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## Regional Spotlight

## Volume or value: A policy decision for Turkey's tourism industry

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## ABSTRACT

Turkey has seen an overall increase in both international tourist arrivals and receipts over the past decade. While this would normally be seen unequivocally as a good news story, the simple facts may be deceiving. Although tourist arrival figures and tourism receipts are still increasing, there has been a decline in the rate of growth of both. Moreover, the rate of growth for tourism receipts has decreased more than the rate of growth for tourist arrivals. If this trend continues, it is likely to create a situation where one could begin to question the future economic sustainability of Turkey's tourism industry. Is this reduction in the rate of growth a sign that Turkey has reached the consolidation stage of the destination life cycle or, even worse, the stagnation stage? This regional spotlight takes a historical look at Turkey's nine 'five-year-development plans' and identifies the factors that have caused the rate of growth of tourism receipts to decline. The paper then focuses on how the 'Tourism Strategy of Turkey – 2023' might assist in slowing down, arresting or even reversing this rate of decline. This regional spotlight provides insight to practitioners and academics on how tourism development policies can directly influence the growth of tourism receipts in mature, mass-market tourist destinations.

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## 1. Introduction

As a transcontinental, Eurasian country, Turkey has been a world-famous and well-known holiday destination since the second half of the 1980s (Guanqun, 2010). It currently ranks among the top 10 tourism destinations worldwide in terms of international tourism arrivals (UNWTO, 2013). As international tourist arrivals are growing worldwide (UNWTO, 2013), many tourism destinations are competing for similar tourist markets and Turkey has been very successful in capturing significant shares of them. Although it can be argued that there are many factors that have contributed to Turkey's success, one that has contributed significantly is arguably the Turkish government's approach to long-term planning.

Following the military coup d'état of 27 May 1960, Turkey moved into a centralized plan development period, as provided for in the 1961 Constitution (Nohutcu, 2002). In 1961, the Turkish government therefore established the State Planning Organization (SPO) with the purpose of securing optimum utilization of national resources and economic growth using Five-Year Development Plans (Nohutcu, 2002). SPO has developed nine such plans since the early 1960s. The first was for the period 1963–1967 (State

Planning Organization, 1963), while the most recent was for the period 2007–2013 (State Planning Organization, 2006). The plans included investment and macroeconomic targets, social goals, and policy recommendations for various subsectors of the economy. Tourism was listed as one of these subsectors and detailed objectives, plans and policies were identified for the development of the tourism industry in each plan. The tourism industry has been emphasized more since the fourth Five-Year Development Plan (State Planning Organization, 1979) and listed among the strategic industries in each plan thereafter (Okumus, Avci, Kilic, & Walls, 2012). In the following section, the roles of each of the nine Five-Year Development Plans in Turkey's tourism development are discussed in turn.

## 2. Nine Five-Year-Development Plans

The first four of the Five-Year Development Plans focused on attracting more tourists through the development of mass tourism (State Planning Organization, 1963, 1968, 1973, 1979). In the exploration, involvement and development stages of the destination life cycle, economic sustainability of the tourism destination is driven by the number (volume) of tourists visiting the destination (Butler, 1980). Overall, it was stated in the development plans that tourism investments should be completed and regularized according to mass-tourism principles. In addition, there was a specific focus in the third Five-Year Development Plan (1973–1978), where

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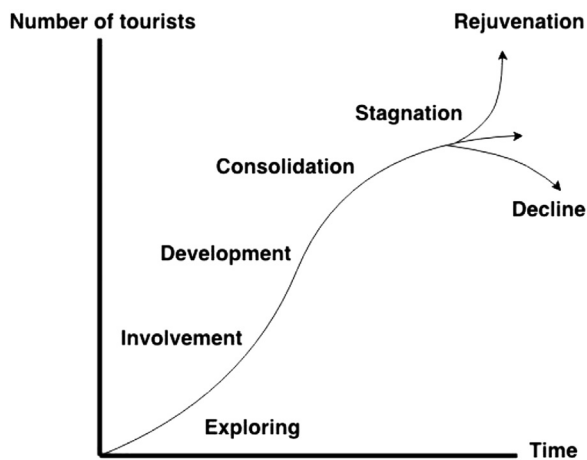


Fig. 1. Tourism destination life-cycle.  
Source: Butler (1980).

it was stated that all tourism promotional activities should be organized in accordance with the principles of mass tourism (State Planning Organization, 1973). Driving towards achieving mass tourism was considered to be the best strategy for Turkey to position its tourism industry in the world as it progressed through the tourism destination life cycle (see Fig. 1).

In the fifth Five-Year Development Plan, even though the development of mass tourism was encouraged, independent tourism was also mentioned, and it was stated that Turkey's historical, cultural, winter, medical, hunting, festival, and youth tourism potential should be considered as forms of product differentiation (State Planning Organization, 1984). In the sixth Five-Year Development Plan, increasing the quality of tourism products as a strategy was emphasized for the first time and it was stated that great importance should be given to increasing the quality of tourism infrastructure and superstructure, as well as to the overall quality of the tourism industry in Turkey (State Planning Organization, 1989). The seventh, eighth and ninth Five-Year Development Plans have since put an emphasis on the extension of the tourism season by creating new types of tourism such as golf, winter, mountain, thermal, health, yachting, cruise, conference, and entertainment tourism (State Planning Organization, 1995, 2000, 2006). However, when all nine Five-Year Development Plans are examined, it can be seen that no specific strategy or objective is mentioned that is intended specifically to increase tourism receipts in Turkey and it should be questioned whether this has ever been a government priority.

### 3. Tourist arrivals and tourism receipts

Table 1 indicates that Turkey's arrival figures and tourism receipts are still growing. However, variations in the rate of growth have needed to be taken into consideration when assessing these numbers.

One way to calculate the fluctuation of the rate of growth is through time-series analysis. A time series is an ordered sequence of values of a variable observed at equal space-time intervals (Fretchling, 2002). The clearest way to examine a regular time series is with a line chart and a trend line. Fig. 2 illustrates the time-series data and trend line (which was determined through excel) of tourist arrivals and tourism receipts for Turkey over the past 10 years. Fig. 2 clearly indicates a decline in the rate of growth for both tourist arrivals and tourism receipts, which raises a major concern for the economic sustainability of the tourism industry in Turkey.

Another concern is that, as can be seen in Table 2, the growth rate for tourism receipts is slowing down faster than the growth rate for tourist arrivals, the coefficient of variation (CV) represents the ratio of the standard deviation to the mean, and is used to enable a fair comparison the degree of variation from one data series to another when their means vary (Shareef & McAleer, 2005). The CV of tourist arrivals is 0.94, while for tourism receipts it is 1.48. This shows that tourism receipts are more volatile than tourist arrivals. It also indicates the fragility of the spending capacity of the typical tourist to the destination (The Dick Pope Sr. Institute for Tourism Studies, 2011). The CV of tourism receipts of Turkey is therefore an indication of a very volatile market environment. The economic condition of Turkey's tourism industry is therefore very unpredictable, with many factors influencing tourist arrivals and tourism receipts, and this in turn makes tourism planning difficult.

Fig. 2 indicates that the growth rate has declined over the past 10 years, which positions Turkey's tourism industry in the consolidation stage of the tourism destination life-cycle as defined by Butler (1980). This is very important to keep in mind when evaluating the current growth rates of tourist arrival figures and the growth rate of tourism receipts, as well as when considering past, current and future destination plans. The tourism industry will tend to stagnate if product differentiation and/or product extension does not take place to arrest or at least slow down the decline (Butler, 1980). Although the decrease in the growth rate of tourist arrival figures raises some concerns, the decrease in the growth rate of tourism receipts can have a major impact on the economic sustainability of Turkey's tourism industry in the long term. It is important, therefore, to consider the factors that have caused the rate of growth of tourism receipts to slow down.

### 4. Factors affecting the decrease of the tourism receipt growth rate

The current decrease in the growth rate of tourism receipts has been attributed to a number of factors, including a heavy reliance on mass tourism, strong seasonality, a low average length of stay of visitors, generally low occupancy rates, and a high dependency on foreign tour operators (Avci, Madanoglu, & Okumus, 2011; Okumus & Kilic, 2004). In addition, inadequate tourism infrastructure, transportation challenges, lack of qualified staff, the lack of a sound marketing strategy, a high percentage of lower-income tourists, terrorism in Turkey, as well as internal conflict and ongoing wars have all been identified as important (Avci et al., 2011). Okumus et al. (2012) identify the heavy reliance on all-inclusive packages, seasonality, the non-differentiation of the tourism product offering as being important, as is the increasing number of quality-conscious tourists who are ever more sensitive to price/quality ratio (Yuksel & Yuksel, 2001). Any of these might have contributed to Turkey's current challenges with regard to tourism receipts.

The all-inclusive package system started in the late 1990s due to economic and social crises and challenges that Turkey faced. The tourism industry was negatively impacted by earthquakes and economic instability, which caused a significant decrease in the number of arrivals, especially in the southern and south-western coastal areas of Turkey where the majority of five-star hotels and first-class holiday villages were located. As hotels and holiday villages received fewer tourists, they started to adopt the all-inclusive package system as a marketing strategy to increase their occupancy rates. This assisted them to avoid economic losses and to gain competitive advantage. Travel agents and tour operators also adopted the all-inclusive package system as it provided

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