697	1.35	147 531	1.71
Finland	78 231	1.17	102 428	1.32	124 627	1.45
Belgium	75 216	1.12	107 484	1.39	113 505	1.32
Norway	50 368	0.75	52 364	0.68	86 751	1.01
Switzerland	47 639	0.71	62 813	0.81	70 961	0.82
Spain	39 987	0.60	28 787	0.37	47 617	0.55
Ireland	32 867	0.49	24 771	0.32	24 431	0.28
Portugal	9 621	0.14	6 535	0.08	9 720	0.11
Iceland	3 449	0.04	3 676	0.04	4 574	0.05
Luxembourg	1 381	0.02	1 521	0.02	1 762	0.02
OECD COUNTRIES (OTHER)	410 587	6.13	447 226	5.77	491 305	5.70
USA	271 168	4.05	290 225	3.75	326 214	3.79
Japan	63 745	0.95	66 005	0.85	68 012	0.79
Australia	32 354	0.48	43 287	0.56	46 796	0.54
Canada	34 488	0.52	38 551	0.50	40 132	0.47
New Zealand	8 782	0.13	9 158	0.12	10 151	0.12
OTHER EUROPEAN COUNTRIES	2 333 821	34.85	2 110 379	27.23	2 219 627	25.77
ASIAN COUNTRIES	911 726	13.61	1 058 355	13.66	1 008 395	11.71
AFRICAN COUNTRIES	100 498	1.50	135 816	1.75	119 718	1.39
AMERICAN COUNTRIES	44 046	0.65	46 816	0.60	53 743	0.62
OTHER COUNTRIES	39 138	0.58	36 181	0.47	14 044	0.01
GRAND TOTAL	6 695 705	100.00	7 747 389	100.00	8 614 085	100.00

Source: Derived from State Institute of Statistics (1997) and Ministry of Tourism (1997a).

Other significant sources of the tourism are Iran (4.39%), the USA (3.79%), and Israel

(2.95%), while Japan, Australia, and Canada are important growth markets, albeit from a smaller base. The number of package tour arrivals has increased significantly. However, during 1991 and 1992, even though the total number of arrivals increased, there was a sharp drop in the number of package tour arrivals, mainly because of the Gulf Crisis and some terrorist attacks in the Turkish resort areas (Figure 4.7). It is important to note that during the Gulf Crisis, in spite of a sharp decrease in the total number of package tour arrivals, the total number of arrivals increased because of the increased numbers of visitors from the former Soviet Union, Romania and Bulgaria as suitcase traders (EIU, 1993).

Figure 4.7 Distribution of Number of Arrivals via Package Tours between 1981 and 1997



Sources: Devlet İstatistik Enstitüsü Başkanlığı (1997), Ministry of Tourism (1994c), TURSAB (1998) and Turizm Bakanlığı (1994).

According to statistics from the Ministry of Tourism (1997a), the average length of stay for foreigners increased from 2.7 nights in 1990 to 4 nights in 1996. The occupancy rate differs from one region to another and also from year to year. While the average occupancy rate was 51.2 % (foreigners constitute 35.3% of average occupancy rate, while nationals form 15.9%) in 1996, an average for the seven-year period between 1990 and 1996 was 45.5% in total.

As for the distribution of international tourist arrivals in licensed accommodation establishments by types and classes, many of the stays are in five, four, three and two-star hotels, and holiday villages. For instance, in 1996, 26.22% stayed in five-star hotels, while 15.98%, 27.51%, 13.73% and 2.13% were accommodated respectively in four-star, three-star, two-star and one-star hotels. The other 14.43 % stayed in holiday villages (9.63%); thermal hotels (1.72); boarding houses (1%); self catering (0.6%); and others (1.48%) including special

certificated establishments, motels, inns and camping sites (Ministry of Tourism, 1997b). As these figures show, 42.2% of international tourists stay in four-star and five-star hotels.

As can be observed from Table 4.23, in licensed accommodation establishments the average share of foreign arrivals out of total guest arrivals was around 48% between 1992 and 1996. In 1996, in five-star hotels the share of foreign arrivals was around 64%, while the figures were 59%, 57%, 37%, 19% for four-star, three-star, two-star and one-star hotels respectively. This figure was around 74% for holiday villages.

Table 4.23 Share of Foreigners out of Total Guest Staying in Licensed Accommodation Establishments between 1992 and 1996

Types	Classes	1992 (%)	1993 (%)	1994 (%)	1995 (%)	1996 (%)
Hotels	Five-star	58	58	56	61	64
	Four-star	62	56	56	58	59
	Three-star	53	53	49	53	57
	Two-star	40	36	33	30	37
	One-star	24	20	18	16	19
Motels		57	51	35	40	48
Holiday Villages		65	57	97	73	74
Boarding Houses		38	31	32	36	42
Camping		83	73	30	43	45
Inns		0.3	0.4	0.3	0.4	0.2
Apart Hotels		94	78	59	52	84
Thermal Resorts		12	15	0.9	34	29
Special Certificated		55	51	66	53	44
AVERAGE OCCUPANCY RATE		48	46	44	48	53

Source: Author's calculation based on data from Ministry of Tourism (1993), Ministry of Tourism (1996a) and Ministry of Tourism (1997b).

The geographical distribution of nights spent by international tourists shows a not unexpected concentration in the major tourists areas of the Mediterranean and Aegean coastal regions. As noted earlier, the Ministry Licensed Establishments are also concentrated in these regions and the following figures illustrate a similar pattern for the geographical distribution of nights spent by international tourists. For example, in 1996, 73.86% of the total nights spent by foreigners was in the Mediterranean (46.47%) and the Aegean (27.39%) regions, while 21.33% was in the Marmara region. 3.95% in the Central Anatolia region and 0.41%, 0.31% and 0.13% of respectively in the Black Sea, East Anatolia and South East Anatolia regions (Ministry of Tourism, 1997b).

Problems of Turkish Tourism Development

According to academic studies, governmental and sectoral reports, and also the statements of organisations involved in tourism (TURSAB, TURTOB, and TYD), the Turkish tourism industry is currently facing a number of important problems, both within and outside the country. However, the sources of these problems can be identified as: oversupply of accommodation capacity; dependence on international tour operators, as a low-priced mass tourist destination and resulting leakages; dependence on a limited market segment; seasonality; lack of co-ordination; lack of qualified manpower; consequences of rapid tourism development; political intervention and abuse of incentives; and the unstable political and social structure of the country.

Oversupply of Accommodation Capacity

As the average occupancy rates indicate (see Table 4.18), there is an oversupply of accommodation in Turkey. As argued, the Law of 2634 for the Encouragement of Tourism created an environment for investing in the tourism industry and increased the accommodation capacity. After 1984, a significant increase has been seen in the number of licensed bed capacity, particularly on the west and south costs of Turkey (Figure 4.2). As seen in Table 4.24, generous incentives increased both the number establishments and the number of beds in the Aegean and Mediterranean coastal resorts which are now turned into sea, sun and sand type mass tourist destinations with an oversupply of accommodation capacity (EUI, 1993).

Table 4.24 Comparison of Licensed Bed Capacity by Geographic Regions in 1986 and 1996

REGIONS	YEARS			
	1986		1996	
	Number of Establishments	Number of Beds	Number of Establishments	Number of Beds
Marmara	128	33 658	445	63 777
Aegean	188	23 508	583	93 225
Mediterranean	197	15 358	502	105 801
Central Anatolia	49	11 994	163	22 739
Black Sea	40	3 676	83	7 709
East Anatolia	18	2 359	47	4 688
South East Anatolia	18	1 576	43	3 585
TOTAL	638	92 129	1 866	301 527

Source: Ministry of Tourism (1987) and Ministry of Tourism (1997b).

The oversupply of accommodation capacity created particularly by generous incentives,

reduced the power of Turkish accommodation establishments *vis-à-vis* oligopsonistic intermediaries, mainly because of the lack of organisation in the Turkish hotel industry. These issues will be discussed later in chapter six.

Dependence on International Tour Operators as a Low-priced Mass Tourist Destination and Leakages

As stated earlier, in 1996, 75.35% of holiday visits to Turkey were via a package tour, sold by international tour operators. Moreover, 42.63 % of tourists got the information about their trip to Turkey from international tour operators and travel agencies (Ministry of Tourism, 1994c). Ozturk's survey of 'Marketing Turkey as a Tourist Destination in the UK' (1996) has also indicated that 74.3 % of his sampled respondents chose Turkey for their holidays as a result of the recommendations received from travel agencies. The above figures reveal that Turkish tourism depends on international tour operators.

Table 4.25 Average Package Tour Catalogue Prices from Germany to the Selected Mediterranean Countries

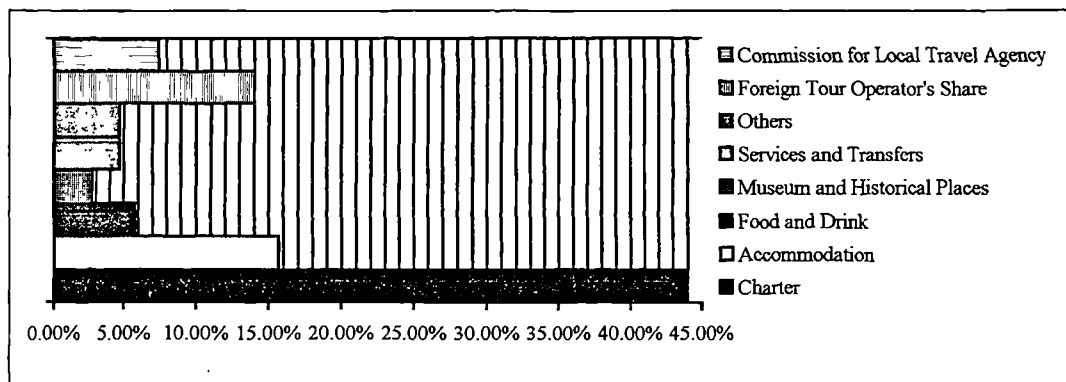
Destination Country	Three-star Hotels		Four-star Hotels		Five-star Hotels	
	DM	Index	DM	Index	DM	Index
Egypt	1,204	116	1,356	113	1,640	119
Greece	1,151	111	1,333	111	1,672	122
Israel	1,636	158	1,936	161	2,424	177
Malta	1,044	101	1,213	101	Data not available	Data not available
Morocco	1,074	104	1,264	105	1,522	111
Portugal	1,322	128	1,550	129	1,946	141
Cyprus	1,318	127	1,510	125	1,737	126
Spain	1,333	129	1,532	127	2,424	176
Tunisia	1,023	99	1,199	99	Data not available	Data not available
TURKEY	1,037	100	1,204	100	1,376	100

Prices are for one person-one week package tour including half board twin rooms.

Source: TYD (1997b).

According to a price comparison study between major Mediterranean destinations (TYD, 1997b), for visitors from Germany, Turkey is the second cheapest tourist destination on the Mediterranean basin, only a little more expensive than Tunisia (Table 4.25). In addition, a survey conducted by Lunn Poly (cited in TURSAB, 1997a), one of the UK based travel agencies, shows that for visitors from the UK, Turkey is the cheapest holiday resort among the destinations the agent sells.

Figure 4.8 Distribution of Price of a Package Tour in 1993.



Source: Turizm Bakanligi (1994).

According to a survey conducted by the Ministry of Tourism (Turizm Bakanligi, 1994), 44% of the total price paid for a package tour is for air transportation, 16% for accommodation, 6% for food and drink, 10% for transfers and other services, 7% commission for local travel agencies, 3% for museums and historical places, and 14% is the foreign tour operator's share (Figure 4.8). The same survey also verified that the share for Turkey of the total price of a package tour was around 60 % in 1986 and 1987, 45 % in 1988, 49 % in 1990, and it dropped to 41 % in 1993. This means that when a tourist paid £100 for a package tour to Turkey, only £41 remained in Turkey.

Table 4.26 Percentage Remaining Abroad and in the Country by Types of Tours Organised

	TYPES OF TOURS ORGANISED				
	General	Beach	Cultural	Sea-Cultural	Social
Percentage Remaining Abroad (%)	59	71	53	56	56
Percentage Remaining Turkey (%)	41	29	47	44	44

Source: Turizm Bakanligi (1994).

As the figures from the table below indicate, the lowest percentage (29%) remains in Turkey from a beach tour, 44% from a sea-cultural tour and a social tour. However, the highest percentage (47%) remains in Turkey from a cultural tour. That is because, in a beach tour, services given by Turkish suppliers generally consist of accommodation (16%), food and drink (6%) and services of local travel agencies (7%). Whatever the type of tours organised, the percentage that remains in the country is still less than 50%.

This indicates that there is a large amount of direct leakage of tourism receipts from the

Turkish economy. In the context of leakages, when we take into account the expenditure of the increasing number of Turkish people who travel abroad as tourists, the import of goods and services for the current consumption of tourists, tourism investments and local people who are emulating the tourists' consumption behaviour, the expenditure of students who are studying tourism abroad and other education and training expenditure for tourism, the net foreign currency earning from tourism is reduced.

Dependence on Limited Market Segment

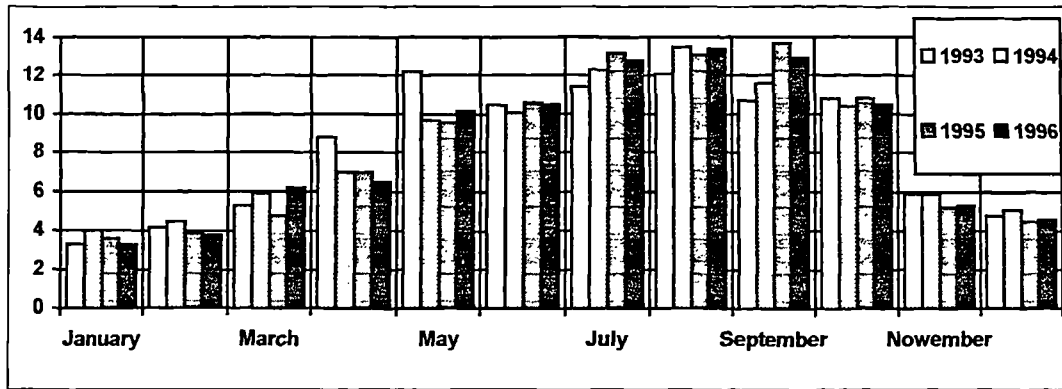
Another bottleneck of Turkish tourism is the dependence on limited market segments. As seen, the share of tourist arrivals to Turkey from 'OECD European Countries' in total tourist arrivals was 54.65% in 1996 (Ministry of Tourism, 1997a). That means more than half of the Turkish tourism arrivals depend on those countries. Since the West European countries have a big share in the world's tourism volume as tourist generating countries, the dependence of Turkey on those countries, as a tourist receiving country, comes from the reality of the world's tourist traffic. However, it may be problem not only for Turkish tourism but also for Turkey in general. For example, possible European Union sanctions against Turkey could lead to the collapse of the Turkish tourism industry. The possible outcomes of this consideration may result in the political dependence of Turkey on those countries. In other words, it may be difficult for Turkey to take any political decision which is independent of international considerations.

Seasonality

As can be seen from the figure below, 67.7% of all tourist arrivals in 1993 were between May and October, and 67.6% in 1994, 71% in 1995, and 70.3% in 1996. Moreover, the months March/April and November/December are the shoulder months and visitor arrivals fall sharply in January/February. July, August, and September are the peak tourist receiving months.

This fact accentuates the seasonality of Turkish tourism by reason of high foreign arrivals and overnights during the high season. Seasonality creates two main problems; under-utilised capacity and seasonal unemployment in Turkey, and the problems associated with sustaining a high overhead during the off-season - as in other developing countries.

Figure 4.9 Monthly Distribution of Tourist Arrivals to Turkey



Source: Ministry of Tourism (1997a).

However, the policy of diversification, emphasised since the end of 1991, may have a positive impact on the seasonal distribution of tourism activities. In this context, if planned investments in winter sports centres and thermal stations in the eastern and the central regions of the country as well as in the immediate hinterland of the coastline are developed, the problem of seasonality can be avoided, and more harmonious geographical spread of sectoral development can also be seen.

Consequences of Rapid Tourism Development

The ambitious rapid development of the Turkish tourism industry has two broad consequences which reduce the macro-economic benefits of tourism: oversupply of accommodation capacity; and destruction of environmental inputs. The former was discussed above. The latter is that haphazard hotel development in the absence of proper infrastructural and environmental planning destroys the environmental inputs of Turkish tourism. Since holidaymakers will stop buying packages to resorts they perceive as 'spoilt' or dangerous, tour operators feel they can always diversify to other areas (Yale, 1995). This may be a threatening problem for current tourism development in Turkey. For example, 'Turkish Delight' (the UK based specialist tour operator), before its demise in 1992, supported the campaign to protect the turtles at Dalyan in southern Turkey whose breeding practice were threatened by careless development of the beach.

The Ministry of Tourism launched the Project of 'Mediterranean-Aegean Tourism Infrastructure and Coastal Management (ATAK)' to determine the deficiencies in the infrastructure system

such as drinking water, sewerage, waste-water treatment and solid waste disposable facilities, and the future requirements of the Mediterranean and Aegean coastal areas (Inskip and Kallenberger, 1992). This contributed to the environmental health standards of the residents. In addition, 'Blue Flag', 'Protecting Wild Bears', and 'Tourism Master Plan' are some of the projects which aim to protect environmental resources with planned tourism development. But the implementations of these projects are not satisfactory because of bureaucratic and political constraints.

Lack of Qualified Manpower

According to a survey undertaken jointly by the Ministry of Tourism and International Labour Organisation (1994), another problem which Turkish tourism has been facing is the serious shortage of trained and qualified manpower.

Table 4.27 Distribution of Trained Personnel of Total Employees in Accommodation, Restaurants and Travel Agencies by Skill Levels

Level	Accommodation %	Restaurants %	Level	Travel Agencies %
1. Top General Management	27	11	1. Managerial	36
2. Managerial	24	7	2. Upper Level	25
3. Supervisor	17	11	3. Middle Level	28
4. Broad Skilled Worker	12	7	4. Lower Level	14
5. Skilled Worker	7	2	5. Trainees	28
6. Limited Skilled Worker	6	0	6. Utility	2
All Levels	11	5	All Levels	25

Source: Ministry of Tourism and International Labour Organisation (1994).

The manpower survey of the Turkish tourism industry 1993 (Ministry of Tourism and International Labour Organisation, 1994) indicated that 11% of the accommodation, 5% of the restaurants and 25% of travel agency work force have completed some tourism education or formal vocational training. In other words, 89% of the accommodation, 95% of the restaurant and 75% of the travel agency personnel had had no tourism education or formal vocational training.

These figures show that the Turkish tourism industry has been being managed mostly by people who have had no tourism education or training. As Yesiltas (1996) contends, there are three main reasons for this. First, the number of tourist establishments, particularly accommodation, have increased so fast that the available supply of manpower could not keep

up with the demand. The second problem is the quality of tourism education which is directly related to the quality of qualified manpower. Although students who graduated from tourism schools have a formal qualification, the industry does not see them as totally qualified personnel. The reasons may be (Kusluvan, 1994: 186):

The majority of tourism schools or tourism training centres were opened after 1980 in a rush to meet the increasing qualified manpower demand. The result was the employment of unqualified tourism educators, establishment of tourism programs irrelevant to the actual needs of the tourist industry and emphasis on theoretical aspects of tourism education without practice.

Thirdly, there is the difficulty of attracting and keeping people who have had some sort of tourism education and training in the tourism industry (Brotherton *et al.*, 1994). In this regard, as Hacıoglu (1985) pointed out, out of 3,349 persons who had had tourism education at the university level, only 6% were found to be working in the tourism industry. The same study also estimated that 20% of graduates at university level would be working in the tourism industry at the beginning of 1990s. As Brotherton *et al.* (1994) report, higher quality establishments tend to attract the majority of skilled personnel due to their ability to pay higher salaries. Moreover, with the exception of large international hotel companies, in-house training was virtually non-existent. It is therefore argued that multinational hotel corporations used to be informal training institutions for developing Turkey's human resource for the tourism industry. Although there is no recent survey regarding this issue, the author's teaching experience in the field of tourism and hotel management in Turkey suggests that these figures might not have changed much. The reasons behind the failure to attract the students to work in the tourism industry could be found in the general characteristics of tourism jobs such as seasonality, long working hours, low job status, and the high expectations of the graduates.

Political Intervention and Abuse of Incentives

The largest obstacle to developing a competitive tourism industry in Turkey has been inconsistent and irrational political intervention. Tourism has extensively been utilised by governments as a tool to gratify political needs and friends. A change of government or even minister often results in great changes throughout the Ministry of Tourism, as well as changes in major policies and regulations. Since 1963, the leadership of the Ministry of Tourism has changed 36 times, with each minister staying in office for an average of 11.6 months.

Political allies of each government use intensive lobbying in order to achieve favourable amendments to regulations, to the incentive policies and to the business environment. Therefore, it is important to note that incentives, given on the bases of inner party courtesy or intimacy of friendship and relationship rather than entrepreneurial capability, reduce the macro-economic benefits of tourism. For example, there were unreturned and 'lost credits' and there were cases where credits were taken for tourism investment but no investment took place. In the case of the former, it is reported that 653 billion Turkish Lira were declared 'lost credits' and there have been 135 cases in court connected with it as of 1993. In the case of the latter, it is estimated that 60,000 beds which had tourism investment licenses did not exist in reality. Therefore, a 'depolitisation of Turkish tourism' towards a professionally managed public sector, is urgently required (cited in Kusluvan, 1994).

Lack of Co-ordination

A major problem facing the tourist industry is its fragmentation - both within the private and public sector. It is rarely accorded the status it deserves within national government - by its nature tourism is a horizontal activity which crosses competencies of several ministries and public sector bodies. Therefore, in Turkey, as in other countries, the tourism sector requires a much higher degree of co-ordination than other sectors, as the tourism industry is composed of so many sub-sectors that many public institutions are involved in the decision making process one way or another. Councils, the Ministry of Tourism, the Ministry of Construction and Housing, the Ministry of Agriculture and Forestry, the State Planning Organisation, the Association of Turkish Travel Agencies, and the Association of Turkish Hoteliers are examples of such institutions. Establishing co-operation among all these separate organisations and agencies, and directing all of them together to the common targets of tourism policy require co-ordination. Moreover, this co-ordination must be provided by an effective tourism organisation. Although a Tourism Co-ordination Group was founded in 1982, the bureaucracy in Turkey makes the group ineffective. For example, Yesiltas pointed out that (1996: 107):

... in some cases, there is a need to get the confirmation from two or three ministries so the decisions are made after the problems arose. Moreover, co-ordination between central authority and local authority cannot be achieved if the local mayor is not from the party that is in charge of central government at that time. Usually central government in Turkey is unwilling to give financial or other support to local governors who are not a member of the party that is in power in central government.

The way to render this type of endogenous influence positive and effective is to implement the co-ordination and organisation measures suggested by the development plan and annual programs. Revision of existing organisations, setting up new ones and assigning new functions, authorities and responsibilities to some organisations are some of the needs to be fulfilled.

Unstable Political and Social Structure

Political and social influences, to some extent, can be seen outside the tourism sector. However, these are numerous and greatly influence Turkish tourism from time to time. Events concerned with economic and social life, ideological clashes, social movements, political events are particularly momentous. In this regard, Turkey does not have a good record. The socio-political unrest between left and right, Islamic fundamentalist and seculars, and as mentioned previously, weak government administration and the democratic demands of the public have led to three military coups since 1960.

Another threat to socio-political stability is the terrorist activities of the Kurdish Separatist Group (PKK), which accelerated in the 1980s. At times, the PKK threatens to direct its attacks on tourist establishments in order to discourage potential tourists. In recent years, there have been a number of such attacks. For example, as Hall and O'Sullivan note (1996), after the 1994 bomb attacks of the PKK, several British tour operators offered to let people who had already booked trips to Turkey switch to other destinations without penalty. Although the latest operations of the Turkish army and the warnings from some European governments stopped the terrorist group from attacking foreign tourists, it still poses a threat to the Turkish tourism industry.

Conclusion

This chapter has looked broadly at the development of international tourism and its features in Turkey. It has described obstacles that inhibited tourism development and showed how Turkey tried to overcome them, with some success in the 1980s and what problems remain.

It may be said that there were many elements involved in the acceleration of tourism development in the 1980s. A number of possible explanations exist concerning the

establishment and the rapid growth of tourism in Turkey. The first viewpoint rests on the country's geography and natural resources, usually in terms of sun, sand and sea (the three S's). The second underscores the importance of the Turkish government policies as a major factor determining the growth of the industry. The third stresses multinational tourism companies, such as airlines, hotel chains, and tour operators. Finally, the fourth explains that the high amount of interplay between all above the factors and elements at the international, national, and local levels, is guiding the Turkish tourism industry's growth.

As argued (see Figure 4.2 and Table 4.24), supporting tourism development for economic gains has caused the emergence of rapid tourism development with the oversupply of accommodation on the coastal mass tourist areas of the Mediterranean and Aegean regions. This type of tourism development increased the Turkish accommodation suppliers' dependence on international tour operators. For instance, as the accommodation capacity increased gradually since 1984, the share of package tour arrivals out of total tourist arrivals increased from 25% in 1985 to 60% in 1996 (Figure 4.7). Moreover, figures from Table 4.19 can also be seen as indicators of dependence of the Turkish hoteliers on travel intermediaries. One of the outcomes of this increased dependence on international tour operators is the reduced economic benefit for Turkey. As argued, the share of Turkey from the total price of a package tour was around 60% in 1986 and 1987, but reduced to 41% in 1993. Therefore, in order to examine other outcomes of this dependence, we will look at the relationships between international tour operators and the accommodation sub-sector in Turkey. However, before starting data interpretation, the next chapter will introduce the research methods used for the field research.

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CHAPTER 5

RESEARCH METHODOLOGY

✱ Introduction

Although the research methodology was briefly introduced in chapter one, the purpose of this chapter is to provide an in-depth understanding of the methods used for the empirical part of the study. The chapter first reviews the primary data sources used in the research. Secondly, it describes the primary data collection techniques and procedures for each survey: Tour Operators' Survey in the United Kingdom; and the Accommodation Sub-Sector Survey in Turkey, taking into account the classification of the samples; questionnaire design and development; research procedures; and data analysis. As noted, the focus here is on the research methods used for the empirical part of the study and not the analysis of the findings, which will be looked at in the following chapter.

Primary Data Sources

As the literature review implies, tourism development studies are normally undertaken by both planners and marketers. Understandably, the former tend to focus on the needs of indigenous people and the preservation of resources, whilst the latter aim to satisfy tourism demand by providing suitable facilities and services, as well as maximising the profitability of enterprises. Marketers tend to see destinations as a product, while tourism planners contribute to the discussion by proposing methodologies and argue the need for preservation of resources, mainly through the public sector intervention, facilitated by legislation and incentives. Both planners and marketers appreciate the dynamics of the industry and the power of international corporations to control tourist flows and develop a brand image for destinations. However, they tend to underestimate the power of international corporations which impose their policies and desires on local and often powerless enterprises such as accommodation establishments (Ascher, 1985; Britton, 1982a and 1982b; Shaw and Williams, 1994; Sinclair, *et al.*, 1992; Klemm and Martin-Quirós, 1996; Mill and Morrison, 1985).

✱ Having said that, it is clear that since tourism demand is external and beyond the control of the individual suppliers in a destination country, the success of tourism development in that

✕ destination country depends on the involvement, co-operation and willingness of international corporations from an origin country. In that case, international tourism corporations can be seen as one of the key external forces in determining the development of international tourism in a destination. For example, international tour operators, which are integrated with airlines and hotels, are found to be the most crucial external forces in securing and directing the tourism demand to a destination and hence in determining the direction and the volume of international tourism development in that destination.

✕ The second objective of this study was to examine the economic opportunities and problems that arise from the activities of international tour operators in their relations with the accommodation sub-sector of the tourism industry in Turkey. To this end, this research contains two surveys:

- a) **the tour operators' survey in the UK** representing an origin country's tour operators;
- b) **the accommodation sub-sector survey in Turkey** representing a destination country's accommodation services. As Figure 5.1 shows, the *tour operators' survey* also complements the accommodation sub-sector survey.

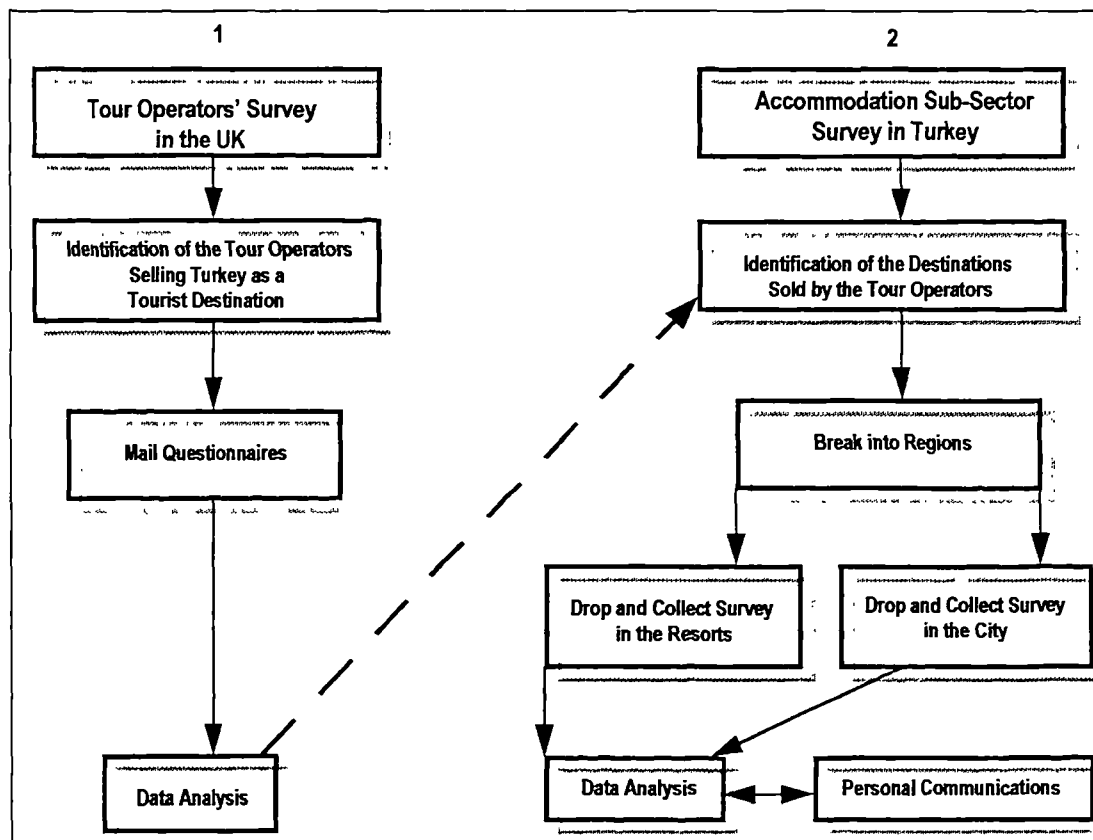
Primary Data Collection Methods

As explained in chapter one, although data was collected by utilising the questionnaires for both surveys, their administration was different, and it will therefore be helpful to clarify the data collection methods separately for each survey.

Data Collection Method for Tour Operators' Survey

The data collection instrument was a mail questionnaire for the tour operators' survey. As Veal (1992) notes, there are certain situations where a postal survey is the only practical survey technique to use. For example, Brook (1978) contends that the population to be covered sometimes can be so widely and thinly spread, and the necessary funds can be so limited that the researcher could not afford to conduct a face-to-face interview or a face-to-face administration technique for the questionnaires. Since this was the case for the tour operators' survey, the mail questionnaire was the only feasible approach.

Figure 5.1 Framework of the Empirical Part of the Research



In addition, Baker (1991) argues that mail surveys also have the advantage that they are completed at the respondents' convenience so that participation may occur which would have been impossible or rejected if initiated by a personal approach or telephone call. This facility also allows the respondents time to reflect on their answers, check records or consult with others if appropriate. As the nature of the questions in the tour operators' survey was such that the respondents had to refer to company records, the mail questionnaire was again the only feasible approach.

As with most things, however, the particular strengths of the mail survey are also regarded as weaknesses by critics of the methodology. Perhaps the strongest criticism raised is that of respondent self-selection, in other words only those willing to go to the bother of completing the questionnaire will make a return. Given that in many postal surveys the return is 25 or 30 per cent or less, it is understandable that one should be concerned as to whether the respondents are in fact representative of the sample which itself was designed to be representative of the target population (Leslie, 1972; Veal, 1992). The real problem here is to

secure better response rates and there are a number of techniques to help achieve this. Perhaps the most successful technique is the careful identification and selection of respondents in the first place. By choosing persons for whom the issues are salient and addressing the survey to them personally with a covering letter, very high levels of response rates can be achieved (Veal, 1992). Moreover, a reminder letter and a second copy of the questionnaire (in case the first was mislaid) may improve the response rates.

Data Collection Method for Accommodation Sub-Sector's Survey

The data collection technique used was a 'drop and collect survey' for the accommodation sub-sector survey. As Baker (1991: 205) argues, 'while comparatively little has been written about this technique it is likely to become more popular in future because it combines the low cost of the mail or telephone survey with an element of personal involvement which encourages respondent participation'. Brown (1987) reviews the method and reports a simple experiment to demonstrate its effectiveness. He explains (1987: 19) that:

The drop and collect technique involves the hand delivery and subsequent recovery of self-completion questionnaires, though several other variants exist. These include hand delivery and postal return and postal delivery and personal pick-up. By combining the strengths and avoiding the weaknesses of face-to-face and postal surveys, drop and collect provides a fast, cheap and reliable research tool. The speed stems from the fact that the questionnaire is completed in the respondent's own time, not the interviewer's. Consequently, a larger number of individuals can be contacted for the same outlay of resources. Comparisons are obviously difficult, but Walker¹ estimates that one agent can deliver approximately 100 questionnaires per working day. This incidence of contact is not far short of that achieved in telephone surveys and, depending on the circumstances, considerably more than that attained by personal interviewing.

A significant advantage of personal collection is that it encourages both high response rates and timely completion with up to 70 per cent of questionnaires being available at the agreed collection time (Lovelock *et al.*, 1976). Moreover, the drop and collect technique is reliable because of the control it gives over the sample selection process. On delivery the researcher can ensure that the questionnaire is given to the intended respondent and, in the case of non-response, establish reasons for this (Baker, 1991). Another factor in favour of the technique is

¹Walker, R. L. (1976), 'Social Survey Techniques: A Note on the *Drop and Collect Method*', *Area*, 8(4): 284-288.

that when collecting the completed questionnaires the researcher can check that they have been completed correctly, clarify any points as required by the respondent as well as ask supplementary questions if desired (Stover and Stone, 1976). Moreover, Baker (1991) contends that due to the limited interaction between researcher and respondent the possibility of interview bias is greatly reduced. It is also argued that since respondents can complete the questionnaire in their own time, it is possible to use longer and more detailed questionnaires than in most face-to-face or telephone surveys (Brown, 1987). However, as is common with all self-completion techniques, there may be a bias towards literate respondents. There is also no guarantee that the right person actually completed the questionnaire, although personal delivery and collection helps minimise this risk. On balance, however, the advantages outweigh the disadvantages.

Questionnaire Design and Development

Davis and Consenza (1988) suggest that one should consider the following four stages in designing a valid questionnaire. First, conducting a complete search of the literature for all possible items to be included in the questionnaire. Second, soliciting experts for their opinions on the inclusion of items in the questionnaire. Third, pre-testing the questionnaire on a set of respondents similar to the population to be studied. And finally, modifying the questionnaire as it is necessary.

To design a valid questionnaire for each survey, the following four procedures were conducted in accordance with Davis and Consenza's suggestion. First, a complete review of the literature was carried out. This helped to determine the appropriate concepts to be included in the questionnaires, and also to establish the conceptual framework of the study. Second, the research students and lecturers in the Research Methodology Class, conducted by the Strathclyde Business School, were asked for their comments on the questionnaires. The questionnaires were then submitted to the researcher's supervisor for his comments and approval. Third, in order to obtain the highest response rates and to minimise any difficulties in answering the questions, the questionnaires were pre-tested in pilot survey, and the questionnaires were modified based on the feedback from the pilot test.

With regard to the type of questions used, there are generally three alternatives; open ended questions; closed (fixed) questions; and a combination of closed and open-ended questions (Pizam, 1994). As might be expected, each of these types of questions has its own advantages and disadvantages.

The **open-ended questions** generally have three advantages. First, they permit the researcher to obtain responses that were unanticipated. Second, they may elicit more closely the real views of the respondent. Third, they reduce respondent frustration. As Luck and Rubin (1987) argues, being able only to choose a supplied answer when responding and never having the opportunity to say what is on one's mind can be a frustrating experience. However, open-ended questions also have three main limitations. First, they are very difficult to code, tabulate and analyse. Second, they create semantic problems or difficulties in trying to interpret what the person meant in the language used. Third, the response rates to open-ended questions may be low, because respondents may not have enough time to write down their answers or they may not be able to summarise the answer at once.

On the other hand, a **closed question** needs to be thoroughly explored during its construction, so as to take into account all possible answers (Moutinho and Evans, 1994). However, it is very easy to answer and interpret, and it encourages respondents by giving the impression of time-saving. There are generally a number of closed questions, where both the questions and the responses are structured. The first type is **dichotomous questions**, which allow only two possible answers, the most common being the 'yes-or-no' variety. These questions are easy to ask and generally easy to answer. They are suitable for simple functional questions and can be helpful in obtaining classification data about the respondent and in guiding a respondent through a questionnaire. However, one should be careful as they are likely to have biased answers. The second type is **ranking questions**, which involve the respondent in ranking a list of items. The third is a **checklist type of question** in which the respondent ticks one or more of the response categories by way of an answer. The fourth type consists of **multiple choice questions**, which list a number of answers and permit the respondent to select the answer that best approximates to his own. The fifth is the **scales format questions** in which the respondent is given a range of categories within which to express his opinions. As Clark *et al.* (1998) note, there are generally four types of scaling techniques: the Likert scale; the

Thurstone scale; the Guttman scale; and Osgood's semantic differential scale. The Likert scale is the simplest to construct and is perhaps the most frequently used in tourism research. A Likert Scale model requires that the respondent indicates the degree to which he or she agrees or disagrees with each statement, rather than simple agreement or disagreement. Smith (1995) notes that the degree of agreement is often demonstrated on a five-point scale though three-point and seven-point scales can sometimes be used.

In this study although most of the questions consist of a mixture of various types of closed questions, the open-ended questions were also used. In the following sections, questionnaire development and research procedures are explained in detail, for both the tour operators' survey and the accommodation sub-sector survey.

Tour Operators' Survey in the United Kingdom

The reasons for choosing the UK tour operators for this survey are that:

- a) As noted in chapter four, Germany, the United Kingdom, and France - in this order - are the major tourist generating European countries for Turkey. The demand for package holidays by UK residents has been relatively high and tour operators from the UK have played an important role in the promotion of package holidays to Turkey (Ozturk, 1996). Germany's position with high level of expenditure on tourism (Käroher, 1996) has contributed to high German expenditure on package holidays, and German tour operators have also played a significant role in supplying package holidays to Turkey. Although increasing in popularity, package holidays are a less common form of holiday within the French market than within the UK and German markets, hence their share of package holidays to Turkey is comparatively low.
- b) Given this, tour operators from these European countries do participate in tourism development in Turkey and hence have impacts on Turkish tourism development.
- c) Because of the time and cost limitations on the researcher, and since he studied and stayed in the UK during the research, it was decided that it would be more convenient to collect data from only the UK tour operators rather than other European countries (Germany and France). Therefore, only the UK tour operators' view were taken into

account for the tour operators' survey.

Questionnaire Design and Development for the Tour Operators' Survey

As noted, the main objective of the tour operators' survey was to determine the UK tour operators' familiarity with Turkey as a tourist destination in general, including the quality and the price of tourist services, and their relations with the Turkish tourism bodies. The survey also aims to find out the tour operators' type and degree of involvement in Turkish tourism.

A number of questions used in the questionnaire were adapted from past studies (Muda, 1992; Gartner and Bachri, 1994; Ozturk, 1996). The questionnaire was pre-tested among eight travel agencies and branches of tour operators in Glasgow. Twelve questionnaires were delivered by the researcher himself; five of them were completed by the sales and marketing directors, in the presence of the researcher himself; three of them were completed by the managing directors, in the absence of the researcher and received later by post; two of them were never received, in spite of three calls being made; and two of them were rejected altogether by the agencies. This pilot test allowed the researcher to measure the length of time taken to complete a questionnaire, which was about 20-30 minutes depending upon the respondent's use of time. Changes were made to the questionnaire based on their responses.

The tour operators' survey includes thirty-eight closed and two open-ended questions (see Appendix 4). The questionnaire is divided into three sections. The first section deals with the company profile; companies were asked to describe their main business involvement, whether they are independent or part of a group; how large their organisation is in both number of employees and annual sales turnover; how long they have been in this business; and whether they have other branches/offices in either the UK or other countries. The aim of these questions was to determine what type of company responded to the questionnaire. There were six questions in this part - questions 'one' to 'six'.

The second section looks at the tour operators' view of Turkey as a tourist destination including the following areas: how long they have been selling Turkey as a tourist destination; the importance of Turkey to their business; factors that affect their offering Turkey as part of their range; how they see the Turkish tourist product, including the price and the quality of the

tourist services; how they see the impacts of Internet purchasers on their sales of Turkey; and which of the Turkish tourist destinations they most frequently feature. There were eleven questions in this part - questions 'seven' to 'seventeen'.

The third and final section was the heart of the questionnaire. There were twenty-three questions in this section - questions 'eighteen' to 'forty'. The aim of this part was to discover the tour operators' business relations with the Turkish tourist bodies in general, and to understand the type of their business involvement in the Turkish tourism industry. In order to do this, this section of the questionnaire was divided into four sub-sections: (a) general relations with Turkish tourism bodies, (b) relations with airlines, (c) relations with Turkish travel agencies, and (d) relations with the accommodation establishments in Turkey. A number of areas were considered; how tour operators negotiate with accommodation establishments; on the basis of which criteria do they choose accommodation establishments; which types of contracts do they make with accommodation establishments; with what kind of accommodation establishments do they usually have business arrangements; if they encounter any difficulties in their business relationship with accommodation establishments, and so on.

Research Procedure for the Tour Operators' Survey

To identify the UK tour operators who were selling Turkey as a tourist destination, the Turkish Tourist Office in London was called by telephone and asked for a list of the UK tour operators selling Turkey, including the names of destinations which were featured by the tour operators in 1997. A brochure (Turkish Tourist Office, 1997a) was obtained from the London Turkish Tourist Office listing the names and addresses of the UK tour operators and the names of the Turkish tourist destinations sold by each tour operator. The sample population for this survey consists of all the UK tour operators registered with the London Turkish Tourist Office. Overall, one hundred and thirty eight tour operators (see Appendix 5) were identified for the survey, and grouped as illustrated in Table 5.1. Although the geographic distribution of tour operators varies, major tour operators are located in the South of England, mostly in London and its surroundings.

Table 5.1 Types of Holidays in Turkey Featured by the UK Tour Operators

Type of Holiday	Number of Tour Operators	Percentage shared in total (%)
Summer holidays	72	52.2
Winter holidays	20	14.5
Short breaks	43	31.1
Sailing and cruising	38	27.5
Special interest tours	50	36.2
Total *	223 *	161.5 *

* Total greater than 138 and 100% because of multiple sales.

Source: Turkish Tourist Office (1997a), Holidays 97, London.

The questionnaires were sent to these one-hundred-and-thirty-eight tour operators on April 25th, 1997, addressed to the sales and marketing department with a covering letter explaining the aim of the study. It is worth noting that commercially sponsored research generally receives a lower response rate than non-commercially sponsored (Houston and Nevin, 1977). For this reason, it was noted in the covering letter that the research was not commercially sponsored (see Appendix 6). The covering letter assured the recipients that information and comments given by them would be treated as confidential. Moreover, the covering letter for the questionnaire was on the University letter-headed paper which emphasised the academic nature of the study, and it was hoped that this would increase the response rate. To this end, a stamped addressed envelope was also enclosed for the return of the questionnaire.

Initially, fifty-eight questionnaires were received. A reminder letter (see Appendix 7) was sent to those recipients who had not returned the questionnaire, on May 28th, 1997 (five weeks after the initial mailing). A replacement questionnaire and a stamped addressed envelope were also enclosed with the reminder letter. Ten days later, telephone calls were made to all tour operators who had not yet returned completed surveys. June 20th, 1997 was the final date for receiving completed surveys. Overall, seventy-three questionnaires were received, of which three were rejected since the respondents did not want to participate in the survey, and four were incomplete without any explanation. The remaining sixty-six questionnaires were used; this represents a response rate of 47.8%. Discussion of the findings can be found in chapter six.

The Accommodation Sub-Sector Survey in Turkey

The accommodation sub-sector survey is divided into two sub-surveys. The first includes the

accommodation establishments located in the resort areas, referred to as resort accommodation; the second consists of the accommodation establishments located in Istanbul, referred to as city accommodation. Such classification is based on the idea that the dependence of the resort accommodation on the international tour operators is different from that of the city accommodation. Hence the impact caused by the tour operators on the accommodation establishments is different in the two types of location (resorts and cities).

Sampling Technique and Procedure

Before clarifying the sampling technique and procedure, it is more appropriate to define the basic concepts such as population, sampling frame and sampling. The population (sometimes called the universe) is defined as the complete set of units that are under investigation. The sampling frame is the statistical universe from which the sample population is drawn. A sample is a smaller set of elements from the population chosen for the research. The objective of sampling is to make inferences about the population based on the information obtained from the sample. Studies using samples are less expensive and time consuming (Parasuraman, 1991). A well selected sample can also provide more reliable results than a full census. As Smith (1995) argues, a critical objective in sample selection is to ensure that it represents the population from which the sample is drawn.

With regard to resort accommodation establishments, due to cost and time constraints, the survey was conducted only in the six major destinations, which are located on the South Aegean and West Mediterranean coast of Turkey. The name of these destinations are: Bodrum Peninsula; Fethiye-Hisaronu-Oludeniz district; Kas-Kalkan-Patara district; Koycegiz-Dalyan district; Kusadasi; and Marmaris-Icmeler-Turunc district. In terms of city accommodation, the survey was conducted *only in Istanbul*. *Apart from the cost and time constraints*, the data collection was limited to those six destinations because it was also considered that it would be more convenient to apply the questionnaires to the accommodation establishments operating in the destinations which were most frequently featured by the UK tour operators in their Turkish holiday programme, since the tour operators' survey covered only the UK tour operators featuring Turkey as a tourist destination in 1997.

With regard to this, in the tour operators' survey, the respondents had been asked to rank the

five most important resorts and the three most important cities that they most frequently feature in their holiday programme to Turkey (see Appendix 4 - question 17). According to the results obtained from the UK tour operators' survey, those resorts were mostly located on the South Aegean and West Mediterranean coast of Turkey (Table 5.2).

It is worth noting that the results of the tour operators' survey regarding the destinations featured by the UK tour operators were in line with the records of the London Turkish Tourist Office. This may also confirm the accuracy and reliability of the answers given by the respondents.

Table 5.2 Turkish Resorts Most Frequently Featured by the Tour Operating Companies

DESTINATIONS	Frequencies			Mean Value *	Rank Mean
	Valid	Valid Percent	Missing (not applicable)		
Alanya/Incekum	11	16.7	55	3.09	7
Afinkum/Didim	9	13.6	57	3.11	8
Bodrum Peninsula	32	48.5	34	1.97	2
Cappadocia	13	19.7	53	3.12	9
Cesme	2	3.0	64	3.50	12
Datca	6	9.1	60	3.17	11
Fethiye/Hisaronu/Oludeniz	33	50.0	33	3.00	5
Kas/Kalkan/Patara	25	37.9	41	2.64	3
Kemer	5	7.6	61	3.15	10
Koycegiz/Dalyan	25	22.7	41	3.07	6
Kusadasi	25	37.9	41	2.94	4
Marmaris/Icmeler/Turunc	27	40.9	39	1.78	1
Side/Belek	5	7.6	61	3.80	13
Others (Egirdir, Gocek, Kale)	5	7.6	61	3.87	14

* The lower the mean value, the more important the destination was considered by the UK tour operators.

Source: Tour Operators' Survey.

The destinations were selected by considering two criteria. The first criterion is the assumption that the higher the number of tour operators featuring the destination, the higher the number of accommodation establishments in the destination which work with the UK tour operators. The second criterion is the importance of the destination to the tour operators. In this respect, the mean value is taken into account. The lower the mean value, the more important the destination was considered to be by the UK tour operators in their holiday programme. The sampling frame for the resort accommodation survey consisted of the accommodation establishments which operate in the six resorts.

Among the cities Istanbul, Izmir, and Antalya, in that order, were found to be featured most frequently by the UK tour operators. By using the two criteria mentioned above, only Istanbul was selected for the city accommodation survey (Table 5.3), so the sampling frame for the city accommodation survey includes the accommodation establishments which operate in Istanbul.

Table 5.3 Turkish Cities Most Frequently Featured by the Tour Operating Companies

DESTINATIONS	Frequencies			Mean Value *	Rank Mean
	Valid	Valid Percent	Missing (not applicable)		
Antalya	18	27.3	48	1.79	2
Bursa	4	6.1	62	2.75	8
Canakkale	5	7.6	61	2.80	9
Erzurum	1	1.5	65	2.00	3
Istanbul	48	72.7	18	1.19	1
Izmir	19	28.8	47	2.37	6
Konya	4	6.1	62	2.25	5
Trabzon	3	4.5	63	2.00	4
Van	2	3.0	64	3.00	10
Others (Kayseri)	1	1.5	65	3.00	11

* The lower the mean value, the more important the destination was considered by the UK tour operators.

Source: Tour Operators' Survey.

The sampling design adopted for this study is the 'proportionate-stratified-random-sampling'. According to Davis and Consenza (1988: 227), 'this sample design is often employed when the researchers feel certain strata differ from others on an important characteristic and when they want to make sure that this difference is taken into account in the study'. Peterson (1982) argues that the 'proportionate-stratified-random-sampling' allows the researcher time and cost savings. In this study, this method was used; (a) because of the time and cost savings due to the widespread geographical distribution of the Aegean and the Mediterranean regions; and (b) it was also felt that each class of accommodation establishment would have different characteristics (one-star, two-star, three-star, four-star, and five star hotels; holiday villages; special certificated accommodation; boarding houses; self catering accommodation; and motels).

The following steps are involved in choosing a sample through proportionate-stratified-random-sampling (Smith, 1995):

- a) The population of interest is divided into strata on the basis of an appropriate population characteristic so that units within each stratum are alike and units across

strata are different.

- b) The total study sample is allocated across the population strata in such a way that the number of units allocated to each stratum is proportionate to the size of the stratum.
- c) The allocated number of units is selected from each stratum by using a simple-random-sampling procedure.

Since the units that are similar will all be within the same stratum, the total sample cannot be a skewed one consisting of like units. Moreover, the selection of units from every stratum ensures adequate representation in the total sample from different segments of the population. Therefore, as Davis and Consenza (1988) argue, the sampling error, or standard error, of a 'proportionate-stratified-random-sampling' will be relatively small.

Step 1: Accommodation establishments were divided into strata according to their types and classes. The accommodation establishments in each stratum were identified according to the Ministry of Tourism's hotel grade criteria (Turizm Bakanligi, 1996).

It was considered that there was no significant difference between four- and five-star hotels and holiday villages, therefore they were grouped together in, **stratum one**. Three-star hotels were grouped in a different stratum, **stratum two**. It was assumed that there was no significant difference between one-star and two-star hotels and therefore they were grouped together in, **stratum three**. Lastly, **stratum four** consists of boarding houses and apart-hotels (self-catering accommodation). Overall, four strata were identified. The Ministry of Tourism's computer records (Ministry of Tourism, 1997c) were used to identify the accommodation establishments in each stratum. However, this only provided the names and the types of accommodation establishments. Therefore, the Turkish Hotel Guide was used as a comprehensive reference as it includes most of the Turkish accommodation establishments which serve the international tourist markets and it details with their classification, features, location and addresses. A combination of both these two sources was used in identifying the accommodation establishments both in Istanbul and the resort areas.

Due to the time and financial limitations, it was assumed that two hundred questionnaires in resorts and one hundred questionnaires in Istanbul could be delivered by a 'hand delivery and

collection technique'. In total, these numbers represent approximately 44% and 38% of the sample population of resort accommodation and city accommodation respectively.

Step 2: The second step in proportionate-stratified-random-sampling involves allocating the total sample across the population strata. This allocation is done on a proportionate basis, using the following expression (Parasuraman, 1991):

$(P / U) \times S = N$	
P = number of population units in the stratum	U = total number of units in the population
S = total sample size	N = number of units allocated to a stratum

Table 5.4 Proportionate Allocation of Total Sample of Resort Accommodation

Population Strata	Number of Population Units in the Stratum (P)	Number of Sample Units Allocated to a Stratum (N)
STRATUM 1 (4- and 5-Star Hotels and Holiday Villages)	80	36
STRATUM 2 (3-Star Hotels)	108	48
STRATUM 3 (2- and 1-Star Hotels)	196	85
STRATUM 4 (Boarding Houses and Apart-Hotels)	70	31
TOTAL	454	200

In this table, the number of units allocated to, say, stratum one is obtained as follows:

$$(58/267) \times 100 = 21.72 \text{ rounded up to } 22$$

Table 5.5 Proportionate Allocation of Total Sample of City Accommodation

Population Strata	Number of Population Units in the Stratum (P)	Number of Sample Units Allocated to a Stratum (N)
STRATUM 1 (4- and 5-Star Hotels)	58	22
STRATUM 2 (3-Star Hotels)	68	25
STRATUM 3 (2- and 1-Star Hotels)	130	49
STRATUM 4 (Boarding Houses and Apart-Hotels)	11	4
TOTAL	267	100

Step 3: After the total sample has been allocated, each population stratum is treated as a sub-population, and a simple random sample of the specified number of units is chosen from each sub-population to make up the total study sample.

Questionnaire Design and Development for the Accommodation Sub-Sector Survey

The main objective of the accommodation sub-sector survey was to determine the importance of the travel intermediaries, particularly the overseas tour operators, for accommodation

establishments in Turkey. Another aim was to find out; (a) what kind of difficulties accommodation establishments face in their relations with international tour operators; (b) if there are significant differences in their dependence on international tour operators with regard to the company profile and type of business relations with other tourism enterprises such as airlines and travel agencies and also with Turkish tourism bodies.

The questionnaire was translated into Turkish as this was the native language of the respondents. Two pilot tests were therefore carried out by postal survey. The researcher ensured that all of the respondents to the pilot survey would reply and send back the completed questionnaires by selecting his colleagues in Turkey.

The first pilot test was done on three lecturers of the Nevsehir Tourism and Hotel Management School in Turkey, where the researcher is employed as a research assistant. Two hotel managers were also asked to reply to the questionnaire in order to improve the accuracy and readability of the questionnaire in Turkish. After making the necessary changes in to the language used in the questionnaire, the second pilot test was conducted on fifteen accommodation establishments, ten of which were resort accommodation establishments, and five of which were city accommodation establishments. In total twelve questionnaires were sent back by post; eight of them were completed by the managers, two of them were filled out by the front-office managers, two of them were completed by the sales and marketing managers. The respondents to the pilot survey indicated that the length of time taken to complete a questionnaire was about 25-35 minutes depending upon the respondent's use of time.

Finally, necessary changes were made to the questionnaire form based on the responses received. During this time, the researcher participated in a workshop organised by the Turkish Tourist Office in London. The participants were tour operators selling Turkey as a tourist destination and representatives of Turkish accommodation establishments. The researcher had an opportunity to discuss his questionnaire with the workshop participants. Insights gained from these discussions also helped the researcher to modify his questionnaire.

The questionnaire consists of thirty-two questions, thirty-one of which are closed type and one

question is open-ended (see Appendix 8), and it is divided into two sections. The first section deals with company profile. In particular, the respondents were asked to indicate their main business involvement in terms of types and classes of their operation. They were also asked whether their operation is independent or part of a group, whether it is associated a multinational company or locally owned, and whether they have other branches in Turkey. They were asked to describe the size of their organisation in terms of the number of employees, annual sales turnover, and the number of rooms and beds; what time of year they are open for business and the average occupancy rate in the previous year. They were also requested to indicate what proportion of their business depends on international and domestic tourist markets, as well as on independent travellers and inclusive tours. The last question of this section aimed to determine, whether they were involved in any business activities other than. The aim of these questions was to determine what type of establishment responded to the questionnaire. There are eleven questions in this part - questions 'one' to 'eleven'.

The second section looks at the accommodation establishments' relations with the Turkish tourism bodies and other tourism enterprises. In order to do this, this section of the questionnaire was divided into two sub-sections. Sub-section one concerns the general relations with Turkish tourism organisations, airlines, and local travel agencies - questions 'twelve' to 'eighteen'. The second sub-section is the heart of the questionnaire - questions 'nineteen' to 'thirty-two'. The aim of this section was to discover the accommodation establishments' business relations with the tour operators. Respondents were also asked to indicate how they contact the international tourist markets. In total, the second section has twenty-one questions - questions 'twelve' to 'thirty-two'.

Research Procedure for the Accommodation Sub-Sector Survey

The actual primary data collection using questionnaires was conducted over two and a half months, between the beginning of July and the middle of September 1997. Since the researcher is an academic staff member at Erciyes University in Turkey, he was able to use the facilities available at the University, especially the Nevsehir Tourism and Hotel Management School. The School Management helped the researcher to gain access to individuals and information.

Questionnaires

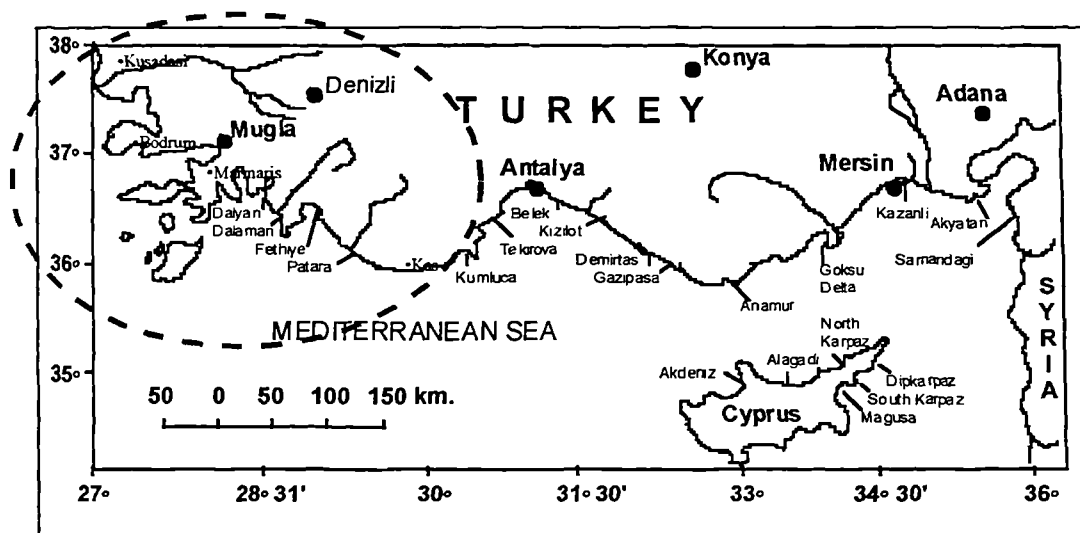
The questionnaires were hand delivered to the accommodation establishments by the researcher himself with a covering letter explaining the aim of the study (see Appendix 9). It was noted in the covering letter that the research was not commercially sponsored, the recipients were also assured that the information and comments given by them would be treated as confidential. Moreover, the covering letter was on the University letter-headed paper stressing the academic nature of the study. The researcher simply asked if he might leave a questionnaire and a covering letter to be filled out at the respondent's convenience. If the respondent agreed, the researcher set a date for picking up the completed questionnaire. In some cases, up to four calls were made to collect the completed questionnaires. In Istanbul, questionnaires were hand-distributed to a convenience sample of 100 respondents within a two-week period between 7th and 21st July 1997. In all, the researcher was able to collect 58 questionnaires out of 100. This represents a response rate of 58% (Table 5.6).

Table 5.6 Breakdown of Response Rates in Each Stratum (Istanbul)

Population Strata	Number of Questionnaires Delivered	Number of Questionnaires Collected	Response rates
STRATUM 1 (4- and 5-Star Hotels)	46	37	80%
STRATUM 2 (3-Star Hotels)	37	21	57%
STRATUM 3 (2- and 1-Star Hotels)	20	none	-
STRATUM 5 (Boarding Houses and Apart-Hotels)	7	none	-
TOTAL	100	58	58%

The names and addresses of the accommodation establishments which returned questionnaires in Istanbul are given in Appendix 10. In the resort accommodation survey, the researcher drove along the South Aegean and the West Mediterranean coasts, visiting accommodation establishments in the six destinations between 3rd and 28th August 1997 (see Figure 5.2).

Figure 5.2 Resort Areas along the South Aegean and West Mediterranean Coastlines



The questionnaire administration procedure used for city accommodation was also followed in the resort areas. The researcher was able to collect 145 questionnaires out of 200. This represents a response rate of 73% (Table 5.7). The names and addresses of the accommodation establishments which returned the questionnaires in the resort areas is given in Appendix 11.

Table 5.7 Breakdown of Response Rates in Each Stratum (Resorts)

Population Strata	Number of Questionnaires Delivered	Number of Questionnaires Collected	Response Rates
STRATUM 1 (4- and 5-Star Hotels and Holiday Villages)	36	36	100%
STRATUM 2 (3-Star Hotels)	48	35	73%
STRATUM 3 (2- and 1-Star Hotels)	85	52	61%
STRATUM 4 (Boarding Houses and Apart-Hotels)	31	22	71%
TOTAL	200	145	73%

The respondents were managers, sales and marketing managers, and front-office managers of the accommodation establishments, or the owners of the establishments, particularly in the case of small establishments.

Personal Communications

While administering the questionnaires both in the resort areas and Istanbul, the researcher had the opportunity to make contact with the owners, general managers, front-office and sales

managers of the accommodation establishments. Friends of friends and relatives were instrumental in initiating the contacts. This is an effective method of conducting research in a culture where such personal requests are difficult to decline. The names and positions of these people are given in Appendix 12. During personal communication the author took some notes. It is important to note that this personal communication involved neither a 'structured interview' nor 'semi- or unstructured interviews'. Personal communication involves talking to the representatives of the accommodation establishments on certain areas related to the research topic in an informal format. These personal communications led to the capture of rich data and the observation of causal relationships which would not otherwise have been obtained from either strictly structured interviews or questionnaires. In particular qualitative data, obtained from the personal communication, helped the researcher to understand certain issues in detail. Finally, after analysing the data, a telephone interview was conducted with the President of the Association of Turkish Hoteliers, which helped clarify some critical issues.

Research Hypotheses

- 1) It is unrealistic to develop and maintain a viable and sound international tourist industry in developing countries without the involvement, co-operation and willingness of the international travel intermediaries of the tourist generating countries, particularly tour operators. This is because of the international structure of tourism and the nature of tourism demand. Therefore, the tour operators have become one of the most important determinants of international tourism in developing countries where large scale rapid tourism development has been encouraged.
- 2) Although tour operators make a considerable contribution to the tourism industry of developing countries, they inevitably exert pressures, which may occasionally be severe, on the accommodation sub-sector of developing countries. For example they may insist that facilities and services provided in a receiving country meet international standards, or alternatively they may threaten to redirect peak season demand to another destination country. Such a threat produces cut-throat aggressive price reduction campaigns among the establishments providing the accommodation services, and forces them to loss-leading competition among themselves.

- 3) The pressures exerted by the international tour operators on the providers of tourism services in developing countries may be a result of; (a) lack of co-operation among tourism enterprises, particularly among the accommodation establishments; (b) lack of service quality and international standards; and (c) the production of one-type/undifferentiated tourist product. Therefore, there may be greater dependence of small and medium-sized accommodation establishments on international tour operators.

These research hypotheses are central to the present study in order to form a framework for evaluating the role of international tour operators on the development and sustainment of international tourism in a host developing country.

Data Analysis

The data were coded and analysed using the 'Statistical Package for the Social Sciences (SPSS) version 7.0 for Windows 95' computer programme, since SPSS is a comprehensive and flexible statistical analysis and data management system (Carpenter, *et .al.*, 1984). In addition, SPSS can generate tabulated reports, charts and complex statistical analyses (Norusis, 1993).

It is worth noting that generally the more sophisticated the data analysis desired, the larger the sample size required (Luck and Rubin, 1987). In this regard, as noted above, although a sufficient response rate was obtained for the Tour Operators' Survey, it was too low for the sophisticated data analysis. Similarly, for the Accommodation Sub-Sector Survey since individuals were grouped into different strata, the number of respondents in each stratum was limited. This may be viewed as a weakness of the data analysis of the current research, but it should also be taken into account that the research had time and financial limitations. It is also important to note that the analyses are supported by the outcome of the general views of respondents and the insights gained from the personal communication with the owners, general managers, front office and sales managers of the accommodation establishments, and the experts from the Turkish tourism industry.

The results provide a summary of the distribution of the various variables. Descriptive statistics were used to describe the basic features of the data in the study. For example,

among the descriptive data analysis techniques, the mean, the median, and the mode were the techniques which were most frequently applied in order to understand the central tendency of the data. The goodness-of-fit test was also applied to measure the significance of the results particularly for the descriptive statistics. The results of the chi-square test for goodness-of-fit is formulated as follows: $\chi^2 (df, n= \dots) = \dots, p < \dots$. In this formula χ^2 stands for chi-square, **df** for degree of freedom, **n** for valid cases and **p** for level of significant respectively.

On the other hand, explorative statistics were also used in order to show insight into the nature of the relationships between the various independent and dependent variables. For example, correlation and cross-tabulation analyses were the explorative statistical techniques which were used, where appropriate, to indicate relationships/dependence between variables. Among the correlation analyses particularly the Spearman's Rho Correlation coefficients were used in particular. It is indicated in the marketing research literature that Spearman's Rho Correlation is a non-parametric statistical test which is intended to measure the degree and direction of the relationship between two variables where both variables are measured on ordinal scales. It is worth noting that there is controversy in the marketing research literature as to whether a Likert-type scale provides interval data or ordinal data. Some of the scholars (Baker, 1991; Luck and Rubin, 1987) argue that a Likert-type scale provides ordinal data, while others (Parasuraman, 1991; Peterson, 1982; Smith, 1995; Tull and Hawkins, 1984; Weiers, 1988) feel confident that a Likert-type scale provides interval data, though it is an ordinal scale in theory. Clark *et al.* (1998) argue that if the data is normally distributed, then parametric tests can be used, such as Pearson-product moment correlation. However, in this research, where the Spearman's Rho Correlation was applied, the data were either on an ordinal scale or skewed. In other words, the Spearman's Rho Correlation was used when the data was considered to be on an ordinal scale, or when the data was not drawn from a normally distributed population.

Conclusion

This chapter has attempted to clarify the methods used for the empirical part of the current research, covering these aspects: Data sources, data collection techniques and procedures, and data analysis. The chapter has also acknowledged the research hypotheses. In the

following chapter the relationships between international tour operators and the accommodation sub-sector in Turkey will be examined.

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CHAPTER 6

THE RELATIONSHIPS BETWEEN INTERNATIONAL TOUR OPERATORS AND ACCOMMODATION SUB-SECTOR IN TURKEY

Introduction

This chapter presents the results of the field research regarding the significance of international tour operators in Turkish tourism and their relations with the accommodation sub-sector in Turkey. The chapter is divided into two main sections: the tour operators' survey in the UK; and the accommodation sub-sector survey in Turkey.

Tour Operators' Survey

Choosing the United Kingdom as a representative of the tourist generating market in Europe for Turkey, this section deals with the role of international tour operators in and their effect on Turkish tourism in three ways: (a) determining the type of tour operators who sell Turkey as a tourist destination; (b) finding out the image of selected tourism services in Turkey held by the tour operators, and documenting opinions regarding factors that affect the tour operators' decision to include Turkey as part of their travel offering; and (c) determining tour operators' business relations with Turkish tourism organisations and the tourism enterprises in general, and the accommodation establishments in particular. This section looks at Turkish tourism development from the tour operators' perspective and helps to establish a base to evaluate tour operators' relations with the Turkish accommodation sub-sector in section two.

Company Profiles

On the basis of the descriptive analyses, it can be said that a variety of UK tour operating companies deal with Turkey as a tourist destination. The majority of them have been in the tour operation business for more than ten years. They have less than one hundred employees and less than £10 million annual sales turnover. These findings indicate that most of the respondents were small and medium sized tour operators (see Tables 6.1 to 6.5 and Figures 6.1 and 6.2 in Appendix 14).

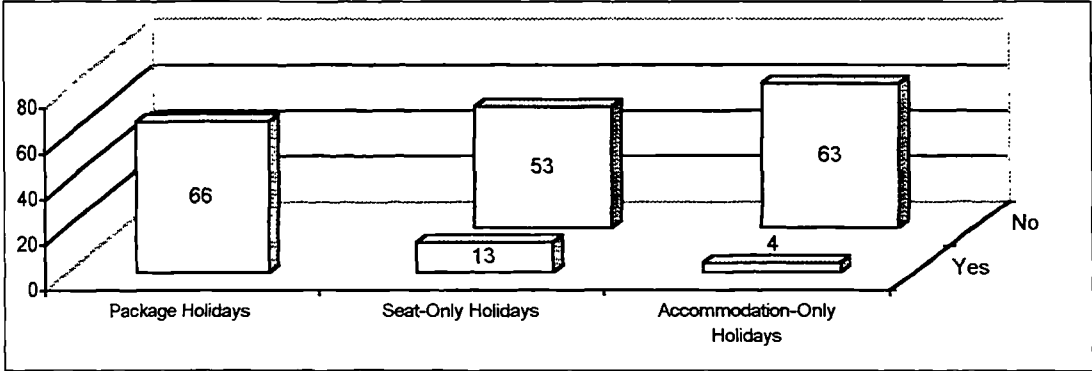
There are two types of tour operators in the UK market; a few mass-market tour operators which are integrated with airlines and travel agents; and many small and medium sized tour operators which specialise in particular segments of the tourist market. According to records of the Association of the British Tour Operators (ABTA, 1997) there were twenty large tour operators in the UK in 1997 (by their annual turnover). Therefore, it is quite natural that the number of large tour operators, which took part in this survey, would be limited particularly with the application of a mail questionnaire.

Number of Years Tour Operating Companies Have Sold Turkey as a Tourist Destination:

Most of the tour operators (67.8%) have been selling Turkey for two to ten years, 47% have been selling Turkey for eleven to twenty years, and only 13% have been selling Turkey for twenty-one years or more (Figure 6.3 in Appendix 14). The corporate profile reveals that the average number of years respondents had been in the tour operation business was slightly over sixteen, with the average operator having approximately ten years experience conducting tours to Turkey (Table 6.6 in Appendix 14). The implications of this profile will be discussed later in this chapter.

Type of Holiday Product Tour Operators Sell with Turkey: All of the respondent tour operators have been selling Turkey as a package holiday destination. Moreover, thirteen respondents also sell 'seat-only' holidays, and four respondents also sell 'accommodation-only' holidays (Figure 6.4).

Figure 6.4 Type of Turkish Holiday Product Sold by Tour Operators



Although it will be discussed in detail later, the above figures can give us an idea about respondents' business relations with airline companies and accommodation establishments. Tour operators who sell 'seat-only' holidays have business involvement in airline companies, and those who sell 'accommodation-only' holidays have business involvement in the Turkish accommodation sub-sector.

As for the type of the product, 73% of tour operators sell summer holidays, while only three percent sell winter holidays, 40% sell short break holidays, 55% sell special interest tours, and 4.5% sell sailing and cruising (Table 6.7 in Appendix 14).

Depending upon these figures, it can be said that majority of tour operators sell Turkey as a 'package holiday summer destination' between April and October (Table 6.8 in Appendix 14). However, Turkey is not recognised as a winter holiday destination, although it has a few resorts for winter holidays. In terms of structure, tours sold during the winter months can be subdivided into three groups: (a) multi-centre tours within Turkey; (b) multi-destination tours including Turkey; and (c) short breaks in single city centres in Turkey (particularly Istanbul).

Turkey as a Tourist Destination

The aim of this section is twofold: one is to determine the familiarity of the UK tour operators with Turkey as a tourist destination; and the other is to determine the factors that affect tour operators in selecting Turkey as a tourist destination and their perceived image of Turkish tourism services.

Tour Operators' Familiarity with Turkey

In order to determine the tour operators' familiarity with Turkey, a number of factors were taken into account such as, the length of time they have been selling Turkey as a tourist destination, the type of product they sell, the importance of Turkey as a tourist destination, the proportion of their business which depends on Turkey, and their current knowledge of Turkey as a tourist destination.

The Importance of Turkey to Tour Operators: Most of the respondents (57.6%) considered Turkey either 'extremely important' or 'important' as a tourist destination, compared with 16.7% who regarded Turkey as 'not important' and 'little important' for their businesses,

whereas 25.8% were in the middle (neither important nor unimportant) (Table 6.9 in Appendix 14). One should consider that even though the bigger companies might have the most sales to Turkey, they may still consider it as 'less important' if it represents only a small part of their annual sales turnover. For this reason, tour operators were asked to indicate what proportion of their total business depends on Turkey. Fifteen percent of the respondents indicated that the proportion of their total business to Turkey was less than 10 percent. Fifty-five percent of the respondents said that this proportion ranged between 10 percent and 40 percent, compared with 30 percent who indicated that this proportion was over 41 percent (Table 6.10 in Appendix 14). The assumption here is that the higher the percentage of total business depending on Turkey, the smaller the size of the tour operating company, and perhaps they offer special interest tours and/or short break holidays. Another comment on these figures is that the higher the percentage of the total business based on Turkey, the more familiar is the tour operator with Turkey as a tourist destination.

Tour Operators' Current Knowledge about Turkey: Fifty-eight of the respondents described their current knowledge about Turkey as 'informed' or 'very informed', while 21 percent said that their current knowledge about Turkey is 'very little' or 'little'. However, another 21 percent said that they have moderate knowledge of Turkey as a tourist destination (Table 6.11 in Appendix 14). As these figures show, tour operators have a high degree of familiarity with Turkey as a tourist destination.

In order to determine if there is any relation between the factors of 'the proportion of total business depends on Turkey' and 'the current knowledge about Turkey', a correlation analysis was conducted. A significant high correlation exists between 'the proportion of total business depends on Turkey' and 'the current knowledge about Turkey' (Table 6.12 in Appendix 14). A high correlation between these two factors indicates that when tour operators' knowledge increase, the proportion of their business with Turkey also increases or vice versa.

Opinions About Factors that Affect Tour Operators in Selecting Turkey as Part of their Travel Offering

Questions used in this section can be summarised as follows: (a) What are the most important factors for the UK tour operators in recommending Turkey as a tourist destination?; and (b)

How do they perceive the images of selected tourism services in Turkey? Table 6.13 provides the factors that motivate the UK tour operators to include Turkey in their tour programs.

Table 6.13 Opinions about Factors that Affect Tour Operators in Selecting Turkey as Part of their Travel Offering

FACTORS	N	Rank Mean
Turkey offers excellent value for money ^e	55	1
Turkey has clean beaches and unspoilt environment in the Mediterranean ^h	66	2
The price of local transportation is reasonable ⁱ	59	3
Cost of developing tours to Turkey is reasonable ^k	66	4
Turkish culture and history are attractive ^b	63	5
Turkey is a country rich in tourism resources ^g	65	6
Turkey is an accessible country in the Mediterranean Region ^f	66	7
Turkish people are friendly and hospitable ^a	66	8
The price of accommodation services is reasonable ^j	64	9
Airfare to Turkey is reasonable	65	10
Turkey provides adequate information regarding tourism facilities, prices and services ^d	65	11
Turkey as a tourist destination is a safe and secure country ^c	66	12

On a scale of 1 (Strongly disagree) to 5 (Strongly agree).

(a), (b), (c), (d), (e), (f), (j), (h), (k) show significance degrees (see Table 6.13 in Appendix 14).

With the exception of the statement of 'Turkey as a tourist destination is a safe and secure country', no statement received aggregate mean scores below the midpoint of three indicating disagreement with the statements. The highest level of agreement were recorded for the following statements: 'Turkey offers excellent value for money' (4.60); 'Turkey has clean beaches and unspoilt environment in the Mediterranean' (4.23); 'the price of local transportation is reasonable' (4.22); 'cost of developing tours to Turkey is reasonable' (4.09); and 'Turkish culture and history are attractive' (4.05). However, the lowest levels of agreement were recorded for the following two statements: 'Turkey as a tourist destination is a safe and secure country' (2.89); and 'Turkey provides adequate information regarding tourism facilities, prices and services' (3.14).

As these figures imply, tour operators sell Turkey as a tourist destination because of the country's sun, sea, sand type of tourist attractions accompanied by some historical and cultural assets. It also appears from the findings that the price is the ultimate factor which persuades tour operators to include Turkey in their holiday brochures, because tour operators

perceive the prices of the Turkish tourism services as reasonable.

Tour Operators' Perceived Images of the Turkish Tourism Services

The highest score was recorded for the following statement: 'securing sufficient hotel rooms is easy' (3.83). The lowest mean score was for 'computerisation of information and reservation system is reliable' (2.60) followed by 'contracting and utilising local transportation is easy' (2.83), and 'arrivals and departures are on time' (2.95), and 'the quality of accommodation is excellent' (3.22).

Table 6.14 Perceived Images of the Turkish Tourism Services

FACTORS	N	Rank Mean
Securing sufficient hotel rooms is easy ^a	65	1
Service personnel's attitudes are pleasant ^c	64	2
The quality of tourism facilities is excellent	66	3
Local transportation is satisfactory ^e	57	4
The quality of accommodation services is excellent	64	5
The quality of restaurants is excellent ^b	62	5
The quality of tourism services is excellent ^a	66	6
Arrivals and departures are on time ^d	58	7
Contracting and utilising local transportation is easy ^f	58	8
Computerisation of information and reservation system is reliable ^h	53	9

On a scale of 1 (Strongly disagree) to 5 (Strongly agree)

(a), (b), (c), (d), (e), (f), (j), (h) show significance degrees (see Table 6.14 in Appendix 14).

At the last stage of the analysis, a Spearman's Rho Correlation was conducted between years experience as a tour operator, experience with Turkey, and factors affecting packaging tours to Turkey, and the perception of the Turkish tourism services. The purpose of these tests was to examine whether tour operators' perceptions of the Turkish tourism services were related to their experience in the tour operation business and their experience of Turkey as a tourist destination (Table 6.15 in Appendix 14). As the result of this analysis indicated, when the number of years in the tour operation business and the number of years conducting tours to Turkey increased, tour operators are most likely to upgrade their perception of 'securing sufficient hotel rooms in Turkey is easy', 'the price of accommodation services is reasonable', 'Turkey is a country rich in tourism resources', 'airfare to Turkey is reasonable', 'Turkey provides adequate information regarding tourism facilities, prices, and services', and 'cost of developing tours to Turkey is reasonable'. Interpretation of these results are given below.

An Evaluation

These results can be interpreted as follows. First, as the number of years conducting tours to Turkey increases, tour operators are more likely to upgrade their perception of 'securing sufficient hotel rooms in Turkey is easy'. This may be explained as follows. During the early or mid-1980s, when tour operators from the western European tourist generating countries started to organise tours to Turkey, the country had very limited bed capacity (see Figure 4.2 in chapter four). However, the country's bed capacity has been increasing gradually since then. Therefore, in comparison to the last decade, it may be easier now for tour operators to secure sufficient hotel rooms in Turkey.

Second, as the number of years conducting tours to Turkey increases, tour operators are more likely to upgrade their perception of 'the price of accommodation services is reasonable'. This result may again be because of the increased supply. As argued in chapter four, since 1985, the licensed bed capacity in the Aegean and the Mediterranean coastal resorts has increased more than fivefold and sevenfold respectively, but the inclusive tour arrivals to the whole country has increased by less than five times. In this respect, as the number of years conducting tours to Turkey increases, tour operators are more likely to upgrade their perception of 'the prices of accommodation services is reasonable', since the demand does not increase as much as the bed capacity, particularly on the Aegean and the Mediterranean coastal fringes.

Third, as the number of years conducting tours to Turkey increases, tour operators are more likely to upgrade their perception of 'Turkey is a country rich in tourism resources'. One might think that the more a tourist generating country's tour operators have experience of a tourist receiving country's tourism, the more knowledgeable it may be about that country's tourism resources. However, in the case of Turkey there may be another explanation for this perception of the respondents. After the late 1980s, Turkey rehabilitated and restructured most of its historical and cultural attractions and opened them to tourists, and built new roads and infrastructure.

Four, as the number of years conducting tours to Turkey increases, tour operators are more likely to upgrade their perception of 'airfare to Turkey is reasonable'. Even though there may

be many reasons for this view, in the case of Turkey there is one main reason. As noted in chapter four, in 1986 the Turkish government applied policies that have allowed the unrestricted development of inclusive tour air services (ITA) and the liberalisation of charter operations.

Five, as the number of years conducting tours to Turkey increases, tour operators are more likely to upgrade their perception of 'Turkey provides adequate information regarding tourism facilities, prices, and services'. This may be seen as a result of the increased efforts of the government to promote Turkey's tourism resources. As noted in chapter four, the Turkish government has established national tourist offices in the capital cities of the main tourist generating countries and published books, leaflets and brochures to the promote country's tourism resources.

Finally, as the number of years conducting tours to Turkey increases, tour operators are more likely to upgrade their perception of 'cost of developing tours to Turkey is reasonable'. Since tour operators are more likely to upgrade their perception of 'the price of accommodation is reasonable' and 'airfare to Turkey is reasonable', naturally they are more likely to upgrade their perception of 'cost of developing tours to Turkey is reasonable'. That is because accommodation and air transportation costs constitute a significant part of total cost of tours.

However, as the negative correlation coefficients in Table 6.15 (in Appendix 14) indicate, as the number of years in tour operation business and the number of years conducting tours to Turkey increases, tour operators are less likely to perceive 'the quality of tourism facilities is excellent', 'the quality of accommodation is excellent', 'Turkey, as a tourist destination, is a safe and secure country'; and 'Turkey has clean beaches and unspoilt environment in the Mediterranean'. These results can be briefly explained as follows.

Firstly, as the number of years conducting tours to Turkey increases, tour operators are less likely to perceive that the quality of accommodation services and the quality of tourism facilities are excellent. As will be argued later in the second section of this chapter (under the heading of 'Business Involvement in Other Sectors of the Economy'), generous incentives have created accommodation establishments which lack both physical and service quality.

Secondly, as the number of years conducting tours to Turkey increases, tour operators are

less likely to perceive Turkey as a safe and secure a tourist destination. This may be because of the increasing social and political unrest which can easily threaten a fragile industry such as tourism.

Finally, as the number of years conducting tours to Turkey increases, tour operators are less likely to upgrade their perception of 'Turkey has clean beaches and unspoilt environment in the Mediterranean'. As discussed in chapter four, because of the unplanned and rapid large scale tourism development in the coastal areas, the environmental quality of Turkish tourism has been threatened since the late 1980s.

Perceived Impacts of the Internet:

As discussed in chapter three, there is a continuing argument about the possible threat to tours operators from the use of combined information and communication systems such as the Internet (see for instance Laws, 1997). In order to understand how tour operators' perceive the possible impacts of the Internet purchasers on their sales to Turkey, they were asked to indicate their degree of agreement with the following four statements: 'the role of travel intermediaries may tend to diminish'; 'Internet purchasers can arrange their flights by themselves'; 'they can arrange their accommodation by themselves'; and 'they can arrange their holidays by themselves'. Some of the respondents indicated their perception of the possible impacts of the Internet purchasers by adding the statements similar to the following two: 'Internet purchasers may not know what they are getting' (suggested by 25.8% of the respondents) and 'Internet purchasers can only collect information' (suggested by 34.8% of the respondents) (Table, 6.16 in Appendix 14).

The lowest level of agreement was recorded for the following three statements: 'they can arrange their accommodation by themselves' (1.96), 'they can arrange their holidays by themselves' (2.10), and 'the role of travel intermediaries may tend to diminish' (2.68). However, it is interesting to note that only one statement received an aggregate mean score slightly above the midpoint three indicating agreement with the statement 'Internet purchasers can arrange their flights by themselves' (3.19). Results showed the highest level of agreement on the statements offered by respondents such as 'Internet purchasers can only collect information' (4.52); and 'Internet purchasers may not know what they are getting' (4.12).

Implications

It is important to note that some qualitative data which were gathered through the open-ended questions, were also blended with some of the above findings. It seems that the most important factors that affect tour operators who sell Turkey as a tourist destination are the reasonable prices and the availability of clean beaches. However, they do not perceive Turkey as a safe and secure tourist destination. As argued, the negative correlation of .402, between the number of years a tour operator had been in business and the perception of 'Turkey, as a tourist destination, is a safe and secure country', implies that as the number of years in the tour operation business increases, respondents are less likely to upgrade their perception of 'Turkey, as a tourist destination, is a safe and secure country'. As said, this may be because of the current increasing socio-political unrest in the country. Even though Turkey is mainly sold as a beach holiday destination, *historical and cultural attractions are also of importance to* tour operators because they consider the availability of historical and cultural attractions as an important factor in selecting Turkey as part of their travel offering. For instance one of the respondents indicated that:

we care about Turkey's cultural and historical sites but we can only include a few places in the west of Turkey in our brochures and tour programmes, because of the security problem in the east of Turkey. Therefore Turkey currently remains in our brochures as a sun, sea, sand type tourist destination.

In this respect, it is suggested that if Turkey wants to increase its share in the international tourist market and eliminate its image of being a cheap tourist destination, it should develop neglected areas of tourist attractions such as the Black Sea and Eastern Anatolia. However, political and social unrest in those parts of the country does not allow development those projects which also require new investment and the use of already limited economic resources. For example, one of the respondents stated that:

There continues to be widespread terrorist activities in South-east Turkey including the kidnapping of western tourists. Travel to this area is dangerous. There have been terrorists attacks in the Black Sea provinces and inland towns. The Turkish authorities give a high priority to protecting tourists but security cannot be guaranteed.

Tour operators also complain about the visa requirements at the arrival points in Turkey. They do not complain about the charges but they complain particularly about the long queues on arrival which is time consuming for the tourists and irritates them. Most of the staff at the

airport do not understand or speak English properly, and their attitudes to tourists may be mocking. Police and customs officers in uniform and wearing guns at the custom entrance and exit gates should be replaced by personnel in civilian clothes or else the number of uniformed personnel should be reduced. In addition, the customs and the air and sea ports and terminals are as clean as tourists would like. Some of the respondents also commented that porters and taxi drivers with their uncouth manners pester tourists at the airports. Results also showed that lack of local transportation and inadequate airports seem to be creating obstacles to the development of the Turkish tourism industry, because tour operators do not have a positive perception of: 'arrivals and departures are on time'; and 'contracting and utilising local transportation is easy'.

What is important, though is that tour operators do not have any difficulty in securing sufficient hotel rooms, since Turkey has oversupply of accommodation capacity particularly in the Aegean and the Mediterranean coastal resorts. However, respondents are less likely to perceive the quality of accommodation services as excellent. This may be as a result of the rapid tourism development which gave importance to the quantitative aspects of the industry rather than the qualitative ones, but also it is the considered opinion of the author that the providers of the accommodation services prefer cheap labour which allows them to offer low price rates to tour operators. These issues will be considered later in the second section of this chapter.

As the findings further indicated, computerisation of information and reservation systems is not well developed. In that respect, it appears from the results that tour operators do not see the Internet as a possible threat to their business with the accommodation establishments in Turkey, at least within the foreseeable future. It can be inferred that the perceptions of tour operators towards the possible impacts of the Internet purchasers may be a result of their negative perceptions of reliability of computerisation of information and reservation systems in Turkey. As Dieke and Karamustafa (1999) argue, the inadequate use of information technology may be because of the lack of capital and skilled human resources. It is worth noting that tour operators are likely to perceive that Internet purchasers can arrange flights by themselves, since most of the UK tour operators are on the Internet and selling package holidays and charter flights through their web pages.

What is not known is how tour operators perceive the likely impacts of information technology on their business with other countries, developing countries in particular. It is worth noting that the statements made here regarding the impacts of the Internet on international tourism might be vague and there is still a question to be answered as to how consumers see the possible impacts of the Internet on their holiday arrangements in developing countries. There is a need for an intensive study from the consumers point of view on the possible impacts of the Internet on the travel decisions and holiday arrangements of consumers. However, we will stand back from this argument since it is beyond the scope of this study.

Tour Operators' Business Relationships

This section is divided into four sub-sections. The first considers the tour operators' general relations with Turkish tourism organisations such as, the Ministry of Tourism, the Turkish Tourist Office in London, the Association of Turkish Travel Agencies (TURSAB), the Association of Turkish Hoteliers (TURTOB), Turkish Airlines, and other private Turkish airline companies. The second looks at the tour operators' business relations with airlines. The third considers the tour operators' business relations with travel agencies in Turkey. The last section considers the tour operators' relations with the accommodation establishments in Turkey. The findings of this section will provide a base for the analysis of the accommodation sub-sector in Turkey.

General Relations with the Turkish Tourism Organisations

Depending upon the figures in Table 6.17 (in Appendix 14), it can be said that tour operators have relatively weak relationships with the Turkish public tourism organisations such as the Ministry of Tourism (2.49), the Association of Turkish Travel Agencies (2.07), the Association of Turkish Hoteliers (2.13), and the Turkish Tourism Office in London (3.14). Tour operators do not see the support of the London Turkish Tourist Office as adequate in order to increase their business with Turkey. One of the tour operators stated:

The Turkish Tourist Office in London has good communication by post but we want them to visit us and finance our promotions. We desperately need more direct assistance from the Turkish Tourist Office to expand our Turkish business.

The Turkish Tourist Office's main role is to maintain necessary travel contacts and the image of the country effectively in the UK (Turkish Tourist Office, 1997b). However, a relatively weak

relationship with tour operators suggests that the National Tourist Office of Turkey in the UK is acting as an ineffective governmental body. As Carey (*et al.*, 1997) noted, tour operators' objectives will often differ from those of individual destinations which frequently take a very low key approach to their own promotion. In this context, it would be useful to quote from Mr. Martin Brackenbury (Director of Thomson Travel Group). In his speech on the subject of 'Tourism in the Mediterranean: Challenges and Opportunities', Brackenbury (1997) pointed out:

Tourism embraces so many small and medium sized enterprises that have limited funds and certainly no capacity to represent a region or a country. So the need for a national tourism authority is clear. The first role has to be to help promote the country. But surely, it is asked, tour operators fulfil that role. They do, to some extent, but it is not their main task to build the image of a country. Tour operators market holidays to many different destinations around the world. Countries are responsible for building the image of their country.

As Brackenbury argues, countries should be responsible for building the image of their country. One may ask the following question here: 'How can a country build its own image in a tourist generating country?' If we return to our image formation discussion in chapter three, it is possible to see that there are various types of image formation such as induced and organic, which can be divided into even more fragmented groups. Since these issues were covered in chapter three, it is not our intention to discuss them here again. However, one way of forming an induced image of a host country can be through prestigious tour operators in the generating country, because they are generally expected to dominate the market, as do market leaders in many other industries. If tour operators were encouraged financially by the Turkish tourism organisations to feature Turkey, this would help to improve relationships between tour operators and the Turkish tourism organisations, and hence the effectiveness of the country's promotion. To find out this relationship, respondents were simply asked whether they received funds for their promotional efforts from the Turkish tourism organisations (Table 6.18 in Appendix 14).

Only twelve tour operators had received funds for their promotional efforts either from the Turkish Tourist Office in London and the Ministry of Tourism. As the earlier analysis indicated, Turkey is being featured as a sun, sea and sand type of tourist destination by a few large tour operators in the UK market. If the Turkish government wants to diversify its tourism product from being a low priced mass market tourist destination, it should have close relations with the

special interest tour operators, as well as with large mass market tour operators in the major tourist generating countries. Providers of the accommodation services do not see the promotion of Turkey as adequate in the tourist generating countries. For instance, one hotelier in Turkey expresses his view on this issue as follows:

Ministry of Tourism provided generous incentives to the tourism industry just for the investment of the accommodation establishments. The other point is that the promotion and marketing side of tourism is neglected. Money, time, and other efforts spent for the promotion of Turkish tourism in the tourist generating countries by the Ministry are inadequate. Therefore, marketing of Turkish tourism is now left to foreign tour operators. This creates overdependency in the Turkish tourism industry on the tour operators. The government and associations (both hoteliers and travel agencies) should support the promotion efforts of the foreign tour operators. Particularly the media channels of the tourist generating countries should be used effectively. Turkey is a tourism paradise, therefore in order to promote its tourism resources and change its low tourist market image in the tourist generating countries, *necessary and urgent measures should be taken both by the government and the associations regarding the promotion of our tourism* (This quotation is from the open-ended question provided at the end of the accommodation sub-sector's questionnaire).

As respondents indicated, none of them received funds from the Association of Turkish Travel Agencies and the Association of Turkish Hoteliers. It is also worth noting that the number of tour operating companies which received funds from the Turkish airline companies, the Turkish travel agencies, and the accommodation establishments, are very limited. In this respect, Aksoy (1991: 2) argues that 'everything should not be expected from the government like a father. Private sector companies should be involved in the promotion of the country's tourism, since they are the ones who receive revenues from tourism'. Therefore, like many companies in other export industries, private sector companies should somehow participate in the promotion of their services, because they are the ones who primarily benefit from the tourism revenues at the micro-level, though tourism revenues can be important for the public sector at the macro-level.

Based on these results the following tentative conclusion may be drawn. Turkey's public and private sector tourism bodies are to rather passive in the promotion of Turkey's tourism and in their relations with tour operators. However, as public organisations in many tourist receiving countries do, the Ministry of Tourism and Turkey's National Tourist Offices promote the country through publications and participation in the world tourism fairs but 'Is it adequate?'. Standing back from such argument, it is now best to focus on tour operators' relationships with

the Turkish tourism enterprises.

Business Relations with Tourism Enterprises

Having discussed the relationships with the Turkish tourism bodies in general, this section attempts to analyse tour operators' business relations with airlines, travel agencies, and the accommodation establishments in Turkey.

Approximately 32 percent of the respondents are linked through a central reservation system to airlines and 24 percent to travel agencies in the UK. At first, the percentages appear low, but when considering the size of tour operators it is only the large tour operators which are linked to a central reservation system. The number of tour operating companies, linked through a central reservation system to the tourism enterprises in Turkey, are very limited (Table 6.19 in Appendix 14).

In chapter three, it was noted that international tour operators are integrated vertically with airlines and accommodation establishments, and horizontally with other tour operators. The aim of this section, is to find out the type of integration which tour operators may have with other tourism enterprises both at home and in Turkey.

Table 6.20 Business Arrangements of Tour Operators

	UK Airline Companies		Turkish Airline Companies		Tour Operation/Travel Agency Business in Turkey		Accommodation Establishments in Turkey	
	n	%	n	%	n	%	n	%
Yes	10	15.2	3	4.8	3	4.8	4	6.2
No	56	84.8	60	95.2	63	95.2	61	93.8
Total	66	100	63	100	66	100	65	100

Ten tour operators have business arrangements with airline companies in the UK and three with airline companies in Turkey. Moreover, three tour operators have business arrangements with the tour operators/travel agencies and four with the accommodation establishments in Turkey (Table 6.20). Detailed findings regarding the business relationships of tour operators with airlines, Turkish tour operators/travel agents, and the accommodation establishments, are given separately in the following sections.

General Relations with Airline Companies:

Tour operators were asked to indicate the airlines which they most frequently featured for their inclusive tours to Turkey. Among the most frequently used airlines, listed in Table 6.21, British Airways led with 43 percent (27 out of 63 respondents answered this question). The national carrier, Turkish Airlines, came next with 24 percent, followed by Caledonian Airlines (22.2%) and Air 2000 (20.6%).

Table 6.21 Airlines Most Frequently Used by Tour Operators for their Inclusive Tours to Turkey

Foreign Airlines	N	Turkish Airline Companies	N
Air 2000	13	Istanbul Airlines	7
Air Europe	2	Onur Airlines	5
Air France	1	Pegasus	1
Air UK Leisure	8	Sunway	1
Airtours	2	Turkish Airlines	15
Airworld	1	Turkish Cyprus Airlines	3
Britannia Airlines	4	Sub-Total	32
British Airways	27		
British Midland	3		
Caledonian	14		
Flying Colours	1		
Monarch	9		
Peach	1		
Vanas	1		
Sub-Total	87	Grand Total	119

* Total greater than 63 because of multiple response. **Number of total valid response = 63(100%)**

† 52% of Turkish Airlines belongs to public sector, 48% belongs to private sector.

Tour operators most frequently send their customers to Turkey using airline companies from the UK. Forty-one percent of the respondents used both charter and scheduled flights. However, 30 percent (representing 20 out of 66 companies) used just charter flights, while 29 percent (representing 19 out of 66 companies) used only scheduled flights to send their customers to Turkey in 1996 (Table 6.22 in Appendix 14).

It can be concluded from the above figures that tour operators, who most frequently use scheduled flights, are small in size and generally organise short-break holidays and special interest tours. However, those who most frequently use charter flights are large and organise summer holidays connected with mass tourism, particularly to the coastal resorts.

Tour Operators' Business Relationships with Airlines: As illustrated earlier in Table 6.20,

13 of the respondents (19.7%) have business arrangements with an airline company, ten of which with a UK airline and three of which with airline companies in Turkey (Figure 6.6 in Appendix 14). Tour operators generally have direct ownership in the UK airlines. Two tour operators also have leasing agreements with the airline companies in the UK. Five tour operators indicated that their equity participation in the UK airline companies is around 45% and 50%. While tour operators who have a commercial interest in airline companies in Turkey, indicated that their equity participation is around 40% to 50%; one tour operator has ownership in Istanbul Airlines (President Holidays), one in Our Air (Sunquest), and one in Sunway.

With the exception of Turkish Airlines, 52% of which is owned by the Turkish government, Istanbul Airlines and Onur Airlines are among the Turkish airline companies which are most frequently used by the UK tour operators to send their customers to Turkey. Tour operators that use Turkish airline companies, send their customers to Turkey with those companies in which they have commercial interest, even though these airline companies primarily seem to be Turkish (see Table 4.20 in chapter four).

Relations with Local Tour Operators/Travel Agencies in Turkey:

It was noted in Table 6.20 that three tour operators have commercial interests in the tour operation/travel agency business in Turkey, in the form of equity participation. One of them has equity participation which is below 25%. One of the companies said that its equity participation in the tour operation/travel agency business in Turkey is 46%, while another has 65% equity participation in a Turkish travel agency. For example, Sunquest, a UK based tour operator, has equity participation in Tentour, which is one of the biggest Turkish tour operators. They also have an equity stake in Onur Air and they operate Group Hotels in Turkey. The Sunquest-Tentour partnership is a good example of how a tourist receiving country's incoming travel agency and a tourist generating country's outbound tour operators can work jointly.

Assistance from the Locally Owned Tour Operators/Travel Agencies in Turkey: It was argued in chapter three that tour operating companies in the tourist generating countries can employ local tour operators/travel agencies in the tourist receiving countries as middlemen to put together the destination proportion of the holiday. In this regard, in order to determine the

level of assistance which the UK tour operators seek from the local tour operators in Turkey, respondents were simply asked whether they receive any assistance from the local tour operators in Turkey or not (Figure 6.7 in Appendix 14).

Most of the tour operators receive assistance from the local tour operators in arranging the destination component of the tours. However, respondents who indicated that they do not receive any assistance from the local operators have their own representatives in the destination.

Table 6.24 Type of Assistance from the Local Tour Operators/Travel Agencies in Turkey

TYPE OF ASSISTANCE		YES	NO	TOTAL
Transfers ^a	n	49	3	52
	%	94.2	5.8	100.0
Local Transportation ^b	n	42	10	52
	%	80.8	19.2	100.0
Guidance to Tourists in the Destination ^c	n	44	6	50
	%	88.0	12.0	100.0
Dealing with Complaints of Tourists in the Destination ^d	n	10	40	50
	%	20.0	80.0	100.0
Arranging Sightseeing Tours ^e	n	43	7	50
	%	86.0	14.0	100.0
Arranging Accommodation Facilities ^f	n	16	32	48
	%	33.3	66.7	100.0
Negotiating with Accommodation Establishments	n	19	32	51
	%	37.3	62.7	100.0
Arranging Entertainment for Tourists	n	29	21	50
	%	58.0	42.0	100.0

(a), (b), (c), (d), (e), (f) show significance degrees (see Table 6.24 in Appendix 14).

Most tour operators receive assistance from the local operators in transferring their customers (94.2%) and arranging local transportation (80.8%) particularly from the airports to the accommodation establishments in coastal resorts. They also seek assistance in providing guidance to tourists in the destination (88%), and in arranging sightseeing tours within the destination (86%). However, tour operators are less likely to receive any assistance from the local tour operators regarding dealing with the complaints of the tourists in the destination (20%), arranging accommodation facilities (33.3%), and negotiating with accommodation establishments (37.3%).

An Evaluation

From the above analysis, some conclusions can be drawn. First, a few large tour operators who specialise in summer beach holidays to Turkey are integrated with both airlines and travel agents. They have central reservation systems in the UK and are specialists in summer beach holidays to Turkey. Such integration helps control distribution channels, provides higher market shares and captures economic benefits through offering integrated services in the related sub-sectors of tourism.

Second, there seems to be an oligopoly power of these large tour operators in the holiday market to Turkey. For example Airtours plc control eleven major tour operators, four of which organise holidays to Turkey. These companies are *Aspro*, *Cresta Holidays*, *Direct Holidays* and *Late Escapes*. Another group, The Thomson Travel Group, control three tour operators; *Portland Holidays*, *Skytours* and *Cottages Group* which organise holidays to Turkey. *First Choice* controls five tour operators three of which organise holidays to Turkey. Therefore, large companies such as *Airtours*, *Cosmos*, *First Choice*, *Inspirations*, *Sunworld*, and *Thomson* have extensive Turkey programmes and carry almost 75% of the whole outgoing market of tourists to Turkey from the UK.

Third, integrated large tour operators do not use Turkish carriers in their inclusive tours. Analysis revealed that Turkish carriers are featured by tour operators that are smaller, not integrated and do not have a very large market share. The most frequently featured airlines are *British Airways*, *Caledonian*, *Air 2000* and *Monarch*. All these airlines are linked to tour operators and/or travel agents selling Turkey. Some tour operators indicated that they sold holidays to Turkey through inclusive tour charters (ITC) rather than scheduled tours. Three tour operators have ownership or contractual involvement in a Turkish airline company. These airline companies are supposed to be private Turkish airline companies, but they have some foreign participation which is very difficult to estimate. This may be one of the reasons for the Turkish private airline companies' relatively high shares in total passenger arrivals to Turkey (see Table 4.21 in chapter four).

Analysis further revealed that Turkish travel agencies are used by tour operators that are smaller, not integrated and do not have a very large market share. The participation of a few

tour operators in the travel agency business in Turkey can also be interpreted as follows. One reason may be that tour operators in generating countries want to make sure of the quality of services provided, and so by establish a subsidiary to monitor ground arrangements, tours and accommodation services. They may also want to be closer to the suppliers (hoteliers, tour guides, ground service providers) in order to negotiate with them more effectively on prices.

Finally, four tour operators have ownership or contractual involvement in the accommodation sub-sector in Turkey. Most of them have direct contact with the accommodation establishments without depending upon any Turkish travel agencies. This highlights the importance of the direct relationship between tour operators in the tourist generating country and the accommodation establishments of the tourist receiving country. The subsequent section concerns the findings and analysis of the tour operators' relations with the accommodation establishments in Turkey.

Relations with the Accommodation Establishments in Turkey:

It was illustrated in Table 6.20 that four tour operators have commercial interests in the accommodation sub-sector in Turkey. As the findings revealed, two tour operators (Sunquest and President Holidays) have direct ownership in the accommodation sub-sector in Turkey with the equity participation ranging between 40% and 50%. Another two indicated that their involvement in the Turkish accommodation sub-sector is in the form of management contracts (Turkish Style and Turkey Paradise). It is clear from the findings that large tour operators, such as Airtours, Cosmos, First Choice, Inspirations, Sunworld and Thomson, do not want to take a risk by investing in or operating the accommodation establishments in Turkey by themselves. They therefore remain flexible in their business with Turkey. Flexibility refers here to the ability of tour operators to change the direction of tourism demand from Turkey to alternative destinations such as Greece, Cyprus, Portugal, and Spain. As noted above, these tour operators carry almost 75% of the total outgoing tourists from the UK to Turkey. In this respect, it can be said that accommodation establishments in Turkey depends very much on these integrated oligopolistic tour operators.

Contacts with the Accommodation Establishments in Turkey: A majority of the tour operators negotiate with the accommodation establishments directly (Table 6.25 in Appendix

14). It is worth noting that these findings reinforce the findings recorded in Table 6.24. This may justify, to a certain extent, the accuracy and the reliability of the answers given by the respondents.

Table 6.26 illustrates the criteria on the basis of which tour operators choose the accommodation establishments in Turkey. The highest level of mean scores were recorded for the statements 'quality of services offered' (4.47), 'level of prices offered' (4.12), 'accessibility to clean beaches' (3.90), 'accessibility to cultural and historical attractions' (3.61) and 'scale of hotels' (3.35). On the other hand, some respondents indicated that when choosing an accommodation establishment in Turkey, they also consider the following factors, 'authentic style of the establishment', 'accessibility to marina', and 'whether accommodation establishment has pool facility'.

Table 6.26 Factors Affecting Tour Operators in Selecting the Accommodation Establishments

FACTORS	N	Rank Mean
Quality of Services Offered ^b	62	1
Level of Prices Offered ^a	60	2
Accessibility to Clean Beaches ^e	58	3
Accessibility to Cultural and Historical Attractions ^g	49	4
Scale of Hotel ^c	49	5
Accessibility to Shopping Facilities ^f	52	6
Availability of Recreational Facilities	52	7
Availability of Entertainment Facilities ^d	53	8

Very Little (1)

Very Much (5)

(a) (b) (c) (d) (e) (f) (g) show significance degrees (see Table 6.26 in Appendix 14).

From these findings, a few tentative conclusions can be drawn. There are two important factors for tour operators when selecting an accommodation establishment: quality and price. On the other hand, accessibility to clean beaches, and cultural and historical sites are also important factors for tour operators in selecting an accommodation establishment in Turkey. The less important factors are accessibility to shopping, entertainment and recreation facilities. Some of the special interest tour operators prefer authentic style accommodation and establishments which are close to a marina. Moreover, most of the tour operators prefer to make contracts with the accommodation establishments which provide a pool facility, but as a result of this, most of the small accommodation establishments in the Turkish resort areas, which did not have pool facilities, have started to construct small and unsightly pools behind the establishments. The construction of the pools, which are not integrated with the physical

appearance of the establishments, created physically unpleasant amenities, particularly in the resorts of Altinkum, Bodrum, Marmaris and Kusadasi (Author's observation in 1987, 1990 and 1997).

Type of Contracts with the Accommodation Establishments: In chapter three, it was argued that tour operators can either make 'block reservations' or 'block purchases' with the providers of the tourism services, depending upon the relative market powers of the tour operators and suppliers. Most of the tour operators (62%) make 'block reservations' (allocation of rooms) with the accommodation establishments in Turkey, while eight percent stated that they make 'block purchases' (commitment). However, 31 percent indicated that they have 'other types of contracts' such as last minute reservations, and *ad hoc* room reservations (Figure 6.8 in Appendix 14).

Most of the tour operators (78.7%) indicated that they make contracts with the accommodation establishments for a short period of time (up to one year, for one tourist season), while a few (19.2%) said that they have contracts with the accommodation establishments in Turkey for a medium period of time (one to two years, for two tourist seasons) and 11.1% for a long period of time (three years and over) (Table 6.27 in Appendix 14).

Type of Accommodation Establishments: It was argued in the theoretical part of this study that tour operators of the tourist generating countries cause development on a large scale and hence they work in conjunction with the large scale accommodation establishments, particularly with the transnational hotels. However, most of the respondents use locally owned medium sized accommodation establishments (85.7%), followed by locally owned large luxury accommodation establishments (61.9%), locally owned simple style accommodation establishments (49.2%), and multinational accommodation establishments (26.6%) (Table 6.28 in Appendix 14).

The Tour Operators' Difficulties with Accommodation Establishments: Tour operators face some difficulties in their relations with locally owned medium sized accommodation establishments (38.9%) and locally owned simple style accommodation establishments (65.4%). However, from the results it can be said that respondents are less likely to encounter difficulties in their business relations with the multinational associated accommodation

establishments and with the locally owned large scale luxury accommodation establishments (Table 6.29 in Appendix 14).

Tour operators stated their problems and difficulties which can be grouped as follows. Most of them complain about overbooking during the high season, and poor health and safety provision and unhygienic conditions. Respondents also complain about the inadequacy of trained staff in those establishments, resulting in poor service quality.

Implications

Most of the tour operators use three- and four-star hotels, as they have acceptable facilities and offer prices with a level of quality which may be acceptable to mass tourist markets in the UK. As noted in chapter four, medium sized hotels are common in Turkey and most of the investment incentives have been granted to these categories; this may be one of the factors which affects the choice of the tour operators. *However, large mass market tour operators also use multinational accommodation establishments and locally owned large scale luxury accommodation, particularly large holiday villages. In addition, tour operators also work with locally owned simple style accommodation establishments, even though they are relatively small in size (accommodation establishments with 50 to 100 beds).*

The observations made during the field work data collection in Turkey showed that some of the tour operators, who use small sized or simple style accommodation establishments, tend to make 'block purchases' *with accommodation establishments in order to benefit from the advantages of buying in bulk and handling a large number of places in a particular destination.* For example, First Choice, one of the biggest UK tour operators, sells Turkey as a mass tourist destination in the UK tourist market. In a tourist resort near Bodrum, Yalikavak, the tour operator makes 'block purchases' type of contract with almost every type of accommodation establishment, though most of them are small sized establishments. By doing this, the tour operator is able to keep a large number of hotel rooms with low prices for the mass tourist market who want to have a low priced holiday. Another tour operator, Inspirations, which is also one of the biggest UK tour operators, sells Turkey in the UK. It also makes 'block purchases' type of contract with the small and medium sized accommodation establishments in Fethiye/Oludeniz.

Summary

In the light of the stated objectives, the outcomes of this section can be summarised as follows. Turkey deals with a relatively large number of tour operating companies in the UK. The size of these companies varies from being small-sized tour operators, who arrange short-break holidays and special interest tours, to large market tour operators, who deal with the resort areas.

The majority of the tour operators are familiar with Turkey, which is perceived as offering excellent value for money, having clean beaches and an unspoilt environment in the Mediterranean. Moreover, tour operators also perceive that the 'cost of developing tours to Turkey is reasonable' and 'Turkish culture and history are attractive'. These results can be seen as good for Turkey. As argued, as the number of years conducting tours to Turkey increases, tour operators' perception of these factors change. For instance, as the number years of offering tours to Turkey increases, tour operators are more likely to perceive that the overall cost of developing tours to Turkey is reasonable. As argued, there may be various reasons for these perceptions, the most important ones being the increased bed capacity and the liberalisation of charter flights. However, tour operators are not satisfied with the quality of tourism facilities and the quality of accommodation services provided. Moreover, results revealed that the tour operators do not perceive Turkey as a safe and secure tourist destination. The former because of the lack of skilled human resources, while the latter is mainly because of the unstable political and social structure of the country.

Tour operators have relatively weak relations with the Turkish tourism organisations. It appears that the National Tourist Office of Turkey in London has not established a proper relationship with tour operators. There seems to be an oligopoly power of these large tour operators selling beach holidays to Turkey. Integrated large tour operators do not use Turkish carriers in their inclusive tours; Turkish airline companies are featured by tour operators that are smaller, not integrated and do not have a very large market share.

As for the tour operators' general relations with the Turkish accommodation establishments, tour operators choose accommodation establishments mainly on the basis of the following two factors: quality of services and the level of prices. They can easily secure sufficient hotel

rooms in Turkey. Tour operators make block reservations for the accommodation and generally no more than for one tourist season. The small operators tend to establish links with the local agencies and they do not engage in long term contracts with the providers of the accommodation services nor with the airline companies. However, large tour operators dealing in mass tourism are much more likely to pass over the local agencies and tend to establish direct contacts with the accommodation establishments.

There are indeed two outcomes of this section: one is that tour operators can easily secure sufficient hotel rooms in Turkey; and the other is the oligopolistic structure of the tour operators. In this context, the question to ask now is; 'How will this affect the Turkish accommodation sub-sector?'. Therefore, to consider these issues in detail, the following section will deal with the analysis of the accommodation sub-sector survey in Turkey.

Accommodation Sub-Sector Survey

The purpose of this section is to explore the findings of the accommodation sub-sector survey in order to get a better understanding of the impact of international tour operators' on the Turkish accommodation establishments. To consider these issues, it is useful to divide this section into three. The first looks at the profiles of the respondent accommodation establishments. The second considers the relations between the accommodation establishments and the Turkish tourism bodies, airlines, local tour operators and travel agencies, and the international tour operators. Finally, the third details the type of problems encountered by the providers of the accommodation services in their relations with international tour operators.

Company Profiles

In this section respondent company profiles will be given in terms of type of operation, bed-capacity, number of employees, occupancy rates, the proportion of domestic and international tourist markets in respondents' total businesses.

Type of Operation

Most of the respondents (108 out of 203) are independent resort accommodation

establishments, and they are owned and operated by local people. Twenty-three of the respondents are independent city accommodation establishments, and they are also locally owned and operated. In total, there are 131 independent accommodation establishments who took part in the survey (Table 6.30).

As for the accommodation establishments that belong to a group (chain), there are thirty-seven respondents representing resort accommodation establishments, eight of which are multinational associated and twenty-nine of which are locally owned and operated. On the other hand, there are thirty-five city accommodation establishments that belong to a group or a chain, twelve of them are multinational associated and twenty-three of them are locally owned and operated.

Table 6.30 Type of the Accommodation Establishments

		LOCATION				TOTAL	
		RESORT		CITY			
I N D E P E N D E N T	Type of Accommodation	Multinational Associated	Locally Owned	Multinational Associated	Locally Owned		
	S T R A T U M	Stratum 1	Four-star Hotel	-	5	-	6
Five-star Hotel			-	2	-	2	4
Holiday Village			-	4	-	-	4
Stratum 2	Three-star Hotel	-	24	-	15	39	
S T R A T U M	Stratum 3	One-star Hotel	-	13	-	-	13
		Two-star Hotel	-	39	-	-	39
S T R A T U M	Stratum 4	Apart Hotel	-	8	-	-	8
		Boarding House	-	13	-	-	13
Total		-	108	-	23	131	
G R O U P	Stratum 1	Four-star Hotel	1	9	5	8	23
		Five-star Hotel	2	6	7	9	24
		Holiday Village	5	2	-	-	7
Stratum 2	Three-star Hotel	-	11	-	6	17	
S T R A T U M	Stratum 3	One-star Hotel	-	-	-	-	-
		Two-star Hotel	-	-	-	-	-
S T R A T U M	Stratum 4	Apart Hotel	-	1	-	-	1
		Boarding House	-	-	-	-	-
Total		8	29	12	23	72	
GRAND TOTAL		8	137	12	46	203	

In the coastal resorts, accommodation establishments participated in the survey include one-, two-, three-, four- and five-star hotels, holiday villages, boarding houses and apart hotels (self catering accommodation establishments). However, in Istanbul, only three-, four-, and five-star

accommodation establishments took part in the survey. This is because, in Istanbul, international tour operators have contracts only with this type of accommodation establishment.

Number of Branches:

Ninety-one percent of the respondents (68 out of 72) have branches in other parts of Turkey (Figure 6.9 in Appendix 15). The majority of the accommodation establishments (72.06% which represents 49 out of 68) have less than five branches, and sixteen establishments have more than five branches ranging from five to ten. Moreover, only three establishments have more than ten branches (Table 6.31 in Appendix 15).

General Profiles of the Multinational Accommodation Establishments:

All of the twenty multinational accommodation establishments are part of a group and they are large scale establishments. Multinational companies operate four- and five-star hotels and special certificated accommodation establishments in Istanbul. However, in the resort areas, they have business arrangements with large holiday villages and five-star hotels. One might point out that the number of multinational associated accommodation establishments that took part in this survey was very low, but one should also consider the nature of the entire population of the current study (for a list of all multinational associated accommodation establishments in Turkey see Appendix 13a and 13b).

Size of Operation

Respondents were requested to give the size of their firms in terms of bed capacity and number of employees. It was considered that these factors would reveal the size of the accommodation establishments which took part in the survey. Although annual sales turnover was considered to be one of the factors which would help to determine the size of the respondent establishments, it was omitted here because, with the exception of a few respondents, figures in terms of annual sales turnover were not provided.

In the resort areas, 68 of the respondents (representing 47%) have less than 100 beds (generally consist of boarding houses, apart hotels, and some of the one and two-star hotels), while 46 of the respondents (representing 32%) have bed capacity ranging from 101 to 300

beds (generally three and four-star hotels). Thirty-one of the respondents have more than 300 beds in the resort areas (mostly five-star hotels and holiday villages). Among the city accommodation establishments, which returned the questionnaire, eight have less than 100 beds (only three-star hotels), while 27 of the respondents have bed capacity ranging from 101 to 300 beds (three and four-star hotels). Moreover, 21 of the city accommodation establishments have more than 300 beds (mainly five-star hotels) (Table 6.32 in Appendix 15).

In the resort areas, 72 respondents indicated that they have less than 50 employees, while 31 of the respondents said that they have more than 50 employees (ranging from 51 to 150). Twenty-two respondents stated that they have more than 151 employees (ranging from 151 to 225). Only eight respondents have more than 225 employees. However, nine of the city accommodation establishments have less than 50 employees, and 23 respondents said that they have more than 50 employees (ranging from 51 to 150). Only nine respondents stated that they have more than 151 employees (ranging from 151 to 225). In addition, thirteen respondents indicated that they employ more than 225 employees (Table 6.33 in Appendix 15).

As the figures on bed capacity and number of employees indicate, most of the resort accommodation establishments participated in this survey are small and medium sized establishments, while five-star hotels and holiday villages can be considered as large scale establishments. However, in Istanbul, only four- and five-star hotels can be regarded as large scale establishments, while most of the three-star hotels can be described as medium sized establishments.

Time of the Year the Establishments are Open to Business:

All of the city accommodation establishments are open to business during the whole year. However, the majority (109 out of 145) of the resort accommodation establishments were open to business between April and October, while only thirty-six of the respondents said that they are open to business all year round (Table 6.34 and Table 6.35 in Appendix 15). Most of the resort accommodation establishments are inactive between November and March. Typically, most of the resort accommodation establishments are seasonal in nature and mostly geared to the needs of holiday, and leisure-related travellers.

In 1996, over half (55.17%) of the resort accommodation establishments had an occupancy rate ranging from 76% to 100% in the summer, while 31 percent of the respondents had occupancy rates which ranged from 51% to 75%. Most of the resort accommodation establishments (21 out of 36), which are open to business all year, stated that their average occupancy rates ranged from 51% to 75% throughout the year. However, during the winter months, they had occupancy rates as low as 25% or below (Table 6.36 in Appendix 15). On the other hand, there is no city accommodation establishment which had occupancy rate below 50%. City accommodation establishments have relatively high occupancy rates compared to those in the resort areas. This is because, together with the inclusive tours, city accommodation establishments mostly deal with independent travellers, particularly with business travellers, and all of them are open for business throughout the year. Since Istanbul is the centre of commerce and business in Turkey, the accommodation establishments do not depend on international tour operators as much as do those in resort areas. However, to get an in-depth understanding on this issue, further factors and analysis should be taken into account.

Proportion of International Tourist Markets versus Domestic Market:

Most of the respondents, both in the city and resort areas, have relatively low shares in the domestic tourist market. The domestic tourist market constitutes less than 50% of business volumes of the respondents in Istanbul, and less than 20% in the coastal resorts (Table 6.37 in Appendix 15). International tourists constitute a relatively high proportion of the respondents' business volumes.

Proportion of Inclusive Tours versus Independent Travellers:

While most of the establishments in the resort areas depend on international inclusive groups, the city accommodation establishments' dependence on international inclusive groups is relatively low. This result justifies the previously made statement that city accommodation establishments mostly deal with independent travellers, business travellers in particular, though they also work with international tour operators when accommodating inclusive groups (Table 6.37 in Appendix 15).

Moreover, based on the figures from Table 6.38 (in Appendix 15), the following conclusions

can be drawn. First, most of the inclusive groups stay eleven to fifteen days in the resort accommodation establishments, while they stay less than five days in the city accommodation establishments. Second, although the average nights spent by independent travellers in both the resort and the city accommodation establishments is below ten days, the majority of independent travellers stay less than five nights both in the resort areas and in Istanbul. The results also reveal the fact that the resort accommodation establishments seem to be the most dependent on the international inclusive tour groups.

Business Involvement in Other Sectors of the Economy:

Approximately 35 percent of respondents in the resort areas and 52 percent of respondents in Istanbul indicated that they have business involvement in other sectors of the economy (Figure 6.10 in Appendix 15). The majority of the respondents have business involvement in the construction sector (Table 6.39 in Appendix 15). However, the author thinks that diversification is not a result of the awareness of the benefits which diversification brings, but probably a result of the generous incentives given by the Turkish government in order to increase the accommodation supply. During the 1980s when the Turkish government started to grant generous investment incentives both to local and foreign investors in the tourism industry, only building contractors were ready to build accommodation establishments in Turkey because this was their primary job. Everybody saw tourism as an easy business, particularly building contractors. The primary concern was to benefit from the incentives given by the government, and as it was thought that managing a hotel should be an easy business, inexperienced entrepreneurs invested in tourism by building hotels and try to manage them. However, during the late 1980s when the bed capacity increased rapidly, entrepreneurs recognised that managing a hotel was not as easy as building one. Apart from creating excess capacity, this rapid expansion has two further implications: one is inexperienced entrepreneurs became involved in the hotel business; and the other is large hotels which are not integrated into the environment were built. In the case of the former, most of the entrepreneurs had to sell their hotels or faced a few oligopolistic international mass tour operators in order to fill their large scale establishments with a high number of tourists. In the latter because constructing a hotel is unlike constructing other buildings, furnishing of rooms, restaurants, and kitchens requires experienced planning. Therefore, most of the accommodation establishments which

were built during the 1980s show a lack of physical planning.

Business Relations

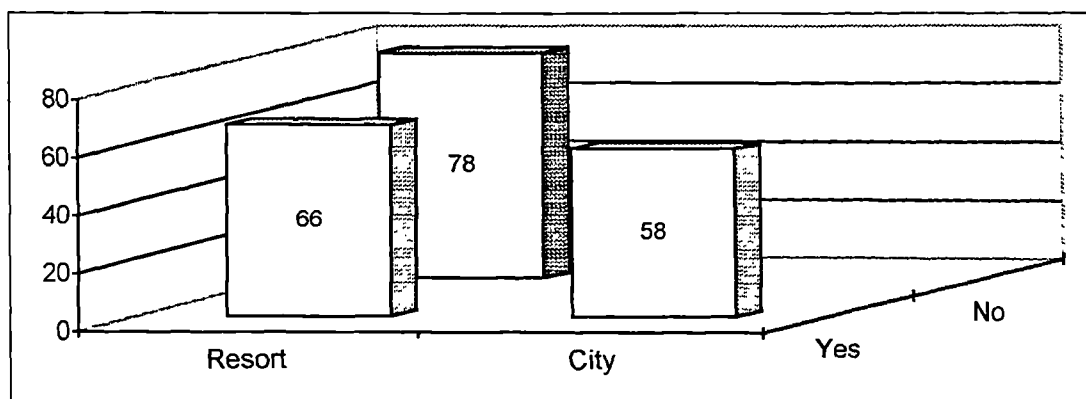
The aim of this section is to examine the business relations of the respondents. The analysis will take part under two sub-sections. The first will deal with the business relations of the establishments in general, particularly with the Turkish tourism organisations, and with airline companies and the local travel agencies. The second considers the respondents' business relations with international tour operators. The former will provide a general background to understand the present situation of the Turkish accommodation sector and its relations with the Turkish tourism organisations and the tourism enterprises in Turkey. The second section will help us to understand how international tour operators affect the accommodation sub-sector of the industry in Turkey.

General Relations with the Turkish Tourism Organisations and Tourism Enterprises

In order to create a well-established tourism industry, co-ordination and integration between the providers of the tourism services and the tourism organisations of the country (both public organisations and private organisations) should be developed (Akoglu, 1970). This may be seen as a primary concern which tourist receiving countries should take into account in order to develop the most beneficial international tourism industry for their economies. In this consideration, respondents were asked to describe their relations with the Turkish tourism organisations such as the Association of the Turkish Hoteliers, the Ministry of Tourism, travel agencies in Turkey, Turkish airline companies, and other accommodation establishments in the destination.

Approximately 46 percent of the resort accommodation establishments are members of the Association of the Turkish Hoteliers. On the other hand, all of the city accommodation establishments are members of the Association (Figure 6.11).

Figure 6.11 Number of Establishments which are Members of the Association of Turkish Hoteliers



In order to determine the effectiveness of the Association of the Turkish Hoteliers and possible advantages that membership of this Association could provide, respondents were requested to indicate the type of services provided by the Association (Table 6.40).

Table 6.40 Type of Services Received from the Association of Turkish Hoteliers

Type of Services		Yes	No
Resort	Technical assistance	-	61
	Legal and taxation advice	-	57
	Research and staff training	22	40
	Assistance for bargaining with foreign tour operators over prices and associated conditions	-	62
City	Technical assistance	-	41
	Legal and taxation advice	7	41
	Research and staff training	26	22
	Assistance for bargaining with foreign tour operators over prices and associated conditions	-	48

Only 33 percent (22 out of 66 members of the Association) indicated that they received services from the Association in terms of 'research and staff training'. It is interesting to note that there is no resort accommodation indicating that it receives services from the Association for 'technical assistance', 'legal and taxation advice', and 'assistance for bargaining with foreign tour operators over prices and associated conditions'. Around 45 percent (26 out of 58 members) of the respondents in Istanbul stated that they are provided with services such as 'research and staff training' by the Association, while only twelve percent (7 out of 58 members) of the respondents receive services regarding 'legal and taxation advice'.

From observations gained during field work, it can be said that membership of the Association

was particularly high among the three-, four-, and five-star hotels, and holiday villages. These services are mostly related to 'research and staff training' rather than 'technical assistance', 'legal and taxation advice', and 'assistance for bargaining with foreign tour operators over prices and associated conditions'. The latter three are crucial for the providers of accommodation services, particularly for those who are new to the business. Since there is no publication regarding the Association of the Turkish Hoteliers' position within the Turkish tourism industry, we conducted a telephone interview with Mr. Ali Gurel (President of the Association and a Turkish Hotelier). It is useful to quote from Mr. Gurel (Telephone interview, April 1999):

We do not have legislation to persuade every single hotelier in Turkey to be member of the Association, therefore, most of the hotels in Istanbul and a few hotels in coastal Turkey are members of the Association. We go and visit hoteliers, we organise seminars to explain the benefits of collecting under one umbrella. But who cares? Nobody, of course. I, myself, devoted my life to Turkish tourism. We earn money from this sector, we eat bread from this sector. But unfortunately, everybody thinks of themselves. A few hoteliers come and participate in our seminars. We offered a legislation draft to the Turkish Grand National Assembly. If this legislation is accepted by the members of the parliament and passed through the Grand Assembly, then every single hotelier in Turkey will have to be a member of the Association. Again, if the legislation is passed through the Grand Assembly, we will be provided with a budget and we will also be able to collect a certain amount of membership fees, we will be able to be a member of the International Hotel Association for which we applied and our membership has been accepted in principle. But because of Turkish Laws, a Turkish association/union cannot be a member of an international organisation officially without the permission of the government. Therefore, we need legislation, recognised by the Turkish government. When the legislation is accepted, we will have enough budget to provide some services to our members. Currently we can arrange some services such as 'staff training and research', 'technical services' and 'legal and taxation advice', but the hoteliers have to pay for this service, therefore only a few hoteliers come and ask for these services (Telephone interview, April 1999).

The above quotation explains the relatively low rate of membership of the Association. First, there is no legal obligation for an accommodation establishment to be a member of the Association, and it is also a new concept for most of the providers of the accommodation services. Second, most of the resort accommodation establishments are locally-owned family operations, and small and medium sized establishments. Therefore, they may not recognise the advantages of collaboration within the industry. Third, since the Association is located in Istanbul, it seems to be difficult to organise all accommodation establishment from one centre in a geographically large country such as Turkey. In this context, it may be suggested that

decentralisation of the Association seems to be necessary. On the other hand, what is important, in order to benefit from the services offered by the Association, hoteliers have to pay. Therefore hoteliers may be reluctant to request services from the Association.

Subsequently, respondents were asked to describe their relations with other tourism organisations and enterprises in Turkey (Table 6.41 in Appendix 15). It is interesting to note that there is no respondent in the resort areas who indicate their relations exceed the midpoint three with any type of tourism organisation and enterprise. This means that their relations with the Turkish tourism organisation and enterprises are relatively weak. The highest level of mean value recorded for the business relationships of the resort accommodation establishments was with travel agencies in Turkey (2.91), yet it is below the midpoint three. On the other hand, respondents representing city accommodation establishments indicated that they have neither weak nor strong relations (which can be accepted as around the average) with the local travel agencies (3.87), the Ministry of Tourism (3.52), and other accommodation establishments in the neighbourhood (3.15). Three-, four- and five-star hotels and holiday villages have relatively strong relations with the Ministry of Tourism and the local travel agencies. Their relations with the Association of Turkish Hoteliers, accommodation establishments in the neighbourhood, and the Turkish airline companies are not strong. The results also show that one- and two-star hotels, boarding houses and self catering establishments have relatively weak relations with all Turkish tourism organisations and enterprises (Table 6.42 in Appendix 15).

In relation to the city accommodation establishments' relationships with the Turkish tourism organisations and enterprises, with the exception of the private Turkish airline companies, four- and five-star hotels have relatively strong relations with all types of the tourism organisation and enterprise. Three-star hotels also have relatively strong relations with the Ministry of Tourism, the local travel agencies, and the other accommodation establishments in the neighbourhood (Table 6.43 in Appendix 15). On the other hand, respondents representing small and medium sized establishments do not perceive their relations with the Association of Turkish Hoteliers as strong enough.

Depending upon these results, one might think that small and medium sized accommodation establishments seem to be isolated. However, in this respect, it is useful to quote Mr. Gurel

again:

In 1995, we invited all the owners and managers of the small and medium sized accommodation establishments particularly in the resort areas to participate in our workshop called 'Problems and Opportunities for Small and Medium Hoteliers'. Even though we provided accommodation for them here in Istanbul, we could not get enough participants. We want to listen to them, we want to share their problems, we want to see them under our umbrella, we want to strengthen our organisation, they are not the establishments who come from another planet, they are our establishments, they are an important part of our economy (Telephone interview, April 1999).

From the above quotation, in the current situation without any legislation, it seems to be very difficult to establish co-operation among the hoteliers. It is the considered opinion of the author that indeed it is a very difficult task to maintain co-operation in such a highly competitive environment in which individual hoteliers fail to: (a) understand the benefits of co-operation; and (b) undertake long-term commitment because of short-term opportunistic business strategies. On the other hand, as criticised in chapter four, the Association of the Turkish Hoteliers do not have specific objectives to bring hoteliers together and lend assistance in their present and future plans. Therefore, in order to persuade individual hoteliers, apart from through legislation, some principles can be identified.

First, specific objectives should be established. The Association should have clearly defined objective(s) that should also be closely tied to the common expectations of individual hoteliers. Second, responsibility and the contribution of each group of hoteliers should be clearly defined. For instance, there may be some differences between the expectations of the hoteliers in Istanbul and those in the resort areas. Third, every hotelier should gain from being member of the Association. Finally, necessary action should be taken in order to get a long-term commitment. However, lack of legislation may inhibit the success of the last principle.

Business Involvement of the Accommodation Establishments in Airlines and Tour Operation/Travel Agency Business in Turkey

Respondents were asked to indicate whether they have a commercial interest in a Turkish airline company and/or in a tour operation/travel agency business. Only three of the resort accommodation establishments are integrated vertically with a Turkish airline company, while nine of them are integrated vertically with local tour operators/travel agencies. In Istanbul, two respondent establishments are integrated with a Turkish airline company, and four with local travel agencies (Table 6.44 in Appendix 15).

Results show that all establishments which are integrated vertically with a Turkish airline company and/or travel agencies, are three-, four- and five-star hotels, and large holiday villages. As mentioned earlier, Tentour is one of the biggest Turkish tour operators. It has equity participation in Onur Air and it operates Group Hotels which includes more than thirty hotels both in the resort areas and cities in Turkey.

All of the respondents which are integrated vertically with the local travel agencies, are operated under management contracts. Three of the resort accommodation establishments and three of the city accommodation establishments are integrated with Tentour, while one resort accommodation and one city accommodation belong to Detour, which is also one of the biggest travel agencies in Turkey. Moreover, the other five resort accommodation establishments are operated by Oger Tours, ETS, National, and Ulusoy. These are also the biggest incoming travel agencies of Turkey in terms of the number of tourists and the amount of foreign exchange they bring into the country (TURTOB, 1995).

Even though quite a large number of domestic tour operators/travel agencies are operating within the Turkish tourism industry, with the exception of a few large domestic travel agencies (for example Tentour, Ulusoy) most of them are small, organise local tours and sell airline tickets. They are therefore acting as the representatives of the tourist generating countries' tour operators, and perhaps organising some outgoing tours particularly for the citizens of Turkey. To get a better understanding of the current position of the Turkish tour operators/travel agencies within Turkish tourism, one could do no better than to quote from an anonymous hotel owner who summarised the issue very well:

Most of the Turkish travel agencies are the organisers of the local tours rather than being the marketers of the Turkish tourism services. They only know how to organise local tours and take tourists to huge carpet shops. They arrange two or three bus tours with a single guide, and limit their programs to save from entrance fees to ruins and museums, because they have to reduce their costs due to competition, which occurs among themselves, and/or they want to bring tourists to handicraft and souvenir shops and huge carpet markets to make tourists buy some expensive souvenirs and carpets. By doing this they can get more commission on the goods sold to tourists who are introduced to shopkeepers by the representatives of those agencies. If this is the case, how do you think they would contribute to the development of Turkish tourism? This issue is mainly integrated with the short-term business benefits of the owners and managers of those agencies. Meanwhile, it is noteworthy that there are some accommodation establishments which offer foreign tour operators lower prices than those quoted to Turkish incoming travel agencies. This is to such an extent the case that some Turkish agencies get reduced rates for the Turkish establishments through

their foreign counterparts. I believe that it would be proper to recognise equal chances of competition to both the Turkish travel agencies and foreign ones, but the important point is that I would offer lower prices to the powerful one in the international tourist market. Surely, that is the foreign tour operator (Personal Communication, August 1997).

Most of the domestic tour operators/travel agencies in Turkey have to work in conjunction with the tour operators of the tourist generating countries in order to bring large number of tourists from the tourist generating countries. In other words, as emerges from the above quotation, pricing and promotion in international tourist markets are the inhibiting marketing factors which make the providers of the Turkish tourism services dependent on the travel intermediaries of the generating countries.

It was previously argued that a majority of the resort accommodation establishments depend on international inclusive tourist markets, particularly mass tourist markets. Since accommodation establishments have relatively weak relations with tourism organisations and tourism enterprises in Turkey, their dependence on the generating countries travel intermediaries are reinforced. In this consideration, the following section is devoted to the data analysis of the accommodation establishments' relations with international tour operators, in order to understand how they are dependent on those travel intermediaries, and how these establishments try to keep their business surviving under the pressures of the international mass tourist markets.

Business Relations with International Tour Operators

This section considers the accommodation establishments' relations with international tour operators. However, before going into an in-depth analysis, it is necessary to look at how the accommodation establishments make contact with the international tourist markets. Moreover, as discussed in detail earlier, the use of information technology could make it possible for the suppliers of the tourist generating countries to contact final consumers, and hence to sell their product directly in the tourist generating countries. Subsequently, the type of problems encountered by the respondents will be noted. Finally, reasons for the perceived price competition and low price rates will be looked at.

Type of Distribution Channel:

As indicated in the theoretical part of the study, suppliers of tourism services could contact international tourist markets in several ways. First, they may sell their products directly without depending on travel intermediaries, for example, by using information technology. Second, they can sell their product through travel intermediaries such as tour operators and travel agencies of the tourist generating countries. Third, it may also be possible for the suppliers of the accommodation services of the host country to reach international tourist markets through tour operators and travel agencies of their own country.

All of the respondents both from the resort areas and Istanbul said that they sell their products through international tour operators. While all of the city accommodation establishments are able to reach international tourist markets by direct selling, only 13 percent (representing 17 out of 133 respondents) of the respondents in the resort areas are able to do so.

Table 6.45 Type of Distribution Channels Respondents Use in order to Reach International Tourist Markets

	Location					
	Resort			City		
	By Direct Sell	Through Travel Agents in Turkey	Through Foreign Tour Operators	By Direct Sell	Through Travel Agents in Turkey	Through Foreign Tour Operators
Yes, we do	17	56	145	52	52	58
It is possible, but we do not	50	81	-	-	-	-
It is impossible for us	66	-	-	-	-	-
Total	133	137	145	52	52	58

Moreover, while all respondents in Istanbul sell their services through Turkish travel agencies, only 41 percent (representing 56 out of 137) of the respondents in the resort areas do. As can be seen from Table 6.46, small and medium sized resort accommodation establishments are less likely to sell directly or through a local travel agent, while four- and five- star establishments are able to do so. That is because, as mentioned before, four-, and five-star hotels tend to be integrated or have business interests in Turkish travel agencies. In this respect, it can be said that vertical integration is an important factor within the tourism industry.

Table 6.46 Type of Distribution Channels Used by the Resort Accommodation Establishments

RESORT		STRATA				
		One	Two	Three	Four	Total
By direct selling ⁽¹⁾	Yes, we do	12	5	-	-	17
	It is possible, but we do not	17	13	13	7	50
	It is impossible	5	14	32	15	66
	Total	34	32	45	22	133
Through travel agencies in Turkey ⁽²⁾	Yes, we do	26	20	5	5	56
	It is possible, but we do not	10	12	42	17	81
	Total	36	32	47	22	137
Through foreign tour operators ⁽³⁾	Yes, we do	36	35	52	22	145
	Total	36	35	52	22	145

(1), (2), (3) show significance degrees (see Table 6.46 in Appendix 15).

The Internet as a Channel of Distribution:

While the use of a central reservation system is common among four- and five-star city hotels, its use is very limited among resort accommodation establishments, except for a few large holiday villages, and four and five-star hotels. It is worth noting that the majority of these establishments, which are linked through a central reservation system to foreign airlines, foreign tour operators and travel agencies, and international hotels, are large hotels or multinational associated in nature (Table 6.47 in Appendix 15).

In order to receive electronic hotel reservations, some large locally owned accommodation establishments (particularly national hotel chains such as Dedeman Hotels, Divan Hotel, and Eresin Hotels) are linked to an independent reservation system such as Golden Tulip Worldwide and Utell, and to other hotel chains such as Best Western Hotels and Steigenberger. However, these systems are currently being used only by a few large corporations who have the capacity to develop, operate and maintain such a proprietary network system. The high investment costs of such proprietary systems creates an entry barrier for smaller companies. Another option for both independent and smaller companies could be to use the World Wide Web (Internet) to receive electronic reservations or promote their services in international tourist markets. In this consideration, respondents were simply asked whether they are connected to the Internet or not (Table 6.48 in Appendix 15).

The use of the Internet is common among the four- and five-star respondent city accommodation establishments (81.08%). Most of the three-star city accommodation

establishments (57.14%) are also connected to the Internet. On the other hand in the resort areas, the four- and five-star hotels and holiday villages (63.88%), and three-star hotels (38.24%) use of the Internet but it is not common among the one- and two-star hotels, and self catering accommodation establishments and boarding houses.

Most of the four- and five-star and a few three-star hotels in Istanbul have home pages on the Web, which is not common among the resort accommodation establishments (Table 6.49 in Appendix 15). A search of the Internet WWW pages would reveal that Hotel Guide, Travelweb, Twarp, Hotel and Travel Index, Umut Foundation, Turkish Odyssey, and Best Hotels in Istanbul are the gateways to access some of the Turkish accommodation establishments on the Internet, particularly in Istanbul. Currently, those Web pages are targeting business travellers, as well as some independent travellers who travel for the purpose of special interest or city tourism. Therefore, Internet access is more common in the city than in resort areas because of the high density of their potential customers.

According to figures from Table 6.50 (in Appendix 15), the following tentative conclusions can be drawn. Firstly, all of the respondent resort accommodation establishments perceive that the Internet cannot guarantee their sales as tour operators do. They are therefore most likely to perceive that the Internet may not be as effective as travel intermediaries in the tourist generating countries. Secondly, they think that customers may require more information. This also reveals the importance of the tourist generating countries' travel intermediaries for the respondent establishments, since tour operators and travel agencies of the tourist generating countries are seen as the main source of information on the destinations where people want to travel. Thirdly, small and medium sized establishments perceive that connecting to the Internet is expensive. Finally, respondents see arrangements such as the tourists' transfers as an obstacle to the use of the Internet. Therefore, the Internet is not perceived as an effective sales and distribution channel.

It may be concluded that the perceptions of the respondents from city accommodation establishments are very similar to the perceptions of the respondents from the resort areas. If the Internet is suggested as a distribution channel, then it seems better suited to city tourism than tourism in the resort areas.

Furthermore, depending upon the observations gained during the field-work, it is also worth noting that most of the owners and managers of the locally owned medium and small sized independent establishments in the resort areas do not know much about information technology, particularly the Internet, and they generally confuse it with the central reservation systems of the large hotels. Most of the operators of such establishments are literally unfamiliar with the use of personal computers (PCs), and hence the Internet.

International Tour Operators:

Four- and five-star hotels and holiday villages in the resort areas work with UK, French, and German tour operators. However, all the small and medium sized accommodation establishments work only with UK tour operators. This kind of classification is not relevant to the accommodation establishments located in Istanbul. As the results indicate, hotels in Istanbul work with all of the European tour operators. This means that they do not depend on one particular tourist market, and hence one particular tour operator (Table 6.51 and 6.52 in Appendix 15).

Two holiday villages (Club Eldoradors) work only with a French tour operator, Accor Group, which operates these holiday villages. TUI, one of the biggest German tour operator, operates Iberotels and Robinson Clubs in Turkey; these holiday villages naturally work only with TUI. Two of the respondent holiday villages work only with Club Med, a French tour operator. Airtours, Cosmos, First Choice, Inspirations, Sunquest, Sunworld, and Thomson are the UK based tour operators. They are very popular in promoting and selling Turkey in the UK market, and each of these mass market tour operators have inclusive Turkey brochures.

Tour operators from different nationalities sell different regions and destinations, and by doing that they behave as monopolist buyers when they make contracts with the providers of the accommodation services. For example, German tour operators generally concentrate on the district of Antalya including, Alanya, Kemer and Side, while the UK tour operators focus on Bodrum, Dalyan, Kas, Kalkan, Patara, Kusadasi and Marmaris, and the French tour operators concentrate on Cappadocia and Kusadasi. Each tour operator concentrates on different destinations in Turkey; for example, while First Choice concentrates on Bodrum, Thomson and Sunworld are the two major UK tour operators which focus on Marmaris and Kusadasi,

Inspirations sells Fethiye/Oludeniz district, and Airtours most frequently make contracts with the accommodation establishments in Kas-Kalkan-Patara district.

In Istanbul, accommodation establishments are generally featured by special interest tour operators and for city breaks, particularly cultural tour organisers. The tour operators which organise one to two-week holidays to Turkey include Explore World-wide, Exodus, Christian Tours, Insight Holidays, Swan Hellenic and Worldwide Christian Travel. Their travel itineraries include not only Istanbul, but also the cultural and historical sites along the Aegean and the Mediterranean coasts and Central Anatolia (like Cappadocia). Since the city accommodation establishments also serve independent and business travellers, their market segment is very diversified. Therefore, their business does not solely depend on one particular tourist market or one particular tour operator as most of the resort accommodation establishments do.

Type of Problems as Encountered by the Respondents: A majority of the respondent in the resort areas stated that they had some problems in their relations with international tour operators. Some respondents, representing four- and five-star hotels and holiday villages in the resort areas, do not encounter any kind of problem in their relations with international tour operators.

Table 6.55 Type of Problems Most Frequently Encountered by Respondents

	RESORT		CITY	
	N	Rank Mean Values	N	Rank Mean Values
Cancellation of reservations	113	6	21	5
Delaying the payments ^a	126	4	21	1
Pressure to accept low prices ^b	129	1	21	6
Tour operators cause price competition among the hoteliers ^c	129	2	21	4
Reduction on the agreed number of rooms	118	5	20	3
Their requests for more complimentary rooms ^d	65	7	19	2
Last minute reservations ^f	116	3	-	-

Very Little (1) Very Great Extent (5)

(a) (b) (c) (d) (e) (f) (g) show significance degrees (see Table 6.55 in Appendix 15).

In Istanbul the situation seems to be different. Only a few (7 out of 37) four- and five-star hotels and some three-star hotels (14 out of 21) indicated that they encounter problems in their relations with international tour operators (Table 6.54 in Appendix 15). Problems most frequently encountered by the respondents can be categorised as 'price related problems', 'problems with the payments', 'and 'other problems' which will be discussed below.

Price Related Problems: The most common problems among the resort accommodation establishments seem to be low price rates and price competition among themselves. In this regard, it is the aim of this section to elaborate on the causes of low price rates as perceived by the respondents.

Resorts: According to calculated mean values, respondents perceive that tour operators force them to accept low prices (4.11), and they further perceive that tour operators create a price competition among the hoteliers in their region (4.02).

Most of the respondents (129 out of 145) perceive that prices which they offer to tour operators are lower than what they would normally charge (perceived market rates) (Table 6.56 in Appendix 15). Twenty-nine respondents perceive that their prices are more than 51% lower than their perceived market rates; 39 respondents perceive that their prices are 31% to 50% lower than their perceived market rates; and 55 respondents perceive that their prices are more than 50% lower than their perceived market rates (Table 6.57 in Appendix 15). In order to turn the figures into more a meaningful picture, a Spearman's Rho Correlation analysis was conducted to see if there is any relation between the type of accommodation establishment and the type of problem (Table 6.58 in Appendix 15). As the significant linear correlations indicate, small sized establishments are most likely to encounter price related problems.

Table 6.59 Factors that Force Respondent Accommodation Establishments to Offer Low Price Rates

FACTORS	RESORT		CITY	
	N	Rank Mean	N	Rank Mean
The threats of the foreign tour operators to direct the demand to alternative establishments in this destination ^a	124	4	20	9
The threats of the foreign tour operators to direct the tourism demand to alternative destinations ^b	116	8	13	3
Tour operators guarantee to increase our occupancy rate ^c	123	3	15	5
The lack of service quality ^d	120	9	21	2
The lack of international standards ^e	115	7	21	1
The financial difficulties faced because of the credit payments	121	5	18	6
The scale of our business ^f	115	6	14	8
The lack of co-operation among the providers of the accommodation services ^g	123	2	13	4
Otherwise it is difficult to reach international tourist markets ^h	109	1	15	7

Very Little (1)

Very Great Extent (5)

(a) (b) (c) (d) (f) (g) (h) show significance degrees (see Table 6.59 in Appendix 15).

To be able to determine the factors that force respondent accommodation establishments to offer low prices to international tour operators, respondents were invited to indicate these factors by providing a five-point Likert type scale anchored by the bi-polar adjectives 'very little' (1) to 'very great extent' (5) (Table 6.59).

According to the figures from Table 6.59, there seems to be a relationship between low price rates and the following factors. The highest mean values recorded were for the statements of 'otherwise it is difficult to reach international tourists markets' (4.07), 'the lack of co-operation among the accommodation establishments' (3.99), 'tour operators guarantee to increase our occupancy rate' (3.97), 'the threats of the foreign tour operators to direct the demand to alternative establishments in this destination' (3.94), and 'the financial difficulties because of the credit payments' (3.78). The lowest mean value recorded was for the following statement of 'the lack of service quality' (2.77). However, there are some statements whose mean values are just above the midpoint three such as 'the threats of the foreign tour operators to direct the tourism demand to alternative destinations' (3.16), 'the lack of international standards' (3.48), and 'the scale of our business' (3.50). Therefore, the last three statements can be seen as the factors that force the respondents to offer low prices.

In order to see if there is any relation between the type of accommodation establishment and the factors that force the respondent accommodation establishments to offer low price rates, a Spearman's Rho Correlation analysis was conducted (Table 6.60 in Appendix 15). When considering the type of resort accommodation establishment with the factors that force the respondents to offer low price rates, six significant linear correlations were recorded while one negative significant relationship resulted. Respondents representing the small and medium sized establishments are most likely to see 'the threats of the foreign tour operators to direct the demand to alternative establishments in this destination', 'the lack of co-operation among the providers of the accommodation services', 'the scale of our business', and 'otherwise it is difficult to reach international tourist markets' as factors that force them to offer low price rates to international tour operators.

Price related problems are highly and significantly correlated with the following six factors: 'the threats of the foreign tour operators to direct the demand to alternative establishments in this destination', 'the threats of the foreign tour operators to direct the tourism demand to

alternative destinations', 'they guarantee to increase our occupancy rate', 'the scale of our business', 'the lack of co-operation among the providers of the accommodation services', and 'otherwise, it is difficult to reach international tourist markets' (Table 6.61 in Appendix 15).

City: Depending upon the figures from Table 6.55 (for calculated mean values see Table 6.55 in appendix 15), it may be said that price related problems are not relevant to the city accommodation establishments. For example, the recorded mean values for the statements of 'pressures to accept low prices' (2.43) and 'tour operators cause price competition among the hoteliers' (2.71) are below the midpoint three. Some respondents (20 out of 54) representing city accommodation establishments perceive that prices which they offer to tour operators are lower than their perceived market rates (Table 6.56 and Table 6.57 in Appendix 15). Those respondents who perceive prices are low, indicated that their prices are around 25-30% lower than their perceived market rates. This means that even if price related factors do not have zero effect on the respondents (generally three-star hotels), they do not perceive price reduction demands of international tour operators as important as do the respondents in the resort areas. According to the figures from Table 6.59, respondents indicated that prices are low because of the following two factors: 'the lack of service quality' (3.00), and 'the lack of international standards' (3.00) (Table 6.59 in Appendix 15). According to correlation coefficients (Table 6.62 in Appendix 15), price related problems are also highly and significantly correlated with these two factors: 'lack of service quality' and 'the lack of international standards'.

These results for city accommodation establishments can be evaluated as follows. First, city accommodation establishments do not only depend on one particular tourist market and one particular tour operator. Second, they serve business and independent travellers as well as inclusive tours. Third, as noted in the first section of this chapter, tours are organised to Istanbul for many reasons, such as (a) multi-centre tours within Turkey are through Istanbul; (b) multi-destination tours visiting Turkey are also through Istanbul; and (c) short break holidays and special interest tours are based in Istanbul. Therefore, accommodation establishments in Istanbul serve several leisure markets as well as business travellers.

Hereafter, any argument regarding prices and price related problems will refer to the problems of the resort accommodation establishments.

Implications: Analyses regarding the price related problems indicate that there are mainly five factors which are perceived by the respondents as leading to the offer of low price rates to international tour operators. In the first place, respondents perceive that it is impossible for them to sell their services in the international tourist market without depending on international tour operators from the tourist generating countries. In this context, it will be useful to quote from a hotelier in Kusadasi:

If your budget limits you to using direct marketing channels and/or promotional tools effectively, then how do you think you could market and/or promote your business effectively, particularly in an international service industry like tourism? Therefore, we need international tour operators and their catalogues in order to promote our business in the international arena (Personal Communication, August 1997).

Therefore, as argued earlier, even though the government has provided generous incentives particularly for investment in tourism enterprises, operational and promotional incentives have, to a certain extent, been neglected.

Secondly, respondents perceive that they offer low prices because there is no established co-operation among the hoteliers. In this context, it would be useful to quote from Mr. Orhan Saydan, manager of a holiday village in Kusadasi, which may help us to understand this issue. In the researcher's personal contact with Mr. Saydan during the administering of the questionnaires in Kusadasi, he emphasised this issue thus:

It is true that foreign tour operators have some pressures on us hoteliers in the region, particularly in terms of prices, which results in an unfair price competition among us. I think that is not the tour operators' fault, the source of this fault is we hoteliers in the region. Because foreign tour operators are not our fathers, who donate everything without our efforts. They are businessmen, therefore, of course, they will first consider their profits, and to do that they will of course try to get prices as low as possible. What are we hoteliers, doing in order to change and eliminate this issue? The problem lies here. If you look at the establishments in the region, and particularly their owners and managers, they do not know much about tourism. They have been drawn to tourism by the government with generous incentives and they thought that they would become tourism entrepreneurs without any specific knowledge of the industry such as hotel management and marketing. What they do when they see the representatives of the tour operators is they do not behave like a businessmen in their negotiations with the tour operators, they have fears because of their own inadequacies. Even sometimes in our meetings, we, hoteliers, agree that we are not going to pull prices further down, but somehow we do not keep our promises. The problem mainly stems from this source, not always from the tour operators (Personal Communication, August 1997).

The above quote of Mr. Saydan may help us to see the issue from a wider angle. Under the current policies so far implemented by the government, haphazard loans and incentives have been given to the establishments without due regard for the profitability of their operations. As a consequence, a large number of small and medium sized accommodation establishments have been set up. The consideration of the author is that most of the entrepreneurs, who are ignorant of the fundamentals of the international tourism industry, are unsuccessful in the business, because they really do not know how to manage a hotel business, since they were encouraged to invest by the generous investment incentives without having any specific knowledge of the industry. From one perspective, tourism is an international export industry, which requires the knowledge of both international tourist markets and how to deal with the specific requirements of the foreign customers.

Thirdly, respondents perceive that unless they offer relatively low prices, international tour operators are able to direct the tourism demand to alternative establishments. This indicates the lack of co-operation and collaboration within the industry. In this context, the following words of the General Director of the Association of Turkish Travel Agencies, Mr. Ercihan Demir, are worth quoting:

Based on my personal observations and more than 30 years experience in Turkish tourism (both in the public and private sectors of the industry), I can easily say that at present a co-operation of the desired quality between the accommodation establishments and travel agencies does not exist. Some accommodation establishments, unable even to keep their cost accounts, make haphazard arrangements with the representatives of the foreign tour operators without the knowledge of the business potential of the tour operators in the tourist generating country. What I have said here are my personal views, they may not represent the official views of our Association (Personal Communication, July 1997).

As can be understood from the above quotation, apart from the lack of the desired level of co-operation, the lack of management knowledge puts the providers of the accommodation services into a vulnerable and disadvantageous position in their negotiations with the foreign tour operators.

Fourthly, respondents perceive that they have to offer low price rates to international tour operators in order to increase their occupancy rates. That is because they need liquidity in order to overcome their increased financial difficulties induced by credit payments. One hotelier said that 'we, hoteliers, are suffering from the financial difficulties because of the pay

back time of the credits. If the government write off our credit payments, we will not need to reduce our prices' (Personal communication, August 1997).

Finally, high interest rates make it difficult for the suppliers of accommodation establishments to pay back their bank loans and the credits received from the government. Smaller companies have experienced even worse problems, as they have less bargaining power, knowledge of markets, marketing activities, financial resources and management structures expertise, and so tend to be less profitable. On the whole, respondents feel that they have to offer low price rates to international tour operators since they face financial difficulties because of the credit payments associated with high interest rates.

Respondents representing self catering accommodation establishments, boarding houses, one- and two-star hotels perceive that lack of international standards and being small scale also cause problems since tour operators generally look for relatively large scale accommodation establishments in order to accommodate large numbers of tourists (Table 7.31 in appendix 15). One hotelier expresses his views as follows:

It is inevitable that you must work in conjunction with the foreign tour operators, if you want to bring tourists from the tourist generating countries to Turkey. The main purpose of the integrated tour operators is to sell their flights. Only 15% to 20% of the total holiday price paid to the tour operators by tourists is paid to us. In fact, we should be paid 40% to 50% of a package holiday. We are, on the other hand, overdependent on the foreign tour operators who seek lower prices which causes low service quality, since we, tourist entrepreneurs, are less organised. Since the tour operators want to sell our services with the low price rates, we could not match our costs, therefore we need to employ cheap labour. Of course, employing cheap labour means providing low service quality. In fact, what tour operators should do is that they have to force us to provide high service quality which means high prices. (This quotation is from the open-ended question provided at the end of the accommodation sub-sector's questionnaire).

However, another type of problem is the 'last minute reservation requests of the tour operators' (3.94). Although no statement is given to respondents to indicate their views on this, most of the respondents (116 out of 129) stated their views on this issue by adding 'last minute reservations' or similar statements to the questionnaire. Therefore, this can also be seen as one of the most important problems that respondents encounter. To be able to get a wider understanding on this issue, during the administering of the questionnaires, the researcher had an opportunity to talk about this problem with the representatives of the

accommodation establishments. For example, Mr. Teoman Ermete, general manager of a five-star hotel clarifies the last minute reservations as follows. He calls 'last minute reservations' as 'last minute tourism' and goes on to explain it with his own words:

Tourists know which destination they are going to, but do not know in what kind of accommodation they will stay. Once they arrive in a destination, like Dalaman, Izmir, Antalya, tour operators have them stay in any kind of accommodation which is empty in the middle of the so-called peak season. Therefore, tour operators sometimes can accommodate their clients in four and five-star hotels, but with the price of let us say one-star hotel. As a result of this prices go down. Since the tour operators can accommodate their clients in four and five-star hotels with lower prices, they do not choose lower class hotels. The outcomes of the last minute tourism generally has effects on lower class accommodation establishments. That is because, at the end of the day, while four and five-star hotels are selling their beds even with the cost of lower prices for themselves, lower class accommodation establishments find it difficult under these circumstances anyway (Personal Communication, August 1997).

What seems to be clear from the above quotation is that the outcome of 'the last minute reservations' is low prices in the Turkish tourism industry and hence price competition among the accommodation establishments. In a competitive business environment, tour operators in the main tourist generating countries surely try to have accommodation prices as low as possible to increase their profit margins and to remain competitive in the inclusive tour market. The price reduction demands of international tour operators may be so strong that they threaten to redirect tourists to other destinations if their demands are not met. The bottom line of such threats is reduced accommodation prices for tour operators which lead to lower economic benefits for Turkey. It is the considered opinion of the author that the price reduction demands of tour operators may be further reinforced by the accommodation establishments which are so poorly qualified and managed that some of them can not even keep their cost accounts. It is also important to note that pricing and marketing strategies are probably maintained under similar conditions, particularly on the basis of competitors' prices. Through the open-ended questions provided at the end of the questionnaire, one hotelier suggested that:

Particularly I am of the belief that the prices should be kept as high as possible. In order to do this, the Ministry of Tourism should draw a legislative frame in which maximum and minimum prices are set for every type and class of accommodation establishment. In that case, it would not be possible for a five-star hotel to sell for the price of lower class hotels. Moreover, it would be easier for the Ministry to control the prices. Therefore, the threats of the foreign tour operators to pull the prices down to some extent would be eliminated.

The Turkish government has, in the past, attempted to exercise some control over prices. For example, Head of the Research and Evaluation Department of the Ministry of Tourism, Ms. Dilek Durgunay, says that:

The Ministry of Tourism used to set up minimum and maximum prices for the accommodation establishments according to accommodation type until the late 1980s. But it did not suit the free competition policy of the government in general. Therefore, also by taking into consideration the demands that came from the providers of the accommodation services requesting that it would be better if they could set their own prices in accordance with the rules of free competition, since then the Ministry of Tourism has not interfered in the prices in the tourism industry. As you [the author] mentioned, this creates a cut-throat price competition among the providers of the accommodation services, particularly in the resort areas (Personal Communication, August 1997).

When the price control was exercised by the government, a five-star hotel could not sell rooms for the price of lower class hotels. According to the principles of the free-market economy, the prices of the accommodation establishments are now competitively established. After being determined by the market, these prices are registered at institutions and/or organisations (like municipalities) that accredit their services, one year before they are applied. Therefore, prices registered at the Ministry of Tourism or other organisations may not be realistic and applicable in practice because of high inflation and uncertainty of future business.

Hoteliers generally representing the small and medium sized establishments perceive that there is a price competition among them created by international tour operators. However, if one looks at this issue from a wider angle, it is possible to see the reason that lies behind this view: the structure of the mass tourist market in the tourist generating countries.

The commodity nature of mass holidays means that differentiation is difficult and therefore the market is stimulated by price wars between overseas tour operators and travel agents in the tourist generating countries. Key Note commissioned a Gallup Poll Survey in June 1997 (Key Note, 1997b), which showed that the most important factor when booking a holiday is price in the UK tourist market. For example, during the Gulf War and the economic recession in 1991, many tour operators concentrated on the late booking market for July and August with the lowest prices, in order to sell their high capacity. This developed a culture of low-price package holidays in the UK tourist market. The public has been educated to expect discounts on brochure prices and many are prepared to shop around until they get the best deal.

Therefore, consumers do not want to make early booking since there is a low-price expectation of late bookings. Tour operators because of their high capacity must either bring prices down or reduce their high capacity of bookings in order to keep the level of prices. Capacity cuts for integrated tour operators such as Airtours, Cosmos, First Choice, Inspirations, Sunquest, Sunworld, and Thomson are harder to bear as it may lead to idle aircraft. Therefore in order to reduce the prices of inclusive tours, tour operators have to reduce the cost of accommodation with late bargains. This ends with last minute reservation requests by tour operators which cause pressure on the accommodation establishments to accept low prices, and results in price competition in the sector.

That was one side of the coin. In the case of Turkey, we can look at other which is the excess capacity created by the Turkish government through generous incentives. As argued in chapter four, the operational licensed bed capacity increased from 68,300 in 1984 to 301,524 in 1996 -more than a fourfold increase in 12 years (see Figure 4.2 in chapter four). There is also other evidence that shows how excess capacity increased the dependence of the Turkish accommodation sub-sector on international tour operators: in 1986 approximately 45% of international tourist arrivals were via international tour operators, but currently this number is around 60%. The oversupply of accommodation capacity increased dependence on international tour operators and reduced the share of Turkey in the price of package holidays. As indicated in chapter four, the share for Turkey from the total price of a package tour was around 60% in 1986, but this percentage dramatically dropped to 49% in 1990 and to 41% in 1993 (see Table 4.26 in chapter four). Through open-ended questions provided at the end of the questionnaire, one of the respondent hoteliers suggested that:

When the recently opened Bodrum-Milas Airport starts to work to its full capacity, the supply of accommodation will not be enough and therefore prices will reach the levels where they are wished to be. This development will help hoteliers to increase their service quality. The price competition among the hoteliers will turn into quality competition. I believe, in the future, when the service quality increases, the quality of the customers will increase, and hence high income groups of tourists will start to come to our destination. I also believe that higher quality accommodation establishments should be opened in Bodrum. Those establishments, which have congress halls and large facilities, will help to diversify the tourist season into the winter months (This quotation is from the open-ended question provided at the end of the accommodation sub-sector's questionnaire).

What can be said here is that reasons for the price related problems are many. It is possible to

sum them up here as follows: (a) badly managed hotels; (b) the market structure of international tour operators in the generating countries; (c) the expectation of the consumers in the tourist generating countries; and (d) the oversupply of accommodation. It is also possible to add some more factors such as (e) the concentration on a few tourist markets; and (f) the provision of one type of undifferentiated tourist product.

Problems with Payments: Another problem encountered by the respondents both in the resort areas and in Istanbul is that tour operators do not transfer payments to the hoteliers on time. Recorded mean value for this type of problem is almost close to the point 'great extent' (3.60) for resort accommodation establishments and (3.86) for city accommodation establishments. This may be one of the most important problems encountered by the respondents in resort areas and in Istanbul.

As explained in chapter four the rate of inflation is very high and increasing very fast in Turkey. On the other hand, the rate of devaluation of the Turkish lira against US\$, German Mark and the British Pound is behind the inflation rate in the short-run (see Table 4.5 in chapter four). Having said that it is now appropriate to look at the effects of the delayed payments on the hoteliers' earnings. Even though all of the respondents both in the resort areas and Istanbul indicated that they are paid on the basis of foreign currency such as US\$, German Mark and the British Pound, the hoteliers are the losers since the purchasing power of the money owed to them decreases with the high inflation in Turkey.

Other Problems: Recorded mean values for other problems are as follows. Reduction on the agreed number of rooms (3.40) for resort accommodation establishments, (2.84) for city accommodation establishments, and cancellation of reservations (3.19) for resort accommodation establishments, (2.54) for city accommodation establishments. As these figures imply, international tour operators may sometimes cancel their reservations. As argued in the theoretical part, there may be various reasons for the cancellation of reservations by the tour operator such as economic, social and political events both in the generating countries and the host countries which may effect the tourism demand. Since these issues have already been discussed, we will not repeat them here. What is important, though, as mentioned in the first section of this chapter is that the UK tour operators said that they face problems with the accommodation establishments in Turkey because the hoteliers overbook. It can be said that

hoteliers overbook because they are facing with the problem of cancellation of reservations; it is a vicious circle.

There is another problem associated with the tour operators' requests for more complementary rooms (1.78) for resort accommodation establishments and (3.37) for city accommodation establishments (Table 6.55 in Appendix 15). Tour operators request extra rooms free of charge in order to accommodate tour guides and coach drivers in Istanbul. In resort areas, this is not really a problem, because once tourists are transferred to their hotel, there is no need for the coach drivers or tourist guides to stay at the hotel. Coach drivers go to the airport to bring other tourist groups and since there are representatives of the tour operators at the destination, there is no need for tour guides to stay at the hotel. However, in Istanbul, since most of the tours are multi-centre and multi-destination tours, tour guides and the coach drivers stay at the same hotel as the tourists.

Conclusion

This chapter has analysed the situation regarding the significance of international tour operators in Turkish tourism and their relations with the accommodation sub-sector in Turkey. The outcome of the data analysis in this chapter can be summarised as follows.

First of all, as the findings and analysis of the accommodation sub-sector survey indicate, there is not a well established co-ordination and co-operation between the tourism enterprises and organisations, not even among the tourism enterprises themselves, accommodation establishments, incoming travel agencies, or airlines.

Second, results further revealed that the impacts of the tour operators of tourist generating countries differ between the resort and city accommodation establishments. For instance, the proportion of city accommodation establishments depending on tour operators is relatively low, since they generally serve business and independent travellers, are not overdependent on the tour operators for their business, and so are less likely to encounter any problem in their relations with international tour operators.

As the analysis has shown, among the most important problems that resort accommodation establishments encounter in their relations with international tour operators, price related

problems are of great importance. The sources of these problems can be divided into two: the factors which are internal to Turkey; and the factors which are external to Turkey. Internal factors consist of (a) the oversupply of accommodation; (b) badly managed hotels; (c) the concentration on a few tourist markets; and (d) the providing of one type of undifferentiated tourist product. External factors include (a) the market structure of international tour operators in the generating countries; and (b) the expectation of consumers in the tourist generating countries.

*The hypotheses which were established in chapter five, apply to the resort accommodation establishments. First, the outcomes of this chapter have indicated that it seems to be difficult and impractical to develop and maintain the international tourism industry in the case of Turkey without the involvement of international tour operators. Second, the tour operators in generating countries put pressure on the accommodation sub-sector of the tourist receiving countries. The case study of Turkey has proved the validity of this hypothesis. Third, the pressures of the international tour operators could be eliminated by (a) establishing co-operation among the tourism enterprises of the host destination; (b) product differentiation and diversification, as well as quality and service standardisation in the tourism industry of the host country.

On the basis of data analysis and findings of this chapter, the next chapter will identify critical issues or problem areas and make some policy suggestions.

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PART FOUR: CONCLUSIONS AND RECOMMENDATIONS

CHAPTER 7 **CONCLUSIONS AND RECOMMENDATIONS**

Introduction

As this study reaches its finale, it seems useful to re-state its three main objectives. The first was to examine the role of international tourism corporations in determining the direction and volume of international tourism development in developing countries. The second was to consider one kind of international corporation - tour operators - in the context of Turkey. The examination has focused on the economic opportunities and problems that arise out of the activities of international tour operators in their relationships with the accommodation sub-sector of the tourism industry in Turkey. The third was to suggest policies that might increase the benefits of international tourism to developing countries and reduce the negative aspects of dependency on international tour operators. The first objective was achieved in the theoretical part and the second was achieved in chapters four and six. The last objective will be achieved in this chapter.

The aim of this chapter is now to provide a broad conclusion to this study, and to this end it is divided into three brief sections. The first summarises the general outcomes of the thesis. The second suggests a number of actions that could help planners and policy makers to improve decision making for the development of Turkish tourism. The third draws lessons for other tourist receiving developing countries from the case of Turkey and suggests issues for future research.

The Outcome of the Thesis

There are two main factors which can be taken as evidence that tourism in Turkey is a highly dependent activity. First, the power of international tour operators appears to have increased over recent years, reflecting a growing external influence on Turkish tourism. For instance, in 1985 inclusive tours accounted for less than 25% of all arrivals in Turkey; by 1996 they made up 60% of the total. Second, the country's tourism is dependent on a few west European

tourist generating countries (mainly Germany, the UK and France) with limited market segments (mainly beach holidays). Germany and the UK have powerful tour operators which play a key role in directing tourist flows to Turkey.

The examination of the UK tour operators has revealed that a few oligopolistic large tour operators, integrated with airlines and/or travel agents, have a very significant role in creating the image of Turkish tourism and directing inclusive tours to Turkey. Even though a large number of UK tour operators sell Turkey as a tourist destination, the largest six integrated tour operators -Airtours, Cosmos, First Choice, Inspirations, Sunworld and Thomson- controlled 75% of the outbound tourism from the UK to Turkey in 1997.

Dependence on a few oligopolistic mass tour operators in generating countries present three main problems for Turkish tourism. Firstly, the price reduction demands of tour operators depress accommodation prices in Turkey and reduce profit margins, which result in an overall reduction in the economic benefits from tourism. Secondly, the price reduction demands are often accompanied by threats to divert tourist flows to other destinations offering similar tourist attractions and services. Finally, the high percentage of inclusive beach holidays to Turkey means substantial lost revenue for Turkish economy since some of the services in inclusive tours, notably air fares, are prepaid to tour operators or airlines in tourist generating countries. For instance, as seen, 44% of the total price paid for a package tour is for air transportation. The high percentage of inclusive tours also means that the successful future of Turkish tourism depends, to some extent, on the willingness and initiative of major tour operators in tourist generating countries.

Under the current circumstances, it seems to be very difficult to change the existing distribution system and the level of dependence on international tour operators. This is because it is virtually impossible to break down the existing market structure and so direct selling in generating countries. However, it may be possible to reduce the negative aspects of dependency. In this respect, the degree of dependence on international tour operators requires the consideration of some factors which are internal to the country. As the study has shown, there are basically three areas to be considered: (a) the oversupply of accommodation; (b) the

limited quality of accommodation services; and (c) the concentration on a few tourist markets with an undifferentiated tourist product.

Oversupply of Accommodation: Generous incentives increased the accommodation capacity without any feasibility studies having been done and without any sense of opportunity costs. When international tourism was chosen as a strategy for economic development, the main focus was on increasing the bed capacity, tourist arrivals and tourism receipts. For this, the government offered a series of generous incentives to the accommodation sub-sector with little planning. All the coastlines along the Mediterranean and Aegean regions, which had been neglected before, were included in the priority list for tourism development in the 1980s. These incentives, therefore, created an environment which encouraged an increase in accommodation capacity and resulted in an oversupply of accommodation on these coastal fringes. Investment incentives now seem too generous; not only do they cause lost revenue for the government, but also lead to the unplanned oversupply of accommodation, which results in the price reduction demands of tour operators and low levels of occupancy. The majority of incentives are not location and accommodation type specific, and so both contribute to the concentration of tourism activities and their economic benefits on the already crowded sites in the Mediterranean and the Aegean regions, and increase the level of unplanned development as regards location and type of accommodation that Turkey needs.

Limited Quality of Accommodation Services: The quality of the accommodation services is not adequate, and there are mainly two reasons for this. The first is that the number of accommodation establishments have increased so fast that the available supply of skilled human resources could not keep up with the demand. The second is that the hotel grading system in Turkey is based on the physical aspect of the accommodation establishment without considering the standard of services provided. As the study has shown, tour operators choose the accommodation establishments on the basis of the quality of services and the level of prices offered. However, since the hoteliers cannot provide high quality services, mainly because of the lack of skilled human resources, the tour operators force down the prices. Therefore low quality leads hoteliers to offer low prices.

Concentration on a Few Tourist Markets with Undifferentiated Tourist Product: As seen, tourist arrivals are from a few European countries with limited market segments. Since the current tourism product of Turkey, which is featured by the international tour operators, is undifferentiated, international tour operators can easily switch the tourist demand to alternative tourist destinations which may offer lower prices for a similar tourist product with a relatively higher quality, such as Greece and Spain.

Recommendations

The above critical issues require that Turkish tourism policy makers and planners develop and pursue policies for stable and satisfying tourism development in Turkey.

Need for Reviewing the Investment Incentive Policies

The first policy issue to consider is the appropriateness of present investment incentives in the accommodation sub-sector. As incentives have created the oversupply of accommodation in the Aegean and Mediterranean coastal regions, there should be a gradual reduction in incentives for those regions. Investment incentives should be revised with respect to location and type (class) of accommodation establishment. The differentiation of incentives according to specific tourist zones and accommodation types may help to reduce crowding and congestion in the Aegean and Mediterranean resorts, and spread the benefits of tourism to less developed regions such as the Black Sea and Eastern Turkey. However, before taking any decision to direct investment incentives to these regions, there are a number of areas which Turkish planners and policy makers have to consider: (a) economic, social and environmental cost-benefit analysis of tourism development in these regions; (b) the type and scale of tourism development; (c) promotional and marketing strategies; and (d) the type and scale of accommodation needed. Second, incentive beneficiaries should be carefully monitored so that investments proceed according to the initial plan. As noted in chapter four, there are cases reported in Turkey where incentives were taken but not invested in the accommodation sub-sector.

Need for Product Diversification

Priority should be given to product differentiation which might help Turkey's tourism to become more competitive internationally. The tourism product should be developed in terms of quality and price, taking into account present and future demand, and the country's supply capacity. In this regard, the country's cultural and historical resources should be promoted in order to benefit from differentiation. For example, exclusive coastal and inland resorts, health and spa facilities, and the special interest tourism activities are all feasible options in order to weaken the dominance of mass beach holidays. This is not to say that mass tourism should be stopped, because it involves many stakeholders, but it should be improved by adding new and different dimensions which competitors lack.

The more the tourist product is diversified, the more special interest tour operators will be able to sell Turkey as a tourist destination. Diversification of the tourist product would also enable tour operators to arrange inclusive tours to those resort areas which are connected to cultural and historical sites. Unlike mass beach tourism, special interest tourism requires the organisation of a variety of activities in the host country, and this would increase the role of local tour operators in the Turkish tourism industry. In addition, the opening of convention centres both in resort areas and in the main city centres, particularly in Cappadocia, Istanbul, and Izmir, could help the process of diversifying Turkey's tourism product and help lengthen the tourist season.

However, the success of this strategy depends on the availability of the necessary infrastructure: an inadequate inland transport system creates obstacles to product differentiation and the spread of tourism development throughout the country. For instance, (a) air transportation is limited to a few towns and provinces; (b) road links between cities and towns are narrow and some of them unsealed; and (c) the rail network is not adequate. As noted, due to the distance and the lack of good road access from Europe, tourism development is limited to sites easily accessible from existing airports. Indeed, these are the main issues that Turkey has to deal with before considering the increase of bed capacity.

Focusing on Niche Markets

Focusing on niche tourist markets can be used as an alternative strategy in order to diversify the product and increase the market share of the Turkish tourism suppliers in the tourist generating countries. For example, as large tour operators and travel agents who are integrated with airlines prefer their own airlines in their sales efforts, there may be a need for Turkish carriers to associate strategically with special interest tour operators and independent travel agents. Accommodation establishments in the resort areas should seek to diversify their services, for example by establishing additional services for niche markets, like golf facilities. More sensitive pricing and target marketing according to market profile would also help achieve higher market shares for the Turkish travel and tourism organisers. One way of achieving these could be the creation of specific images for Turkish tourist destinations. For example, one tourist destination of Turkey could be promoted as being a 'youth and sport centre', or 'suitable for families', while another as being 'suitable for those who are curious about history' or 'suitable for older people'. However, the application of this policy depends on the availability of tourism demand in the generating countries. Therefore dynamic and planned approaches which constantly monitor market trends should be identified in all areas of promotion and marketing of tourism.

In this context, a few suggestions can be made. First, incoming Turkish tour operators should be encouraged to participate in promoting Turkey's assets for special interest tourism, through collaboration with the special interest tour operators which serve niche tourist markets in the tourist generating countries. Second, complimentary familiarisation tours to Turkey for special interest tour operators could be organised. Third, Turkish tourist authorities and tourism enterprises might share some of the tour operators' promotion costs if directly related to Turkey. For example, the cost of tour brochures and travel catalogues relating to Turkey could be shared with special interest tour operators in particular, in order to promote Turkey's historical and cultural resources rather than its mass tourist resources which already are widely promoted. Last but not least, more information on tourist attractions, tour itineraries, availability of accommodation and other tourist services could be provided. For this purpose several home pages could be established on the Internet.

Need for Human Resource Training

There is a need to enhance the skills of those working at all levels of the tourism industry which is critical to its future prosperity. The industry needs skilled managers and staff who can identify and meet the needs of visitors in the face of increasingly fierce international competition. The government must ensure that the available training meets the needs of the industry. In this respect, the Ministry of Tourism should develop a wide range of training courses for employees and managers in collaboration with the tourism and hotel management schools. In order to increase service quality, training programmes should also be developed for the owners of small and medium sized accommodation establishments.

Before providing incentives, entrepreneurs should be asked to attend one of the tourism training courses which are organised by the Ministry of Tourism and educational institutions. For this there should be collaboration between the Ministry of Tourism, the educational institutions and the Association of Turkish Hoteliers. In addition, the hotel grading system should be revised on the basis of the standard of services provided. Hoteliers should be persuaded to employ a proportion of trained and educated personnel according to their size. However, it has to be recognised that it will take a long term and require sustained effort for the Turkish tourism industry to increase skilled human resources effectively, and therefore, these issues should be incorporated into development plans and put into action.

Encouraging the Domestic Market during the Low Season

The Turkish government has ignored the domestic tourism market. Constant devaluation of Turkish currency makes travelling abroad more expensive for most Turkish people. With a population exceeding 63 million there would be a demand for accommodation within Turkey. The Turkish government should recognise that the domestic tourism market could play a significant role in reducing the seasonality problem. For this reason, during the low season, the government could provide holiday credits with low interest rates, although one might argue that low season rates could obviate the need for holiday credits.

On the other hand, official statistics indicate that approximately 1.5 million expatriate Turks visit their home country every year (EIU, 1993). The average length of stay of these expatriate

Turks is relatively long; it is measured in weeks rather than days. Turkish incoming travel agencies could arrange holidays for expatriate Turks at very reasonable prices.

Lessons for Other Tourist Recipient Developing Countries

There is a responsibility in every country for every decision maker to be aware of the issues surrounding tourism development. With that responsibility there is also a need for decision makers to be informed of factors, both internal and external to the country, which will influence the dependency of tourism development. Having said that, the case of Turkey presents some lessons for other developing countries where tourism is going to be supported as an option for economic development.

In tourism development, priority should be given to the determination of target markets in accordance with first the available resources and then to an increase in bed capacity, tourist arrivals and tourism receipts. In this regard, the following areas should be considered: 'What type of tourism development is appropriate for the country?'; 'Is the demand available?'; 'Will the demand be sustained in the future?'; 'How will tourism services be marketed?'; 'Are there any adequate skilled human resources?'; 'How will human resources be trained?'; 'What type of accommodation is needed?'; and 'What is the carrying capacity?'. All these areas should be considered in detail and added to development plans and put into action.

Suggestions for Further Research

Related future research can be developed in different ways. First, careful attention should be given to studying how other developing countries, with active government involvement in tourism development, are dealing with their own tourism service delivery channels, especially the part concerning international tour operators; a comparative perspective would be useful. Second, the impacts of mass tour operators and the special interest tour operators on the development of international tourism in developing countries could also be studied separately from a comparative perspective. Third, further studies could focus on the possible impacts of information technology on the promotion of tourist destinations, on the channels of tourism distribution, and also on the internationalisation of tourism enterprises in host countries.

Conclusion

This chapter has provided a broad conclusion emerging from the study of Turkey in terms of the dependency of Turkish tourism on international tour operators. Firstly, the main outcomes of the study has been given. Secondly, a number of actions have been suggested in order to strengthen the position of Turkish tourism *vis à vis* external forces. Finally, lessons for other developing countries have been outlined and suggestions for further study have been made.

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Appendix 1 Top Tour Operating Companies and Business Strategies in Germany, France and the United Kingdom (UK) *

Company	Nationality	Investment in			
		Accommodation	Airline	Travel Agency	Tour Selling in Other Country
DER	Germany	No	No	Yes	Yes
ITS	Germany	Yes	No	Yes	Yes
LTU	Germany	Yes	Yes	Yes	Yes
NUR	Germany	Yes	No	Yes	Yes
TUI	Germany	Yes	No	No	Yes
Club Mediterranean	France	Yes	Yes	Yes	Yes
Fram	France	Yes	Yes	Yes	Yes
Frantour	France	Yes	Yes	Yes	Yes
Nouvelles Frontières	France	Yes	Yes	Yes	Yes
Sotair	France	Yes	Yes	Yes	Yes
Airtours PLC	UK	No	Yes	Yes	Yes
Carlson Leisure Group	UK	No ^a	Yes	Yes	Yes
First Choice Holidays	UK	No ^b	Yes	No ^c	Yes
Globus (Cosmos - Avro)	UK	No	Yes	No	Yes
Sunworld	UK	No	Yes	Yes	Yes
Thomson	UK	No	Yes	Yes	Yes

^a Carlson in a joint venture with France's Accor group operates Radisson Hotels and Seven Seas cruise ships.

^b Some non-strategic investment.

^c Thomas Cook has a 10% stake in First Choice. This is termed as strategic alliance.

Source: Derived from Bywater, M. (1992: 12-27), Bywater (1998), and Käroher, K. (1996).

* Because of the dynamic structure of the tour operation industry, a tour operator's ownership structure changes quite often. Even though, this table has been provided on the basis of the recent figures, one should consider the possible changes which might have occurred.

Appendix 2 UK Outbound Holiday Market - Independent versus Inclusive Visits by Mode

Country	All Holidays (000 visits)	Independent Holidays (000 visits)	Inclusive Holidays (visits)	% Inclusive
Greece	1,979	222	1,757	88.8
Turkey	805	90	715	88.8
Austria	488	84	404	82.8
Malta	360	74	286	79.4
Cyprus	620	148	472	76.1
Spain	7,699	2,455	5,244	68.1
Italy	1,120	404	716	63.9
Portugal	1,100	473	627	57.0
Switzerland	265	140	125	47.2
Germany	520	316	204	39.2
The Netherlands	636	397	239	37.6
US	1,766	1,126	640	36.2
Belgium	448	289	159	35.5
Canada	243	160	83	34.2
France	6,140	4,302	2,108	32.9
Norway	102	77	25	24.5
Sub-total	24,561	10,757	13,804	56.2
Total *	20,109	12,805	15,304	54.4

Note: Includes day trippers.

Source: Key Note (1997b: 83), UK Travel and Tourism Market Review, Key Note Publications, Middlesex.

Appendix 3 Comparison of the Realised Tourist Arrivals and Tourism Receipts with the Plan Objectives by Years

YEARS	TOURIST ARRIVALS			TOURISM RECEIPTS (US\$000,000)		
	Plan Objectives	Realised Figures	% Rate of Realisation	Plan Objectives	Realised Figures	% Rate of Realisation
1963	200,000	198,841	99.4	13.0	7.7	59.2
1964	240,000	229,347	95.6	18.0	8.3	46.1
1965	288,000	361,758	125.6	25.0	13.8	55.2
1966	345,000	440,534	127.7	35.0	12.1	34.6
1967	415,000	574,055	138.3	48.0	13.2	27.5
Total of First Five Year Plan	1,488,000	1,804,535	121.2	139.0	55.1	39.6
1968	588,000	602,996	102.6	45.0	24.1	53.6
1969	735,000	694,229	94.5	55.0	36.6	66.5
1970	920,000	724,784	78.8	77.0	51.6	67.0
1971	1,150,000	926,019	80.5	110.0	62.9	57.2
1972	1,435,000	1,034,955	72.2	135.0	103.7	76.8
Total of Second Five Year Plan	4,828,000	3,982,983	82.5	422.0	278.9	66.0
1973	1,243,000	1,341,527	107.9	90.0	171.5	190.6
1974	1,404,000	1,110,298	79.1	108.0	193.7	179.4
1975	1,586,000	1,540,904	97.2	129.6	200.9	155.0
1976	1,792,000	1,675,846	93.5	155.5	180.5	116.1
1977	2,026,000	1,661,416	82.0	186.6	204.9	109.8
Total of Third Five Year Plan	8,051,000	7,329,991	91.0	669.7	951.5	142.0
1978	1,910,000	1,644,177	86.1	248.4	230.4	92.8
1979	2,178,000	1,523,658	70.0	315.8	280.7	88.9
1980	2,461,300	1,288,060	52.3	369.2	326.7	88.5
1981	2,756,600	1,405,311	51.0	454.8	381.3	83.8
1982	3,087,700	1,391,717	45.1	586.7	370.3	63.1
1983	3,458,300	1,625,099	47.0	691.6	411.1	59.4
Total of Fourth Five Year Plan	13,941,900	7,233,845	51.8	2,418.1	1,770.1	73.2
1984	1,800,000	2,117,094	117.6	452.4	840.0	185.7
1985	2,000,000	2,614,924	130.7	510.0	1,482.0	290.6
1986	2,200,000	2,391,085	108.7	579.2	1,215.0	209.8
1987	2,400,000	2,855,546	119.0	661.6	1,721.1	260.1
1988	2,700,000	4,172,727	154.5	759.4	2,355.3	310.2
1989	3,000,000	4,459,151	148.6	878.0	2,556.5	291.2
Total of Fifth Five Year Plan	12,300,000	16,493,433	134.0	3,388.2	9,329.9	275.3
1990	5,410,000	5,389,308	99.6	3,306.9	3,225.0	97.5
1991	5,850,000	5,517,897	94.3	3,757.9	2,654.0	70.6
1992	6,330,000	7,076,096	111.8	4,270.5	3,639.0	85.2
1993	6,840,000	6,500,638	95.0	4,853.0	3,959.0	81.6
1994	7,400,000	6,670,618	90.1	5,514.0	4,321.0	78.0
Total of Sixth Five Year Plan	31,830,000	31,154,558	97.8	21,702.3	17,798.0	82.0

Source: Ministry of Tourism (1997a: 71).

QUESTIONNAIRE FOR THE UK TOUR OPERATORS SELLING TURKEY AS A TOURIST DESTINATION

This questionnaire includes multiple choice and open ended questions. I would be grateful if you could answer them as appropriate. However, if your answer corresponds to more than one option, please tick all.

I. COMPANY PROFILE

1. How would you describe your company (please tick that which applies)?

- Tour operation only
- Primarily tour operation and also travel agency activities
- Primarily travel agency and also tour operation activities
- Other (please specify): _____

2. Is your company:

- Independent
- Part of a group

3. How large is your organisation in:

- a) Number of employees: _____
- b) Annual sales turnover: _____

4. Besides this office, does your company have other branches in the UK?

- Yes (number: _____)
- No

5. Does your company have branches outside the UK?

- Yes (please specify the country(ies): _____)
- No

6. For how long have you been in the tour operation business?

(Please write in): _____ year(s)

II. DESTINATION: TURKEY

7. For how long have you been selling Turkey as a tourist destination?

(Please write in): _____ year(s)

8. Which of the following are you selling with Turkey as a tourist destination (please tick in where appropriate)?

	Yes	No
Inclusive tours		
Flights only		
Accommodations only		

9. Are you selling Turkey as a (please tick and write in where appropriate):

	Yes	No
Summer destination: Between which months? (please write in):.....		
Winter destination: Between which months? (please write in) :.....		
Short breaks		
Special interest tours		
Sailing and cruising tours		
Whole year round destination		

10. Among the destination countries offered by your company, how important is Turkey to your company (please circle the number that best describes your opinion)?

Not important → → → *Extremely important*
 1 2 3 4 5

11. What proportion of your company's total business depends on Turkey as a tourist destination (please tick that which applies)?

- Less than 10% 16-20% 26-30% 36-40%
 10-15% 21-25% 31-35% 41% and over

12. Do you sell Turkey as a tourist destination in other developed countries apart from the UK?

- YES (please specify the country(ies): _____) No

13. How would you describe your current knowledge about Turkey as a tourist destination?

Very little → → → *Very informed*
 1 2 3 4 5

14. How would you describe the factors that affect you in selecting Turkey as part of your travel offering (please circle the number that applies)?

Factors	Not relevant	Strongly disagree	→	→	→	Strongly agree
• Turkish people are friendly and hospitable	0	1	2	3	4	5
• Turkish culture and history attractive	0	1	2	3	4	5
• Turkey, as a tourist destination, is a safe and secure country	0	1	2	3	4	5
• Turkey provides adequate information regarding tourism facilities, prices, and services	0	1	2	3	4	5
• Turkey offers excellent value for money	0	1	2	3	4	5
• Turkey is an accessible country in the Mediterranean region	0	1	2	3	4	5
• Turkey is a country rich in tourism resources	0	1	2	3	4	5
• Turkey has clean beaches and unspoilt environment in the Mediterranean	0	1	2	3	4	5
• The price of local transportation is reasonable	0	1	2	3	4	5
• The price of accommodation services is reasonable	0	1	2	3	4	5
• Cost of developing tours to Turkey is reasonable	0	1	2	3	4	5
• Airfare to Turkey is reasonable	0	1	2	3	4	5

15. Could you please circle one number that best describes your opinion for each statement?

Factors	Not relevant	Strongly disagree	→	→	→	Strongly agree
• The quality of tourism services is excellent	0	1	2	3	4	5
• The quality of accommodation is excellent	0	1	2	3	4	5
• The quality of tourism facilities is excellent	0	1	2	3	4	5
• The quality of restaurants is excellent	0	1	2	3	4	5
• Service personnel's attitudes are pleasant	0	1	2	3	4	5
• Arrivals and departures are on-time	0	1	2	3	4	5
• Local transport is satisfactory	0	1	2	3	4	5
• Contracting and utilising local transportation is easy	0	1	2	3	4	5
• Booking hotel in Turkey is easy	0	1	2	3	4	5
• Computerisation of information and reservation is reliable	0	1	2	3	4	5

16. How would you describe the impacts of internet purchasers on your sales of Turkey as a tourist destination (please circle that best describes your opinion)?

Impacts	Not relevant	Strongly disagree	→	→	→	Strongly agree
• The role of travel agents may tend to diminish	0	1	2	3	4	5
• Internet purchasers can arrange their flights by themselves	0	1	2	3	4	5
• They can arrange their accommodations by themselves	0	1	2	3	4	5
• They can arrange their holidays by themselves	0	1	2	3	4	5
• Other(s) (please specify):	0	1	2	3	4	5

17. In order of importance which of the following destinations (resorts and cities) most frequently feature in your holiday arrangements?

Resorts: Please rank the five most important resorts that you most frequently feature (1 being most important and 5 less important)

- | | |
|---|--|
| <input type="checkbox"/> Alanya/Incekum | <input type="checkbox"/> Altinkum/Didim |
| <input type="checkbox"/> Bodrum Peninsula
(Bardakci/Bitez/Gumbet/Turgutreis/Yalikavak) | <input type="checkbox"/> Cappadocia |
| <input type="checkbox"/> Cesme | <input type="checkbox"/> Dalyan |
| <input type="checkbox"/> Datca | <input type="checkbox"/> Fethiye/Calis Beach/Cavus Bay/Hisaronu/Oludeniz |
| <input type="checkbox"/> Kas/Kalkan/Patara | <input type="checkbox"/> Kusadasi |
| <input type="checkbox"/> Kemer | <input type="checkbox"/> Marmaris/Icmeler/Turunc |
| <input type="checkbox"/> Other(s) (please specify): _____ | <input type="checkbox"/> Side/Belek |

Cities: Please rank the three most important cities that you most frequently feature (1 being most important and 3 less important)

- | | | | | | |
|----------------------------------|------------------------------------|-----------------------------------|--------------------------------|----------------------------------|---|
| <input type="checkbox"/> Ankara | <input type="checkbox"/> Bursa | <input type="checkbox"/> Erzurum | <input type="checkbox"/> Izmir | <input type="checkbox"/> Trabzon | <input type="checkbox"/> Other(s) (please specify): _____ |
| <input type="checkbox"/> Antalya | <input type="checkbox"/> Canakkale | <input type="checkbox"/> Istanbul | <input type="checkbox"/> Konya | <input type="checkbox"/> Van | _____ |

III. BUSINESS RELATIONSHIP

A) *In General:*

18. How would you describe the relations between your company and Turkish tourism organisations (please circle the number that best describes your opinion)?

Organisations	Not relevant	Very weak	→	→	→	Very strong
	0	1	2	3	4	5
• Ministry of Tourism	0	1	2	3	4	5
• Tourism Office in London	0	1	2	3	4	5
• Turkish Airlines	0	1	2	3	4	5
• Other Private Turkish Airline Companies	0	1	2	3	4	5
• Local Travel Agencies	0	1	2	3	4	5
• Accommodation Establishments	0	1	2	3	4	5
• Association of Turkish Travel Agencies	0	1	2	3	4	5
• Association of Turkish Hoteliers	0	1	2	3	4	5
• Other (s) (please specify): _____	0	1	2	3	4	5

19. Have you been receiving funds for your promotional efforts from the following Turkish tourism organisations (please tick where appropriate)?

Organisations	Received in the past		Receiving at the moment	
	Yes	No	Yes	No
Ministry of Tourism				
Tourism Office in London				
Any Turkish Airline Companies				
Association of Turkish Travel Agencies				
Association of Turkish Hoteliers				
Hotels in Turkey				
Travel Agencies in Turkey				
Other(s) (please specify): _____				

20. Is your company linked through a central reservation system to any of the following (please tick where appropriate)?

Companies	Yes	No
Any UK airlines		
Travel agents in the UK		
Multinational associated hotels in Turkey		
Any Turkish airline companies		
Locally owned hotels in Turkey (if any, please specify):		
Tour operators or travel agents in Turkey (if any, please specify):		

B) *With Airlines:*

21. Which airlines do you use for your inclusive tours to Turkey (please tick where appropriate)?

- British Airways Any Private Turkish Airlines
 Turkish Airlines Other(s) (please specify): _____

22. What is the relative share of scheduled and charter flights you use for inclusive tours to Turkey in 1996 (please tick and write in where appropriate)?

Charters: _____(%) Scheduled: _____(%)

23. Does your company have an equity or other commercial interests in any UK airline companies?

Yes No (please skip to 25)

24. Which of the following business arrangements does your company have with any UK airline company (please tick where appropriate)?

Ownership (please specify the percentage: _____%)
 Management contracts Lease
 Other(s) (please specify): _____

25. Does your company have an equity or other commercial interests in any Turkish airline companies?

Yes (please specify: _____) No (please skip to 27)

26. Which of the following business arrangements does your company have with any Turkish airline company (please tick where appropriate)?

Ownership (please specify the percentage: _____)
 Management contracts Lease
 Other(s) (please specify): _____

C) With Local Tour Operators/Travel Agencies in Turkey:

27. Does your company have an affiliate in tour operation/travel agency business in Turkey?

Yes No (please skip to 29)

28. Which of the following business arrangements does your company have with tour operation/travel agency in Turkey (please tick where appropriate)?

Ownership (please specify the percentage: _____) Franchising
 Management contracts Leasing

29. Does your company take any assistance from the locally owned tour operators/travel agencies in Turkey?

Yes No (please skip to 31)

30. Which of the following assistance does your company take from the locally owned travel agencies in Turkey (please tick where appropriate)?

Assistance	Not relevant	Yes	No
Transfers			
Local transportation			
Guidance to tourists in the destination			
Dealing with complaints of tourists in the destination			
Arranging sightseeing tours			
Arranging accommodation facilities			
Negotiating with accommodation establishments			
Arranging entertainment for tourists			
Others (please specify):			

D) With Accommodation Establishments in Turkey:

31. Does your company have equity or other business arrangements with the accommodation sector in Turkey?

- Yes No (please skip to 33)

32.. Which of the following business arrangements does your company have with the accommodation sector in Turkey (please tick where appropriate)?

- Ownership (please specify the percentage: _____ %) Franchising
 Management contracts Leasing

33. How do you negotiate with accommodation establishments in Turkey (please tick as appropriate)?

	Yes	No
• Direct contact with each accommodation establishments in Turkey		
• Through Association of Turkish Travel Agencies		
• Through Association of Turkish Hoteliers		
• Through local travel agencies		
• Other(s) (please specify):		

34. Do you choose hotels on the basis of following criteria (please circle as appropriate)?

Criteria	Not relevant	Very little	→	→	→	Very much
• Levels of prices offered	0	1	2	3	4	5
• Quality of services offered	0	1	2	3	4	5
• Scale of hotels	0	1	2	3	4	5
• Availability of recreational facilities	0	1	2	3	4	5
• Availability of entertainment facilities	0	1	2	3	4	5
• Accessibility to clean beaches	0	1	2	3	4	5
• Accessibility to shopping facilities	0	1	2	3	4	5
• Accessibility to cultural and historical attractions	0	1	2	3	4	5
• Other(s) (please specify): _____	0	1	2	3	4	5

35. Which of the following types of contracts do you make with accommodation establishments in Turkey (please tick where appropriate) ?

Types of contracts	Yes	No
Block reservation		
Block purchase		
Other(s) (please specify)		

36. For how long do you generally contract with the accommodation establishments in Turkey (please tick where appropriate) ?

Terms	Yes	No
Short-term (up to one year)		
Medium-term (one to three years)		
Long-term (three to five years)		
Other(s) (please specify:)		

37. In your holiday arrangements, with what kind of accommodation establishments do you usually have business arrangements in Turkey (please tick all that apply)?

- Multinational associated accommodation establishments in Turkey (multinational involvement refers to any foreign involvement-ownership, management contracts, franchising, and leasing).
- Locally owned large scale luxury accommodation establishments in Turkey (large scale refers to 5, and 4 star hotels, and first and second class holiday villages)
- Locally owned medium-sized accommodation establishments in Turkey (medium size refers to 3, 2, and 1 star hotels, apart-hotels, and first and second class motels)
- Locally owned simple style accommodation establishments in Turkey (simple style refers to family-owned small accommodation establishments, particularly boarding houses)

38. Do you encounter any difficulties in your business relationship with any type of following accommodation establishments in Turkey (please tick where appropriate)?

<i>Accommodation Establishments</i>	<i>Not relevant</i>	<i>Yes</i>	<i>No</i>
Multinationals			
Locally owned large scale luxuries			
Locally owned medium-sized			
Locally owned simple styles			

39. If you encounter any difficulties with any of the above mentioned accommodation establishments, could you please name them and suggest ways to improve?

a. Difficulties:	
1.	5.
2.	6.
3.	7.
4.	8.
b. Suggestions:	

40. If you have further comments that you wish to make, please write below:

Thanks in advance for your help and co-operation in this questionnaire.

Appendix 5 Name and Addresses of the UK Tour Operators who are Currently Selling Turkey
as a Tourist Destination.

ACCOMMODATION OVERSEAS 2 UPPER TEDDINGTON ROAD, HAMPTON WICK, KINGSTON UPON THAMES, SURREY, KT1 4DP	ADRIFT COLLINGBOURNE HOUSE, 140-142 WANDSWORTH HIGH STREET, LONDON, SW18 4JJ
AEROSCOPE FLY DRIVE & STAY SCOPE HOUSE, HOSPITAL ROAD, MORETON IN MARSH, GLOS, GL56 OBQ	AFLOAT IN TURKEY 35 FAIRFAX PLACE, LONDON, NW6 4EJ
AIRTOURS TURKEY WAVELL HOUSE, HOLCOMBE RD, HELMSHORE, ROSSENDALE, LANCASHIRE, BB4 4NB	AJT AIR INTERNATIONAL TRIUMPH HOUSE, 189 REGENT STREET, LONDON, W1R 7WD
ALINDA & APOLLO TRAVEL 377 LONDON ROAD, ST. LEONARDS ON SEA EAST SUSSEX, TN37 6PA	ALTERNATIVE TRAVEL 146 KINGSLAND HIGH STREET, LONDON, E8 2PB
ANATOLIAN SKY HOLIDAYS IMEX HOUSE, 52 BLUCHER STREET, BIRMINGHAM, B1 1QU	ANDANTE TRAVELS OLD TELEPHONE EXCHANGE, WINTERBOURNE DAUNTSEY, SALISBURY, WILTS, SP4 6EH
AQUATOURS CHARTER HOUSE, 26 CLAREMONT ROAD, SURBITON, SURREY, KT6 4RD	ARCHERS TOURS LINDEN HOUSE, 153-155 MASONS HILL, BROMLEY, KENT, BR2 9HY
BAKHUS TOURISM 1135 GT CAMBRIDGE ROAD, ENFIELD, MIDDLESEX, EN1 4DB	BCR YACHT CHARTER 18A BELSIZE PARK GARDENS, HAMPSTEAD, LONDON, NW3 4LH
BLUE CRUISE 87 HIGH STREET-SECOND FLOOR, HARLESDEN, LONDON, NW10 4NT	BLUE HORIZON P O BOX 8112, LONDON, SE19 2ZA
BLUE MOON TRAVEL 98 GEORGE STREET, LONDON, W1H 5RH	BOSPHORUS HOLIDAYS 20-22 MADDOX STREET, LONDON, W1R 9PF
BRIDGE TRAVEL CITY BREAKS BRIDGE HOUSE, 55-59 HIGH ROAD, BROXBOURNE, HERTS, EN10 7DT	BRITISH AIRWAYS HOLIDAYS ASTRAL TOWERS, BETTS WAY, LONDON ROAD, CRAWLEY, WEST SUSSEX, RH10 2XA
CELEBRITY HOLIDAYS AND TRAVEL 18 FRITH STREET LONDON, W1V 5TS	CHARTERS INTERNATIONAL 17 MONKS WAY, HILL HEAD, HANTS, PO14 3LU
CHRISTIAN TOURS LOMBARD HOUSE, 12-17 UPPER BRIDGE STREET, CANTERBURY, KENT, CT1 2NF	CITY BREAKS BLAIR COURT, CLYDEBANK BUSINESS PARK, 5 NORTH AVENUE, CLYDEBANK, G81 2LA
CITY ESCAPADES 227 SHEPHERDS BUSH ROAD, LONDON, W6 7AS	CLUB MED. 106 BROMPTON ROAD, LONDON, SW3 1JJ
CONCEPT EXPRESS 19 ALBEMARLE STREET, LONDON, W1X 3HA	COSMOS TURKEY TOURAMA HOUSE, 17 HOMESDALE ROAD, BROMLEY, KENT, BR2 9LX
COSMOS YACHTING 77 LONDON ROAD, KINGSTON, SURREY, KT2 6ND	CRESTA CITIES TABLEY COURT, VICTORIA STREET, ALTRINCHAM, CHESHIRE, WA14 1EZ
CRESTAR YACHT CHARTERS COLETTE COURT, 125 SLOANE STREET, LONDON, SW1X 9AU	CRICKETER HOLIDAYS 4 THE WHITE HOUSE, BEACON ROAD, CROWBOROUGH, EAST SUSSEX, TN6 1AB

CRUSADER YACHTING RIVENDELL, NEW RD, ASCOT, BERKSHIRE, SL5 8QB	CRYSTAL CITIES THE COURTYARD, ARLINGTON ROAD, SURBITON, SURREY, KT6 6BW
C T A HOLIDAYS 11-12 PALL MALL LONDON, SW1Y 5LU	DANSON HOLIDAYS 65 DANSON LANE, KENT, DA16 2BQ
DAYDREAMS 30 BEDFORD PLACE, LONDON, WC1B 5JH	DIPLOMAT TRAVEL 12 ECCLESTON STREET, WELLING, LONDON, SW1W 9LT
DIRECT HOLIDAYS OXFORD HOUSE, 182 UPPER RICHMOND ROAD, PUTNEY, LONDON, SW15 2SH	DIRECT LINE HOLIDAYS 13 CENTRAL HILL, LONDON, SE19 3 AT
DISCOVERY 41 NORTH END ROAD, WEST KENSINGTON, LONDON, W14 8SZ	DIVE AND SAIL NASTFIELD COTTAGE, THE GREEN, FRAMPTON ON SEVERN, GLOS, GL2 7DY
DOLUNAY HOLIDAYS SPREAD EAGLE COURT, NORTHGATE ST, GLOUCESTER, GL1 1SL	ECLIPSE DIRECT FIRST CHOICE HOUSE, LONDON ROAD, CRAWLEY, WEST SUSSEX, RH10 2GX
EUROBREAK 10-18 PUTNEY HILL, LONDON, SW15 6AX	EXODUS 9 WEIR ROAD, LONDON, SW12 OLT
EXPLORE WORLDWIDE 1 FREDERIC STREET, ALDERSHOT, HANTS GU11 1LQ	FELLOWSHIP TOURS P O BOX 29, SOUTH CHARD, SMERSET, TA20 2PN
FIRST CHOICE TURKEY FIRST CHOICE HOUSE, LONDON ROAD, CRAWLEY, WEST SUSSEX, RH10 2GX	FIVE STAR TURKEY 3 HANOVER SQUARE, LONDON, W1R OJB
FLEXIDEAL HOLIDAYS 2 THORN AVENUE, WORCESTER, WR49 TE	GREEN ISLAND HOLIDAYS LONDON HOUSE, 9A MARGARET ST, LONDON, W1N 7LF
GULLIVERS NATURAL HISTORY HOLIDAYS OAK FARM, STOKE HAMMOND, MILTON KEYNES, BUCKS, MK17 9DB	H2O HOLIDAYS 3 TRAFALGAR GATE, BRIGHTON MARINA, BRIGHTON, SUSSEX, BN2 5UY
HANNA DESJARDINS INTERNATIONAL 22 BLENHEIM TERRACE, ST. JOHN'S WOOD, LONDON, NW8 0EB	HEADWATER 146 LONDON ROAD, NORTHWICH, CHESHIRE, CW9 5HH
HEALTH & BEAUTY HOLIDAYS 12 NEW COLLAGE PARADE, FINCHLEY ROAD, SWISS COTTAGE, LONDON, NW3 5EP	HEALTH & FITNESS HOLIDAYS 133A DEVONSHIRE ROAD, LONDON, SE23 3 LZ
HIGHWAY JOURNEYS 3 WINCHESTER STREET, WHITCHURCH, HANTS, RG 28 7HH	HOLTS BATTLEFIELDS TOURS GOLDEN KEY BUILDING, 15 MARKET STREET, SANDWICH, KENT, CT13 9DA
ILIOS ISLAND HOLIDAYS 18 MARKET SQUARE, HORSHAM, WEST SUSSEX, RH12 1EU	INSIGHT HOLIDAYS 26-28 PARADISE ROAD, RICHMOND, SURREY, TW9 1SE
INSPIRATIONS VICTORIA HOUSE, VICTORIA ROAD, HORLEY, SURREY, RH6 7AD	INTER CHURCH TRAVEL MIDDELBURG SQUARE, FOLKESTONE, KENT, CT20 1YB
INTRA TRAVEL 44 MAPLE STREET, LONDON, W1P 5GD	KUONI SCHOOLS KUONI HOUSE, DORKING, SURREY, RH5 4AZ
LATE EXPRESS 145 OXFORD STREET, LONDON, W1R 1TB	MANOS HOLIDAYS 168-172 OLD STREET, LONDON, EC1V 9BP

MARTIN RANDALL TRAVEL 10 BARLEY MOW PASSAGE, CHISWICK, LONDON, W4 4PH	MASTERSUN THAMES HOUSE, 63-67 KINGSTON ROAD NEW MALDEN, SURREY, KT3 3P8
MCCABE TRAVEL 53-55 BALHAM HILL LONDON, SW12 9DR	MCCULLOCH YACHT CHARTER 32 FAIRFIELD ROAD, LONDON, E3 2QB
METAK HOLIDAYS 70 WELBECK STREET, LONDON, W1M 7HA	MOSAIC HOLIDAYS P O BOX 7329, 96 GEORGE LANE, SOUT WOODFORD, LONDON, E18 1AD
NAUTILUS YACHTING 4 CHURCH STREET, EDENBRIDGE, KENT, TN8 5BD	OSPREY HOLIDAYS BROUGHTON MARKET, EDINBURGH, EH3 6NU
OTHELLO TRAVEL 34 SHACKLEWELL LANE DALSTON, LONDON, E8 2EZ	PAGE AND MOY 136-140 LONDON ROAD, LEICESTER, LEICS LE2 1EN
PASHA TRAVEL 111 GREAT PORTLAND STREET, LONDON, W1N 5FA	PEAK INTERNATIONAL 15 MOOR PARK, WENDOWER, AYLESBURY, BUCKS, HP22 6AX
PECKHAM TRAVEL 53-54 BARGAIN CENTRE, 48 RYE LANE, LONDON SE15 5BZ	PORTLAND DIRECT GREATER LONDON HOUSE, HAMPSTEAD ROAD, LONDON, NW1 7SD
PORTWAY YACHT CHARTERS DART MARINE PARK, STEAMER QUAY, TONES, DEVON, TQ9 5AL	PRESIDENT HOLIDAYS 92 PARK LANE CROYDON, SURREY CRO, 1JF
PROSPECT ART TOURS 454-458 CHISWICK HIGH ROAD, LONDON, W4 5TT	RAMBLERS HOLIDAYS BOX 43, WELWYN GARDEN, HERTS AL8 6PQ
REGENT HOLIDAYS REGENT HOUSE, 31 HIGH STREET, SHANKLIN, ISLE OF WIGHT, PO37 6JW	SAGA HOLIDAYS THE SAGA BUILDING, MIDDELBURG SQUARE, FOLKESTONE, KENT, CT20 1AZ
SAI TRAVEL BARCLAYS BANK CHAMBERS, 55 HIGH ST, GRANTHAM, LINCS, NG31 6NE	SAVILE ROW TOURS AND TRAVEL SAVILE HOUSE, 6 BLENHEIM TERRACE, ST JHON'S WOOD, LONDON, NW8 0EB
SEABORNE SAFARIS UNIT 35, THE BROOKS, WINCHESTER, HAMPSHIRE, SO23 8QY	SERIOUSLY TURKEY HOLIDAYS ENTERPRISE CENTRE, 4 DUKE CLOSE, ANDOVER, HANTS, S10 5AP
SETSAIL HOLIDAYS VICTORIA CHAMBERS, 16-18 STRUTTON GROUND, LONDON, SW1P 2HP	SHEARINGS HOLIDAYS MIRY LANE, WIGAN, LANCS, WN3 4AG
SHERPA EXPEDITIONS 131 A HESTON ROAD, HOUNSLOW, MIDDLESEX, TW5 0RD	SIMPLY TURKEY CHISWICK GATE, 598-608 CHISWICK HIGH ROAD, CHISWICK, LONDON, W4 5RT
SOVEREIGN SUNSHINE ASTRAL TOWERS, BETTS WAY CRAWLEY, WEST SUSSEX, RH10 2TB	SUNFLOWERS P O BOX 6, REIGATE, SURREY, RH2 0GD
SUNQUEST HOLIDAYS 23 PRINCES STREET, LONDON, W1R 7RG	SUNSAIL THE PORT HOUSE, PORT SOLENT, PORTSMOUTH, HAMPSHIRE, PO6 4TH
SUNSET HOLIDAYS FIRST CHOICE HOUSE, LONDON ROAD, CRAWLEY, WEST SUSSEX, RH10 2GX	SUNSHINE CHARTERS GREENFIELD HOUSE, DOWLANDS LANE, COPTHORNE, WEST SUSSEX, RH10 3HX
SUNTOURS 10 HILLS PLACE, LONDON W1R 1AF	SUNWORLD SAILING 120 ST GEORGE'S ROAD, BRIGHTON, EAST SUSSEX, BN21EA
SUNWORLD TURKEY 29/31 ELMFIELD ROAD, BROMLEY, KENT, BR1 1LT	SWAN HELLENIC 77 NEW OXFORD STREET, LONDON, WC1A 1PP

TAPESTRY HOLIDAYS 24 CHISWICK HIGH ROAD, LONDON, W4 1TE	TEFS RAILWAY TOURS 77 FREDERICK STREET, LOUGHBOROUGH, LEICESTERSHIRE, LE11 3TL
TEMPLE WORLD TOURS 13 THE AVENUE, KEW, RICHMOND, SURREY, TW9 2AL	TEMPLECRAFT YACHT CHARTERS 33 GRAND PARADE, BRIGHTON, BN2 2QA
THE BRITISH MUSEUM TRAVELLER 46 BLOOMSBURY STREET, LONDON, WC18, 3QQ	THE IMAGINATIVE TRAVELLER 14 BARLEY MOW PASSAGE, CHISWICK, LONDON, W4 4PH
THE TRAVEL TRADING COMPANY TROFARTH, CLWYD, WALES, LL22 8BW	THE YACHT CHARTER CLUB 22 BLEBHEIM TERRACE, ST. JOHN'S WOOD, LONDON, NW8 OEB
THOMSON SKY TOURS GREATER LONDON HOUSE, HAMPSTEAD ROAD, LONDON, NW1 7SD	TIME OFF CHESTER CLOSE, CHESTER STREET, LONDON SW1X 7BQ
TOP DECK TRAVEL 131-135 EARLS COURT ROAD, LONDON, SW5 9RH	TOP YACHT CHARTER ANDREW HILL LANE, HEDGERLEY, BUCKS, SL2 3UW
TRANTUR UK 2 OAK COTTAGES, THE GREEN, COLDRED, DOVER, KENT, CT15 5AN	TRAVEL BAG ADVENTURES 15 TURK STREET, ALTON, HANTS, GU34 1AG
TRAVELBOUND OLIVIER HOUSE, HARROW, 18 MARINE PARADE, BRIGHTON, EAST SUSSEX, BN2 1TL	TRAVELSCENE 11-15 ST. ANN'S ROAD MIDDLESEX, HA1 1AS
TREASURES OF TURKEY 145 OXFORD STREET, LONDON, W1R 1TB	TREK TRAVEL 8 THE GRANGE, ELMDON PARK, SOLIHULL, WEST MIDLANDS, B92 9EL
TULIP HOLIDAYS LTD. 67-71 OXFORD STREET, LONDON, W1R 1RD	TURKEY PARADISE 14 GLEN HOUSE, STAG PLACE, LONDON, SW1E 5AG
TURKISH LEISURE 487A GREEN LANES, HARINGEY, LONDON, N4 1AJ	TURKISH SYSTLE 19 ALBERMARLE STREET, LONDON, W1X 3HA
TUSSOCK CRUISING 25A QUEEN'S GATE MEWS, LONDON, SW7 5QL	UNIJET SANDROCKS, ROKY LANE, HAYWARDS HEATH, WEST SUSSEX, RH16 4RH
VIAMARE TRAVEL GRAPHIC HOUSE, 2 SUMATRA ROAD, LONDON, NW6 1PU	WANDERER'S WORLD 61 CHILTERN STREET, LONDON, W1M 1HS
WAYMARK HOLIDAYS 44 WINDSOR ROAD, SLOUGH, BERKS, SL1 2EJ	WESTMINSTER CLASSIC TOURS COLQUHOUN HOUSE, 5 RICHBELL PLACE, LONDON, WC1N 3LA
WORLD BEDS LTD 12A ANERLEY STATION ROAD, LONDON, SE20 8PT	WORLDWIDE CHRISTIAN TRAVEL 36 COLDHARBOUR ROAD, REDLAND, BRISTOL, BS6 7NA

**UNIVERSITY OF STRATHCLYDE
THE SCOTTISH HOTEL SCHOOL**

Ref.: KK

25 April 1997

Dear Sir/Madam,

Re: Questionnaire for the UK Tour Operators Selling Turkey as a Tourist Destination

I am a Turkish postgraduate student at The Scottish Hotel School of Strathclyde University, and I am conducting a research study on the subject of 'Tourism Development and International Tour Operators: A Case Study of Turkey'. More specifically, I am trying to examine international tour operators' role in tourism development in Turkey from two general aspects; the problems of tourism development as seen by Turkey, particularly by the Turkish accommodation sub-sector itself; and also the problems and difficulties encountered by tour operators in trying to sell Turkey. I will be visiting Turkey this summer to carry out field-work.

To start and complete the field-work in Turkey I seek your views because I realise the critical role of tour operators in tourism development in most of the tourist receiving developing countries. Therefore, the initial part of my project involves a brief questionnaire to those tour operator companies in the United Kingdom who are selling Turkey as a tourist destination. Since the name of your company is found in Turkish Tourist Office's "Holiday 97" brochure as one of those tour operators I hope that you will find it possible to complete and return the questionnaire.

A stamped self-addressed return envelope is provided. Please be assured that this study is not commercially sponsored; it is an integral part of my doctoral programme and all information and comments received will be regarded as *confidential*.

Thank you very much for your co-operation and anticipation of your earliest attention.

Yours faithfully

Mr. Kurtulus Karamustafa
Postgraduate Research Student

**UNIVERSITY OF STRATHCLYDE
THE SCOTTISH HOTEL SCHOOL**

Ref.: KK

28 May 1997

Dear Sir/ Madam,

Re: Questionnaire for the UK tour operators who sell Turkey as a tourist destination

I am referring to my recent letter dated 25 April 1997 and the questionnaire for which I have not received any reply from you. To enable to incorporate your views in my work, I would be grateful if you could fill in and return the questionnaire as soon as possible.

However, if you have already sent it, please ignore this letter and thanks for your co-operation.

Yours faithfully

Mr. Kurtulus Karamustafa
Postgraduate Research Student

QUESTIONNAIRE FOR THE TURKISH ACCOMMODATION ESTABLISHMENTS

This questionnaire consists of two types of questions: multiple choice and open ended. I would be grateful if you could answer them as appropriate. However, if your answer corresponds to more than one option, please tick all that apply.

I. COMPANY PROFILE

1. How would you describe your operation? (please tick the appropriate one)

- Hotel (please circle as appropriate: **five-star / four-star / three-star / two-star / one-star**)
- Holiday village (please circle as appropriate: **first class / second class**)
- Motel (please circle as appropriate: **first class / second class**)
- Apart hotel Special certificated
- Boarding house Other (please specify): _____

2. Is your operation:

- Independent (please skip to 5)
- Part of a group

3. Besides this establishment, does your organisation have any other branches in this town and/or in any other destinations in Turkey ?

- Yes
- No (please skip to 5)

4. If any, what are the number(s) and type(s) of those branches?

	Hotel	Holiday Villages	Motel	Apart Hotel	Boarding House	Special Certificated	Others
Type(s)							
Number(s)							

5. Is your operation:

- Multinational associated (multinational involvement refers to any foreign involvement-ownership, management contracts, franchising, and leasing)
- Locally owned (without any kind of foreign involvement)

6. How large your organisation in:

- a) Bed-place capacity : _____
- b) Number of rooms : _____
- c) Number of employees: _____
- d) Annual sales turnover: _____

7. Which of the following times of year are you open to business? (please tick where appropriate)

	Yes	No
• Summer season: Between which months ? :		
• Winter season: Between which months ? :		
• Whole year round		

8. What was the average occupancy rate during the last five years? (please write in where appropriate)

	Not relevant	Average Occupancy Rate (%) in 1996
• Summer season		
• Winter season		
• Whole year round		

9. What proportion of your total business depends on: (please tick and write in where appropriate)

- Domestic inclusive tours : ____% International inclusive tours : ____%
 Domestic independent travellers : ____% International independent travellers : ____%

10. What is the average night spent in your establishment by:

- Inclusive groups: _____ Independent travellers: _____

11. Besides the tourism industry, are you involved in any other business activities?

- Yes (please write in: _____) No

II. BUSINESS RELATIONS

GENERAL BUSINESS RELATIONS:

12. Are you member of the Association of Turkish Hoteliers?

- Yes No

13. Are you receiving any services from the Association of Turkish Hoteliers?

Services	Not relevant	Yes	No
• Technical assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Legal and taxation advice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Research and training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Assistance for bargaining with foreign tour operators over prices and associated conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Other(s) (please specify): _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. How would you describe the relations between your organisation and Turkish tourism organisations? (please circle the number that best describes your opinion)

Organisations	Not relevant	Very weak	→	→	→	Very strong
• Ministry of Tourism	0	1	2	3	4	5
• Turkish tourism offices in tourist generating countries	0	1	2	3	4	5
• Association of Turkish Travel Agencies	0	1	2	3	4	5
• Travel agencies in Turkey	0	1	2	3	4	5
• Association of Turkish Hoteliers	0	1	2	3	4	5
• Other Accommodation Establishments in this destination	0	1	2	3	4	5
• Turkish Airlines	0	1	2	3	4	5
• Other Private Turkish Airline Companies	0	1	2	3	4	5
• Other (s) (please specify): _____	0	1	2	3	4	5

WITH AIRLINES:

15. Does your organisation have an equity or other commercial interests in any Turkish airline companies?

- Yes (please write name of the airline/s): _____
 No (please skip to 17)

16. Which of the following business arrangements does your organisation have with any Turkish airlines?

- Ownership (please specify the percentage: _____ %)
 Management contracts Lease
 Other(s) (please specify): _____

WITH TRAVEL AGENCIES:

17. Does your organisation have an equity or other commercial interests in a travel agency business in Turkey?

- Yes (please specify): _____ No (please skip to 19)

18. Which of the following business arrangements does your organisation have with travel agencies in Turkey?

- Ownership (please specify the percentage: _____ %)
 Management contracts Lease
 Other(s) (please specify): _____

BUSINESS RELATIONS WITH FOREIGN TOUR OPERATORS:

19. Is your company linked through a central reservation system to any of the following? (please tick where appropriate)

Companies	Yes	No
• Any foreign airline companies		
• Any foreign tour operation companies		
• Foreign travel agencies		
• Multinational associated hotels in tourist generating countries		
• Any Turkish airlines companies		
• Travel agents in Turkey		

20. Is your establishment connected to internet?

- Yes, we are connected
 No, we are not connected, but we **do know** about internet (please skip to 22)
 No, we are not connected and we **do not know** much about internet (please skip to 23)

21. Do you have your own World Wide Web page(s) for the internet purchasers?

- Yes (please skip to 26) No

22. If you are not connected to the internet for the purpose of receiving electronic reservations, could you please circle the number that best describes your opinion for each statement below?

Factors	Not relevant	Strongly disagree	→	→	→	Strongly agree
• Connecting with the internet is expensive for us	0	1	2	3	4	5
• Internet purchasers are limited at the moment	0	1	2	3	4	5
• Customers require additional types of information	0	1	2	3	4	5
• It may not be as effective as travel intermediaries in the tourist generating countries	0	1	2	3	4	5
• Internet cannot guarantee our sales as tour operators do	0	1	2	3	4	5
• Other(s) (please specify): _____	0	1	2	3	4	5

23. How do you make contact with international tourism markets? (please tick all where appropriate)

	Yes, we do	It is possible, but we do not	It seems to be impossible for us
• By direct sell			
• By the distribution channel of travel agents in Turkey			
• By the distribution channel tour operators in tourist generating countries			
• Other (s) (please specify):			

24. Which of the foreign country's/countries' tour operators do you have contracts with? (please tick all that apply)

- Germany France United Kingdom
 Italy Spain
 Other(s) (please specify): _____

25. Do you have a contract with only one particular foreign tour operator?

- Yes (please specify: _____) No

26. Do you encounter any difficulties in your business relationship with any foreign tour operators?

- Yes No (please skip to 28)

27. What kind of difficulties do you encounter with foreign tour operators?

Difficulties	Not relevant	Very little	→	→	→	Very Great Extent
• Cancellation of reservations	0	1	2	3	4	5
• Delaying the payments	0	1	2	3	4	5
• Pressure to accept low price rates	0	1	2	3	4	5
• They cause artificial price competition among the hoteliers in our region	0	1	2	3	4	5
• Reduction on the agreed number of rooms	0	1	2	3	4	5
• Their requests for more complimentary rooms	0	1	2	3	4	5
• Other(s) (please specify):	0	1	2	3	4	5

28. Do you offer the prices to tour operators on the basis of local currency (Turkish Lira) or foreign currency? (please tick that which applies)

- Local currency (Turkish Lira)
 Foreign currency (please specify the name of the currency): _____

29. Are the prices you offer to the tour operators at the actual price level in this region?

- Yes (please skip to 32) No

30. If prices are below from the actual price level, could you please specify the percentage ?

- Less than 10% 31-40% 41-50%
 10-20% 21-30% 50% and over

31. How could you describe the factors that force you to offer low price rates which are below from the actual price levels?

Factors	Not relevant	Very little	→	→	→	Very Great Extent
• The threats of the foreign tour operators to direct the tourism demand to alternative establishments in this destination	0	1	2	3	4	5
• The threats of the foreign tour operators to direct the tourism demand to alternative destinations	0	1	2	3	4	5
• They guarantee to increase our occupancy rate	0	1	2	3	4	5
• The lack of service quality	0	1	2	3	4	5
• The lack of international standards	0	1	2	3	4	5
• The financial difficulties faced because of the credit payments	0	1	2	3	4	5
• The scale of our business	0	1	2	3	4	5
• The lack of co-operation among the accommodation establishments	0	1	2	3	4	5
• Otherwise, it is difficult to reach international tourist markets	0	1	2	3	4	5
• Other(s) (please specify):	0	1	2	3	4	5

32. I would appreciate any comments or suggestions which you wish to make (please write your comments or suggestions below):

Thanks for your help in this questionnaire.

**UNIVERSITY OF STRATHCLYDE
THE SCOTTISH HOTEL SCHOOL**

Ref.: KK

July 1997

Dear Manager,

Re: Questionnaire for the Turkish accommodation establishments

I am a research assistant at The Nevsehir Tourism and Hotel Management School of Erciyes University, and currently doing my PhD at The Scottish Hotel School of Strathclyde University, Glasgow, United Kingdom.

I am conducting my PhD research on the subject of 'Tourism Development and International Tour Operators: A Case Study of Turkey'. More specifically, I am trying to examine the topic from two general aspects; the problems of tourism development as seen by Turkey, particularly by the Turkish accommodation sub-sector itself; and also the problems and difficulties encountered by international tour operators in trying to sell Turkey. I have applied a brief questionnaire to the tour operators in the UK. To complete my research, now, I am seeking your views on the subject. To enable me include your views in my work I hope that you will find it possible to complete the enclosed questionnaire. The questionnaire will be collected by the researcher himself on the agreed day and time.

Please be assured that this study is not commercially sponsored; it is an integral part of my doctoral programme and all information and comments received will be regarded as confidential.

Thank you very much for your co-operation and anticipation of your earliest attention.

Yours faithfully

Mr. Kurtulus Karamustafa
Postgraduate Research Student

Delivery Date and Time _____ :

Pick-up Date and Time _____ :

Appendix 10 Name and Addresses of the Accommodation Establishments Returned
Questionnaires in Istanbul

<p>Akgun Istanbul Hotel (Five-star) Adnan Menderes Bulvari (Vatan Cad.) 34720 Istanbul/Turkey Tel: 00 90 212 534 48 79 Fax: 00 90 212 534 9126</p>	<p>Richmond Hotel (Four-star) Istiklal Caddesi No: 445, 80670 Beyoglu/Istanbul/Turkey Tel: 00 90 212 252 54 60 Fax: 00 90 212 252 97 07</p>
<p>Ceylan Inter-Continental (Five-star) Askerocagi Cad. No: 1 80200 Taksim Istanbul/ Turkey Tel: 00 90 212 231 21 21 Fax: 00 90 212 231 21 80</p>	<p>Berr Hotel (Four-star) Akdeniz Cad. 78 34250 Fatih/Istanbul/Turkey Tel: 00 90 212 534 20 70 Fax: 00 90 212 534 20 79</p>
<p>Ciragan Palace Hotel Kempinski Istanbul (Five-star) Ciragan Cad. 84. Besiktas 80700 Istanbul/Turkey Tel: 00 90 212 258 33 77 Fax: 00 90 212 259 66 86</p>	<p>Grand Hotel Halic (Four-star) Tepebasi Bulvari refik saydam Cad. No: 153 80050 Sishane/Istanbul/Turkey Tel: 00 90 212 252 69 80 Fax: 00 90 212 249 70 66</p>
<p>Conrad International (Five-star) Yildiz Cad. 80700 Basiktas Istanbul/ Turkey Tel: 00 90 212 227 30 00 Fax: 00 90 212 259 66 67</p>	<p>Grand Star Hotel (Four-star) Siraselviler Cad. No:79/1 Taksim/Istanbul/Turkey Tel: 00 90 212 252 70 70 Fax: 00 90 212 251 78 22</p>
<p>Dedeman Hotel (Five-star) Yildiz Posta Cad. 50, 80700 Esentepe/Istanbul/Turkey Tel: 00 90 212 274 88 00 Fax: 00 90 212 275 11 00 e-mail: hotels@dedeman.com.tr</p>	<p>Dilson Hotel (Four-star) Siraselviler Cad. 49, 80090 Taksim/Istanbul/Turkey Tel: 00 90 212 252 96 00 Fax:00 90 212 249 70 77 e-mail: dilson@escort.net.com</p>
<p>Divan Hotel (Five-star) Cumhuriyet Cad. 2, 80200 Taksim/Istanbul/Turkey Tel: 00 90 212 231 41 00 Fax: 00 90 212 248 85 27</p>	<p>Keban Hotel (Four-star) Siraselviler Cad. No: 51-A 80090 Taksim/Istanbul/Turkey Tel: 00 90 212 252 25 05 Fax: 00 90 212 243 33 10</p>
<p>Eresin Topkapi Hotel (Five-star) Millet Cad. No: 186, 84270 Topkapi/Istanbul/Turkey Tel: 00 90 212 631 12 12 Fax: 00 90 212 631 37 02</p>	<p>Black Bird Hotel (Four-star) Gencturk Cad. 51-53 Sehzadebasi/Istanbul/Turkey Tel: 00 90 212 511 74 54 Fax: 00 90 212 511 45 16</p>
<p>Four Seasons Hotel (Five-star) Tevkifhane Sk. No:1, 34490 Sultanahmet/Istanbul/Turkey Tel: 00 90 212 638 82 00 Fax: 00 90 638 82 10</p>	<p>Color Hotel (Four-star) Millet Cad. No:82, Findikzade Istanbul/Turkey Tel: 00 90 212 631 20 20 Fax: 00 90 212 523 48 42</p>
<p>Hotel Princess Atakoy (Five-star) Dereboyu Cad. 36-38, 30840 Ortakoy/Istanbul/Turkey Tel: 00 90 212 227 60 10 Fax: 00 90 212 260 21 48</p>	<p>Antea Hotel (Three-star) Piyertoti Cad. 21, Cemberlitas Istanbul/Turkey Tel: 00 90 212 638 11 21 Fax: 00 90 212 517 79 49</p>
<p>Hyatt Regency Istanbul (Five-star) Taskisla Cad. 80090 Taksim Istanbul/Turkey Tel: 00 90 212 225 70 00 Fax: 00 90 212 225 70 07</p>	<p>Ates 2 Hotel (Three-star) Mustafa Kemal Pasa Cad. 86, 34480 Aksaray/Istanbul/Turkey Tel: 00 90 212 518 75 75 Fax: 00 90 212 518 55 44</p>

Lamartine Hotel (Five-star) Lamartin Cad. No: 25 80090 Taksim/Istanbul/Turkey Tel: 00 90 212 254 62 70 Fax: 00 90 212 256 27 76	Avlonya Hote (Three-star) Kucuklanga Cad. No: 59, Aksaray/Istanbul/Turkey Tel: 00 90 212 529 54 08 Fax: 00 90 212 585 94 32
Merit Antique Istanbul (Five-star) Ordu Cad. 226, 34470 Laleli Istanbul/Turkey Tel: 00 90 212 513 93 00 Fax: 00 90 212 512 63 90	Bale Hotel (Three-star) Refik saydam Cad. 312, 80050 Tepebasi/Istanbul/Turkey Tel: 00 90 212 253 07 01 Fax: 00 90 212 250 16 92
Mim Inter Hotels (Five-star) Fulya Bayiri Ferah Sok. No: 16 Nisantasi/Istanbul/Turkey Tel: 00 90 212 231 28 70 Fax: 00 90 212 230 73 77	Birbey Hotel (Three-star) Kemalpasa Mah. Mektep Sok. 1-3 Aksaray/Istanbul/Turkey Tel: 00 90 212 512 46 75 Fax: 00 90 212 512 46 74
Ozmen Hotel (Five-star) Mesihpasa Cad. No: 90 Laleli/Istanbul/Turkey Tel: 00 90 212 517 94 00 Fax: 00 90 212 518 02 87	Ferhat Hotel (Three-star) Binbirdirek Mah. Terzihane Sok. No: 9 34400 Sultanahmet/Istanbul/Turkey Tel: 00 90 212 516 96 50 Fax: 00 90 212 516 96 50
Renaissance Polat Istanbul Hotel (Five-star) Sahil Cad. 34800 Yesilyurt/Istanbul/Turkey Tel: 00 90 212 663 17 00 Fax: 00 90 212 663 17 55	Golden Age -2 Hotel (Three-star) Abdulahk Hamit Cd. No: 60, 80090 Taksim/Istanbul/Turkey Tel: 00 90 212 235 81 60 Fax: 00 90 212 235 81 69
Surmeli Istanbul (Five-star) Prof. Dr. Bulent Tarcan Sok. No: 3 80310 Gayrettepe/Istabul/Turkey Tel: 00 90 212 272 11 60 Fax: 00 90 212 266 36 69	Grand Ons Hotel (Three-star) Azimkar Sok. 32 Laleli/Istanbul/Turkey Tel: 00 212 518 63 70 Fax: 00 212 518 63 74
Swissôtel The Bosphorus (Five-star) Bayildim Cad. 2 Macka 80680 Besiktas Istanbul/Turkey Tel: 00 90 212 259 01 01 Fax: 00 90 212 259 01 05	Grand Yavuz Hotel (Three-star) Piyerlofi Cad. 71/B Sultanahmet 34490 Istanbul/Turkey Tel: 00 90 212 517 17 12 Fax: 00 90 212 517 82 69
The Marmara Istanbul (Five-star) Taksim Meydani 80090 Taksim/Istanbul/Turkey Tel: 00 90 212 251 46 96 Fax: 00 90 212 244 05 09	Green Anka Hotel (Three-star) Findikzade Sok. No: 4, 34270 Findikzade/Istanbul/Turkey Tel: 00 90 212 631 17 21 Fax: 00 90 212 525 37 78
Emperyal Hotel (Four-star) Mesrutiyet Cad. No: 8 Tepebasi/Istanbul/Turkey Tel: 00 90 212 293 39 61 Fax: 00 90 212 252 43 70	Hali Hotel (Three-star) Koldfarer Cad. No:20 Cemberlitas Istanbul/Turkey Tel: 00 90 212 516 21 70 Fax: 00 90 212 516 21 72
Golden Age - 1 Hotel (Four-star) Topcu Cad. No: 22-26, 80090 Taksim/Istanbul/Turkey Tel: 00 90 212 254 49 06 Fax: 00 90 212 255 1368	Hotel Monaco (Three-star) Ordu Cad. Sair Fitnat Sok. 26-28 Laleli/Istanbul/Turkey Tel: 00 90 212 518 76 10 Fax: 00 90 212 516 73 73
Grand Anka Hotel (Four-star) Molla Gurani Cad. No: 46 Findikzade/Istanbul/Turkey Tel: 00 90 212 635 20 20 Fax: 00 90 212 534 18 55	Klas Hotel (Three-star) Harikzedeler Sk. No: 48, 34170 Laleli/Istanbul/Turkey Tel: 00 90 212 511 78 74 Fax: 00 90 212 512 33 54

Holiday Inn Istanbul Atakoy Marina (Four-star) Sahilyolu 34710 Atakoy/Istanbul/Turkey Tel: 00 90 212 560 41 10 Fax: 00 90 212 559 49 19	Mirilayon Hotel (Three-star) Kemalpaşa Mah. Yeşil Tulumba Sok. 34/44 Laleli/Istanbul/Turkey Tel: 00 90 212 512 72 72 Fax: 00 90 212 527 59 54
Hotel Mercure Istanbul (Four-star) Mesrutiyet Cad. 80080, Tepebaşı/Istanbul/Turkey Tel: 00 90 212 251 46 46 Fax: 00 90 212 249 80 33	Mosaic Hotel (Three-star) Vidinli Tevfikpaşa Cad. No: 21 34490 Laleli/Istanbul/Turkey Tel: 00 90 212 512 98 50 Fax: 00 90 212 512 98 57
Hotel Grand Washington (Four-star) Gençtürk Ağa Yokusu Cad. 7 Laleli Istanbul/Turkey Tel: 00 90 212 511 63 71 Fax: 00 90 212 512 47 48	Oran Hotel (Three-star) Harikzedeler Sok. 40,34470 Laleli/Istanbul/Turkey Tel: 00 90 212 513 82 00 Fax: 00 90 212 513 82 05
Istanbul Princess Hotel (Four-star) Buyukdere Cad. 49 Uçyol Mevkii 80670 Maslak/Istanbul/Turkey Tel: 00 90 212 285 09 00 Fax: 00 90 212 285 09 51	Pierre Loti Hotel (Three-star) Piyerloti Cad. No: 5 Cemberlitas Istanbul/Turkey Tel: 00 90 212 518 57 00 Fax: 00 90 212 516 18 86
Klasis Park Hotel (Four-star) Londra Askfali Sefakoy Kavşagi Otel Sok. No: 1 34620 Sefakoy/Istanbul/Turkey Tel: 00 90 212 624 23 37 Fax: 00 90 212 598 96 11	Sport Hotel (Three-star) Sekbanbaşı Sok. No: 6, 34490 Beyazit/Istanbul/Turkey Tel: 00 90 212 516 60 27 Fax: 00 90 212 516 62 74
Macka Hotel (Four-star) Eytam Cad. 35 Tesvikiye Istanbul/Turkey Tel: 00 90 212 234 32 00 Fax: 00 90 212 240 76 94	Taslik Hotel (Three-star) Spor Cad. 145 Validecesme, 80680 Macka/Istanbul/Turkey Tel: 00 90 212 227 83 10 Fax: 00 90 212 260 42 43
Parksa Hilton Istanbul (Four-star) Bayildim Cad. 12, Macka 80680 Istanbul/Turkey Tel: 00 90 212 258 56 74 Fax: 00 90 212 585 64 05	Usta Hotel (Three-star) Topcu Cad. No: 19, 80090 Taksim/Istanbul/Turkey Tel: 00 90 212 235 10 00 Fax: 00 90 212 254 75 95
The President Hotel Best Western International (Four-star) Tiyatro Cad. 25, 34490 Beyazit/Istanbul/Turkey Tel: 00 90 212 516 69 80 Fax: 00 90 212 516 69 99	Zurich Hotel (Three-star) Vidinli Tevfik Paşa Cad. Harikzedeler Sok. 37 Laleli/Istanbul/Turkey Tel: 00 90 212 512 23 50 Fax: 00 90 212 526 97 35

Appendix 11 Name and Addresses of the Accommodation Establishments Returned
Questionnaires in the Resort Areas

<p>Ephesus Princess Hotel (Five-star) Pamucak Mevkii 09400 Kusadasi/Aydin/Turkey Tel: 00 90 232 892 70 52 Fax: 00 90 232 892 70 58</p>	<p>Imbat Hotel (Five-star) Kadinlar Denizi 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 20 00 Fax: 00 90 256 614 49 60</p>
<p>Fantasia Hotel (Five-star) Soke Yolu 5. Km. Yavansu Mevkii Kusadasi/Aydin/Turkey Tel: 00 90 256 614 85 50 Fax: 00 90 256 614 27 65</p>	<p>Korumar Hotel (Five-star) Gazi Begendi Mevkii 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 82 43 Fax: 00 90 256 614 55 96</p>
<p>Karia Princess Hotel (Five-star) Canli Dere Sokak 15 48400 Bodrum/Mugla/Turkey Tel : 00 90 252 316 89 71 Fax : 00 90 252 316 89 79</p>	<p>Magic Life Der Club (Five-star) Datca Yolu, Cubucak Mevkii Marmaris/Mugla/Turkey Tel: 00 90 252 466 64 34 Fax: 00 90 252 466 64 52</p>
<p>Merit Altinel (Five-star) Duvarli Tarla Mevkii Bodrum/Mugla/Turkey Tel: 00 90 252 367 18 48 Fax: 00 90 252 367 18 47</p>	<p>Robinson Select Club (Five-star) Hisaronu Mevkii, Datca Yolu 30. Km. 48700 Marmaris/Mugla./Turkey Tel: 00 90 252 436 92 00 Fax: 00 90 252 436 92 28</p>
<p>Samara Hotel (Five-star) Kaynak Mevkii P.K. 65 48400 Bodrum/Mugla/Turkey Tel: 00 90 252 367 16 00 Fax: 00 90 252 367 16 08</p>	<p>Turtel (Five-star) Bayraklidere Mevkii 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 92 70 Fax: 00 90 256 614 50 85</p>
<p>Akdeniz Inn (Four-star) Kadinlar Denizi 09400 Kusadasi Aydin/Turkey Tel: 00 90 256 614 48 00</p>	<p>Iberotel Sarigerme Park (Four-star) P.K. 1 48600 Ortaca/Mugla/Turkey Tel: 00 90 252 286 30 81 Fax: 00 90 252 286 80 43</p>
<p>Ayma International (Four-star) Kadinlar Denizi 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 90 41 Fax: 00 90 256 614 70 04</p>	<p>Kaya Maris (Four-star) Kenan Evren Bulvari, Siteler Marmaris/Mugla/Turkey Tel: 00 90 252 413 02 33 Fax: 00 90 252 413 18 64</p>
<p>Batihani Hotel (Four-star) Ilica Mevkii P.K. 130, 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 633 14 23 Fax: 00 90 256 633 14 21</p>	<p>Marti La Perla (Four-star) Icmeler-Marmaris Mugla/Turkey Tel: 00 90 252 455 33 89 Fax: 00 90 252 455 34 94</p>
<p>Club Forever (Four-star) Icmeler Yolu, 48400 Bodrum Mugla Turkey</p>	<p>Medisun (Four-star) Yahsi Yalisi Ortakent P.K. 49 48400 Bodrum/Mugla/Turkey Tel: 00 90 252 348 32 70 Fax: 00 90 252 348 34 87</p>
<p>Derici Hotel (Four-star) Kusadasi Aydin/Turkey Tel: 00 90 256 614 82 22</p>	<p>Pagos Hotel (Four-star) Cevre Yolu Uzeri Kusadasi/Aydin/Turkey Tel: 00 90 256 612 86 91</p>

Grand Blue Sky Hotel (Four-star) Kadinlar Denizi 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 20 00 Fax: 00 90 256 614 49 60	Park Metropol Hotel (Four-star) Kenan Evren Bulvari, Icmeler Marmaris/Mugla/Turkey Tel: 00 90 252 455 48 90 Fax: 00 90 252 455 38 75
Grand Hotel Ephesia Vista (Four-star) Haci Feyzullah Mah. Ilica Mevkii P.K. 195, 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 633 32 88 Fax: 00 90 256 633 32 96	Tusan (Four-star) Ucler Mevkii 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 44 95 Fax: 00 90 256 614 44 98
Hotel Prelude 1 (Four-star) Cevre Yolu, Kusadasi/Aydin/Turkey Tel: 00 90 256 633 38 00 Fax: 00 90 256 633 32 08	Isis (HV1) Asirlik Mevkii Gumbet-Bodrum Mugla/Turkey
Blue Dreams (HV1) Kaynak Mevkii 48400 Bodrum Mugla/Turkey	Kusadasi Club Med (HV1) Arslanburnu Mevkii Kusadasi Aydin/Turkey Tel: 00 90 256 614 93 91 Fax: 00 90 256 614 12 00
Bodrum Club Med (HV1) Ciftlik Koyu Yalisi Bodrum/Mugla/Turkey Tel: 00 90 252 368 91 52 Fax: 00 90 252 368 91 38	Kustur (HV1) Bayraklidere Mah. 31'ler Plaji, 09440 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 41 10 Fax: 00 90 256 614 88 32
Club Kadikale (HV1) Kadikalesi-Turgutreis 48693 Bodrum/Mugla/Turkey Tel: 00 90 252 382 32 71 Fax: 00 90 252 382 21 99	Ora (HV1) Bodrum-Milas Karayolu 7. Km. Kaynar Mevkii Bodrum/Mugla/Turkey Tel: 00 90 252 367 15 00 Fax: 00 90 252 367 15 16
Eldorador Mitla (HV1) Kaynar Mevkii, Torba Bodrum/Mugla/Turkey Tel: 00 90 252 367 18 00 Fax: 00 90 252 367 18 13	Pine Bay (HV1) Cam Limani Mevkii, Kusadasi/Aydin/Turkey Tel: 00 90 256 614 93 70 Fax: 00 90 256 614 93 79
Iberotel Marmaris Park (HV1) Pamucak Mevkii, Icmeler Marmaris/Mugla/Turkey Tel: 00 90 252 455 21 21 Fax: 00 90 252 455 21 46	Robinson Lykia (HV1) Oludeniz, Fethiye Mugla/Turkey Tel: 00 90 252 617 02 00 Fax: 00 90 252 617 03 50
Akca (Three-star) Yahsi Yalisi, Ortakent, Bodrum/Mugla/Turkey Tel: 00 90 252 348 31 50 Fax: 00 90 252 348 30 01	Manastir Hotel (Three-star) Icmeler Yolu Bodrum Mugla/Turkey
Confidential (Three-star) Bodrum Mugla/Turkey	Mandalinci Hotel (Three-star) Domalan Cad. 9/1 P.K. 68 Turgutreis 48960 Bodrum/Mugla/Turkey Tel: 00 90 252 382 30 87 Fax: 00 90 252 382 40 22
Atrium Hotel (Three-star) Fabrika Sok. 21, 48400 Bodrum/Mugla/Turkey Tel: 00 90 252 316 21 81 Fax: 00 90 252 316 59 93	Marti Hotel (Three-star) Kadinlar Denizi, 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 36 50 Fax: 00 90 256 614 47 00

Bantur&Naz Hotel (Three-star) Dr. Mumtaz Ataman Cad. 48400 Bodrum/Mugla/Turkey Tel: 00 90 252 316 56 90 Fax: 00 90 252 316 56 91	May Flower (Three-star) Tilkici Koyu, Yalikavak Bodrum/Mugla/Turkey Tel: 00 90 252 385 47 38 Fax: 00 90 252 385 43 13
Ceren Hotel (Three-star) Fethiye Mugla/Turkey	Myndos Hotel (Three-star) Mindos Cad. No: 1 48400 Bodrum/Mugla/Turkey Tel: 00 90 252 316 30 80 Fax: 00 90 252 316 52 52
Club Armonia (Three-star) Turgutreis Akyarlar Mevkii Bodrum/Mugla/Turkey Tel: 00 90 252 293 63 15 Fax: 00 90 252 293 63 18	Ozcelik Hotel (Three-star) Ataturk Bulvari Yat Limani Karsisi 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 44 90 Fax: 00 90 256 614 45 05
Club Mariage (Three-star) Tilkicik Koyu, Yalikavak Bodrum Mugla/Turkey	Pedasa Gardens Hotel (Three-star) Yeditepe Mevkii, Gumbet Bodrum/Mugla/Turkey Tel: 00 90 252 316 39 80 Fax: 00 90 252 316 66 64
Club Sardunya (Three-star) Yahsi Yalisi, Ortakent Bodrum/Mugla/Turkey Tel: 00 90 252 348 32 72 Fax: 00 90 252 348 31 79	Pirat Hotel (Three-star) Kalkan Marina, Kalkan Antalya/Turkey Tel: 00 90 242 844 31 78 Fax: 00 90 242 844 31 83
Club Yalikavak Boydas (Three-star) Tilkicik Koyu, Yalikavak/Bodrum Mugla/Turkey Tel: 00 90 252 385 42 99 Fax: 00 90 252 385 22 78	Princess Artemisia (Three-star) Tilkicik Koyu 48430 Yalikavak, Bodrum/Mugla/Turkey Tel: 00 90 252 385 41 33 Fax: 00 90 252 385 45 92
Comca Manzara (Three-star) Icmeler Yolu Bodrum Mugla/Turkey	Rexen Hotel (Three-star) Asirlik Mevkii, Gumbet-Bodrum Mugla/Turkey
Excelsior (Three-star) Sehir Merkezi Marmaris Mugla/Turkey Tel: 00 90 252 412 34 27	St. Nicholas Park Hotel (Three-star) Hisaronu-Oludeniz, Fethiye/Mugla/Turkey Tel: 00 90 252 616 63 53 Fax: 00 90 252 616 63 55
Green Forest Hotel (Three-star) Hisaronu-Oludeniz, Fethiye/Mugla/Turkey Tel: 00 90 252 616 70 01 Fax: 00 90 252 616 69 27	Turkin Hotel (Three-star) P.K. 91 Bayrakli dere Mevkii 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 74 53 Fax: 00 90 256 612 16 36
Green Park (Three-star) Sehir Merkezi Marmaris Mugla/Turkey Tel: 00 90 252 412 57 26	West Hotel (Three-star) Kadinlar Denizi, Boyalik Caddesi 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 93 61 Fax: 00 90 256 614 59 19
Han Apartments (Three-star) Fethiye Mugla/Turkey	Xanthos (Three-star) Kalamar Koyu, Kalkan/Antalya/Turkey Tel: 00 90 242 844 23 88 Fax: 00 90 242 844 23 55

Hotel Phellos (Three-star) Dogruiyol Sok. No: 4, 07580 Kas/Antalya/Turkey Tel: 00 90 242 836 19 53 Fax: 00 90 242 836 18 90	Yavuz Hotel (Three-star) Marmaris Mugla/Turkey Tel: 00 90 252 455 16 16 Fax: 00 90 252 455 31 51
Intermar Hotel (Three-star) Kernal Elgin Bulvari 61, Marmaris/Mugla/Turkey Tel: 00 90 252 412 49 96 Fax: 00 90 252 412 49 97	Zarif Hotel (Three-star) Sehir Merkezi Marmaris Mugla/Turkey Tel: 00 90 252 412 43 07
Kibaslar (Three-star) Sehir Merkezi Marmaris/Mugla/Turkey Tel: 00 90 252 412 14 30	Lidya (Three-star) Sehir Merkezi Marmaris/Mugla/Turkey Tel: 00 90 252 412 29 40
Farness Hotel (Three-star) Kudur Mevkii Yalikavak 48430 Bodrum/Mugla/Turkey Tel: 00 90 252 385 21 40 Fax: 00 90 252 385 47 61	Letoon Hotel (Two-star) Fethiye Mugla/Turkey
Alibaba Hotel (Two-star) Yalikavak, Bodrum Mugla/Turkey Tel: 00 90 252 385 40 63	Minay Hotel (Two-star) Alitepesi Sitesi, Kadinlar Denizi, 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 88 04 Fax: 00 90 256 614 53 02
Atli Hotel (Two-star)	Monakus Hotel (Two-star)
Aydin Hotel (Two-star) Inonu Bulvari 14, 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 40 34 Fax: 00 90 256 614 40 35	Monta Bello Hotel (Two-star) Oludeniz/Fethiye Mugla/Turkey Tel: 00 90 252 617 00 22 Fax: 00 90 252 617 00
Aygun Hotel (Two-star) Oludeniz, Fethiye Mugla/Turkey	Nur Hotel (Two-star) Kalkan Antalya/Turkey
Bahar Hotel (Two-star) Calis Plaji 48300 Fethiye Mugla/Turkey Tel: 00 90 252 613 10 73 Fax: 00 90 252 613 16 98	Kelebek Hotel (Two-star) Menteseoglu Mah. Kalkan, Kas Antalya/Turkey Tel: 00 90 242 844 37 70 Fax: 00 90 242 844 37 71
Barbaros Hotel (Two-star) Guzelcamli Kusadasi/Aydin Tel: 00 90 256 646 10 06 Fax: 00 90 256 646 10 07	Opal Hotel (Two-star)
Belcehan Hotel (Two-star) Belcekiz Oludeniz Fethiye/Mugla/Turkey Tel: 00 90 252 617 01 33 Fax: 00 90 252 617 01 43	Oscar Hotel (Two-star) Marmaris
Bonjorno Hotel (Two-star) Marmaris	Oylum Park (Two-star) Marmaris/Mugla Turkey Tel: 00 90 252 435 37 39

Caretta Apartments (Two-star) Fethiye	Pataros Hotel (Two-star) Patara
Center Hotel (Two-star) Inonu Bulvari, No: 11, 09400 Kusadasi/Aydin/Turkey Tel: 00 90 256 614 24 05 Fax: 00 90 256 614 67 79	Petit Club (Two-star) Oludeniz/Hisaronu/Fethiye Mugla/Turkey Tel: 00 90 252 616 63 77 Fax: 00 90 252 616 63 78
Dedeoglu Hotel (Two-star) Iskele Meydani No: 1/1 48900 Fethiye/Mugla/Turkey Tel: 00 90 252 614 40 10 Fax: 00 90 252 614 17 07	Ponz Villa (Two-star) Kusadasi Aydin/Turkey
Diva Hotel (Two-star) Cumhuriyet Cad. 07960 Kalkan/Antalya/Turkey Tel: 00 90 242 844 31 75 Fax: 00 90 242 844 31 39	Sesa Park Hotel (Two-star) Akdeniz Caddesi No: 17 Ugur Mumcu Parki 48300 Fethiye/Mugla/Turkey Tel: 00 90 252 614 46 56 Fax: 00 90 252 614 43 26
Dream Hotel (Two-star) Ovacik Mevkii Fethiye Mugla/Turkey Tel: 00 90 252 616 59 56 Fax: 00 90 252 616 69 56	Status Marina Hotel (Two-star) Yat Limani Yani PK 70 Fethiye/Mugla/Turkey Tel: 00 90 252 614 10 68 Fax: 00 90 252 614 10 68
Ekincik Hotel (Two-star) Dalyan	Villa Sol Hotel (Two-star) Marmaris
Ephesus (Two-star) Kusadasi	Windmil Hotel (Two-star) Yalikavak, Bodrum/Mugla/Turkey Tel: 00 90 252 385 48 06
Hotel Karbel (Two-star) Oludeniz/Fethiye Mugla/Turkey Tel: 00 90 252 617 00 13 Fax: 00 90 252 617 00 96	Yelken Hotel (Two-star) Kalamar Yolu No: 80, 07960 Kalkan/Antalya/Turkey Tel: 00 90 242 844 36 57 Fa: 00 90 242 844 36 48
Kemal Hotel (Two-star) PTT arkasi Kordon Geziyolu No: 1 48300 Fethiye/Mugla/Turkey Tel: 00 90 252 614 50 09 Fax: 00 90 252 614 50 09	Kekova Hotel (Two-star) Milli Guvenlik Cad. 2, 07580 Kas/Antalya/Turkey Tel: 00 90 242 836 19 50 Fax: 00 90 242 836 19 52
Kurdoglu Hotel (Two-star) Kusadasi Aydin/Turkey	Mimosa Hotel (Two-star) Elmali Cad. 07580 Kas Antalya/Turkey Tel: 00 90 242 836 12 72 Fax: 00 90 242 836 13 68
Lagoon Hotel (Two-star) Hisaronu-Oludeniz, Fethiye/Mugla/Turkey Tel: 00 90 252 616 69 34 Fax: 00 90 252 616 69 33	Babana Hotel (Two-star) Yali Mevkii 48483 Golkoy Bodrum/Mugla/Turkey Tel: 00 90 252 357 71 98 Fax: 00 90 252 357 72 00

Confidential (One-star)	King Hotel (One-star) Dalyan
Confidential (One-star)	Kon-Tiki Hotel (One-star) Dalyan
Confidential (One-star)	Mico Hotel (One-star) Cavuslar Mah. 48840 Dalyan/Mugla/Turkey Tel: 00 90 252 284 40 14 fax: 00 90 252 284 39 98
Calbis Hotel (One-star) Dalyan	Natulus Hotel (One-star) Gulpinar Mah. 48840 Dalyan/Mugla/Turkey Tel: 00 90 252 284 33 62 Fax: 00 90 252 284 33 62
Dalyan Hotel (One-star) Dalyan	Panorama Plaza (One-star) Dalyan
Donmez Hotel (One-star) Dalyan	Serhan Hotel (One-star)
Hotel Oreo (One-star) Yaka Mah. 07580 Kas/Antalya/ Turkey Tel: 00 90 242 836 22 20 Fax: 00 90 242 836 10 67	Mylasa Pansiyon (Boarding House) Cumhuriyet Cad. No: 34 Azmakbasi 48400 Bodrum./Mugla/Turkey Tel: 00 90 252 316 12 54 Fax: 00 90 252 316 12 54
Besik Pension (Boarding House) Calis Yolu, Barbaros Sok. 48300 Fethiye/Mugla/Turkey Tel: 00 90 613 14 18 Fax: 00 90 613 14 18	Adrasan (Boarding House) Cavus, Kemer/Antalya Turkey
Feyza (Boarding House)	Morina (Boarding House) Oludeniz, Fethiye/Mugla Turkey Tel: 00 90 252 616 64 44
Ida (Boarding House) Marmaris	Ozcam (Boarding House)
Koreli (Boarding House) Cavus, Kemer/Antalya Turkey	Sisyphos Hotel (Boarding House) Gelemis Koyu, Patara/Kas/Antalya/Turkey Tel: 00 90 242 843 50 43 Fax: 00 90 242 843 51 56
Midalla (Boarding House)	Yasmin (Boarding House) Cavus, Kemer/Antalya/Turkey
Anil Pension (Boarding House) Foca Mah. Barbaros Sok. 13 Calis Yolu, 48300 Fethiye/Mugla/Turkey Tel: 00 90 252 613 11 92 Fax: 00 90 252 613 17 11	Doga Pension and Apartments (Boarding House) Bitez, Gundonumu Mevkii Gumbet/Bodrum Mugla/Turkey
Akasya Hotel (A) Didim-Altinkum Aydin/Turkey Tel: 00 90 256 813 11 67 Fax: 00 90 256 813 59 72	Club Dedeman (A) Bitez Gundonumu Mevkii, P.K. 25 Gumbet-Bodrum/Mugla/Turkey Tel : 00 90 252 313 11 91 Fax: 00 90 252 3131 13 30
Ankara Apart Hotel (A) Belediye Arkasi, Efeler Sok. No: 3 Marmaris/Mugla/Turkey Tel: 00 90 252 412 12 38 Fax: 00 90 252 412 42 01	Residence Apartments (A) Bodrum Mugla/Turkey

Antik Apart Hotel (A) Kemeralti Mah. Cildir Mevkii 161 Sk. No: 11 Marmaris/Mugla/Turkey Tel: 00 90 252 413 44 96 Fax: 00 90 412 49 06	Siesta Apartments (A)
Club Sema Hotel (A) Datca Yolu Marmaris Mugla/Turkey Tel: 00 90 252 412 22 36 Fax: 00 90 252 413 38 54	Cove Apartments (A)
Exelsior Apart Hotel (A) Cildir Mah. 138 Sok. Anfi Tiyatro Arkasi 48700 Marmaris/Mugla/Turkey Tel: 00 90 252 412 32 47 Fax: 00 90 252 413 11 43	

Appendix 12 Names and Positions of the Persons who were Contacted Personally

<p>Mr. Sedat Balıkcı Front Office Manager Club Kadikale, Kadikalesi, Turgutreis 48963 Bodrum/Turkey Tel: 00 90 252 382 33 02 Fax: 00 90 252 382 21 99</p>	<p>Mr. Babur Ugurlu Front Office Manager Keban Hotel, Siraselviler Caddesi No:51/A 80090 Taksim-Istanbul/Turkey Tel: 00 90 212 252 25 05 (3 lines) Fax: 00 90 212 243 33 10</p>
<p>Mr. Deniz Tas General Manager Club Boydas Beach Tilkicik Koyu-Yalikavak-Bodrum/Turkey Tel: 00 90 252 385 22 78 (2 lines) Fax: 00 90 252 385 22 80</p>	<p>Mr. Can Kurtulus Front Office Manager Euro Plaza, Tarlabasi Bulvari No: 3 Taksim 80090 Istanbul/Turkey Tel: 00 90 212 254 59 00 Fax: 00 90 212 238 13 74</p>
<p>Mr. Veysel Akar (Hotel Owner) Akca Hotel Ortakent Yahsi Yalisi Bodrum/Mugla/Turkey Tel: 00 90 252 348 31 50 Fax: 00 90 252 348 30 01</p>	<p>Mr. Erdal Akyure General Manager Kus-Tur Holiday Village 09440 Kusadasi/Turkey Tel: 00 90 256 614 41 10 Fax: 00 90 256 614 88 32</p>
<p>Ms. Melike Dogruer Director of Sales and Marketing Merit International Hotels and Resorts Spor Cad. No: 97 80860 Akaretler Besiktas-Istanbul/Turkey Tel: 00 90 212 227 91 72-78 Fax: 00 90 212 227 91 79</p>	<p>Mr. Ercihan Demir General Directore The Association of Turkish Travel Agencies, Fulya Asikkerem Sokak No: 48/50 Dikilitas-Istanbul/Turkey Tel: 00 90 212 259 84 04 Fax: 00 90 212 259 06 56</p>
<p>Mr. Bayram Ersen General Manager Turkin Hotel 191 Bayraklidede Mevkii Kusadasi/Turkey Tel: 00 90 256 614 74 53 Fax: 00 90 256 612 16 36</p>	<p>Mr. Sebahattin Duman General Manager Sun Hotel Ortakent Yahsi Yalisi-Bodrum/Turkey Tel: 00 90 252 348 32 07 Fax: 00 90 252 348 34 87</p>
<p>Mr. Cantekin Temizer Director of Sales, Swissotel The Bosphorus Bayildim Caddesi 2 Macka, Besiktas 80680 Istanbul/Turkey</p>	<p>Mr. Yucel Unal (Hotel Owner) Akasya Hotel Didim-Altinkum Tel: 00 90 256 813 11 67 Fax: 00 90 256 813 59 72</p>
<p>Mrs. Dilek Durgunay Head of the Research and Evaluation Department, Ministry of Tourism Ismet Inonu Bulvari No: 5 Bahcelievler-Anakara/Turkey</p>	<p>Mr. Mehmet Ozdemir (Hotel Owner) Kalamar Hotel Kalamar Koyu, Kalkan-Antalya/Turkey Tel: 00 90 242 844 31 90 Fax: 00 90 242 844 31 94</p>
<p>Mr. Haluk Akalin Head of the Research Department The Association of The Turkish Tourism Investors Elmadag-Istanbul/Turkey Tel: 00 90 212 234 52 45 Fax: 00 90 212 231 19 33</p>	<p>Mr. Huseyin Beyhan (Hotel Owner) Beyhan Patara Hotel Gelemis Koyu, Patara-Kalkan/Antalya/Turkey Tel: 00 90 242 843 50 96 (8 lines) Fax: 00 90 242 843 50 97</p>
<p>Mr. Orhan Saydan General Manager Cam Limani Mevkii, Kusadasi/Aydin/Turkey Tel: 00 90 256 614 93 70 Fax: 00 90 256 614 93 79</p>	<p>Mr. Teoman Ermete General Manager Merit Grand Azur Hotel Kenan Evren Bulvari No: 11 48700 Marmaris/Mugla/Turkey Tel: 00 90 252 412 82 01 Fax: 00 90 252 412 35 30</p>

Appendix 13a Transnational Hotel Chains in Turkey

COMPANY	PLACE-ESTABLISHMENT	TYPE	INVESTOR
BEST WESTERN INTERNATIONAL	Istanbul-The President Hotel Istanbul-Hotel Berr Istanbul-Citadel Hotel Istanbul-Hotel Amber Istanbul-Hotel Sokullu Pasa Istanbul-Hotel Spectra Istanbul-Hotel Obeliks and Sumengen Istanbul-Yusufpasa Konagi	Four-Star Four-star Special Certificated Special Certificated Special Certificated Special Certificated Special Certificated Special Certificated	Pantur Tourism Trade Firat Otelcilik
CONRAD (HILTON HOTELS CORP.)	Istanbul-Conrad	Five-star	Yeditepe Hotels
CORINTHIA	Kemer-Club Tekirova Corinthia Art Corinthia Hotel Bodrum-Labranda Corinthia Side-Excelsior Corinthia Corinthia Ulkar Istanbul Hotel	Five-star Five-star Four-star Four-star Five-star	Entemasyonel Tourism Norm Tourism /Corinthia Entemasyonel Tourism Norm Tourism /Corinthia Underconstruction
FOUR SEASONS-CANADA	Istanbul-Hotel Four Seasons	Five-star	Entemasyonel Tourism
HILTON (HILTON INTERNATIONAL)	Istanbul Hilton Ankara Hilton Izmir Hilton Mersin Hilton Sa Parksa Istanbul Hilton	Five-star Five-star Five-star Five-star Four-star	Emekli Sandigi Sabanci Holding Entemasyonel Tourism Sabanci Holding Sabanci Holding
HOLIDAY INN	Istanbul-Holiday Inn Crowne Plaza Istanbul-Holiday Inn Atakoy Marina	Five-star Four-star	Atakoy Hotels Atakoy Hotels
HYATT REGENCY	Istanbul-Hyatt Regency	Five-star	Goktrans /Kajima Corp.
INTERCONTINENTAL	Istanbul-Intercontinental	Five-star	Taksim Hotels /Ceylan
KEMPINSKI	Istanbul-Ciragan Kempinsky	Five-star	Ciragan Sarayi Vakfi
MERCURE (ACCOR GROUP)	Izmir-GrandHotel Mercure Istanbul-Hotel Mercure Istanbul Izmir-Hotel Konak Mercure Ankara-Mercure Inn Ankara	Five-star Four-star Four-star Three-star	BOTAS BOTAS BOTAS BOTAS
NEW WORLD / RENAISSANCE	Istanbul-Polat Renaissance Antalya-Renaissance Resort	Five-star Five-star	Polat Construction Company Gama Construction Company
SHERATON	Antalya Sheraton Voyager Ankara Sheraton	Five-star Five-star	Dogus Holding Nural Holding
SWISSÔTEL	Istanbul-Swissotel	Five-star	Anadolu Japon Tourism

Sources: Derived from Basbakanlik Hazine Mustesarligi Yabancı Sermaye Genel Mudurlugu (1996), Hotel (1996), Hotel Guide (1997), and Todd and Mather (1995).

Appendix 13b Accommodation Establishments Operated by the International Tour Operators

MANAGER		PLACE-ESTABLISHMENT	TYPE	INVESTOR
CLUB MED		Izmir-Club Med Foca	Holiday Village	Akdeniz Touristic Estb.
		Kemer-Club Med Palmiye	Holiday Village	Akdeniz Touristic Estb.
		Bodrum-Club Med Palmiye	Holiday Village	Akdeniz Touristic Estb.
		Cappadocia-Club Med Kaya Hotel	Three-star	Akdeniz Touristic Estb.
		Kemer-Club Med Kemer	Holiday Village	Akdeniz Touristic Estb.
		Kusadasi-Club Med Kusadasi	Holiday Village	Akdeniz Touristic Estb.
		Sarigerme-Valtur	Holiday Village	Akdeniz Touristic Estb.
ACCOR		Kemer-Eldorado Palmariva	Holiday Village	Tamaris
		Bodrum Eldorado Milta	Holiday Village	Tamaris
IBEROTEL		Belek-Belpark Palace	Four-star	Mesa
		Belek-Belpark Village	Four-star	Mesa
		Bodrum-Sarigerme Park	Four-star	Mesa
		Marmaris-Marmaris Park	Holiday Village	Mesa
PARAD- IANA	PARADISE	Belek-Paradise Tatbeach Side-Paradise Apart	Five-star Holiday Village	Tat Tourism Dogus Holding /Datmar
	ALDIANA	Side Club Aldiana	Holiday Village	Dogu Holding /Datmar
REWE - ITS		Club Calimera	ITS	-
ROBINSON		Marmaris-Robinson Select Club	Four-star	Entemasyonel Tourism
		Izmir-Robinson Select Club	Four-star	Entemasyonel Tourism
		Fethiye-Robinson Lykia	Holiday Village	Silkar Tourism
		Side-Robinson Pamfilya	Holiday Village	Silkar Tourism
		Kemer-Robinson Camyuva	Holiday Village	Silkar Tourism
		Nevsehir-Robinson Cappadocia	Holiday Village	Silkar Tourism
SOL	MARKTUR	Side-Sol Selin	Four-star	FSP
		Side-Sol Fulya	Four-star	FSP
		Side-Sol Kamelya	Holiday Village	FSP
MELIA	MARKSOL	Belek-Sol Belvil Side-Sol Muna	Four-star Holiday Village	Simtan Muna

Sources: Derived from Basbakanlik Hazine Mustesarligi Yabancı Sermaye Genel Mudurlugu (1996), Hotel (1996), Hotel Guide (1997), and Todd and Mather (1995).

Appendix 14 Tables and Figures: Tour Operators Survey Results as Output of SPSS

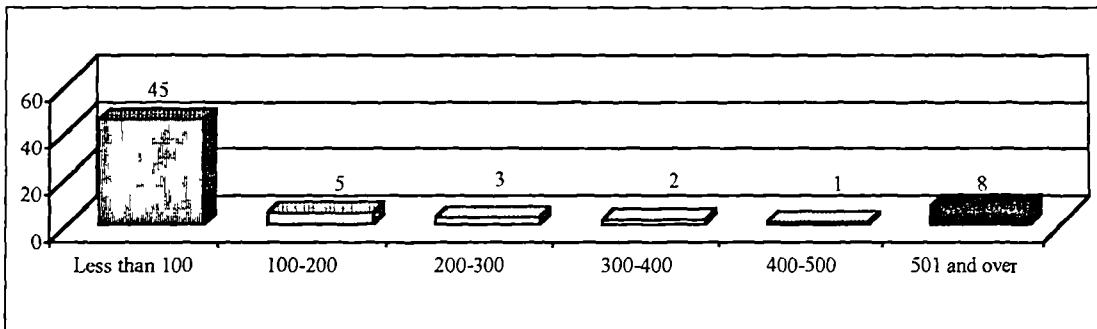
Table 6.1 Type of Tour Operating Companies

TYPE OF OPERATION	INDEPENDENT		PART OF A GROUP		TOTAL ^a	
	n	%	n	%	n	%
Tour operation only	33	50.0	15	22.7	48	72.7
Primarily tour operation and also travel agency activities	7	10.6	3	4.6	10	15.2
Primarily tour travel agency and also tour operation activities	5	7.6	-	-	5	7.6
Primarily tour operation and also yacht charter agent activities	2	3.0	1	1.5	3	4.5
TOTAL ^b	47	71.2	19	28.8	66	100.0

^a $\chi^2(3, n=66)=81.758, p<.000$

^b $\chi^2(1, n=66)=11.879, p<.001$

Figure 6.1 Number of Employees of Tour Operators



Number of total valid response = 64(100%)

Table 6.2 Annual Sales Turnover of the Tour Operating Companies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 million	8	12.1	27.6	27.6
	1-5 million	12	18.2	41.4	69.0
	6-10 million	2	3.0	6.9	79.9
	11-15 million	2	3.0	6.9	82.8
	16-20 million	2	3.0	6.9	89.7
	21 million and over	3	4.5	10.3	100.0
	Total	29	43.9	100.0	
Missing	Missing Value	37	56.1		
	Total	37	56.1		
Total		66	100.0		

$\chi^2(3, n=5)=18.379, p<.003$

Table 6.3 Branches of the Tour Operators in and out of the UK

	OTHER BRANCHES IN THE UK		BRANCHES OUTSIDE THE UK	
	n	%	n	%
Yes	15	23.1	25	39.1
No	50	76.9	39	60.9
Total	65	100.0	64	100.0

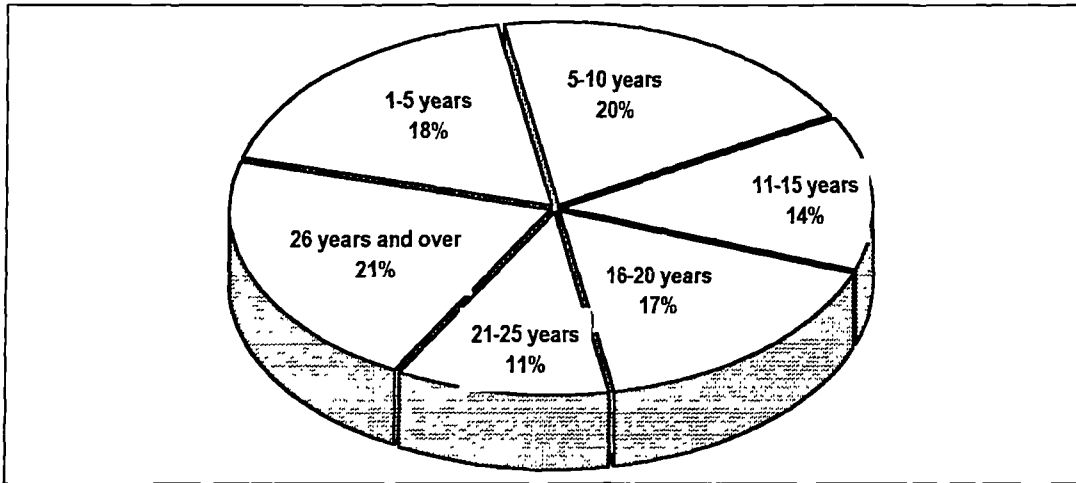
Table 6.4 Number of Branches of Tour Operators in the UK

		Frequency	Percent	Valid Percent
Valid	Less than 5	11	16.7	84.6
	5-10	2	3.0	15.4
	Total	13	19.7	100.0
Missing	Not applicable	51	77.3	
	Missing value	2	3.0	
	Total	53	80.3	
Total		66	100.0	

Table 6.5 Countries where Tour Operators have Branches

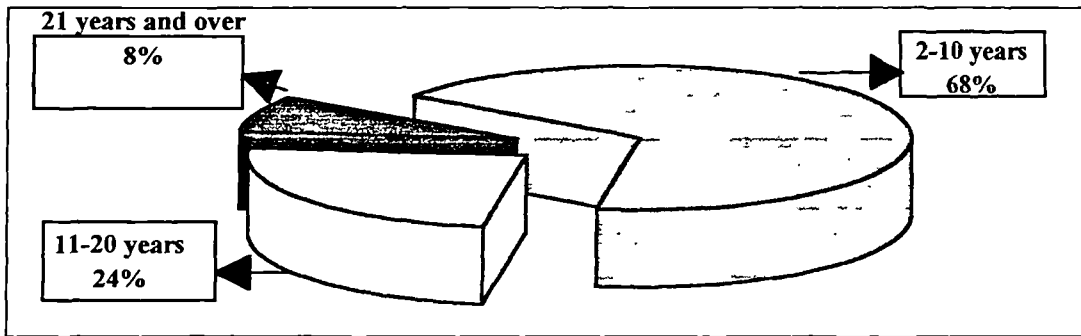
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Australia	2	3.0	8.3	8.3
	Cyprus	2	3.0	8.3	16.6
	France	3	4.5	12.5	29.1
	Germany	2	3.0	8.3	37.4
	Ireland	1	1.5	4.2	41.6
	Italy	2	3.0	8.3	49.4
	Netherlands	1	1.5	4.2	54.1
	New Zealand	2	3.0	8.3	62.4
	Philippines	1	1.5	4.2	66.6
	South Africa	3	4.5	12.5	79.1
	Turkey	3	4.5	12.5	91.6
	USA	2	3.0	8.3	100.0
	Total	24	36.4	100.0	
	Missing	Not applicable	41	62.1	
Missing value		1	1.5		
Total		42	63.6		
Total		66	100.0		

Figure 6.2 Number of Years Tour Operators have been in the Business



Number of total valid response = 66(100%)

Figure 6.3 Number of Years Turkey has been Offered as a Tourist Destination

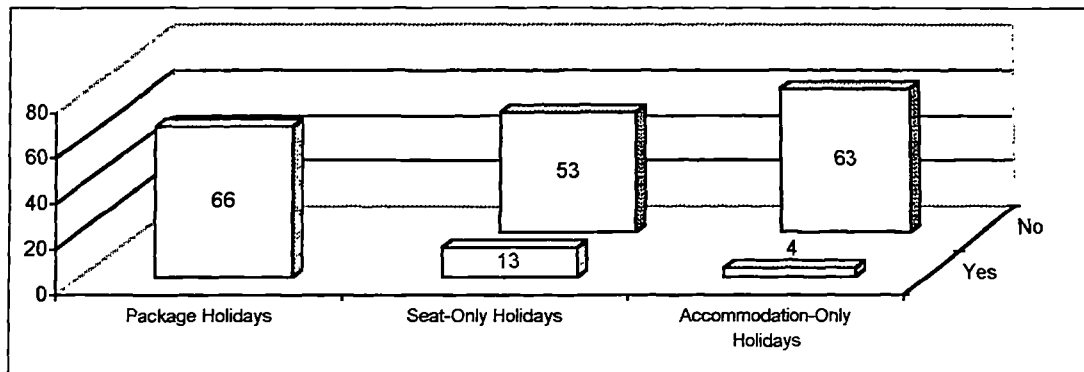


Number of total valid response = 62(100%)

Table 6.6 Corporate Profile: Number of Years as Tour Operator and Number of Years Turkey has been Offered as a Tourist Destination

		Number of Years as Tour Operators	Number of Years Selling Turkey as a Tourist Destination
Valid	N	66	62
Missing		0	4
Mean		16.38	9.94
Median		15.00	8.00
Standard Deviation		9.89	7.09
Range		31	29
Maximum		4	2
Minimum		35	31

Figure 6.4 Type of Turkish Holiday Product Sold by Tour Operators



Total greater than 66 because of multiple sales.

Number of total valid response = 66(100%)

Table 6.7 Type of Sales

	Summer Sun Holidays ^a		Winter Holidays		Short Breaks		Special Interest Tours		Sailing and Cruising		Whole Year Round ^b		Total *
	n	%	n	%	n	%	n	%	n	%	n	%	
Yes	48	72.7	2	3.0	26	39.4	36	54.5	3	4.5	25	37.9	156
No	18	27.3	64	97.0	40	60.6	30	45.5	63	95.5	41	62.1	240
Total	66	100.0	66	100.0	66	100.0	66	100.0	66	100.0	66	100.0	396

* Total greater than 66 because of multiple sales.

^a $\chi^2(1, n=48)=13.636, p<.01$

^b $\chi^2(1, n=41)= 3.879, p<.05$

Table 6.8 Distribution of Tour Operators' Sales with Turkey by Months

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	March-November	6	9.1	13.6	13.6
	April-October	17	25.8	38.6	52.3
	May-October	19	28.8	43.2	95.5
	May-July	1	1.5	2.3	97.7
	June-September	1	1.5	2.3	100.0
	Total	44	66.7	100.0	
Missing	Missing value	18	25.8		
	Not applicable	4	7.6		
	Total	22	33.3		
TOTAL		66	100.0		

Table 6.9 The Importance of Turkey to Tour Operators

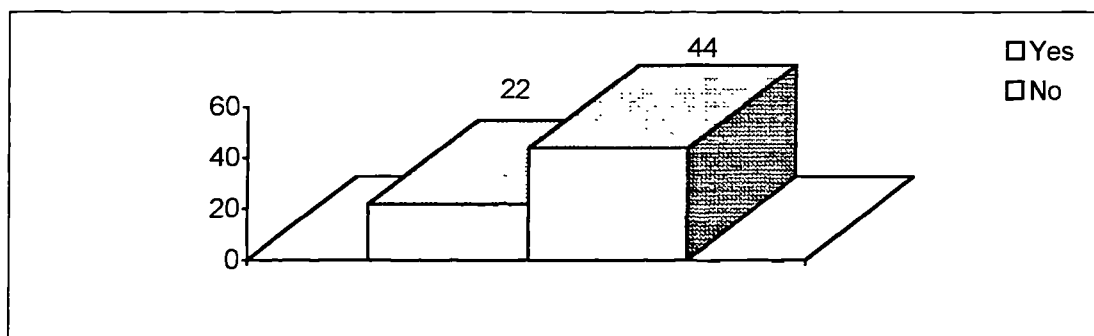
	Frequency	Percent	Cumulative Percent
Not Important	4	6.1	6.1
Little Important	7	10.6	16.7
Moderate	17	25.8	42.4
Important	10	15.2	57.6
Extremely Important	28	42.4	100.0
Total	66	100.0	

$\chi^2(4, n=66)=27.788, p<.01$

Table 6.10 Tour Operating Companies' Total Business Proportion from Turkey

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 10%	10	15.2	15.4	15.4
	10-15%	6	9.1	9.2	24.6
	16-20%	9	13.6	13.8	38.5
	21-25%	9	13.6	13.8	52.3
	26-30%	4	6.1	6.2	58.5
	31-35%	5	7.6	7.7	66.2
	36-40%	3	4.5	4.6	70.8
	41% and over	19	28.8	29.2	100.0
	Total	65	98.5	100.0	
Missing	Missing value	1	1.5		
	Total	1	1.5		
Total		66	100.0		

Figure 6.5 Number of Tour Operators Selling Turkey in other Developed Countries apart from the UK



Number of total valid response = 65(100%)

Table 6.11 Tour Operators' Current Knowledge about Turkey

LEVEL OF CURRENT KNOWLEDGE	FREQUENCY	PERCENT
Very Little	3	4.5
Little	11	16.7
Moderate	14	21.2
Informed	16	24.2
Very Informed	22	33.3
Total	66	100.0

$\chi^2(4, n=66)=14.758, p<.01$

Table 6.12 Correlation between the Factors of 'Proportion of Business Depends on Turkey' and 'Current Knowledge about Turkey'

		Current Knowledge about Turkey					
		Very Little	Little	Moderate	Informed	Very Informed	Total
Proportion of Business Depends on Turkey	Less than 10%	2	3	3	1	1	10
	10-15%		3	3			6
	16-20%	1	2	3	3		9
	21-25%		1	2	5	1	9
	26-30%		1	2		1	4
	31-35%		1		4		5
	36-40%			1	1	1	3
	41% and over				2	17	
Total	3	11	14	16	21	65	

*Spearman's Rho Correlation (0.737) is significant at .01 level of probability.

Table 6.13 Opinions about Factors that Affect Tour Operators in Selecting Turkey as Part of their Travel Offering

FACTORS	N	Mean	Median	Mode	Standard Deviation	Rank Mean
Turkish people are friendly and hospitable ^a	66	3.86	4.00	3	.93	8
Turkish culture and history are attractive ^b	63	4.05	5.00	5	1.34	5
Turkey as a tourist destination is a safe and secure country ^c	66	2.89	3.00	3	.95	12
Turkey provides adequate information regarding tourism facilities, prices and services ^d	65	3.14	3.00	3	1.03	11
Turkey offers excellent value for money ^e	55	4.60	5.00	5	.85	1
Turkey is an accessible country in the Mediterranean Region ^f	66	3.89	4.00	4	.88	7
Turkey is a country rich in tourism resources ^g	65	3.92	4.00	4	.83	6
Turkey has clean beaches and unspoilt environment in the Mediterranean ^h	66	4.23	5.00	5	1.00	2
The price of local transportation is reasonable ⁱ	59	4.22	4.00	4	.70	3
The price of accommodation services is reasonable ^j	64	3.75	4.00	3	1.01	9
Cost of developing tours to Turkey is reasonable ^k	66	4.09	5.00	5	1.25	4
Airfare to Turkey is reasonable	65	3.48	3.00	3	1.19	10

On a scale of 1 (Strongly disagree) to 5 (Strongly agree).

^a $\chi^2(3, n=66)=12.667, p<.01$

^b $\chi^2(4, n=63)=56.286, p<.01$

^c $\chi^2(4, n=66)=34.758, p<.01$

^d $\chi^2(4, n=65)=24.923, p<.01$

^e $\chi^2(3, n=55)=72.200, p<.01$

^f $\chi^2(4, n=66)=40.212, p<.01$

^g $\chi^2(3, n=65)=19.615, p<.01$

^h $\chi^2(3, n=66)=33.273, p<.01$

ⁱ $\chi^2(2, n=59)=9.253, p<.01$

^j $\chi^2(4, n=64)=30.531, p<.01$

^k $\chi^2(4, n=66)=66.121, p<.01$

^l $\chi^2(4, n=65)=25.385, p<.01$

Table 6.14 Perceived Images of the Turkish Tourism Services

Factors	N	Mean	Median	Mode	Standard Deviation	Rank Mean
The quality of tourism services is excellent ^a	66	3.12	3.00	3	.81	6
The quality of accommodation services is excellent	64	3.22	3.00	4	1.30	5
The quality of tourism facilities is excellent	66	3.45	4.00	2	1.17	3
The quality of restaurants is excellent ^b	62	3.34	3.00	3	.89	5
Service personnel's attitudes are pleasant ^c	64	3.47	3.00	3	.89	2
Arrivals and departures are on time ^d	58	2.95	3.00	3	.85	7
Local transportation is satisfactory ^e	57	3.33	3.00	3	.97	4
Contracting and utilising local transportation is easy ^f	58	2.83	3.00	4	1.08	8
Securing sufficient hotel rooms is easy ^g	65	3.83	4.00	5	1.11	1
Computerisation of information and reservation system is reliable ^h	53	2.60	3.00	3	1.01	9

On a scale of 1 (Strongly disagree) to 5 (Strongly agree)

^a $\chi^2(3, n=66)=28.788, p<.01$

^b $\chi^2(4, n=62)=36.065, p<.01$

^c $\chi^2(4, n=64)=42.875, p<.01$

^d $\chi^2(4, n=58)=51.483, p<.01$

^e $\chi^2(4, n=57)=23.965, p<.01$

^f $\chi^2(4, n=58)=17.345, p<.01$

^g $\chi^2(3, n=65)=11.263, p<.01$

^h $\chi^2(4, n=53)=21.245, p<.01$

Table 6.15 Spearman's Rho Correlations between Years Experience as a Tour Operator, Experience with Turkey, and Factors Affecting Packaging Tours to Turkey, and the Perception of the Turkish Tourism Services

Factors	Number of Years Experience as a Tour Operator	Number of Years Conducting Tours to Turkey
Turkey is a country rich in tourism resources	.330†	.438†
Turkey, as a tourist destination, is a safe and secure country	-.402†	-.295*
Turkey has clean beaches and unspoilt environment in the Mediterranean	-.478†	-.714†
Turkey provides adequate information regarding tourism facilities, prices, and services	.327†	.419†
The quality of tourism facilities is excellent	-.356†	-.278*
The quality of accommodation services is excellent	-.312*	
Cost of developing tours to Turkey is reasonable	.586†	.791†
Airfare to Turkey is reasonable	.336†	.489†
The price of accommodation services is reasonable	.388†	.427†
Securing sufficient hotel rooms is easy	.613†	.735†

† Correlation is significant at .01 level of probability.

* Correlation is significant at .05 level of probability.

Note: Only significant correlations are shown. Factors not significantly correlated with any of these two categories were omitted.

Table 6. 16 Possible Impacts of Internet Purchasers on Tour Operators' Sales with Turkey

Factors	N	Mean	Median	Mode	Standard Deviation
The role of travel intermediaries may tend to diminish	37	2.68	3.00	2	1.18
Internet purchasers can arrange their flights by themselves	32	3.19	3.00	2	1.28
They can arrange their accommodation by themselves ^a	27	1.96	2.00	1	.81
They can arrange their holidays by themselves ^b	29	2.10	2.00	2	.90
They may not know what they are getting	17	4.12	4.00	4	.70
They can only collect information ^c	23	4.52	5.00	5	.67

Strongly disagree⁽¹⁾

Strongly agree⁽⁵⁾

^a $\chi^2(3, n=27)=11.370, p<.01$

^b $\chi^2(4, n=29)=30.138, p<.01$

^c $\chi^2(2, n=23)= 9.478, p<.01$

Table 6.17 Tour Operators' Strength of Relations with Turkish Tourism Organisations

Organisations	Very Weak		Weak		Moderate		Strong		Very Strong		Mean Value
	n	%	n	%	n	%	n	%	n	%	
Ministry of Tourism	17	29.8	15	26.3	12	21.1	6	10.5	7	12.3	2.49
Tourism Office in London	7	11.1	16	25.4	15	23.8	11	17.5	14	22.2	3.14
Turkish Airlines	17	32.7	13	25.0	8	15.4	4	7.7	10	19.2	2.56
Other Private Turkish airline companies	16	45.7	3	8.6	5	14.3	3	8.6	8	22.9	2.54
Local Travel Agencies	4	8.4	10	20.1	17	35.5	8	17.0	9	19.0	3.12
Accommodation Establishments	2	3.4	6	10.2	16	27.2	23	38.8	12	20.4	3.63
Association of Turkish Travel Agencies	21	51.2	6	14.6	8	19.5	2	4.9	4	9.8	2.07
Association of Turkish Hoteliers	19	47.5	7	17.5	6	15.0	6	15.0	2	5.0	2.13

Very weak⁽¹⁾

Very strong⁽⁵⁾

Table 6.18 Frequency of Receiving Funds From the Turkish Tourism Organisations to Promote Turkish Tourism

Organisations	Received in the past				Receiving at the moment			
	Yes		No		Yes		No	
	n	%	n	%	n	%	n	%
Ministry of Tourism	5	7.7	60	92.3	1	1.6	63	98.4
Tourism Office in London	12	18.5	53	81.5	6	9.2	59	90.8
Any Turkish Airline Companies	1	1.5	64	98.5	1	1.5	64	98.5
Association of Turkish Travel Agencies	-	-	65	100.0	-	-	65	100.0
Association of Turkish Hoteliers	-	-	65	100.0	-	-	65	100.0
Hotels in Turkey	2	3.1	63	96.9	1	1.5	64	98.5
Travel Agencies in Turkey	3	4.6	62	95.4	3	4.6	62	95.4

Table 6.19 Tour operators Linked through a Central Reservation System to Tourism Enterprises in the UK and/or in Turkey

	Any UK Airline Companies		Travel Agents in the UK		Multinational Associated Hotels in Turkey		Any Turkish Airline Companies		Locally Owned Accommodation Establishments in Turkey		Tour Operators / Travel Agents in Turkey	
	n	%	n	%	n	%	n	%	n	%	n	%
Yes	20	31.7	15	23.8	4	6.5	7	11.1	2	3.2	2	3.2
No	43	68.3	48	76.2	58	93.5	56	88.9	61	96.8	60	96.8
Total	63	100.0	63	100.0	62	100.0	63	100.0	63	100.0	62	100.0

Table 6.20 Business Arrangements of Tour Operators with Other Tourism Enterprises

	UK Airline Companies		Turkish Airline Companies		Tour Operation/Travel Agency Business in Turkey		Accommodation Establishments in Turkey	
	n	%	n	%	n	%	n	%
Yes	10	15.2	3	4.8	3	4.8	4	6.2
No	56	84.8	60	95.2	63	95.2	61	93.8
Total	66	100.0	63	100.0	66	100.0	65	100.0

Table 6.21 Airlines Most Frequently Used by Tour Operators for their Inclusive Tours to Turkey

Foreign Airlines	N	Turkish Airline Companies	N
Air 2000	13	Istanbul Airlines	7
Air Europe	2	Onur Airlines	5
Air France	1	Pegasus	1
Air UK Leisure	8	Sunway	1
Airtours	2	Turkish Airlines	15
Airworld	1	Turkish Cyprus Airlines	3
Britannia Airlines	4	Sub-Total	32
British Airways	27		
British Midland	3		
Caledonian	14		
Flying Colours	1		
Monarch	9		
Peach	1		
Vanas	1		
Sub-Total	87	Grand Total	119

* Total greater than 63 because of multiple response.

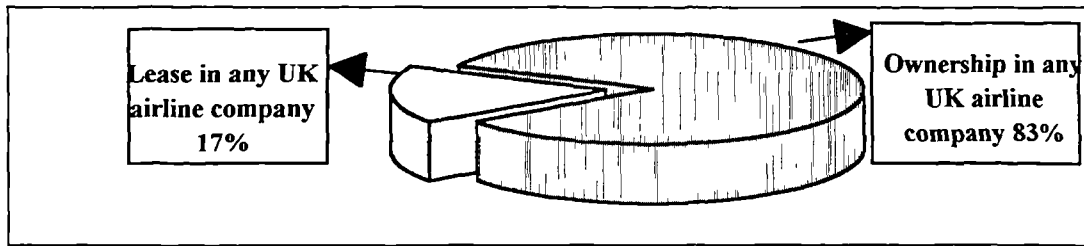
† 52% of Turkish Airlines belongs to public sector, 48% belongs to private sector.

Number of total valid response = 63(100%)

Table 6.22 Relative Share of Charter and Scheduled Flights Tour operators Used to Turkey in 1996

		Share of Charter Flights			Share of Scheduled Flights		
		Frequency	Percent	Valid Percent	Frequency	Percent	Valid Percent
Valid	Less than 25%	4	6.1	8.5	11	16.7	23.9
	25-50%	10	15.2	21.3	8	12.1	17.4
	51-75%	2	3.0	4.3	4	6.1	8.7
	76-100%	11	16.7	23.4	4	6.1	8.7
	Sub-Total	27	41.0	57.5	27	41.0	58.7
	100%	20	30.3	42.6	19	28.8	41.3
	Total	47	71.2	100.0	46	69.7	100.0
Missing	Not applicable	19	28.8		20	30.3	
	Total	19	28.8		20	30.3	
TOTAL		66			66	100.0	
Goodness-of-fit test		21.191 significant at p<.01 df (4)			16.826 significant at p<.01 df (4)		

Figure 6.6 Type of Business Arrangements with any UK Airline Company



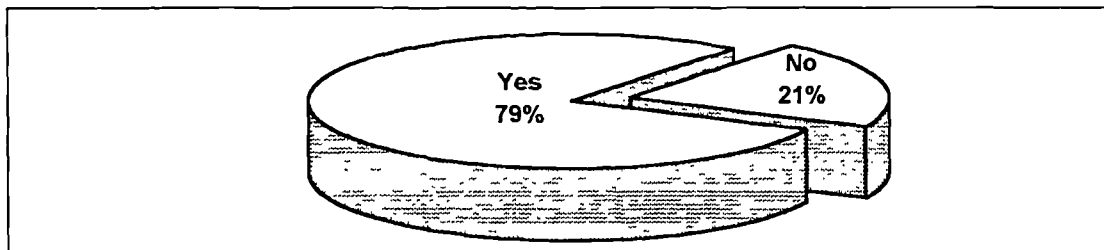
Total greater than 10 because of multiple response

Number of total valid response = 10(100%)

Table 6.23 The Turkish Airline Companies in which Tour Operators have Stakes

		FREQUENCY	PERCENT
Valid	ISTANBUL AIRLINES	1	1.6
	ONUR AIR	1	1.6
	SUNWAY	1	1.6
	TOTAL	3	4.8
Missing	Not applicable	60	95.2
Total		63	100.0

Figure 6.7 Tour operators who Take Assistance from the Locally Owned Tour Operators/ Travel Agencies in Turkey



Number of total valid response = 66(100%)

Table 6.24 Type of Assistance from the Local Tour Operators/Travel Agencies in Turkey

TYPE OF ASSISTANCE		YES	NO	TOTAL
Transfers ^a	n	49	3	52
	%	94.2	5.8	100.0
Local Transportation ^b	n	42	10	52
	%	80.8	19.2	100.0
Guidance to Tourists in the Destination ^c	n	44	6	50
	%	88.0	12.0	100.0
Dealing with Complaints of Tourists in the Destination ^d	n	10	40	50
	%	20.0	80.0	100.0
Arranging Sightseeing Tours ^e	n	43	7	50
	%	86.0	14.0	100.0
Arranging Accommodation Facilities ^f	n	16	32	48
	%	33.3	66.7	100.0
Negotiating with Accommodation Establishments	n	19	32	51
	%	37.3	62.7	100.0
Arranging Entertainment for Tourists	n	29	21	50
	%	58.0	42.0	100.0

^a $\chi^2(1, n=49)=40.962, p<.01$

^b $\chi^2(1, n=42)=19.692, p<.01$

^c $\chi^2(1, n=44)=28.880, p<.01$

^d $\chi^2(1, n=10)=18.000, p<.01$

^e $\chi^2(1, n=43)=25.920, p<.01$

^f $\chi^2(1, n=16)= 5.333, p<.01$

Table 6.25 Type of Negotiation with the Accommodation Establishments in Turkey

TYPE OF ASSISTANCE		YES	NO	TOTAL
Direct Contact with Each Accommodation Establishment in Turkey	n	38	26	64
	%	59.4	40.6	100.0
Through Association of Turkish Travel Agencies	n	8	55	63
	%	12.7	87.3	100.0
Through Association of Turkish Hoteliers	n	2	61	63
	%	3.2	96.8	100.0
Through Turkish Travel Agencies	n	34	30	64
	%	53.1	46.9	100.0

Table 6.26 Factors Affecting Tour Operators in Selecting the Accommodation Establishments

	N	Mean	Median	Mode	Std. Deviation
Level of Prices Offered ^a	60	4.12	4.00	4	.98
Quality of Services Offered ^b	62	4.47	5.00	5	.67
Scale of Hotel ^c	49	3.35	3.00	3	.95
Availability of Recreational Facilities	52	2.92	3.00	3	1.22
Availability of Entertainment Facilities ^d	53	2.60	3.00	3	1.10
Accessibility to Clean Beaches ^e	58	3.90	4.00	5	1.15
Accessibility to Shopping Facilities ^f	52	3.00	3.00	4	1.17
Accessibility to Cultural and Historical Attractions ^g	49	3.61	4.00	4	1.06

Very Little (1)

Very Much (5)

^a $\chi^2(3, n=60)=27.733, p<.01$

^b $\chi^2(2, n=62)=20.355, p<.01$

^c $\chi^2(4, n=49)=24.766, p<.01$

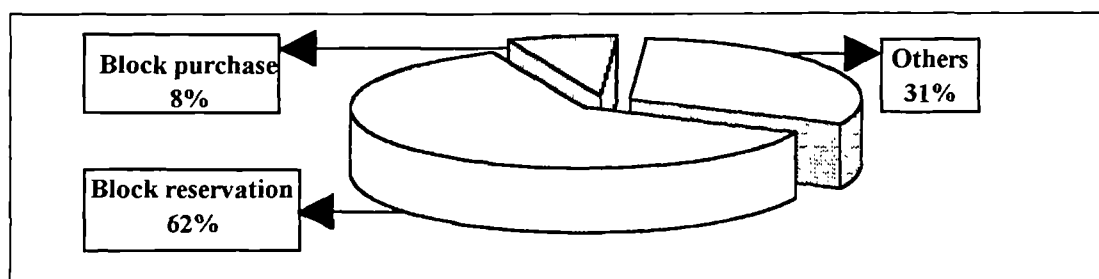
^d $\chi^2(4, n=53)=17.849, p<.01$

^e $\chi^2(4, n=58)=24.241, p<.01$

^f $\chi^2(4, n=52)=13.962, p<.01$

^g $\chi^2(4, n=49)=21.714, p<.01$

Figure 6.8 Type of Contracts with the Accommodation Establishments in Turkey



Number of total valid response = 65(100%)

Table 6.27 Length of Contracts with the Accommodation Establishments

	Short-term		Medium Term		Long-term		Total
	n	%	n	%	n	%	n
Yes	48	78.7	10	19.2	5	11.1	63
No	13	21.3	42	80.8	40	88.9	95
Total	61	100.0	52	100.0	45	100.0	158

Table 6.28 Type of Accommodation Establishments which Tour Operators Utilise in their Holiday Arrangements to Turkey

TYPE OF ACCOMMODATIONS		Yes	No	Total
Multinational Accommodation Establishments ^{a (1)}	n	18	45	63
	%	26.6%	71.4%	100%
Locally Owned Large Scale Luxury Accommodation Establishments ^b	n	39	24	63
	%	61.9%	38.1%	100%
Locally Owned Medium-Sized Accommodation Establishments ^{c (2)}	n	54	9	63
	%	85.7%	14.3%	100%
Locally Owned Simple Style Accommodation Establishments ^d	n	31	32	63
	%	49.2%	50.8%	100%
TOTAL *	N	142	110	252

* Total greater than 63 due to the multiple response.

^a Multinational involvement refers to any foreign involvement - ownership, management contracts, franchising, and leasing.

^b Large scale refers to five and four-star hotels, and first and second class holiday villages.

^c Medium size refers to two and three-star hotels.

^d Simple style refers to one star hotels and family owned small accommodations, particularly boarding houses and apart hotels.

(1) $\chi^2(1, n=18)=11.571, p<.01$

(2) $\chi^2(1, n=54)=32.143, p<.01$

Table 6.29 Type of Accommodations with which Tour Operators Face Difficulties in their Relations

TYPE OF ACCOMMODATIONS		Yes	No	Total
With Multinational Accommodation Establishments	n	1	17	18
	%	5.6%	94.4%	100%
With Locally Owned Large Scale Luxury Accommodation Establishments	n	4	35	39
	%	10.3%	89.7%	100%
With Locally Owned Medium-Sized Accommodation Establishments	n	21	33	54
	%	38.9%	61.1%	100%
With Locally Owned Simple Style Accommodation Establishments	n	17	9	26
	%	65.4%	34.6%	100%

Appendix 15 Tables and Figures: Accommodation Sub-Sector Survey Results as Output of SPSS

Table 6.30 Type of the Accommodation Establishments

		LOCATION				TOTAL	
		RESORT		CITY			
I N D E P E N D E N T	Type of Accommodation	Multinational Associated	Locally Owned	Multinational Associated	Locally Owned		
	P	Stratum 1	Four-star Hotel	-	5	-	6
Five-star Hotel			-	2	-	2	4
Holiday Village			-	4	-	-	4
E	Stratum 2	Three-star Hotel	-	24	-	15	39
N	Stratum 3	One-star Hotel	-	13	-	-	13
		Two-star Hotel	-	39	-	-	39
E	Stratum 4	Apart Hotel	-	8	-	-	8
		Boarding House	-	13	-	-	13
T	Total		108		23	131	
G R O U P	Stratum 1	Four-star Hotel	1	9	5	8	23
		Five-star Hotel	2	6	7	9	24
		Holiday Village	5	2	-	-	7
O	Stratum 2	Three-star Hotel	-	11	-	6	17
U P	Stratum 3	One-star Hotel	-	-	-	-	-
		Two-star Hotel	-	-	-	-	-
P	Stratum 4	Apart Hotel	-	1	-	-	1
		Boarding House	-	-	-	-	-
	Total	8	29	12	23	72	
GRAND TOTAL		8	137	12	46	203	

Figure 6.9 Branches of the Accommodation Establishments which are Part of a Group

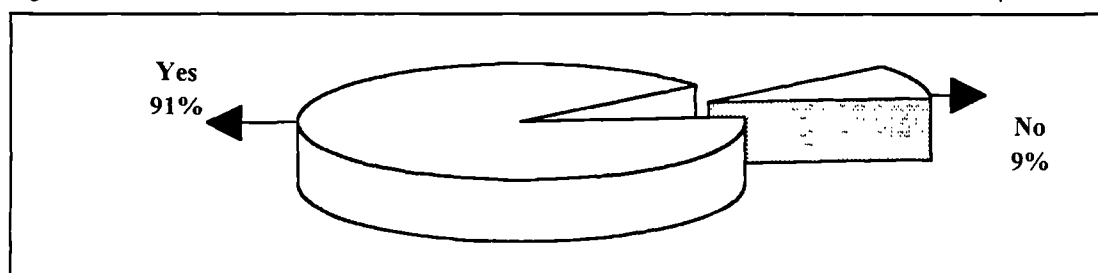


Table 6.31 Number of Branches

	Frequency (n)	Percent (%)
Less than 5	49	72.06
5-10	16	23.53
More than 10	3	4.42
Total	68	100.0

Table 6.32 Number of Beds

		LOCATION		Total
		Resort	City	
Valid	Less than 50	31	-	31
	51-100	37	8	45
	101-200	32	16	48
	201-300	14	11	25
	301-400	8	7	15
	401-500	6	4	10
	501 and over	17	10	27
	Total	145	56	201
Missing	Missing value	-	2	2
TOTAL		145	58	203

Table 6.33 Number of Employees

		LOCATION		Total
		Resort	City	
Valid	Less than 25	49	-	49
	26-50	23	9	32
	51-75	8	11	19
	76-100	8	6	14
	101-125	7	2	9
	126-150	8	4	12
	151-175	13	3	16
	176-200	2	2	4
	201-225	7	4	11
	226 and over	8	13	21
	Total	133	54	187
Missing	Missing value	12	4	16
TOTAL		145	58	203

Table 6.34 Times of the Year the Establishments are Open to Business

	LOCATION		Total
	Resort	City	
Summer	109	-	109
Whole Year Around	36	58	94
TOTAL	145	58	203

Table 6.35 Months of Summer in which the Establishments in the Resorts are Open to Business

Months	Frequency
Between the beginning of MARCH and the end of NOVEMBER	5
Between the beginning of APRIL and the end of OCTOBER	66
Between the beginning of MAY and the end of OCTOBER	26
Sub-total	97
Missing	12
TOTAL	109

Table 6.36 Average Occupancy Rate in 1996

		LOCATION		Total
		Resort	City	
Summer	26%-50%	-	-	-
	51%-75%	45	3	48
	76%-100%	80	4	84
Winter	Less than 25%	22	-	22
	26%-50%	-	-	-
	51%-75%	-	2	2
	76%-100%	-	5	5
Whole Year Around	26%-50%	7	-	7
	51%-75%	21	32	53
	76%-100%	5	22	27

Table 6.37 Share of Inclusive Tours and Independent Travellers

			LOCATION		
			Resort	City	Total
D O M E S T I C	INCLUSIVE TOURS	Less than 10	22	-	22
	INDEPENDENT TRAVELLERS	Less than 10	16	-	16
		10% - 20%	55	17	72
		21% - 30%	-	12	12
		31% - 40%	-	17	17
		41% - 50%	-	8	8
I N T E R N A T I O N A L	INCLUSIVE TOURS	Less than 10	-	2	8
		10% - 20%	-	10	10
		21% - 30%	-	26	26
		31% - 40%	2	6	8
		41% - 50%	5	8	13
		51% - 60%	12	4	16
		61% - 70%	13	-	13
		71% - 80%	21	-	21
		81% - 90%	19	-	19
		91% - 100%	72	-	72
	INDEPENDENT TRAVELLERS	Less than 10	43	2	45
		10% - 20%	3	4	7
		21% - 30%	-	9	9
		31% - 40%	-	15	15
		41% - 50%	-	14	14
		61% - 70%	-	12	12

Table 6.38 Average Night Spent by Inclusive Groups and Independent Travellers

		LOCATION		
		Resort	City	Total
INCLUSIVE GROUPS	Less than 5 days	-	56	56
	5 to 10 days	20	-	20
	11 to 15 days	122	-	122
Total		142	56	198
INDEPENDENT TRAVELLERS	Less than 5 days	46	47	93
	5 to 10 days	29	9	38
	Total	55	56	111

Figure 6.10 Business Involvement in Other Sectors of the Economy

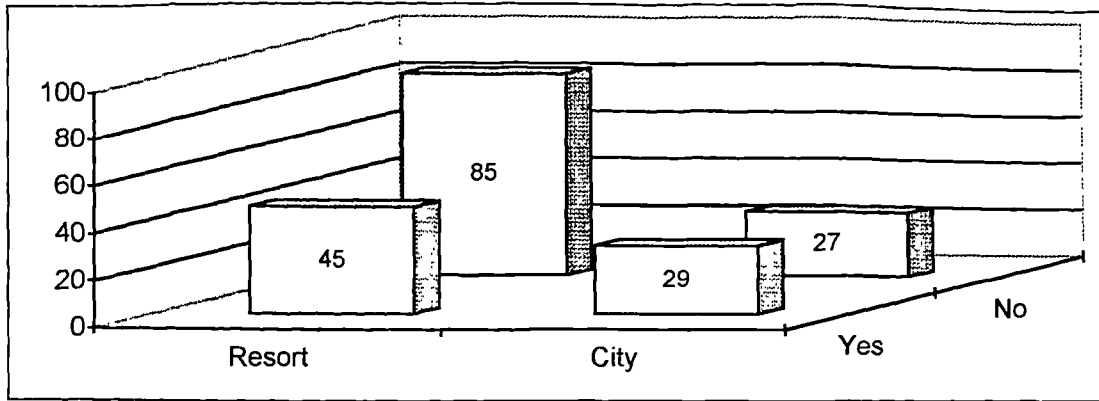


Table 6.39 Name of the Sectors in which Respondents have Stakes

SECTORS	LOCATION		Total
	Resort	City	
Construction	18	14	32
Mining	1	2	3
Textile	7	5	12
Electronic	2	3	5
Chemical Production	-	2	2
Agriculture	2	-	2
Banking and Finance	4	2	6
Telecommunication	6	1	7
Petroleum	2	-	2
Media	2	-	2
Transportation	1	-	1
TOTAL	45	29	74

Figure 6.11 Number of Establishments which are Members of the Association of Turkish Hoteliers

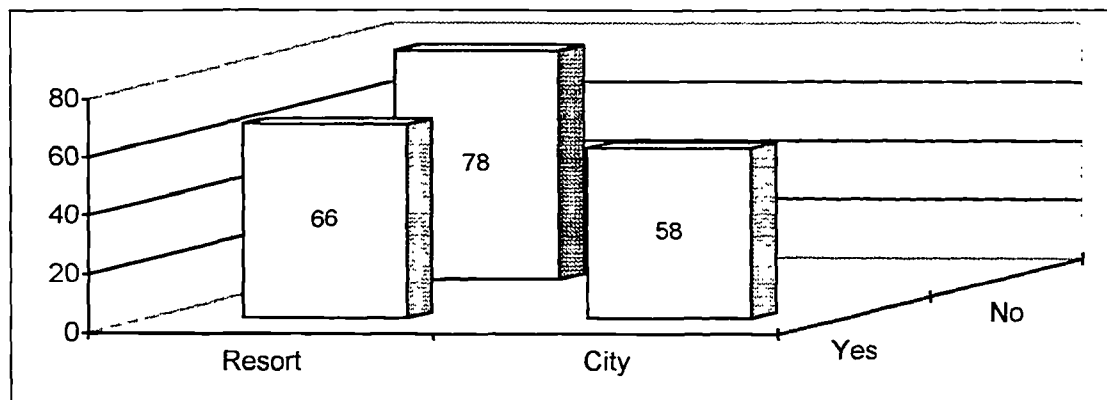


Table 6.40 Type of Services Received from the Association of Turkish Hoteliers

	Type of Services	Yes	No
Resort	Technical assistance	-	61
	Legal and taxation advice	-	57
	Research and staff training	22	40
	Assistance for bargaining with foreign tour operators over prices and associated conditions	-	62
City	Technical assistance	-	41
	Legal and taxation advice	7	41
	Research and staff training	26	22
	Assistance for bargaining with foreign tour operators over prices and associated conditions	-	48

Table 6.41 Accommodation Establishments' Strength of Relations with the Other Tourism Organisations in Turkey

	Resort					City				
	N	Mean	Mode	Median	Std. Deviation	N	Mean	Mode	Median	Std. Deviation
Ministry of Tourism	140	2.84	3	3	1.02	56	3.52	3	3	0.83
Travel Agencies in Turkey	119	2.91	3	2	1.26	56	3.87	4	4	1.13
Association of Turkish Hoteliers	86	2.27	2	2	0.95	53	2.94	3	3	1.10
Accommodation Establishments in the neighbourhood	145	2.75	3	3	0.82	54	3.15	3	3	0.86
Turkish Airlines	69	1.88	2	1	1.01	46	2.61	2	2	1.24
Private Turkish Airline Companies	63	1.54	1	1	0.93	41	2.27	2	1	1.30

Very Weak (1)

Very Strong (5)

Table 6.42 Distribution of Resort Accommodations' Strength of Relations with the Other Tourism Organisations in Turkey by Type and Class

	STRATA									
	Stratum One		Stratum Two		Stratum Three		Stratum Four		Total	
	Mean	Std.Dev.	Mean	Std.Dev.	Mean	Std.Dev.	Mean	Std.Dev.	Mean	Std.Dev.
Ministry of Tourism	3.46	1.09	2.97	0.98	2.52	0.84	2.35	0.81	2.84	1.02
Travel Agencies in Turkey	3.91	1.08	3.27	1.11	1.85	0.69	2.79	0.89	2.91	1.26
Association of Turkish Hoteliers	2.66	0.87	2.30	0.95	1.54	0.52	1.20	0.45	2.27	0.95
Accommodation Establishments in the neighbourhood	2.81	0.82	2.94	0.97	2.62	0.66	2.68	0.89	2.75	0.82
Turkish Airlines	2.28	1.13	1.91	1.14	1.40	0.50	2.00	1.15	1.88	1.01
Private Turkish Airline Companies	1.87	0.95	2.00	1.50	1.00	0.00	1.50	0.76	1.54	0.93

Very Weak (1)

Very Strong (5)

Table 6.43 Distribution of City Accommodations' Strength of Relations with the Other Tourism Organisations in Turkey by Type and Class

	STRATA					
	Stratum One		Stratum Two		Total	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
Ministry of Tourism	3.63	0.84	3.33	0.80	3.52	0.83
Travel Agencies in Turkey	3.83	1.29	3.95	0.80	3.87	1.13
Association of Turkish Hoteliers	3.09	1.25	2.71	0.78	2.94	1.10
Accommodation Establishments in the neighbourhood	3.21	0.93	3.05	0.74	3.15	0.86
Turkish Airlines	3.04	1.35	1.94	0.64	2.61	1.24
Private Turkish Airline Companies	2.59	1.31	1.64	1.08	2.27	1.30

Very Weak (1)

Very Strong (5)

Table 6.44 Business Involvement of the Accommodation Establishments in Airline and Tour Operation/Travel Agency Business in Turkey

L O C A T I O N	RESORT	Stratum One Stratum Two Stratum Three Stratum Four	IN AIRLINE BUSINESS		IN TOUR OPERATION/TRAVEL AGENCY BUSINESS	
			Yes	No	Yes	No
			1	35	6	30
2	33	3	32			
-	52	-	52			
-	21	-	21			
TOTAL			3	141	9	135
CITY	Stratum One Stratum Two	1	35	3	33	
		1	20	1	20	
		2	55	4	53	

Table 6.45 Type of Distribution Channels which Respondents Use in order to Reach International Tourist Markets

	Location					
	Resort			City		
	By Direct Sell	Through Travel Agents in Turkey	Through Foreign Tour Operators	By Direct Sell	Through Travel Agents in Turkey	Through Foreign Tour Operators
Yes, we do	17	56	145	52	52	58
It is possible, but we do not	50	81	-	-	-	-
It is impossible for us	66	-	-	-	-	-
Total	133	137	145	52	52	58

Table 6.46 Type of Contact with the International Tourist Markets by Type of Accommodation in the Resort Areas

RESORT		STRATA				
		One	Two	Three	Four	Total
By direct selling ⁽¹⁾	Yes, we do	12	5	-	-	17
	It is possible, but we do not	17	13	13	7	50
	It is impossible	5	14	32	15	66
	Total	34	32	45	22	133
Through travel agencies in Turkey ⁽²⁾	Yes, we do	26	20	5	5	56
	It is possible, but we do not	10	12	42	17	81
	Total	36	32	47	22	137
Through foreign tour operators ⁽³⁾	Yes, we do	36	35	52	22	145
	Total	36	35	52	22	145

⁽¹⁾ Chi-Square 39.109 significant at $p < .01$

⁽²⁾ Chi-Square 41.608 significant at $p < .05$

⁽³⁾ Figures are constant

Table 6.47 The Use of Computerised Reservation Systems by Respondents

			Accommodation Establishments are Linked to	Yes	No
L O C A T I O N	RESORT	Stratum One	Foreign airlines	6	28
			Foreign tour operators	3	31
			Foreign travel agencies	2	32
			Multinational hotels in generating countries	8	26
			Travel agencies in Turkey	2	32
			Booking agencies	3	31
	CITY	Stratum One	Foreign airline companies	8	27
			Foreign tour operators	5	30
			Foreign travel agencies	7	28
			Multinational hotels in generating countries	30	5
			Travel agencies in Turkey	5	30
			Booking agencies	15	20

Table 6.48 Number of Respondent Establishments Connected to the Internet

	Location					
	Resort				City	
	Strata				Strata	
	One	Two	Three	Four	One	Two
Connected to Internet	23	13	-	-	30	12
Not connected to Internet, but do have some knowledge	13	12	20	7	7	6
Not connected to Internet and do not have any knowledge	-	10	31	15	-	3
Total	36	35	51	22	37	21

Table 6.49 Number of Respondents who have World Wide Web (WWW) in order to Receive Electronic Reservations.

	Location			
	Resort		City	
	Stratum One	Stratum Two	Stratum One	Stratum Two
Have WWW	2	2	19	5
Do not have WWW	21	12	11	5
Total	23	13	30	10

Table 6.50 Opinions of the Respondents about the Internet Related Factors

		Expensive for us	Internet purchasers are limited	Customers require more information	It may not be as effective as travel intermediaries	It cannot guarantee our sales	Arrangements of the transfers
RESORT							
Stratum One	N	18	32	33	34	34	-
	Mean	1.94	2.84	3.24	3.76	4.00	-
	Std. Deviation	1.06	0.92	0.79	0.65	0.70	-
Stratum Two	N	8	15	18	19	17	7
	Mean	2.63	3.33	3.56	4.00	4.05	3.57
	Std. Deviation	0.52	0.82	0.92	0.47	0.63	1.27
Stratum Three	N	14	17	18	19	19	11
	Mean	3.29	3.12	3.56	4.11	4.32	4.18
	Std. Deviation	0.73	0.60	0.62	0.57	0.58	0.75
Stratum Four	N	6	5	5	6	6	4
	Mean	3.67	3.00	3.80	4.50	4.67	4.75
	Std. Deviation	0.82	1.00	1.30	0.55	0.52	0.50
Total	N	46	69	74	78	76	22
	Mean	2.70	3.01	3.43	3.96	4.14	4.09
	Std. Deviation	1.07	0.84	0.83	0.61	0.66	0.97
CITY							
Stratum One	N	4	16	16	15	15	-
	Mean	1.75	3.44	3.62	3.13	3.20	-
	Std. Deviation	0.50	0.81	0.72	0.52	0.68	-
Stratum Two	N	9	12	12	11	12	-
	Mean	2.44	3.58	3.50	3.64	3.33	-
	Std. Deviation	0.53	0.90	0.67	0.50	0.49	-
Total	N	13	28	28	26	27	-
	Mean	2.23	3.50	3.57	3.35	3.26	-
	Std. Deviation	0.60	0.84	0.69	0.56	0.59	-

Very Little (1) Very Great Extent (5)

Table 6.51 Distribution of Tour Operators' Country of Origin

	Strata	Country of Origin of the Tour Operating Companies with which Respondent Accommodation Establishments Have Contracts							
		British	French	German	Italian	Scandinavian	Spanish	Others *	Total **
Resorts	One	24	27	29	9	8	7	3	107
	Two	31	17	12	4	2	-	2	68
	Three	52	5	-	-	-	-	-	57
	Four	22	-	-	-	-	-	-	22
	Total	129	49	41	13	10	7	5	254
City	One	9	20	18	5	6	5	11	74
	Two	7	18	17	1	3	2	4	52
	Total	14	30	31	3	6	5	11	126

* Austrian, Belgian, and Israeli.

** Total greater than number of respondents because of multiplier responses.

Table 6.52 Number of Respondents who Contracts Only One Particular Tour Operator

	Resort					City	
	One	Two	Three	Four	Total	One	Two
Number of Respondents who contracts only one particular foreign tour operator	8	10	47	22	87	nil	nil

Table 6.53 Name of the Tour Operators on which Respondent Resort Accommodations' Solely Depend

Names of the Tour Operators	Resort				
	One	Two	Three	Four	Total
Accor/Jet Tour	2	-	-	-	2
Airtours	-	4	4	-	8
Club Mediterranean	2	-	-	-	2
Cosmos	-	4	5	4	13
First Choice	-	-	15	8	23
Inspirations	-	-	5	2	7
Sunquest	-	2	9	4	15
Sunworld	-	-	6	4	10
Thomson	-	-	3	-	3
TUI	4	-	-	-	4
TOTAL	8	10	47	22	87

Table 6.54 Number of Respondents who Encounter Problems in their Relations with Foreign Tour Operators

	RESORT					CITY		
	One	Two	Three	Four	Total	One	Two	Total
Yes	21	34	52	22	129	7	14	21
No	15	1	-	-	16	30	7	37
Total	36	35	52	22	145	37	21	58

Chi-Square 45.972 significant p<0.01

Chi-Square 13.223 significant p<0.01

Table 6.55 Type of Problems Most Frequently Encountered by Respondents

	RESORT					CITY				
	N	Mean	Median	Mode	Std. Deviation	N	Mean	Median	Mode	Std. Deviation
Cancellation of reservations	113	3.19	3.00	3.00	0.81	21	2.54	3.00	3.00	1.09
Delaying the payments ^a	126	3.60	4.00	3.00	1.07	21	3.86	4.00	4.00	0.73
Pressure to accept low prices ^b	129	4.11	4.00	5.00	0.99	21	2.43	3.00	3.00	0.75
They cause artificial price competition among the hoteliers ^c	129	4.02	4.00	5.00	1.13	21	2.71	3.00	3.00	0.64
Reduction on the agreed number of rooms	118	3.40	4.00	4.00	0.99	20	2.84	3.00	2.00	1.37
Their requests for more complimentary rooms ^d	65	1.78	1.00	1.00	1.07	19	3.37	3.00	3.00	0.76
Last minute reservations ^f	116	3.94	4.00	4.00	0.78	-	-	-	-	-

Very Little (1)

Very Great Extent (5)

Resort	City
^a $\chi^2(4, n=126)=28.788, p<.01$	^d $\chi^2(3, n=19)=28.788, p<.05$
^b $\chi^2(4, n=129)=28.788, p<.01$	
^c $\chi^2(4, n=129)=28.788, p<.01$	
^e $\chi^2(3, n=65)=28.788, p<.01$	
^f $\chi^2(3, n=116)=28.788, p<.01$	

Table 6.56 Number of Respondents Indicates that Prices are not at the Actual Price Level

	Resort					City		
	Strata					Strata		
	One	Two	Three	Four	Total	One	Two	Total
Our prices are not below the actual price levels	15	1	0	0	16	28	6	34
Our prices are below the actual price levels	21	34	52	22	129	7	13	20
Total	36	35	52	22	145	35	19	54

Table 6.57 Level of Percent by which the Level of Prices are Lower as Indicated by the Respondent Accommodation Establishments

	Resort					City		
	Strata					Strata		
	One	Two	Three	Four	Total	One	Two	Total
Less than 10%	3	0	0	0	3	1	0	1
10%-20%	10	7	2	1	20	3	3	6
21%-30%	5	15	8	4	32	1	6	7
31%-40%	1	7	12	2	22	1	4	5
41%-50%	1	1	9	6	17	0	-	-
51% and over	1	3	16	9	29	0	0	0
Total	21	33	47	22	123	6	13	19

Table 6.58 Spearman's Rho Correlation Coefficients between the Types of Problem and Type of Accommodations

Type of Problems	RESORT
	Strata
Delaying the payments	.335†
Pressure to accept low prices	.599†
They cause artificial price competition among the hoteliers	.493†
Their requests for more complimentary rooms	-.344†

† Correlation is significant at .01 level of probability.

Note: Only significant correlations are shown. Factors not significantly correlated were omitted.

Table 6.59 Factors that Force Respondent Accommodation Establishments to Offer Low Price Rates

Factors	RESORT					CITY				
	N	Mean	Median	Mode	Std. Dev.	N	Mean	Median	Mode	Std. Dev.
The threats of the foreign tour operators to direct the demand to alternative establishments in this destination ^a	124	3.94	4.00	4.00	0.83	20	1.65	2.00	2.00	0.49
The threats of the foreign tour operators to direct the tourism demand to alternative destinations ^b	116	3.16	3.00	3.00	1.26	13	2.77	3.00	2.00	1.17
They guarantee to increase our occupancy rate ^c	123	3.97	4.00	5.00	0.92	15	2.53	3.00	3.00	0.52
The lack of service quality ^d	120	2.77	3.00	3.00	1.01	21	3.00	3.00	3.00	0.84
The lack of international standards ^e	115	3.48	4.00	4.00	1.05	21	3.00	3.00	3.00	0.63
The financial difficulties faced because of the credit payments	121	3.78	4.00	4.00	0.65	18	2.50	2.00	1.00	1.26
The scale of our business ^f	115	3.50	4.00	4.00	1.28	14	1.79	2.00	2.00	0.43
The lack of co-operation among the providers of the accommodation services ^g	123	3.99	4.00	4.00	0.81	13	2.77	3.00	3.00	1.36
Otherwise, it is difficult to reach international tourist markets ^h	109	4.07	4.00	4.00	0.74	15	2.33	3.00	3.00	0.82

Very Little (1)

Very Great Extent (5)

Resort	City
^a $\chi^2(4, n=124)=82.180, p<.01$ ^b $\chi^2(4, n=116)=24.449, p<.01$ ^c $\chi^2(3, n=123)=32.689, p<.01$ ^d $\chi^2(4, n=120)=34.180, p<.01$ ^e $\chi^2(4, n=115)=46.690, p<.05$ ^f $\chi^2(4, n=115)=12.902, p<.05$ ^g $\chi^2(4, n=123)=81.521, p<.01$ ^h $\chi^2(4, n=109)=34.073, p<.01$	^h $\chi^2(3, n=15)=12.667, p<.01$

Table 6.60 Spearman's Rho Correlation Coefficients between the Factors that Cause to Accept Low Price Rates and Type of Accommodation

Factors that Cause to Accept Low Price Rates	RESORT
	Strata
The threats of the foreign tour operators to direct the demand to alternative establishments in this destination	.540†
The threats of the foreign tour operators to direct the tourism demand to alternative destinations	.192*
The lack of service quality	.231*
The financial difficulties faced because of the credit payments	-.193*
The scale of our business	.480†
The lack of co-operation among the providers of the accommodation services	.526†
Otherwise, it is difficult to reach international tourist markets	.455†

† Correlation is significant at .01 level of probability.

* Correlation is significant at .05 level of probability.

Note: Only significant correlations are shown. Factors not significantly correlated were omitted.

Table 6.61 Spearman's Rho Correlation Coefficients between the Factors that Cause to Accept Low Price Rates and Problems Related to Prices (Resorts)

Factors that Cause to Accept Low Price Rates	RESORT ACCOMMODATIONS	
	Pressure to accept low price rates	They cause artificial price competition among the hoteliers
The threats of the foreign tour operators to direct the demand to alternative establishments in this destination	.673†	.467†
The threats of the foreign tour operators to direct the tourism demand to alternative destinations	.319†	-
They guarantee to increase our occupancy rate	.363†	-
The lack of service quality	.259†	.216*
The lack of international standards	.226*	.219*
The scale of our business	.444†	.496†
The lack of co-operation among the providers of the accommodation services	.597†	.366†
Otherwise, it is difficult to reach international tourist markets	.644†	.521†

† Correlation is significant at .01 level of probability.

* Correlation is significant at .05 level of probability.

Note: Only significant correlations are shown. Factors not significantly correlated were omitted.

Table 6.62 Spearman's Rho Correlation Coefficients between the Factors that Cause to Accept Low Price Rates and Problems Related to Prices (City)

Factors that Cause to Accept Low Price Rates	CITY ACCOMMODATIONS	
	Pressure to accept low prices	They cause artificial price competition among the hoteliers
The lack of service quality	.662†	.686†
The lack of international standards	.516*	.590†

† Correlation is significant at .01 level of probability.

* Correlation is significant at .05 level of probability.

Note: Only significant correlations are shown. Factors not significantly correlated were omitted.