

**DEFINING BUSINESS STRATEGY
FOR DEVELOPMENT OF TRAVEL AND TOURISM INDUSTRY**

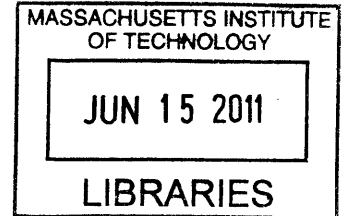
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ABSTRACT

Many studies conducted on Travel and Tourism industry consider tourism an economic phenomenon. Providing a customer-satisfaction-based analysis, this thesis deals with both economic and social aspects. Economic data on tourism are first analyzed. A social model is then developed by examining two different countries, Argentina and Turkey, as case studies. The strategic approach followed in studying these countries allows for the presentation of diverse images of Travel and Tourism industry in various countries requiring different core strategies.

After studying Travel and Tourism industry in Argentina and Turkey, the thesis deals with performance factors and policies defined in tourism destination countries from competitiveness and customer satisfaction points of view. The competitiveness aspect is based on the Travel and Tourism Competitiveness Index, defined by World Economic Forum, and the customer satisfaction aspect is based on the proposed Travel and Tourism Customer Satisfaction Index. The index itself or the related measurement system is not the base of this thesis and the study is on the fundamentals of this index.

The thesis provides a structured approach to the reasons for which different tourists may travel to a destination country. It proposes country action plans in order to increase responsiveness to tourists with different purposes of visit and provide them with satisfactory experiences. Strategic approach requires each country to first choose which groups of tourists would be optimal for targeting and then prepare to receive them. Such an approach would result in different outcomes based on time, availability of resources, and different prioritizations. Based on the case studies and further literature review, the concluding part recommends some general rules to follow that are closely related to “sustainability” in tourism development. These rules are considered a MUST at any time and in any competitive environment.

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I have been lucky to have Mr. Mohsen Khalili, one of the founders of Iran Industry, as a role model in my life. Through him I have learned that I should think big, have a desire to succeed, be proactive, not evaluate decisions in monetary terms, and most importantly, express LOVE in my work. I would love to dedicate this thesis to Mr. Khalili, my beloved godfather, for the great role he has played in my lifetime achievements.

I hope to one day apply the knowledge I have gained in this program and through my thesis, to the development of Travel and Tourism industry in my country. All people of the world should know that Iran has a lot to offer in terms of tourism.

I am very grateful to Professor Cusumano for accepting to be my advisor and for guiding me through the thesis. His Advanced Strategic Management course, which I took in Fall 2010, also helped me tremendously in formulating a strategic approach in my thesis.

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TABLE OF CONTENTS

CHAPTER 1 – INTRODUCTION	9
1-1- TOURISM FACTS	9
1-2- TOURISM AS A SOCIO-ECONOMIC PHENOMENON	10
1-3- PURPOSE AND ORGANIZATION OF THE THESIS.....	13
CHAPTER 2 – A SNAPSHOT OF TRAVEL AND TOURISM INDUSTRY: PAST, PRESENT, FUTURE	15
2-1- PAST DEVELOPMENTS AND RECENT TRENDS.....	15
2-2- FUTURE PROJECTIONS	18
CHAPTER 3 – TRAVEL AND TOURISM INDUSTRY IN ARGENTINA	23
3-1- INTRODUCTION	23
3-2- ARGENTINA AT A GLANCE.....	24
3-3- TOURISM IN ARGENTINA.....	27
3-4- SWOT ANALYSIS.....	30
3-5- CORE STRATEGIES	37
3-6- THE FUTURE OF TOURISM IN ARGENTINA.....	41
CHAPTER 4 – TRAVEL AND TOURISM INDUSTRY IN TURKEY	49
4-1- INTRODUCTION	49
4-2- TURKEY AT A GLANCE	50
4-3- TOURISM IN TURKEY	53
4-4- SWOT ANALYSIS.....	57
4-5- CORE STRATEGIES.....	65
4-6- THE FUTURE OF TOURISM IN TURKEY.....	70
CHAPTER 5 – TOURISM POTENTIAL	77
5-1- INTRODUCTION	77
5-2- COMPOSITION OF TRAVEL AND TOURISM COMPETITIVENESS INDEX.....	78
5-3- FUNDAMENTALS OF TRAVEL AND TOURISM CUSTOMER SATISFACTION INDEX.....	81
CHAPTER 6 – CONCLUSIONS: SUSTAINABILITY IN TOURISM DEVELOPMENT	95
READINGS AND REFERENCES	101
APPENDICES	113
APPENDIX A - UNITED NATIONS WORLD TOURISM ORGANIZATION	115
APPENDIX B - WORLD TRAVEL AND TOURISM COUNCIL	116
APPENDIX C - RANKINGS IN TOURISM AND TOURISM INDUSTRY	117
APPENDIX D - DEFINITIONS ON TRAVEL AND TOURISM CONTRIBUTION	118
APPENDIX E - PLATMA (COMMUNITY TO UNWTO AFFILIATE MEMBERS)	121

APPENDIX F – TURKEY’S LAW FOR THE ENCOURAGEMENT OF TOURISM.....	122
APPENDIX G - ASSESSMENT OF ACCOMMODATIONS	124
APPENDIX H -TOURISM STRATEGY OF TURKEY - 2023	127
APPENDIX I - COMPONENTS OF TTCI	129

Chapter 1 – Introduction

1-1- Tourism Facts

The Travel and Tourism industry is one of the largest industries in the world, with a considerable contribution to global economic development. It involves more than 8.1% of world population in more than 235 million jobs. This is one in every 12.3 jobs in 2010. The Travel and Tourism industry accounts for 9.2% of world GDP and 9.2% of annual global investment (Deloitte, 2010; The Global Travel and Tourism Summit, 2007; Progress and Priorities, 2010).

Tourism is the only industry in which almost every country is involved (Petruccelli, 2007). People seem to want to travel more and more everyday, and the more they travel, the more they understand each other (Kent, 2007). This industry is a wide industry, has enormous potentials to grow, and involves many other industries and a great number of stakeholders. “Exporting” in mainstream industries is equivalent to “importing” in the Travel and Tourism industry. Tourism imports clients through whom different products and services are exported. It is therefore very much related to other industries and their improvement (McKercher, 1993).

There are several definitions for tourism. World Tourism Organization (UNWTO)¹, the leading international intergovernmental tourism-focused organization in the United Nations, defines tourism as “The activities of a person travelling of a person travelling outside his/her usual environment for less than a specific period of time whose main purpose of travel is

¹ On UNWTO, see Appendix A.

other than for exercise of an activity remunerated from the place visited (World Tourism Organization Database, 2011).”

Another global institute active in this industry is the World Travel and Tourism Council (WTTC)², the forum for global business leaders in the Travel and Tourism industry. WTTC believes in the global community impact of tourism and the need for its development. As WTTC President, Jean-Claude Baumgarten, has stated that (WTTC, 2007),

“The thriving Travel and Tourism industry can certainly generate jobs and can spread prosperity around the world. However, the full potential of Travel and Tourism can only be realized, with the full and long term support of government. Issues such as infrastructure, education and the sustainable development of Travel and Tourism can only be addressed - effectively - with public and private sector partners working in synergy.”

1-2- Tourism as a Socio-Economic Phenomenon

Tourism is widely considered an economic phenomenon by both academics and practitioners. The economic effects of the tourism industry include increase in government revenues, foreign exchange earnings, regional development, and employment generation (Mason, 2003). Deloitte defines the economic effects of tourism in three categories, direct effects, indirect effects, and induced effects. These are explained in Exhibit 1 (Deloitte, 2008).

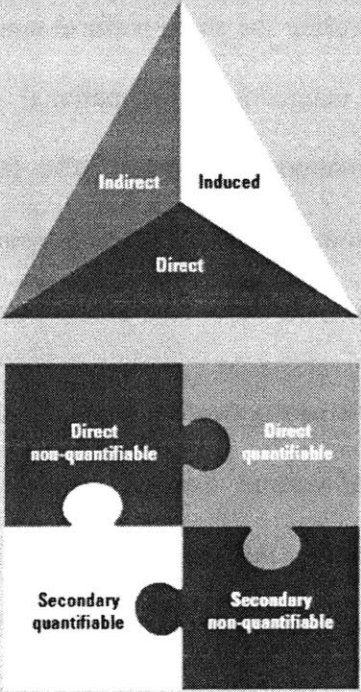
² On WTTC, see Appendix B.

Exhibit 1 – Understanding the Economic Effects of Tourism

Direct effects are those changes in production that are connected with immediate effects of changes in tourism expenditure. Tourists spending money in restaurants directly result in increased sales in the hospitality sector. The additional sales and consequent changes in salaries, taxes, supplies, and so on are direct effects of tourist expenditure.

Indirect (secondary) effects are those changes in production resulting from spending of the restaurant's receipts in other linked parts of the supply chain—that is, goods and services used by the restaurant. Changes in sales, jobs, and so on in the food and beverage supply industry represent the indirect effect of changes in the restaurant industry. Additionally, there are a multitude of suppliers to the food and beverage industry that represent another stratum of indirect effects.

Induced effects describe those changes in economic activity that result from the spending of employee income earned through participation in the tourism industry. Restaurant employees supported by tourist expenditure subsequently spend their income in the region in which they live on goods such as utilities, food, accommodation, and so on. The revenues, salaries, and jobs that are a consequence of household spending of additional income arising from tourism are known as *induced effects*.



Source: Deloitte, 2008

Pearce states the following regarding the economic effects of the Travel and Tourism industry (Pearce, 1989),

“Studies of the impact of tourist development on a destination or destinations have been the largest single element of tourist research... much of this is predominantly the work of economists and has concentrated on the effects of income and employment.”

Yet, the Travel and Tourism industry is both an economic and a social phenomenon, since it has a strategic role in the development of places and societies. Tourism can be considered

one of the main drivers of socio-economic progress, due to these dynamics (United Nations World Tourism Organization, 2011; World Tourism Organization, 2011).

Regarding the socio-cultural impacts of tourism, Mason believes in the potential of tourism for maintaining international relations, especially when countries are seeking for international friendship. The focal point of Travel and Tourism industry is man, not economy; so it can act as a means for connecting nations. Citing Hunzilken (Hunzilken, R. (1961), *Revue de Tourisme Bern*, Switzerland), Mason states (Mason, 2003),

“Tourism enables contacts among people from the most distant parts of the globe, people of various languages, race, creed, political beliefs, and economic standing. Tourism brings them together; it is instrumental in their dialogue; it leads to personal contact in which people can understand attitudes and beliefs, which were incomprehensible to them because they were distant. In this way it helps to bridge gaps and erase differences.”

As Chairman of Carlson Companies, Marilyn Carlson Nelson also believes in the social aspect of Travel and Tourism industry, asserting that (Open Mind, Open World, 2006),

“Ours is an industry of richness, of texture, and Of connections which brings together people, transcends borders and can – if we do it right – serve to knit the world together in good times and bad.”

1-3- Purpose and Organization of the Thesis

This thesis deals with both economic and social aspects of tourism. The economic data are first analyzed and a social model is then developed, by examining by examining two different countries as case studies.

Chapter one deals with some general definitions and introduces tourism as a socio-economic phenomenon. Chapter two provides a snapshot of the Travel and Tourism industry by looking at its pasts, present, and future. It discusses developments since the 1990s and projected trends through 2020. Tables and diagrams provide data on international tourist arrivals, tourism revenue, gross product of world travel and tourism economy, world travel and tourism employment, and world travel and tourism investment. The main references of this chapter are different UNWTO and WTTC reports.

Chapters three and four deal with tourism development strategies in Argentina and Turkey. These countries are specifically selected as they are on a fast Travel and Tourism industry development track. Each country is discussed as a Travel and Tourism industry case study. The industry in each country is analyzed from a strategic point of view, taking into consideration its strengths, weaknesses, opportunities, threats, and core strategies followed in the last few years. World Travel and Tourism Council's projections are then provided for Travel and Tourism industry up to the year 2020. The annual reports of WTTC as well as multiple websites, articles, books, and reports prepared by UNWTO, WTTC, Ministries of Tourism, other tourism organizations, and some consulting firms are used for these chapters.

The strategic approach followed in these two chapters allows for the presentation of diverse images of Travel and Tourism industry in various countries, requiring different core

strategies. The issue is picked up again later when suggesting that there are some performance factors, that are necessary to consider in all tourism destination countries, while there are others which should be specifically selected with a strategic point of view based on time, availability of resources, and different prioritizations.

Chapter five is on performance factors and policies defined in tourism destination countries from competitiveness and customer satisfaction points of view. The competitiveness aspect is based on the Travel and Tourism Competitiveness Index, defined by World Economic Forum, and the customer satisfaction aspect is based on the proposed Travel and Tourism Customer Satisfaction Index. The index or the related measurement system is not the base of this thesis and the study is on the fundamentals of this index. The thesis provides a structured approach to the reasons for which different tourists might travel to a tourism destination country. It proposes some country action plans in order to increase its potential to be responsive to tourists with different purposes of visit and satisfy them in this regard. Needless to say, countries could not be responsive to all of the purposes of visits and strategic approach requires them first to choose which groups of tourists would be the best for them to target and then prepare for those groups. The action plans proposed in the thesis for each purpose of visit, may be followed in any country willing to target different categories of tourists.

Eventually in the conclusion part, chapter six, some general rules are provided, in terms of Do's and Do not's. These rules are based on sustainability in Travel and Tourism development and are suggested as general rules for tourism destination countries with different strategies. The main audience of these rules includes the initiators of Travel and tourism industry in different countries.

Chapter 2 – A Snapshot of Travel and Tourism Industry: Past, Present, Future

2-1- Past Developments and Recent Trends

The Travel and Tourism industry is rather a new industry. It has been only 160 years now that pleasure has become one of the motivation factors of traveling because of the increase in its affordability and reduction in travel difficulty. Even until the 1950s only the very wealthy people could afford long-distance travel. However, following certain major changes during 1950's "modern tourism" appeared (Mason, 2003).

Different countries, at various levels of development, have been involved in this industry for decades. The top 15 tourism destination countries attracted 88%, 75%, and 57% of international arrivals in 1950, 1970, and 2005 respectively. These figures also suggest that more countries are getting involved in the Travel and Tourism industry over the years. Besides, the top-list tourism destination countries are not necessarily the same during different years and new tourism destination countries emerge from time to time (UNWTO Tourism Highlights, 2010; United Nations World Tourism Organization, 2011). The current rankings of countries in Travel and Tourism industry, in terms of number of arrivals and international tourism receipts, are provided in Appendix C.

According to UNWTO, international tourism arrivals and tourism revenue have increased annually since 1950s with a considerable expansion rates. The table in Exhibit 2 offers more economic data about tourism for the last two decades. Note that the annual change is based

on current prices (Deloitte, 2010; Progress and Priorities, 2010; UNWTO Tourism Highlights, 2010; Willey, 2011).

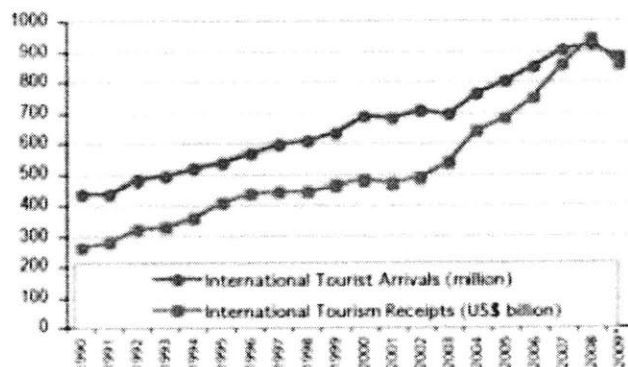
Exhibit 2 – Distribution of Foreign Arrivals and Tourism Revenues in the World during Different Years

Year	International Tourist Arrivals (million)	Annual Change (%)	Tourism Revenue (Billion US Dollars)	Annual Change (%)
1990	438		264	
1995	533		405	
2000	683		478	
2005	802	(05/04) 6.5	679	(05/04) 7.3
2006	842	(06/05) 4.6	744	(06/05) 9.5
2007	901	(07/06) 5.7	858	(07/06) 15.3
2008	913	(08/07) 2	941	(08/07) 9.7
2009	880	(09/08) -4.2	852	(09/08) -9.4
2010	935	(10/09) 10.6	Not available	

Source: UNWTO Tourism Highlights, 2010

As shown in Exhibit 2, the annual growth rate was 6.5% for international tourist arrivals. This rate decreased during the period 2006-2010 (compared to the growth rates until 2005.) For example, the growth rate was 4.6% in 2006 generating 842 million international tourist arrivals and, even less, declining by 4% worldwide in 2009 generating US\$ 852 billion (although still providing a strong momentum for global economic development.) A summary of economic data for the Travel and Tourism industry worldwide, during different years, is provided in the diagram in Exhibit 3 (Deloitte, 2010; United Nations World Tourism Organization, 2011; UNWTO Tourism Highlights, 2010; Progress and Priorities, 2010; Willey, 2011).

Exhibit 3 - Distribution of Foreign Arrivals and Tourism Revenues



Source: UNWTO Tourism Highlights, 2010

The Travel and Tourism industry accounted for 9.6% of global GDP in 2008; international arrivals were 919 million; and tourism revenue was US\$ 941 billion. Furthermore, it accounted for 9.4% of global GDP in 2009 (with growth rate of -4.8%); international tourist arrivals declined worldwide by almost 4% in 2009 to 880 million; and tourism revenue was US\$ 852 billion. The main reason for this drop in world tourism industry GDP in 2009 was the global economic recession, oil prices, exchange rate fluctuations, and of course natural disasters, terrorism and health scares such as the A (H1N1) influenza pandemic (Deloitte, 2010; UNWTO Tourism Highlights, 2010; Progress and Priorities, 2010).

In the “Turkish Tourism Industry Report” prepared for the Republic of Turkey Prime Ministry (Investment Support and Promotion Agency of Turkey) by Deloitte in 2010, oil prices and fluctuated exchange rates are considered to have had the worst impact on this industry during 2008 and 2009, at global level. As stated in the report (Deloitte, 2010),

“... In 2008, strong growth in global oil demand led to rapid increase in oil prices, peaking at US\$140/barrel in July. The effects of the global economic downturn were to reduce oil prices even more rapidly, down to US\$34/barrel in late 2008...”

... From 2009 onwards, however, oil prices resumed their upward trend exceeding US\$80/barrel based on recent information. Uncertainties as to the future trend prevent many airlines from buying forward at today's prices and force them to pass price increases on to their customers...”

2-2- Future Projections

Economic growth encounters numerous challenges, mainly due to the rising prices of oil products and other commodities and the priority of governments and the private sector in many developed economies for reducing debts. However, Travel and Tourism industry is one of the fastest growing industries and plays a strategic role in global economic growth; governments have realized this as a fact (Argentina Travel and Tourism Impact Research Report, 2011; Turkey Travel and Tourism Impact Research Report, 2011).

WTTC has confirmed the growing Travel and Tourism's total economic contribution in 2010 and has announced 0.5% growth in the industry's direct contribution to global GDP. WTTC expects this total economic contribution to increase by 4.5% in 2011, providing jobs for more than 258 million people and accounting for 9.1% of world GDP (UNWTO Tourism Highlights, 2010; World Travel and Tourism Council, 2011; Progress and Priorities, 2010).

WTTC is being optimistic. Other global organizations almost have the same mindset. Forecasts of UNWTO and WTTC indicate that international tourist arrivals will have a long-term annual growth rate of 4.1% until 2020. In other words, the number of international arrivals will be more than 1.5 billion by 2020 (Progress and Priorities, 2010; UNWTO Tourism Highlights, 2010).

The annual GDP growth rate for the Travel and Tourism economy is expected to average 4.4% for the next 10 years, until 2020³. The contribution of Travel and Tourism to GDP is expected to rise to 9.6% by 2020⁴. Up to 9.2% of total employment is expected to be in Travel and Tourism industry by 2020; that is one job in every 10.9 jobs or more than 303 million jobs⁵. Finally investment in this industry is expected to reach US\$ 2,757 billion⁶ by 2020, that is 9.4% of total investment (UNWTO Tourism Highlights, 2010; United Nations World Tourism Organization, 2011; Progress and Priorities, 2010).

Exhibit 4 includes three diagrams, which respectively illustrate the trend of world travel and tourism in economy GDP, world travel and tourism economy employment, and world travel and tourism investment in the next decade (Progress and Priorities, 2010).

³ Growth rate of GDP for the Travel and Tourism economy was 0.5% in 2010.

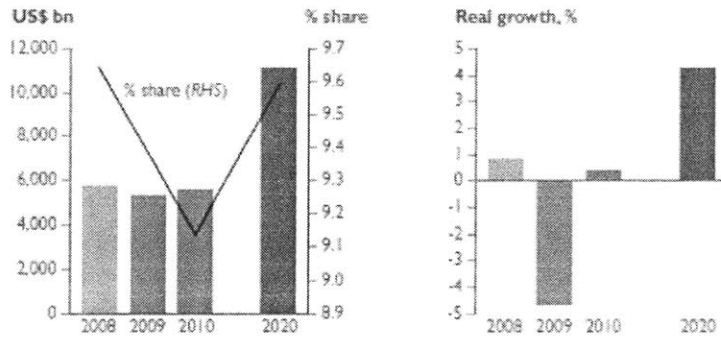
⁴ Travel and Tourism accounted for 9.2% of GDP in 2010.

⁵ Travel and Tourism employed more than 235 million people in 2010.

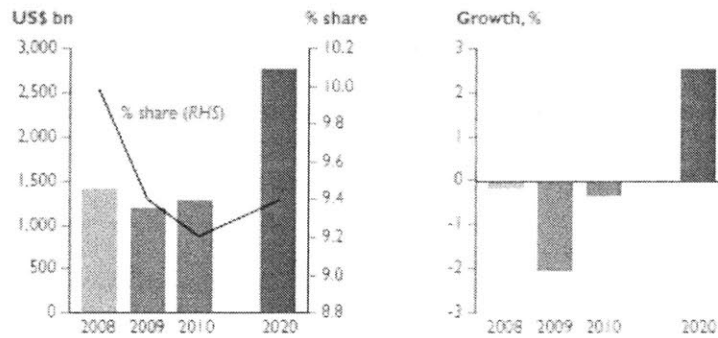
⁶ Travel and Tourism Investment was US\$ 1,241 billion in 2010.

Exhibit 4 – Future of World Travel and Tourism (in terms of GDP, Economy, and Investment)

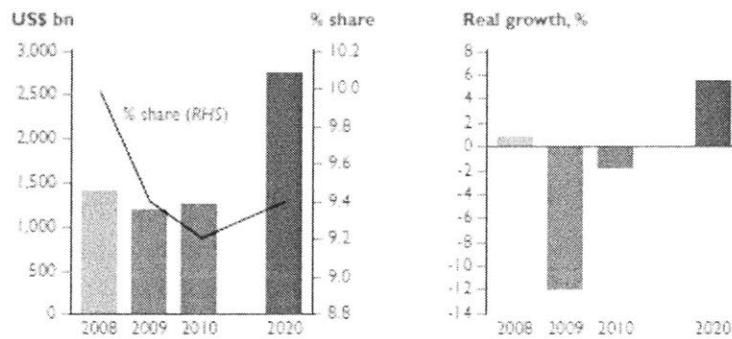
WORLD TRAVEL & TOURISM ECONOMY GDP



WORLD TRAVEL & TOURISM ECONOMY EMPLOYMENT



WORLD TRAVEL & TOURISM INVESTMENT



Source: Progress and Priorities, 2010

However, it should be considered that growth in Travel and Tourism industry is challenging and limited. There is a capacity for every destination. If the number of tourists exceeds this capacity, the quality of their trip will diminish and this will bear upon tourism industry (Butter and Hall, 1998). In this regard it is a necessity to ensure sustainable and responsible growth through balancing resource use with resource availability. Sustainable growth in Travel and Tourism industry depends upon adequate infrastructures including transportation infrastructures (such as airports and roads), sanitation, and medical services (The Global Travel and Tourism Summit, 2007)

Chapter 3 – Travel and Tourism Industry in Argentina



3-1- Introduction

Argentina, the eighth largest country in the world and the second largest country in South America, after Brazil, is shaped like an ice-cream cone in Latin America and contains almost the entire southern half of South America (Argentina, 2011; World Travel and Tourism Council Press Releases, 2007).

Travel and Tourism industry is considered as a source of growth and employment in Argentina and is retrieving due to the return of political stability to this country. Argentina has progressed considerably for its number of international arrivals since 2003 based on United Nations World Tourism Organization statistics (Argentina, 2011; World Tourism Organization Database, 2011). Argentina is now the third largest Travel and Tourism

economy in Latin America, while the first two are still Mexico and Brazil (Antonelli, 2010; Argentina Travel and Tourism Impact Research Report, 2011; World Travel and Tourism Council Press Releases, 2007).

The focus of this chapter is on Argentina's Travel and Tourism industry, some related statistics, a general overview about how this industry has made progress during the last few years, the initiators and the regulatory bodies of Travel and Tourism industry in this country, an environmental analysis from strategic point of view, the core strategies having been taken in this industry, and the future of Argentine's Travel and Tourism industry.

3-2- Argentina at a Glance

Argentina's first inhabitants were hunters and fishermen in the southern parts, while the northwestern parts were more advanced and agricultural. The region was not attracting for gold or silver and most of the inhabitants moved into it from Peru and Chile. The Spanish entered the region in early 16th century. At that time the region was part of a viceroyalty that included the present Argentina, Paraguay, Uruguay, and Bolivia. Buenos Aires had turned into a free port and the capital of this viceroyalty by the Spanish Empire. This combination was the base for the idea of a Greater Argentina, which had been the Argentine politicians' dream since formal independence of Argentina, about 200 years ago. Improvement started in Great Argentina in early 19th century. By 1814 Paraguay was an impenetrable region; in 1828 Argentina and Brazil agreed upon the independence of Uruguay; and in 1835 Argentina became a republic, while there was a political conflict between Unitarists and Federalists who were respectively seeking for centralization and autonomous regions. This paradox

remained between civilian and military factions until mid 20th century (Argentina, 2011; History of Argentina, 2001; Taiana, 2010).

The modern state was founded in Argentina in 1940s, when a liberal constitution brought foreign investment and trade to the country and Europeans immigrated to Argentina. At that time, Argentina had become a wealthy country, with a huge gap between the wealthy people and the poor. This social situation ended up to the introduction of new social welfare plans for the working classes: the process of National Reorganization, which was in deed a bloody organized process of silencing all oppositions and ended up to the “Dirty War.” However, democracy was back to Argentina in 1983 and has survived until now. Argentina was one of the world’s wealthiest countries a hundred years ago, due to being rich in natural resources, agriculture, and industry; but there has been economic, political, and social crisis in the country in the late history of Argentina. However, the trend has been changing for almost the last decade and Travel and Tourism industry seem to have had a critical role in this regard (A Brief History of Argentina, 2011; Argentina, 2008; Argentina, 2011; History of Argentina, 2001).

Some major facts and figures about Argentina, which might help have a better image of this country, are as follows (Argentina, 2011; Argentina Demographics, 2011; Demographics of Argentina, 2010; World Factbook – Argentina, 2011).

Area: 1,989,816 square miles (2,766,890 square kilometers)

Population: 40,343,201 (July 2010 est.)

Major ethnic: White (mostly Spanish and Italian – 97%)

Religion: Roman Catholic 92%, Protestant 2%, Jewish 2%, other minorities 4%

Government: Republic

Capital: Buenos Aires

President: Cristina Fernandez de Kirchner (since December 2007)⁷

Official language: Spanish (Minority languages are English, Italian, German, French.)

Time: GMT -3

Monetary unit: Peso⁸

Exchange rate: 1 Peso = \$.245⁹ (In other words, the current exchange rate is at 4.083 Pesos to US Dollar.)

Birth rate: 17.75 births/1,000 population (2010 est.)

Fertility rate: 2.33 children born/woman (2010 est.)

Median age: 30.5 years

Labor force: 16.54 million

Labor force by occupation: Agriculture 5%, industry 23%, and services 72% (2009 est.)

Unemployment rate: 7.9% (2010 est.)

GDP (Purchasing Power Parity): \$596 billion¹⁰ (2010 est.) (Argentina ranks 24 in terms of GDP.)

GDP (Per Capita): \$14,700 (2010 est.)

⁷ Cristina Fernandez de Kirchner is the current President of Argentina. She became president in December 2007 and her husband, Néstor Carlos Kirchner, used to be the previous President of Argentina from May 2003 until December 2007.

⁸ The Monetary unit of Argentina is mentioned as ARS in WTTC reports (Argentina Travel and Tourism Economic Impact Research Report, 2011).

⁹ Based on the information acquired on April 28, 2011.

¹⁰ Based on The World Fact Book, CIA's website (<https://www.cia.gov/library/publications/the-world-factbook/geos/ar.html>).

Industries: Food processing, motor vehicles, consumer durables, textiles, chemicals and petrochemicals, printing, metallurgy, steel, and tourism

Exports: \$68.01 billion (2010 est.)

Export commodities: Soybeans and derivatives, petroleum and gas, vehicles, corn, and wheat

Imports: \$52.61 billion (2010 est.)

Import commodities: Machinery, motor vehicles, petroleum and natural gas, organic chemicals, and plastics

Agriculture products: Sunflower seeds, lemons, soybeans, grapes, corn, tobacco, peanuts, tea, wheat, and livestock

3-3- Tourism in Argentina

Travel and Tourism industry has had a growing contribution to Argentina's economy. This industry has faced a considerable progress and a record-breaking growth in Argentina during the previous ten years, mainly after the currency devaluation in Jan 2002 (Knowles et al, 2004). As the Argentine governmental authorities have announced in Argentina, the country climbed from spot 40th in the world ranking in 2003 to spot 19th on an international level in 2009 (MercoPress, 2010).

Based on UNWTO statistics, there has been a considerable increase in number of international arrivals in Argentina during the last few years, except for years 2008 and 2009, due to the worst impact of oil prices and fluctuated exchange rates on this industry as discussed in Chapter two. The table in Exhibit 5 indicates the statistics and the percentage of

annual growth¹¹. As shown in the table, tourism revenues have increased accordingly due to the development of tourist arrivals (Argentina Tourism Report, 2003; Institute for Fiscal Studies, 2011; World Tourism Barometer, 2008).

Exhibit 5 - Distribution of Foreign Arrivals and Tourism Revenues by Years in Argentina

Year	International Tourist Arrivals (million)	Annual Change (%)	Tourism Revenue (Billion US Dollars)	Annual Change (%)
1995	2.3		2.2	
2000	2.9		2.9	
2005	3.8	(05/04) 10.6	2.7	22.1
2006	4.2	(06/05) 9.2	3.3	22.5
2007	4.6	(07/06) 9.3	4.3	29.0
2008	4.7	(08/07) 3	4.6	6.9
2009	4.329	(09/08) -7.9	3.9	-15.2

Based on a study conducted by the Institute for Fiscal Studies, tourism revenue had decreased almost 40% between 1998 and 2002 before this devaluation (Institute for Fiscal Studies, 2011). Note that most of these tourists are from neighboring countries in Latin America. At the same time, Argentines have traveled abroad 40 percent less, in both numerical and dollar terms (Argentina Tourism Report, 2003).

Jean-Claude Baumgarten, the current President of WTTC, commented in a press conference in 2007,

"Argentina has made a strong recovery following the economic instability over recent years. Visitor exports make up a very important share of Travel and Tourism's

¹¹ Different figures in the table in Exhibit 5 are based on different sources, mentioned in the text. That is the reason no source is mentioned below the table.

contribution to GDP. Of total Argentina exports, Travel and Tourism is expected to generate 13.1% (ARS24.2 billion or US\$7.7 billion) in 2007. However, the Argentine government should focus on the industry's potential for job creation and economic development for the country to gain greater world market share (World Travel and Tourism Council Press Releases, 2007)."

With the expected annual growth rate of 4.4% for the next ten years, Travel and Tourism industry will generate ARS206.2 billion (US\$46.1 billion) by 2017, while this number was ARS84.0 billion (US\$26.6 billion) of economic activity in 2007. In terms of employment, there has been a lot of job creation due to the improvement of Travel and Tourism industry. There were 1,631,000 jobs in Argentine Travel and Tourism industry in 2007, while this figure is expected to increase to 1,950,000 jobs by 2017 – a growth from 9.8% of total employment to 10% (Argentina Travel and Tourism Economic Impact Research Report, 2011). As an example, the increase in domestic tourism, by itself, generated 232,000 jobs in the hotel and restaurant sector in 2002 (Argentina Tourism Report, 2003). As mentioned before, the favorable exchange rate between the Argentine Peso and the US dollar has played a considerable role in this growth (MercoPress, 2010).

Moreover, the increase in number of tourists is more related to the tourists from other Latin American countries. As an example, just in 2010, the number of tourists from Brazil had a 385% growth compared to the previous year. Uruguay and Chile were in the second and third place, with respectively 94.8% and 73.2% growth. There was increase in number of tourists from the United States and Spain too; but with rather smaller percentage of growth rate – 2.7% for the US and 14.8% for Spain in 2010 (Antonelli, 2010).

Travel and Tourism industry is considered a critical industry in Argentina and the government is convinced about the potential of this industry for the development of the country. As evidence, the initiator of Travel and Tourism industry was Argentina Secretary of Tourism till mid 2010. In early July 2010, the progress in Travel and Tourism industry and its increasing contribution to the country's economy ended up to upgrading this post to Ministry of Tourism ¹² by the government (MercoPress, 2010). This ministry is the main regulatory body in the country is Argentina. There are also Argentina National Tourist Office¹³, Argentine Chamber of Tourism, and Argentina Tourism Information¹⁴.

3-4- SWOT Analysis

SWOT Analysis has been applied to Argentina Travel and Tourism industry and a study has been conducted to detect the “strengths”, “weaknesses”, “opportunities”, and “threats”, in order to illustrate the working environment of this industry in Argentina.

3-4-1- Strengths

The government of Argentina has played a strategic role in the rapid growth of the Travel and Tourism industry. There is strong government support behind Argentine Travel and Tourism industry. For this purpose, the government has helped increase the safety of the country. Argentina is one of Latin America's nearly safe countries. Tourists may not face any

¹² www.turismo.gov.ar

¹³ 2655 Le Jeune Road, PH1 Suite F, Coral Gables, FL 33134

¹⁴ 12 W. 56th St., New York, NY 10019; 212/603-0443, www.argentina.travel

problem, if they take the typical basic precautions. The government has also informed the Argentines that Argentina has a lot to offer and traveling abroad is much more expensive. Today Travel and Tourism industry in Argentina is not limited to the arrival of international tourists to this country and many Argentines have chosen to take their vacations inside the country (Argentina, 2011; Argentina National Tourist Office, 2011; Argentina Tourism Report, 2003).

Argentina is a wealthy country regarding popular tourism destinations and adventure tourism. It has some of the most popular winter destinations, specifically the ski resorts located along the Andes Mountains. These ski resorts could be suitable for Argentines from Rosario, Cordoba, Mendoza and Buenos Aires and tourists from Brazil, Peru, Chile, Australia, and France. Argentina also has some of the most popular summer destinations, specifically the beach resorts on the Atlantic coast, Cordoba, Gualeguaychu, Mendoza, San Carlos de Bariloche, and Salta. The Andean Patagonian area, by itself, includes amazing forests, lakes, ancient glaciers, and a variety of protected native wildlife. One other amazing place is Iguazu Falls of Argentina, which is even higher than Niagara Falls. Actually Argentina owns a lot of scenery and attractions, together with high ecological protection levels (Argentina, 2011; Argentina National Tourist Office, 2011; Argentina Tourism Report, 2003).

Diversity is a strategic asset for Argentina Travel and Tourism industry. Some examples are the cosmopolitan Buenos Aires including vast history and culture, the Pampa plains with gaucho tradition and impressive ranches, and the amazing vineyards surrounded by high mountains in the Cuyo area including the wine-growing hills in the foothills of the Andes cordillera in Mendoza. There is a strong aboriginal presence in the Northern region and a colonial past in the Northwestern region. Diversity applies to climate too. You find all the

four seasons in Argentina, with the right balance of dryness and humidity. There is no snow in the winter, except for on top of the mountains, and the sun is always shining in the summer, while the temperature does not exceed 80° F. Argentina has almost all possible geographical features, from the subtropical forest in the northern border to the icy Antarctica in the farthest south. For example, San Carlos de Bariloche is an all-seasons vacation spot, where you can both ski and sail. Another example is Cordoba, where the colonial history is combined with a modern tourism industry. Argentina has distinguishingly made it possible to gather such diversity in one place (Argentina, 2011; Argentina National Tourist Office, 2011; Hamre, 2011).

Art is considered a strategic issue in Argentina and has had a distinguishing impact on Argentine life and government has been very helpful in this regard. For example, considerable grants were assigned to performing artists by the government, even at the depth of Argentina's economic recession. In Argentina, art refers to museums, theaters, music, the classic Teatro Colón opera house, and of course the popular Argentine dance – Tango. Many people know Argentina for Tango. Some tourists even go to Argentina to learn Tango. The traditional nights of Argentina including dinner and Tango dancing are very popular among tourists and are booked almost completely daily (Antonelli, 2010; Argentina, 2011; Argentina National Tourist Office, 2011). Argentine food, especially its steak, is internationally well known. Argentina is the third-biggest producer of beef in the world. Moreover, Argentina is famous in the world for soccer and Argentine soccer players. Actually Tango, steak, and soccer remind people of Argentina (Antonelli, 2010; Argentina, 2011; Argentina National Tourist Office, 2011).

Argentina is sometimes called “wine country”. Argentina is among the few places in the world, which have the proper condition for quality wine production – both in terms of climate and soil. The high dry climate of the provinces bordering the Andes, especially Mendoza, is among the most suitable wine regions. Production expertise is also locally available. All these prerequisites put Argentine wine on the world stage. Note that Mendoza’s vineyards are sometimes compared to those of Napa Valley for both the volume and the quality of the wine. Moreover, Argentina’s wine industry is called a hotspot for investment. There are the specifications of the country’s being a wine country and the magnificent grape variety, while the price of land in wine regions is much lower than that of other competitive countries (Argentina, 2011).

Argentina has both short-term and long-term positive characteristics, with deep impact on a qualified affordable life. Modern European-like clean cities like Buenos Aires, Cordoba, and Mendoza are not found in other Latin American countries. A family of six, plus a maid, would only spend \$700 per month on groceries, cleaning products, and basic personal items. This is a great country for sports and cultural activities too. Restaurants, hotels, and airports are of high quality standards and rather affordable¹⁵, with considerable improvement in know-how in hospitality and air/land communications system. All these have ended up to Argentina being very attractive to the eyes of tourists from its Latin American neighbors and there is considerable tourist growth from those countries (Argentina, 2011; Argentina National Tourist Office, 2011; Argentina Tourism Report, 2003; Knowles et al, 2004; Argentina Travel and Tourism Economic Impact Research Report, 2011).

¹⁵ As an example, dinner two at an excellent restaurant would cost between \$20 and \$25 per person. That includes a first course, main course, dessert, coffee, and a good bottle of wine.

3-4-2- Weaknesses

There are still shortcuts in Argentina tourism infrastructure, which need to be taken care of for future development of tourism in this country (Argentina Tourism Report, 2003). Tourism Ministry of Argentina doesn't seem to have a clear strategy for building a positive image for Argentina from political, social, and economic point of view. As an example, safety is still a matter of concern for tourists who are considering to trip to Argentina and the government don't seem to have clear strategies in this regard¹⁶. The strategies seem to be limited to direct tourism-focused issues and don't cover the issue, which indirectly impact Travel and Tourism industry.

There is considerable distance between tourist attractions. This makes it difficult for tourists to visit several tourist attractions in one trip, since they have to travel to different tourist attractions by air (Strengths/Weaknesses of Argentina's Tourism Industry, 2007) Besides, there are many obstacles for developing tours and packages and offering differentiated services to tourist.

3-4-3- Opportunities

Political stability has returned to Argentina for the last decade (Argentina Tourism Report, 2003). The government of Argentina believes in the potentials lying in Travel and Tourism industry and considers it a key engine for growth and employment (Argentina Tourism

¹⁶ Safety issues are very important for North American and European tourists. As per study conducted by the Institute for Fiscal Studies, tourists from North America and Europe spend at least three times more than tourists from other Latin American countries per day, mostly because they stay in hotels and rent cars (Institute for Fiscal Studies, 2011).

Report, 2003). The median age of Argentina is young and the Argentine young are potentially proper to be trained as the workforce needed for the future developed Travel and Tourism industry (Argentina Demographics, 2011; Demographics of Argentina, 2010).

There is also high potential in coastal tourism, mountain tourism, and other types of tourism, which has still remained unutilized. For example, all gathered in one place, Mar del Plata includes kilometers of beaches, sports fishing, colonial architecture, sports, and a lively nightlife. Another example is Mendoza, which is a destination for climbing, hiking, skiing, rafting, and almost all nature-based types of tourism (Hamre, 2011). Besides, there is great potential in expanding medical tourism in this country. Argentina is already known for medical tourism, following the collapse of Argentine currency in 2002. For example, you can receive world-class healthcare at a fraction of the cost in the US in Buenos Aires, known for having advanced medical system and highly skilled doctors (Med Retreat – Argentina, 2011).

The January 2002 currency devaluation is very favorable for international tourists who travel to Argentina, since it became less expensive to travel. Moreover, traveling abroad became more expensive for Argentines and many of them, who were cost-sensitive, preferred internal trips (Argentina Tourism Report, 2003). Moreover, despite the country's high inflation rate, the government of Argentina has a defined strategy for Price Control, which strongly increases the purchasing power of tourists (Strengths/Weaknesses of Argentina's Tourism Industry, 2007).

Besides, there are special tourism destinations in Argentina, with worldwide fame. As an example, Buenos Aires, the capital of Argentina, which is a sophisticated city, is called "the Paris of the South" for its amazing sightseeing and nightlife (Hamre, 2011). Another example

is Ushuaia, located on Beagle Channel, which is known to be “the End of the World” (Hamre, 2011). Not many cities in the world have such fame.

3-4-4- Threats

Many people still don't consider Argentina as a tourism destination country and don't know about what it has to offer. In many cases, potential tourists would prefer to go to Brazil and Mexico, if they want to choose among Latin American countries. These countries usually win the competition (Strengths/Weaknesses of Argentina's Tourism Industry, 2007).

Besides, Argentina, as a Latin American country, has an unsafe image. Although this country is rather safe compared to other Latin American countries, this image still has negative impact Travel and Tourism industry in Argentina. Despite the safety found in large cities, there is still violent crime in some urban areas (Jorge, 2005; Strengths/Weaknesses of Argentina's Tourism Industry, 2007). Another negative aspect of safeness in this country is regarding diseases. Spread of diseases like HIV/AIDS is considerable in Argentina and the strategies taken in this regard are rather reactive than proactive (Aldeaglobal, 2008).

There are a lot of major improvement potentials in Argentina's financial infrastructure. Argentina Value Added Tax (VAT) is 21 percent in Argentina, which is higher than the tax rate in many of the countries Argentina Travel and Tourism industry has targeted. It should be noted that the VAT is refundable at the airport for the purchases of more than 70 Pesos (per invoice) from tax-free shopping stores and for hotel stays; but of course not all purchases are above 70 Pesos (Argentina, 2011; Argentina Demographics, 2011; Demographics of Argentina, 2010). There is also considerable amount of tax avoidance and money laundry among businesses in tourism industry, especially small malls where tourists

often go (Report Linker, 2011; Taxand, 2010). Moreover, bargaining is customary in Argentina and this has a terrible impact on many of the tourists. It ends up to mistrusting and decreases the willing to spend money in stores and shops by many of the people (Argentina, 2011).

Although the January 2002 currency devaluation is very favorable for international tourists, especially tourists from Europe and North America, Argentina's high inflation rate still builds a negative image for this country and its Travel and Tourism industry. Currently, the government's officially presented inflation rate is 10.9%, while the private sector have lately announced 26.6% for Argentina's inflation rate (Barrioneuvo, 2011).

Environmental destruction is another threat Travel and Tourism industry is facing. It is predicted that in nearly two decades the natural resources of Argentina, forests, soils, water sources, flora, and fauna, will be depleted. As naturalist Claudio Bertonatti, the representative of the non-governmental Fundación Vida Silvestre Argentina (Wildlife Foundation), says, "*Until a few decades ago, we were warning about endangered species, but now the fear is that entire eco-regions will disappear* (Valente, 2010)." This is a critical threat, since there are many tourists who travel to Argentina mainly or partly for natural reasons.

3-5- Core Strategies

The government of Argentina still remains the main initiator in Travel and Tourism industry. It has actually realized the critical importance of this industry, given priority to it, and assigned more resources to different aspects of Travel and Tourism industry (Argentina

Tourism Report, 2003; World Tourism Council Press Releases, 2007). The government has taken specific strategies for development of tourism in this country during the last few years, which are dealt with in this part.

- Protecting tourism development from any political change in the leadership of the government of Argentina and put strategic effort on taking advantage of the potential tourism strengths of the country for income generation and job creation (Argentina National Tourist Office, 2011).
- Promoting tourism by giving priority to offering better services to tourists (Argentina Tourism Report, 2003; World Tourism Council Press Releases, 2007). Increase in number of tourists is definitely a byproduct of such strategy.
- Assigning more resources to marketing Argentine destinations, targeting the high-end tourists and business travellers. Launching a specific marketing plan for branding famous cities like “Buenos Aires”, known as the Paris of the South, and “Ushuaia”, known as the end of the world, increases the effectiveness of this strategy (Argentina Tourism Report, 2003; Destino Argentina, 2003; Hamre, 2011; MercoPress, 2010).
- Investing in tourism infrastructure in the interior, air transportation, and capitalization of the industry and putting adequately funded efforts to increase both quantity and quality of the infrastructure. As evidence, there was 10 times more investment in hotels, lodges, and motels during the last few years in many touristic cities such as Cordoba, Mendoza, Rosario, and Mar del Plata (Argentina Tourism Report, 2003; MercoPress, 2010; World Tourism Council Press Releases, 2007; Argentina Travel and Tourism Economic Impact Research report, 2011).

- Identifying potential markets for promotion of Argentina's Travel and Tourism industry, with strategic focus on assessing similar destinations and their competitive advantages, while recognizing potential competitive advantages of Argentine tourism destinations. The key markets have been defined to be North America and Europe since 2003 (Argentina Tourism Report, 2003; Destino Argentina, 2003).
- Maintaining Argentina's current exchange rate policy, for its positive impact on increasing the number of tourists, their average stay, and purchasing power, as a competitive advantage against other Latin American countries (Argentina Tourism Report, 2003; Destino Argentina, 2003; World Tourism Council Press Releases, 2007; Argentina Travel and Tourism Economic Impact Research Report, 2011).
- Providing the tools and facilities for the hand-in-hand working of the public and private sectors in tourism industry in Argentina (Argentina National Tourist Office, 2011).
- Applying equal care and professionalism to developing both international and national tourism in order to maintain consistent growth in Travel and Tourism industry (Argentina National Tourist Office, 2011).
- Developing nongovernmental organizations to act as points of reference in Travel and Tourism industry in Argentina, especially for developing interaction and building synergy between the private and public sectors (Destino Argentina, 2003).
- Empowering Travel and Tourism industry through giving more authority to the initiators of tourism industry in the government of Argentina. For example, the post of secretary of

tourism in Argentina was upgraded to Ministry of Tourism in the beginning of July 2010 (MercoPress, 2010).

- Improving training facilities and tools for development of human resources with expertise in tourism and hospitality (World Tourism Council Press Releases, 2007).
- Dual Pricing in terms of either defining higher prices for international tourists compared to Argentines or defining discounts for Argentines regarding tourist attractions, residential facilities, or travel packages. This strategy is taken by most of the service providers in Argentine Travel and Tourism industry. As one example, non-Argentines are generally charged three times more than Argentines for a hotel room, foreigners for almost US\$ 80 and Argentines for about 80 Pesos. The other example is Aerolineas Argentinas, which offers a travel package to Las Cataratas, including hotel and airplane expenses, for US\$ 212 to non-Argentines and, with 30 percent discount, for US\$ 170 (475 Pesos) to Argentines (Argentina Tourism Report, 2003; Argentina Travel and Tourism Economic Impact Research Report, 2011).
- Holding international events in Argentina. Note that when the country ranked 40 in 2003, only 17 events were held; when the country ranked 22 in 2008, 115 events were held; and when it ranked 19 in 2009, 145 international events were held in it (MercoPress, 2010).
- Providing diverse attraction plans for different tastes, due to the diversity found in Argentina and the fact that this country has something to offer for everyone's taste, from traditional to less-conventional attractions (Antonelli, 2010).

- Having a stronger appearance in World Tourism Organization and being more effective. One example is joining Platma¹⁷ online digital community by Argentina Tourism Chamber; in order to exchange tourism related knowledge and experience with other countries, build alliances, and promote the development of innovation and new ideas and projects in Travel and Tourism industry with the final goal of improving competitiveness and sustainability of Tourism (Platma, 2011).

3-6- The Future of Tourism in Argentina

Argentina's economy has benefited considerably from the recent record-breaking growth in Travel and Tourism industry, since 2002. Besides, the Argentine government is convinced about the income and job creation potential of this industry. As evidence, the former Secretary of Tourism, Germán Luis Pérez, stated in 2003 (Argentina Tourism Report, 2003; Knowles et al, 2004),

“Tourism will significantly contribute in overcoming, once and for all, the extreme crisis bearing down on the Argentine society as a whole.”

Cristina Fernandez de Kirchner, the current President of Argentina, also stated in 2010 (MercoPress, 2010),

“Tourism statistics have been incredible and the amount of tourists and dollars that have entered the country since 2003 have more than doubled. In 2003, we were 40th in the world ranking; in 2009, we climbed to spot 19 on an international level.”

¹⁷ Platma is a community of UNWTO for the Affiliate Members to make synergy. On Platma, see Appendix E.

Argentine officials believe improvement of Travel and Tourism industry has positive impact not only on institutions directly involved in this industry, but also on other industries and local businesses indirectly involved in it. Some examples of these businesses are shopping centers, restaurants, and entertainment entities. Moreover, tourism could help make progress in some remote towns, which potentially have no source of development other than tourism (Argentina Tourism Report, 2003; Knowles et al, 2004).

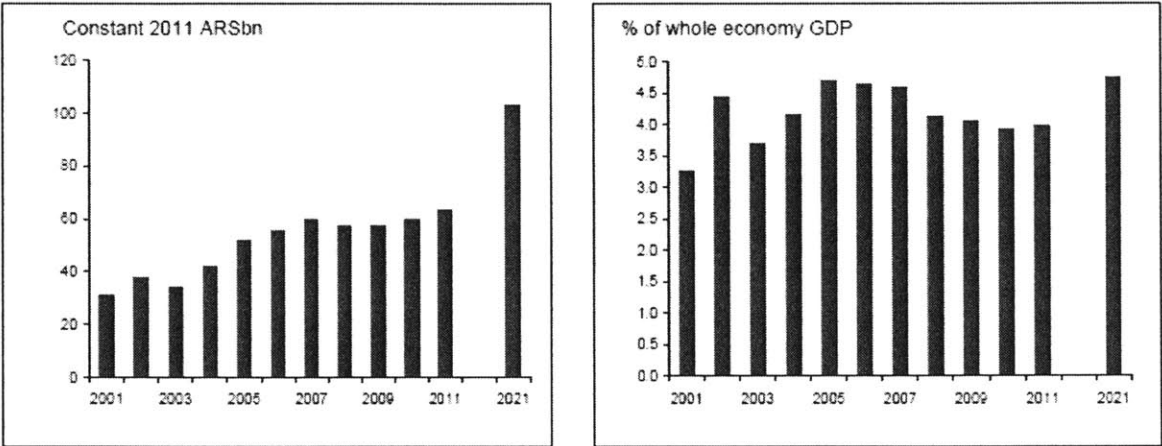
In 2003, the officials of the government of Argentina had expressed a desire to double the total contribution of Travel and Tourism industry to GDP from 7.0% to 14.0% in 10 years. This goal has not yet been reached. It is stated in the recent report, Travel and Tourism Economic Impact of Argentina, published by WTTC, in the beginning of 2011 that the total contribution of tourism to GDP is 11.0% at the time and is forecasted to rise to 13.0% by 2021 (Argentina Tourism Report, 2003; Knowles et al, 2004; Argentina Travel and Tourism Economic Impact Research Report, 2011). The country is on the right track and could be considered partly successful. But it is amazing that after eight years of efforts in improving the Travel and Tourism industry in Argentina, the target set for year 2021 is a bit lower than the target set for year 2013 eight years ago.

A considerable progress is expected in Argentina Travel and Tourism industry for the next decade. The following diagrams in Exhibits 6 indicate the direct contribution of Travel and Tourism to GDP¹⁸ in terms of constant 2011 ARS billion and percentage of whole economy

¹⁸ In order to get a better grasp of travel and tourism indicators, Appendix D deals with defining the economic contribution of travel and tourism based on Tourism Satellite Accounts (TSAs) framework. World Travel and Tourism Council develops an annual Travel and Tourism Economic Impact Research, with TSA framework, for each of its 181 member countries, including Argentina. The researched are thoroughly studied and the main points are based on the strategic analysis applied to Travel and Tourism industry in each country.

GDP, as included in 2011 Argentina Travel and Tourism Economic Impact Research Report. As mentioned in Appendix D, “*The direct contribution of Travel and Tourism to GDP primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines, and other passenger transportation services (excluding commuter services).*” This indicator is expected to be ARS63.2 billion in 2011 (4.0% of GDP) and ARS103.0 billion by 2021 (4.7% of GDP). The expected annual growth is 5.0%¹⁹ (Argentina Travel and Tourism Economic Impact Research Report, 2011).

Exhibit 6 – Direct Contribution of Travel and Tourism to GDP in Argentina



Source: Argentina Travel and Tourism Economic Impact Research Report, 2011

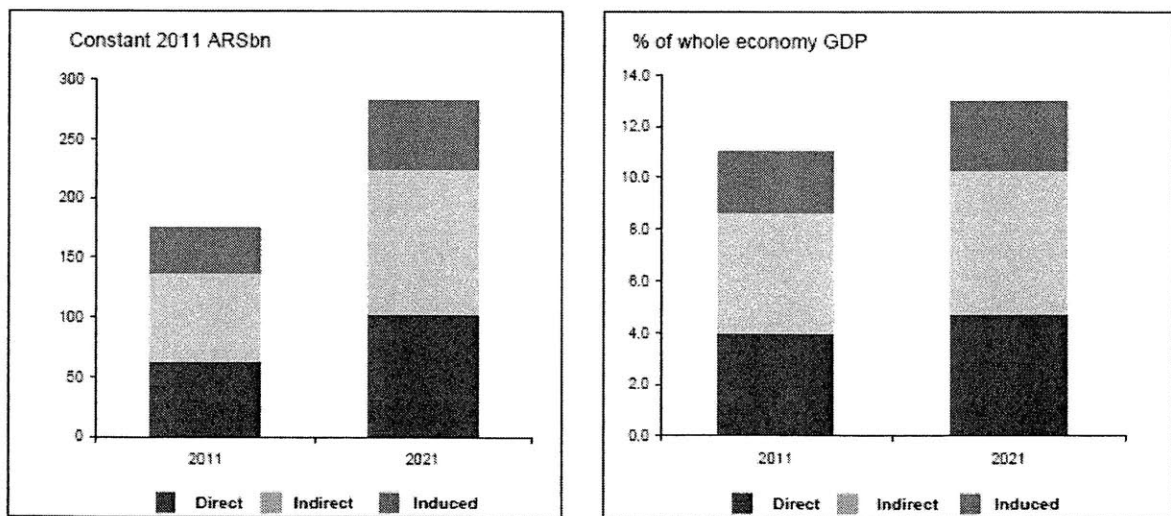
The diagrams in Exhibit 7 indicate the total contribution of Travel and Tourism to GDP²⁰ in terms of constant 2011 ARS billion and percentage of whole economy GDP, as included in

¹⁹ All values are in constant 2011 prices and exchange rates.

²⁰ More explanation of the Total Contribution of Travel and Tourism to GDP is provided in Appendix D.

2011 Argentina Travel and Tourism Economic Impact Research Report. As mentioned in Appendix D, “The total contribution of Travel and Tourism includes its ‘wider impacts’ (i.e. the indirect and induced impacts) on the economy. The ‘indirect’ contribution includes the GDP and jobs supported by Travel and Tourism investment spending, government collective spending, and domestic purchases of goods and services by the sectors dealing directly with tourists. The ‘induced’ contribution measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel and Tourism industry.” This indicator is expected to be ARS174.7 billion in 2011 (11.0% of GDP) and ARS282.3 billion by 2021 (13.0% of GDP). The expected annual growth is 4.9%²¹ (Argentina Travel and Tourism Economic Impact Research Report, 2011).

Exhibit 7 – Total Contribution of Travel and Tourism to GDP in Argentina

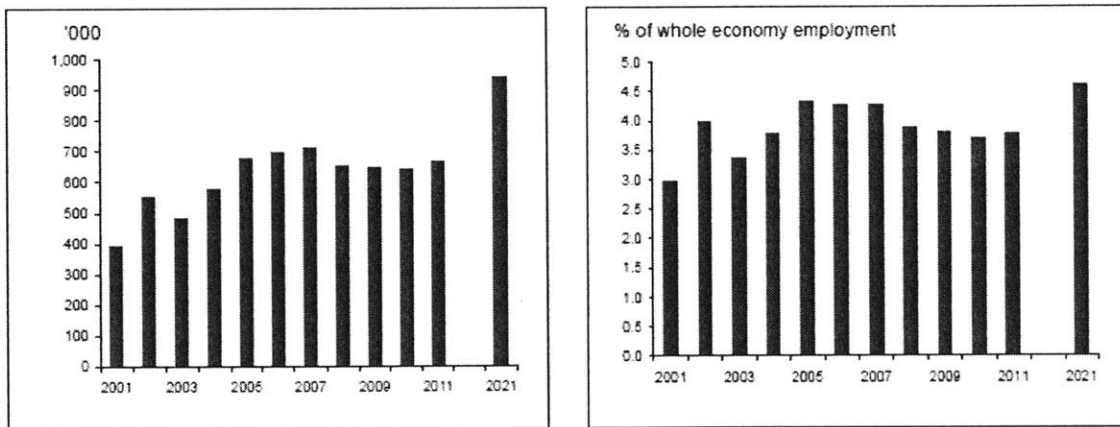


Source: Argentina Travel and Tourism Economic Impact Research Report, 2011

²¹ All values are in constant 2011 prices and exchange rates.

Direct employment in Travel and Tourism— by hotels, travel agents, airlines, and other passenger transportation services – is expected to create 669,000 jobs in 2011 (3.8% of total employment). This figure is expected to turn into 941,000 jobs by 2021, 40.6% increase over the next ten years. The diagrams in Exhibits 8 indicate the direct contribution of Travel and Tourism to Employment²² in terms of thousands of jobs and percentage of whole economy employment, as included in 2011 Argentina Travel and Tourism Economic Impact Research Report (Argentina Travel and Tourism Economic Impact Research Report, 2011).

Exhibit 8 – Direct Contribution of Travel and Tourism to Employment in Argentina



Source: Argentina Travel and Tourism Economic Impact Research Report, 2011

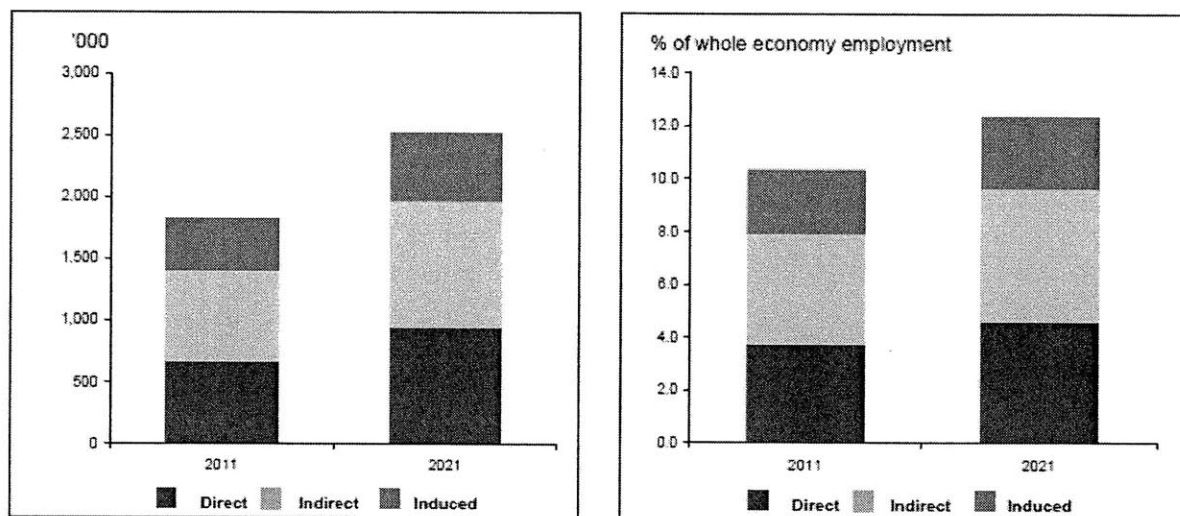
Finally, the total contribution of Travel and Tourism to employment²³ includes wider effects from investment, the supply chain and induced income impacts. This indicator is expected to

²² The complete definition of the Direct Contribution of Travel and Tourism to Employment is provided in Appendix D.

²³ The complete definition of the Total Contribution of Travel and Tourism to Employment is provided in Appendix D.

be 1,829,000 jobs in 2011 and, with an increase of 3.2% over time, 2,518,000 jobs by 2021, respectively 10.3% and 12.4% of total employment. The diagrams in Exhibit 9 show the total contribution of Travel and Tourism to Employment in terms of thousands of jobs and percentage of whole economy employment, as included in 2011 Argentina Travel and Tourism Economic Impact Research Report (Argentina Travel and Tourism Economic Impact Research Report, 2011).

Exhibit 9 – Total Contribution of Travel and Tourism to Employment in Argentina



Source: Argentina Travel and Tourism Economic Impact Research Report, 2011

For the last word, it should be mentioned that all the strategies taken by Travel and Tourism industry initiators of Argentina during the last decade, discussed in the previous part, could be taken serious for future development of this industry in Argentina. Needless to say, these strategies are required to be updated annually due to several reasons, including environmental changes, other country's strategies, etc. As evidence, the main theme of the

following strategies is Argentina's government having given strategic priority to tourism industry for the last years. However, maintaining the current hand-in-hand relationship between the private and the public sector in tourism industry may not be enough for the future and privatization might work better due to the situation of Travel and Tourism industry at the time, other countries' policies, interests of the private sector, and many other reasons. In other words, what has worked the best in the past may not work best in the future and it usually doesn't. However, there are some strategies, which could be predicted to be included in next years' strategies, such as those related to increasing the quantity and quality of any tourism-related issues or having stronger appearance in global tourism organizations; but this does not necessarily apply to all of the previous strategies. Besides, the set targets related to each strategy is another issue that is dependent upon the strategic importance of the issue and changes continuously.

Chapter 4 – Travel and Tourism Industry in Turkey



4-1- Introduction

Turkey, the 19th biggest economy in the world, is a proportionally small country in the Middle East. For the last few years, this country has been in the top 10 touristic countries for its number of international arrivals based on United Nations World Tourism Organization statistics (economist.com, 2007; World Tourism Organization Database, 2011).

The government of Turkey has actually realized the critical importance of Travel and Tourism industry and has defined specific strategies for development of tourism in this country. Turkish Ministry of Culture and Tourism is a very active governmental section with annual strategic plans. It has a defined Tourism Strategy of Turkey for 2030. The Turkish Tourism Industry Report, prepared by this ministry together with Deloitte Company, is available for everyone on the Internet.

The focus of this chapter is on Turkey's Travel and Tourism industry, some related statistics, a general overview about how this industry has made progress during the last decade, the initiators and the regulatory bodies of Travel and Tourism industry in this country, an environmental analysis from strategic point of view, the core strategies having been taken in this industry, and the future of Turkey's Travel and Tourism industry²⁴.

4-2- Turkey at a Glance

The Indo-European Hittite Empire occupied Turkey about 1900 B.C. for almost 200 years. Then Phrygians and Lydians ruled it and in 550 B.C. the Persian Empire occupied the area until 334 B.C., when Alexander the Great defeated Darius III and Roman Empire occupied the country. Then Romans ruled the country until 410 A.D. and afterwards the Byzantine Empire's turn for more than eight centuries. The Ottoman Turks appeared in the 13th century and their empire lasted for 600 years. Ottoman Turks was among the most powerful empires in the region. In 1909 some young liberals, labeled as the Young Turks, played a critical role in reforming and installing a liberal government.

At last Turkey became a republic in 1923. Kemal Atatürk was the first president of Turkey, as a republic. Kemal Atatürk is an eternal figure in the history of Turkey both as a political leader and as the director of modernization and industrialization of the country. He also played a strategic role in decreasing the dominant role of Islam in Turkey. When Kemal Atatürk passed away in 1938, the government had already become parliamentary and

²⁴ The format of this chapter is exactly the same as that of chapter three.

multiparty and this has retained until now (Lambert, 2010; History of Turkey, 2001; Turkey, 2011).

Some major facts and figures about Turkey, which might help have a better image of this country, are as follows (Invest in Turkey, 2010; Nation Master – Turkey, 2011; Republic of Turkey Ministry of Culture and Tourism, 2005; Turkey, 2011; World Fact Book – Turkey, 2011).

Total area: 297,591 square miles (770,761 square kilometers)

Land area: 301,382 square miles (780,580 square kilometers)

Population: 74 million

Sex ratio: 1.02 male/female (2011 est.)

Fertility rate: 2.15 children born/woman (2011 est.)

Median age: 28.5 years old and

Literacy rate: 87.4% of total population (2011 est.)

Ethnicity/race: Turkish 75%, Kurdish 18%, other minorities 7% (estimated) (2008 est.)

Religions: 99.8% Islam (mostly Sunni) and 0.2% (mostly Christians and Jews)

Government: Republican Parliamentary Democracy

President: Abdullah Gül

Capital: Ankara

Official language: Turkish

Neighboring countries: Bulgaria, Greece, Syria, Iraq, Iran, Azerbaijan, Armenia, and Georgia

Climate: Temperate; hot, dry summers with mild, wet winters

Time: GMT +3

Monetary unit: Turkish Lira²⁵

Exchange rate: 1 Lyr = \$.658²⁶ (In other words, the current exchange rate is at 1.519 Lyr to US Dollar.)

GDP (Purchasing Power Parity): US\$ 958.3 billion²⁷ (2010 est.) (Turkey ranks 17 in terms of GDP.)

GDP (Per Capita): \$12,300 (2010 est.)

Labor Force: 24.73 million

Industries: Textiles, food processing, autos, electronics, mining (coal, chromate, copper, boron), steel, petroleum, construction, lumber, paper, and tourism

Exports: \$117.4 billion (2010 est.)

Export commodities: Apparel, foodstuffs, textiles, metal manufactures, and transport equipment

Imports: \$166.3 billion (2010 est.)

Import commodities: Machinery, chemicals, semi-finished goods, fuels, and transport equipment

Agricultural Products: Tobacco, cotton, grain, olives, sugar beets, hazelnuts, pulse, citrus, and livestock

Contribution of agriculture in employment: 30%

²⁵ The Monetary unit of Turkey is mentioned as TRY in WTTTC reports (Turkey Travel and Tourism Economic Impact Research Report, 2011).

²⁶ Based on the information acquired on April 28, 2011.

²⁷ Based on The World Fact Book, CIA's website (<https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html>).

4-3- Tourism in Turkey

There has been a boom in Turkish tourism in the last three decades. For many people, Turkey is one of the top ten countries s/he would like to visit; both for its enormous diverse tourism potential and for the image the Turkish authorities have helped build from this country, in the minds of others. Turkey does have popular tourism attractions, historical sites and treasures, natural attractions, cultural values and activities, traditional hospitality, and in one word, dynamic nature of tourism. However, the initiators of Travel and Tourism industry have played their roles very well and the achievements of Turkey in this industry is rather strategy-based. The governmental support, incentives for investment in this sector, together with development and marketing strategies have all had considerable contributions to the fast growth of Travel and Tourism industry (TÜRSAB, 2011; WTTC Travel and Tourism Economic Impact of Turkey, 2011; Yuksel et al, 2000).

The Travel and Tourism industry has acted as one of the most important drivers of economic development in Turkey during the last decades. Growth in the Travel and Tourism industry has directly contributed to reduction of unemployment, increase of national GDP, improvement of Turkey's balance of payments. As evidence, just in 2009, Travel and Tourism industry generated TRY95.3 billion of economic activity, which is approximately 10.2% of the national GDP. Moreover, Approximately 1.7 million people were employed in this sector in 2009, which by itself is 7.2% of total employment (Deloitte, 2010). Over 27 million tourists traveled to Turkey in 2009, although the world travel and tourism market was very challenging in this year (TÜRSAB, 2011).

The 2010 Turkish Tourism Industry Report, prepared by Deloitte for the Investment Support and Promotion Agency of Turkey in the Republic of Turkey Prime Ministry, highlights the growth of Travel and Tourism industry in Turkey as follows (Deloitte, 2010).

“... International tourist arrivals and tourism receipts have been growing rapidly over recent decades. The growth in Turkish tourism industry has been faster than that of the globe. The historical trend for the last three years show that more than half of the arrivals each year occur between June and September. Conversely, the winter period is the low season for the industry.”

Based on UNWTO statistics there has been a considerable increase in number of international arrivals and tourism revenues in Turkey during the last years, except for year 2009, due to the worst impact of oil prices and fluctuated exchange rates on this industry as discussed in Chapter two. The table in Exhibit 10 indicates the related figures²⁸ (Deloitte, 2010; Institute for Fiscal Studies, 2011; Turkey Travel and Tourism Economic Impact Research Report, 2011; TÜRSAB, 2011; World Tourism Barometer, 2008).

Note that 2010 Turkish Tourism Industry Report, prepared by Deloitte, indicates the normal travel patterns were globally affected by the 2006 World Cup in Germany and that is the reason Turkey faced a negative annual change for international tourist arrivals and tourism revenue in this year (Deloitte, 2010).

²⁸ Different figures in the table in Exhibit 10 are based on different sources, mentioned in the text. That is the reason no source is mentioned below the table.

Exhibit 10 - Distribution of Foreign Arrivals and Tourism Revenues by Years in Turkey

Year	International Tourist Arrivals (million)	Annual Change (%)	Tourism Revenue (Billion US Dollars)	Annual Change (%)
1995	7.1		5.0	
2000	9.6		7.6	
2002	13.2	(02/01) 14.1	8.5	(02/01) 4.7
2003	14.0	(03/02) 6.1	13.3	(03/02) 56.5
2004	17.5	(04/03) 24.9	15.9	(04/03) 19.5
2005	21.1	(05/04) 20.6	15.2	(05/04) -4.4
2006	19.8	(06/05) -6.2	16.9	(06/05) 11.2
2007	23.3	(07/06) 17.8	18.5	(06/07) 9.7
2008	26.5	(08/07) 13.6	21.9	(08/07) 18.5
2009	27.3	(09/08) 3.1	21.3	(09/08) -2.7

As mentioned in Deloitte's 2010 Turkish Tourism Industry Report, in spite of the 2008 globally worsened conditions, Turkey benefited from a successful Travel and Tourism industry. In 2008, Turkey welcomed more than 30 million tourists (26 million international and 4 million domestic) and international tourist arrivals and tourism revenue increased by 13.6% and 18.5%, respectively. Nevertheless, the average receipt of US\$708 per arrival changed to US\$647 per arrival and decreased by 7% (Deloitte, 2010).

Beside number of international tourist arrivals and tourism revenue, some other amazing rankings and information are found about Travel and Tourism industry in the Invest in Turkey Report prepared by ISPAT (The Republic of Turkey Prime Ministry Investment Support and Promotion Agency), some of which are as follows²⁹ (Invest in Turkey, 2010):

- *Istanbul is the 3rd most visited city in Europe, following London and Paris, as of 2008 (Euromonitor International).*

²⁹ Based on the report prepared by ISPAT, with the exact words.

- *Istanbul is the 17th most popular destination with 80 congresses and conventions held in 2009 (International Congress and Convention Association - ICCA).*
- *Turkish Airlines was selected as the “Best Airline of Southern Europe” and the “World's Best Economy Class Onboard Catering” in 2010.*
- *TAV Ankara Esenboga Airport was selected as the best airport in Europe in “5-10 million passenger” category in 2009 (Airports Council International - ACI).*
- *TAV Istanbul Ataturk Airport was selected as the “Best Airport in Southern Europe” in 2010 (Skytrax World Airline Awards).*
- *In 2009, the number of airline passengers in Turkey exceeded 85.2 million.*
- *In 2009, the share of tourism revenues accounted for a 20.8 percent share in Turkey’s export earnings.*
- *In terms of geothermal tourism potential, Turkey is among the top seven countries in the world and ranks 2nd in Europe with its 1,300 thermal springs. Bed availability in thermal vacation resorts has reached 35,000.*

The main regulatory body in Turkey’s tourism sector is the Republic of Turkey Ministry of Culture and Tourism³⁰. There are three General Directorates and one Department in this Ministry (Invest in Turkey, 2010; The Republic of Turkey Ministry of Culture and Tourism, 2005):

- General Directorate of Investments and Establishments

³⁰ Atatürk Bulvarı No: 29, 06050 Opera, Ankara – Turkey, www.kultur.gov.tr

- General Directorate of Promotion
- General Directorate of Research and Education
- Department of International Relations and European Coordination

There is also a private entity, named the Turkish Tourism Investor Association, which is involved in developing and executing future investment plans in Travel and Tourism industry. This Association helps The General Directorate for Investment handles all issues related to investments in the tourism sector (Invest in Turkey, 2010).

4-4- SWOT Analysis

SWOT Analysis has been applied to Turkey travel and tourism industry and a study has been conducted to detect the “strengths”, “weaknesses”, “opportunities”, and “threats”, in order to illustrate the working environment of this industry in Turkey.

4-4-1- Strengths

Turkey owns a dynamic diverse nature of tourism, including natural attractions, an excellent coastline, unique historical and archaeological sites, health and thermal tourism, winter sports, mountain climbing and layout tourism, adventure trips, plateau tourism and ecotourism, conference and expo tourism, cruise ship and yacht tourism, golf tourism, etc. There are 878 cultural or natural sites registered in Turkey in the 2008 World Heritage List. Some of these sites – including the Historic Areas of Istanbul, the City of Safranbolu, Hattushash (Bogazkoy), the Hittite Capital, Mt. Nemrut, Xanthos-Letoon, the Great Mosque, Hospital of Divrigi, the legendary city of Troy, Pamukkale-Hierapolis, and Goreme National

Park in Cappadocia – are listed as both cultural and natural heritage sites (Deloitte, 2010; Invest in Turkey, 2010; TÜRSAB, 2011). Turkey has unique cultural values and activities. The roots of this country's cultural heritage go back to the first civilizations ever recorded in history and to the empires with history building dynasties. Turkish history and culture is found in the heritages, ceremonies, and activities available to tourists to visit (Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007; TÜRSAB, 2011).

Moreover, Turkey has a suitable climate and this is one of the reasons potential tourists consider Turkey as a tourism destination country for long time duration. This country is surrounded by 3 different seas with long summers and is mostly famous as a popular summer destination (Deloitte, 2010; General Directorate of Investment and Establishment, 2007).

There are some tourism destinations in Turkey, with worldwide fame, places that would remind people of Turkey and might be the main reason many of them would want to go to Turkey. These tourism destinations are not related to mountain climbing, yacht tourism, or the beautiful coastline of Turkey. Similar beauty could be found in other countries as well. One of those special tourism destinations is Hagia Sophia Museum, which is the great masterpiece of Byzantine art, built in 6th century AD by Justinian. It was built to be a church at the time, turned into a mosque after Istanbul was conquered by the Ottoman Sultan, Mehmet II in 1453, and converted into a museum by Ataturk's order in 1936. The other example is Blue Mosque, Sultan Ahmet Camii, one of the most beautiful mosques in the world. This mosque was also built during Ottoman Empire and reflects the splendor of Islam. The other Turkish wonder of the world is Pamukkale, which is a geological formation including a unique spring with therapeutic qualities. Ancient city Emphesus – with one of the

Seven Wonders of the World, Temple of Artemis, inside it – is the other tourism destination country a tourist would want to visit after going to Turkey (Toptenturkey.com, 2011).

The Turkish officials have prioritized Travel and Tourism industry and there has been strong government support behind the industry since 1980s. As evidence, the Law for Encouragement of Tourism in Turkey³¹, enacted in 1982, has acted proactively supportive and provided strong momentum of growth in Travel and Tourism industry. This law has played a considerable role in building a very popular image of Turkey specifically in the eyes of tourists from Western Europe (Deloitte, 2010; Law for Encouragement of Tourism in Turkey, 1982; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007).

There is strong synergy between private and public sectors in the Travel and Tourism industry in Turkey and this is very helpful to the growth potential of both the industry and the economy (Deloitte, 2010; General Directorate of Investment and Establishment, 2007; The Travel and Tourism Competitiveness Report, 2009). Government of Turkey has defined many incentives for investment in Travel and Tourism industry and the Law for Encouragement of Tourism in Turkey (Appendix F) is an evidence of this fact. Based on Article 14 of this Law (Law for Encouragement of Tourism in Turkey, 1982; General Directorate of Investment and Establishment, 2007),

“(a) Tourism loans shall be allocated, on a priority basis, to investments made in tourism areas and tourism centers.

³¹ On Turkey’s Law for Encouragement of Tourism, see Appendix F.

(b) The Tourism Bank Inc. of the Republic of Turkey may obtain foreign currency loans from foreign sources for allocation to certified investments in tourism areas and tourism centers. The terms and conditions agreed upon for the loans made available by the Treasury shall also apply to loans obtained in this way, and general principles concerning the allocation and repayment of such loans shall be established jointly by the Ministry, the Ministry of Finance and the Under secretariat for the State Planning Organization.”

Hospitality sector has a high standard in Turkey from both quantity and quality perspectives and Turkey owns a considerable know-how in hospitality service business including hotels, shopping restaurants, and internal transportation. Turkey’s workforce in tourism sector has considerable experience in interaction with tourists, due to the large number of tourists during the last three decades. Actually almost all of the people of Turkey have had some experience with tourists; so this know-how could be considered as part of their culture. This background is helpful for developing the human resources in this sector to reach higher standards. Nevertheless, there are still a lot of shortcuts for improvement in tourism higher education in Turkey (Deloitte, 2010, Fevzi et al, 2005; Hospitality Industry in Turkey, 2007; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007)

Turkey has improved its tourism infrastructure both in terms of quantity and quality, due to the investments in its interior, air transportation, and strategy development. As an example, air transportation infrastructure is of very high quality in Turkey and has developed at a rate of 30% above the world average since 2002 (Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007; Transport Situation in Turkey, 2007; Turkey, 2011). As evidence, the accommodation industry in Turkey covers different levels of

affordability, including super deluxe hotels, holiday complexes, boutique hotels, and affordable motels. Tourists find a variety of recreation and entertainment facilities in almost every hotel. There are also top quality convention centers of international reputation with high capacity and advanced technology (Turkey Travel and Tourism Economic Impact Research Report, 2011; TÜRSAB, 2011).

4-4-2- Weaknesses

Tourism higher education is of rather low quality in Turkey. Degree programs in tourism have been found in Turkish universities since the early 1990s. But there is still lack of qualified academic staff and limited practical training opportunities for students. At the same time, the curriculums are not properly designed and no clear policy is defined for keeping the qualified graduates in the Travel and Tourism industry (Fevzi et al, 2005; General Directorate of Investment and Establishment, 2007).

There is not yet a proper financial infrastructure in Travel and Tourism industry in Turkey³². Financial transactions of small businesses in this industry are often unrecorded and the business owners avoid to pay tax. Moreover, input costs have an increasing trend in Turkey Travel and Tourism industry. In other words, the direct cost to labor, material, and overhead devoted to providing the services in this industry is increasing (Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007).

Although investing in tourism infrastructure has been one of the priorities of Travel and Tourism industry initiators in Turkish government during the last decade, there are some shortcuts due to some initial lack of foundations. Mass tourism activities in the

³² As an example, bargaining is common even in hotels.

Mediterranean and Aegean Coastal areas and tourism planning approaches have ended up to distorted urban development and environmental problems at the Mediterranean and Aegean Coastal areas. There is over-condensed house building in backshore with insufficient infrastructure (General Directorate of Investment and Establishment, 2007).

There is lack of tourist satisfaction assessment in Turkey. Appendix G includes the main factors for customer satisfaction in Travel and Tourism industry mentioned in an article by Yuksel et al, titled as, “The Quest for Quality and Competitiveness: A Case of Turkish Tourism.” As they state in this article, “*No matter how good basic service offering or how brilliant the marketing plan, it all comes down to naught if there is a breakdown at the most critical interface: the point at which the customer comes into contact with the company’s employee.*” This is a very critical point for maintain market share (Yuksel et al, 2000).

4-4-3- Opportunities

Turkey is a brand in Travel and Tourism industry and has a strong image for its tradition of hospitality. Istanbul has the image of being the European Capital of Culture and there are many people who would respond “Istanbul” to the question “Where is the next place you would like to go best for your next vacation?” In this regard, liberalization of the aviation market has helped increase access of potential tourists to Turkey. Many people have better options for flying to Turkey and give more priority to travelling there (Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007)

Turkey has considerable unutilized potential in many types of tourism, due to its huge capacity in natural resources, culture, coasts, winter sports, cruising, golfing, yachting, etc. Turkey’s shares of the potential markets do not match its capacity. (Deloitte, 2010; Invest in

Turkey, 2010; General Directorate of Investment and Establishment, 2007; Turkey Travel and Tourism Economic Impact Research Report, 2011; TÜRSAB, 2011).

Turkey has historical figures like Mustafa Kemal Atatürk (1881-1938), the founder of the Turkish Republic and the First President of the Republic of Turkey, with worldwide fame. While many people want to know more about Mustafa Kemal Atatürk, this country has focused on this figure as one of the pillars of Republic of Turkey Ministry of Culture and Tourism, having Atatürk Museums, Atatürk's Poems, and Atatürk and Turkish Music (Republic of Turkey Ministry of Culture and Tourism, 2005).

Availability of young and knowledgeable workforce in Turkey is a great opportunity in Travel and Tourism industry. This workforce has the potential to be developed as Travel and tourism industry human resources (Deloitte, 2010; Invest in Turkey, 2010; Nation Master – Turkey, 2011; General Directorate of Investment and Establishment, 2007)

The purchasing power of tourists is rather high, due to the price competition in the Turkish market. The average prices are lower in Turkey, compared to those of the neighboring countries, and this could impact increasing the duration of stay in Turkey, especially for those tourists who want to go to different countries in the region at the same time (Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007).

4-4-4- Threats

Monetary issues are critical in Turkey Travel and Tourism industry. Strengthening TRY against other main currencies acts as discouraging in the eyes of tourists (Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007) Besides, the inflation rate in Turkey is now above 6%, which is still above the average of inflation rate

in the US and many of the European countries from which Turkey expects its tourists to come from.

There is high tax on daily accommodation charges, which has negative impact on choosing more expensive hotels and increasing the duration of stay in hotels and holiday complexes. Moreover, considering the interests of European and American tourists, high level of special consumption tax on alcohol could act as threat in Travel and Tourism industry (Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007) Unclear prices and bargaining culture is another threatening issue which ends up to mistrust and tension among tourists³³.

There is lack of urban development infrastructure in Turkey, which needs to be taken care of for future development of tourism in this country. Although Turkey has considerably developed its tourism infrastructure during the last decade, this development is not yet compatible with the targets this country has set for itself in Travel and Tourism industry. There is a lot of potential for improvement (General Directorate of Investment and Establishment, 2007). Urban transportation acts as obstacle for tourists in different large cities in Turkey, mainly Istanbul. Not everybody can afford to rent a van with an English-speaking driver. Besides, tourists should feel they have different options. Public transportation needs improvement, both in terms of quality and quantity. There are also operating problems on the mainline railway services, lack of direct connection between the two continents of Asia and Europe, and need for increasing capacity, reliability, accessibility, timeliness, and safety. Note that there is also air pollution in large cities, especially Istanbul,

³³ Based on personal experience.

due to lack of sufficient public transportation (General Directorate of Investment and Establishment, 2007; Istanbul, 2011; Tanyas, 2004; Transport Situation in Turkey, 2007).

4-5- Core Strategies

The government of Turkey still remains the main initiator in Travel and Tourism industry and has actually realized the critical importance of this industry. Specific strategies have been taken by the government for development of tourism in this country during the last few years, which are dealt with in this part.

- Supporting and empowering Travel and Tourism industry through assigning resources and proactive preparations by the government. This industry is considered very critical and important by the government of Turkey and is meant to have a strategic role in the improvement of the country. As evidence, the High Supreme Planning Commission approved “Tourism Strategy of Turkey – 2023” and “Activity Plan for Tourism Strategy” prepared by the Republic of Turkey Ministry of Culture and Tourism in 2007. The “Activity Plan for Tourism Strategy” has been updated annually ever since and the entire annual plans together with the “Tourism Strategy of Turkey – 2023” are available on the web. Based on the exact words of the High Supreme Planning Commission, “*A Tourism Industry Master Plan shall be drafted down to ensure sustainable and healthy development of the tourism sector.*” In other words, improvement in tourism industry is to be based on a dynamic basis rather than a static basis (General Directorate of Investment and Establishment, 2007).

- Providing incentives for potential investors to get more involved in Travel and Tourism industry. The Law of for the Encouragement of Tourism contains various investment incentives. The different sections of the law are discussed in Appendix F and a summary of the incentives is as follows (Deloitte, 2010; Law for Encouragement of Tourism in Turkey, 1982; General Directorate of Investment and Establishment, 2007).
 - *Land Allocation for Tourism Investment: Public land can be allocated to tourism facilities up to 49 years with relatively economic prices³⁴.*
 - *Employment of Foreign Staff: Certified tourism establishments may employ qualified foreign personnel and experts with the approval of the Ministry of Tourism and the Ministry of Interior. Provisions of the Law concerning the Trades and Services to be performed in Turkey by Turkish Citizens are not applicable to such personnel. However the total number of foreign personnel employed may not be higher than 10% of the total number of employees. The Ministry of Tourism may increase this ratio up to 20%. Such foreign staff may start working at the establishment 3 months prior to the commencement of commercial operations. (The employment of personnel aged fewer than 21 at certified tourism establishments and covered by Law no 2559 concerning the Duties and Powers of the Police shall be subject to the prior permission of the highest civil authority of the local area.)*
 - *Communication Facilities: All procedures and allocations in connection with requests of certified tourism investments and establishments for telephone and telex facilities are carried out on a priority basis.*

³⁴ Government incentives are mainly granted in terms of land allocation (Tourism Strategy of Turkey-2023, 2007).

- *Favorable Treatment as Exporters: Of the certified tourism establishments, those earning foreign exchange in the amounts that are specified annually by the Ministry for this purpose are considered as exporters.*
 - *Tourism Loan: The Tourism Bank Inc. of the Republic of Turkey may obtain foreign currency loans from foreign sources for allocation to certified investments in tourism areas and tourism centers.*
- Taking pro-active approaches in marketing for Turkey tourism, branding at city level, holding promotional campaigns, and – when the time comes – creating “Tourism cities³⁵” (General Directorate of Investment and Establishment, 2007).
 - Improving diversification of tourism products and destinations and offering a wide selection of tourism packages compatible with different tastes, in order to target different market segments including the most sophisticated and demanding traveler (General Directorate of Investment and Establishment, 2007; TÜRSAB, 2011).
 - Forming tourism corridors, cities, and ecotourism areas and in this way increasing the attractiveness of regions with tourism potential by more diversification and incorporating different types of tourism. Focusing more on research and development efforts in the field of tourism at national level plays a critical role in this regard (Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007; TÜRSAB, 2011).

³⁵ Branding at city level is defined for cultural tourism and refers to efforts applied cities that have already become a brand in tourism (General Directorate of Investment and Establishment, 2007).

- Optimizing the quality of training in Travel and Tourism industry, based on continuous learning, addressing both knowledge-based and experience-based training, and from qualitative and quantitative aspects. The ministry of Culture and Tourism plays a strategic role in this regard, mainly by providing guidance on educational schemes and syllabi at higher decision-making levels (Fevzi et al, 2005; General Directorate of Investment and Establishment, 2007).
- Developing proper tourism higher education policies and plans based on increasing the quality of tourism higher education in Turkey. The focus is on employing qualified academic staff, designing better curriculums, providing sufficient practical training opportunities for students, and keeping the qualified graduates in the industry. In this regard, some changes might be essential in the country's overall higher education system (Fevzi et al, 2005; General Directorate of Investment and Establishment, 2007).
- Providing better governance through establishing councils at national, regional, city, and destination levels in Travel and Tourism industry. There are several prerequisites in this regard, including a set of legal and organizational arrangements within the Ministry of Culture and Tourism³⁶ (General Directorate of Investment and Establishment, 2007).
- Putting more tax control on small businesses in Travel and Tourism industry, since their financial transactions are often unrecorded and the business owners avoid to pay tax

³⁶ "...City Tourism Councils (CTCs) shall contribute to sounder, more consistent and participative decisions taken by the National Tourism Council (NTC). The other key role that CTCs are supposed to play is associated to business enterprises. They will receive full support and assistance from both public and private sectors in terms of funding and consultation and assume the role of a body intermediary, which ensures cooperation between business enterprises..." (General Directorate of Investment and Establishment, 2007).

(Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007).

- Increasing the effectiveness of partnership between private and public sector in the Travel and Tourism industry in Turkey³⁷. Effective public-private partnership is a need for today's economic environment. This is even more important in emerging markets, since there is considerable growth potential for the economy as a whole (Deloitte, 2010 and The Travel and Tourism Competitiveness Report, 2009). Cooperation between public and private sectors should be based on "governance" (General Directorate of Investment and Establishment, 2007).
- Assessing tourist satisfaction as an inevitable deliberate policy for quality improvement in Travel and Tourism industry and incorporating a well-defined structured assessment framework. It is a fact that tourism destination countries, which overlook tourist satisfaction assessment, definitely lose their market share. For authorities to make informed decisions based on such frameworks, they need to highlight the critical success factors in service components, identify trouble causing components and components in need of improvement, and point out the differentiating components³⁸ (General Directorate of Investment and Establishment, 2007; Yuksel et al, 2000).
- Defining a framework for pricing the rooms of hotels and holiday complexes, in order to have clearer prices; otherwise people may feel they have been mistreated, after they find

³⁷ As mentioned in in the World Economic Forum's 2009 issue of the Travel and Tourism Competitiveness published Report, although the role of the public sector was traditionally strategic in improvement of this industry, the public sector is no longer adequate (The Travel and Tourism Competitiveness Report, 2009).

³⁸ On assessment of accommodations, see Appendix G.

our about bargaining and different prices for the same room, reserved at the same time, in a hotel.

- Leveraging the usage of tourism-related national assets, through wiser and more balanced conservation and utilization of natural, cultural, historical, and geographical national assets (General Directorate of Investment and Establishment, 2007).
- Cost management policies, in order to encounter the increasing input costs in Turkey Travel and Tourism industry. In other words, the increasing direct cost to labor, material, and overhead devoted to providing the services in this industry should be controlled proactively (Deloitte, 2010; Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007).
- Investing on the required infrastructure for development of Travel and Tourism industry in Turkey. This investment applies to road and air transportation infrastructures and communication network systems, rehabilitation of existing tourism areas, improvement of tourism destination countries, and urban development of areas with mass tourism activities. Alternative modes of transportation – including motorways, fast train tracks, cruise ship, and yacht marinas – are also considered for future developments (General Directorate of Investment and Establishment, 2007; TÜRSAB, 2011).

4-6- The future of Tourism in Turkey

Turkey has already been among the top ten countries, in terms of the number international tourist arrivals, for the last few years. Based on Tourism Strategy of Turkey - 2023, the

defined vision for year 2023 is as follows³⁹ (General Directorate of Investment and Establishment, 2007).

“With the adoption of sustainable tourism approach tourism and travel industry will be brought to a leading position for leveraging rate of employment and regional development and it will be ensured that Turkey becomes a world brand in tourism and a major destination in the list of the top five countries receiving the highest number of tourist and highest tourism revenues by 2023.”

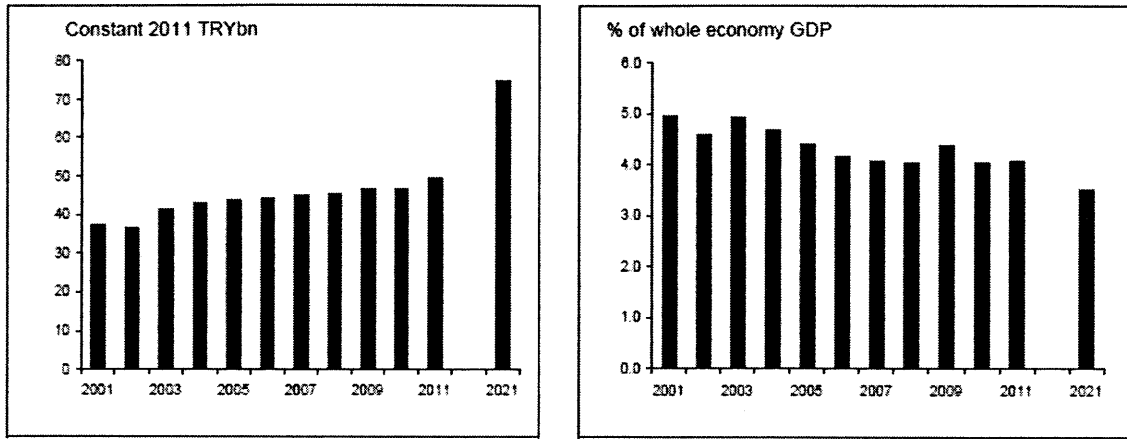
A considerable progress is expected in Turkey Travel and Tourism industry for the next decade. The following diagrams in Exhibit 11 indicate the direct contribution of Travel and Tourism to GDP⁴⁰ in terms of constant 2011 TRY billion and percentage of whole economy GDP, as included in 2011 Turkey Travel and Tourism Economic Impact Research Report. As mentioned in Appendix D, *“The direct contribution of Travel and Tourism to GDP primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines, and other passenger transportation services (excluding commuter services).”* This indicator is expected to be TRY49.8 billion in 2011 (4.1% of GDP) and TRY74.9 billion by 2021 (3.5% of GDP). The expected annual growth is 4.2%⁴¹ (Turkey Travel and Tourism Economic Impact Research Report, 2011)

³⁹ On Tourism Strategy of Turkey, see Appendix H.

⁴⁰ In order to get a better grasp of travel and tourism indicators, Appendix D deals with defining the economic contribution of travel and tourism based on Tourism Satellite Accounts (TSAs) framework. World Travel and Tourism Council develops an annual Travel and Tourism Economic Impact Research, with TSA framework, for each of its 181 member countries, including Turkey. The researched are thoroughly studied and the main points are based on the strategic analysis applied to Travel and Tourism industry in each country.

⁴¹ All values are in constant 2011 prices and exchange rates.

Exhibit 11 – Direct Contribution of Travel and Tourism to GDP in Turkey



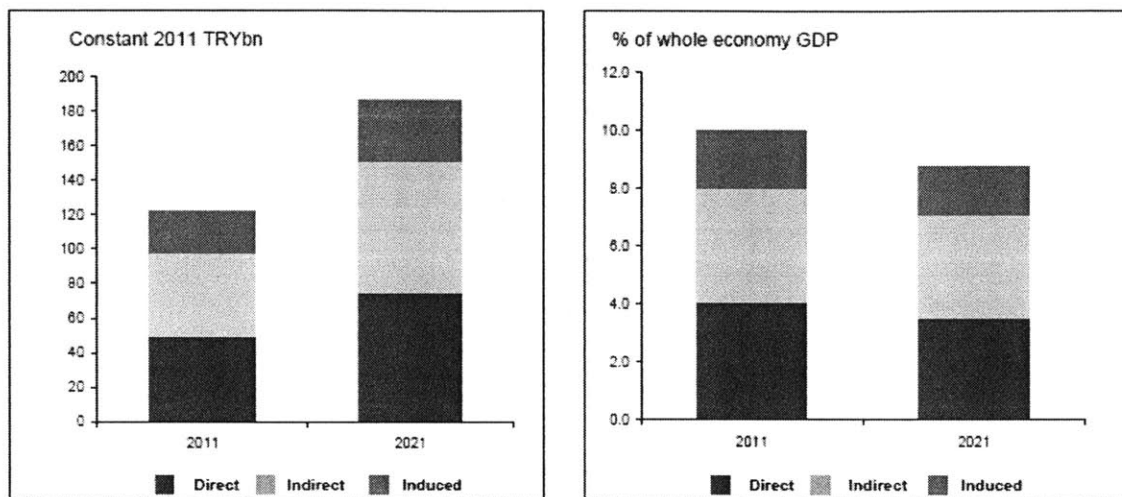
Source: Turkey Travel and Tourism Economic Impact Research Report, 2011

The following diagrams in Exhibit 12 indicate the total contribution of Travel and Tourism to GDP⁴² in terms of constant 2011 TRY billion and percentage of whole economy GDP, as included in 2011 Turkey Travel and Tourism Economic Impact Research Report. As mentioned in Appendix D, *“The total contribution of Travel and Tourism includes its ‘wider impacts’ (i.e. the indirect and induced impacts) on the economy. The ‘indirect’ contribution includes the GDP and jobs supported by Travel and Tourism investment spending, government collective spending, and domestic purchases of goods and services by the sectors dealing directly with tourists. The ‘induced’ contribution measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel and Tourism industry.”* This indicator is expected to be TRY122.1 billion in 2011 (10.0% of

⁴² More explanation of the Total Contribution of Travel and Tourism to GDP is provided in Appendix D.

GDP) and TRY186.6 billion by 2021 (8.8% of GDP). The expected annual growth is 4.3%⁴³ (Turkey Travel and Tourism Economic Impact Research Report, 2011).

Exhibit 12 – Total Contribution of Travel and Tourism to GDP in Turkey



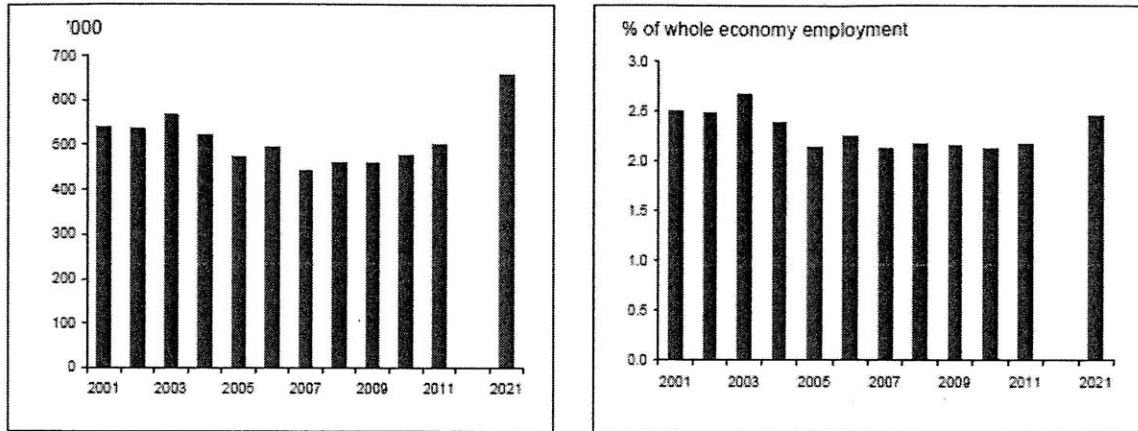
Source: Turkey Travel and Tourism Economic Impact Research Report, 2011

Direct employment in Travel and Tourism— by hotels, travel agents, airlines, and other passenger transportation services – is expected to create 503,000 jobs in 2011 (2.2% of total employment). This figure is expected to turn into 658,000 jobs by 2021, 30.7% increase over the next ten years. The following diagrams in Exhibit 13 indicate the direct contribution of Travel and Tourism to Employment⁴⁴ in terms of thousands of jobs and percentage of whole economy employment, as included in 2011 Turkey Travel and Tourism Economic Impact Research Report (Turkey Travel and Tourism Economic Impact Research Report, 2011).

⁴³ All values are in constant 2011 prices and exchange rates.

⁴⁴ The complete definition of the Direct Contribution of Travel and Tourism to Employment is provided in Appendix D.

Exhibit 13 – Direct Contribution of Travel and Tourism to Employment in Turkey

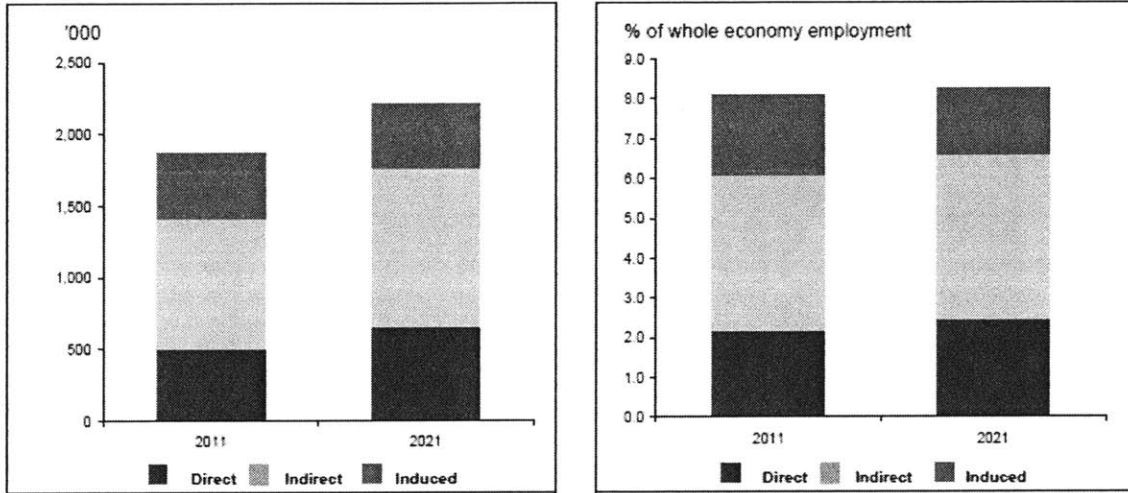


Source: Turkey Travel and Tourism Economic Impact Research Report, 2011

Finally, the total contribution of Travel and Tourism to employment⁴⁵ includes wider effects from investment, the supply chain and induced income impacts. This indicator is expected to be 1,873,000 jobs in 2011 and, with an increase of 1.7% over time, 2,216,000 jobs by 2021, respectively 8.1% and 8.3% of total employment. The following diagrams in Exhibit 14 show the total contribution of Travel and Tourism to Employment in terms of thousands of jobs and percentage of whole economy employment, as included in 2011 Turkey Travel and Tourism Economic Impact Research Report (Turkey Travel and Tourism Economic Impact Research Report, 2011).

⁴⁵ The complete definition of the Total Contribution of Travel and Tourism to Employment is provided in Appendix D.

Exhibit 14 - Total Contribution of Travel and Tourism to Employment in Turkey



Source: Turkey Travel and Tourism Economic Impact Research Report, 2011

Turkey has targeted to be among the top five countries in the world both in terms of attracting the highest number of international tourists and receiving the highest amount of tourism revenue by 2023. In other words, 63 million tourists and US\$ 86 billion should be attracted, which is about US\$ 1350 average revenue per international tourist. In order to continue increasing improvement in Travel and Tourism industry, learning from the past, having strategic approach, and taking into account the changing consumer preferences in foreign markets are essential. As one example, Turkey has realized focusing on medical tourism could be very beneficial. Medical tourism is increasingly in demand and Turkey has competitive advantage in terms of prices, service quality and geothermal resources (Invest in Turkey, 2010; General Directorate of Investment and Establishment, 2007).

Chapter 5 – Tourism Potential

5-1- Introduction

There are different sorts of ratings for tourism destination countries. UNWTO's rankings, discussed in appendix C, are based on the number of international tourist arrivals and tourism revenue, which deal with the outcome of Travel and Tourism industry in each country. However, there are some performance factors and policies, which end up to such outcomes and gauging those factors and policies could be as important as that of the outcome or even more. The most famous index in this regard is Travel and Tourism Competitiveness Index, which helps gauge tourism potential of countries from the competitiveness point of view.

The proposed model is based on customer satisfaction and could end up to defining Travel and Tourism Customer Satisfaction Index in the future. This model provides a structured approach to the reasons tourists may travel to a tourism destination country and proposes some action plans for the tourism destination country to take, in order to have the potential to be responsive to tourists and satisfy them. The proposed action plans help the country provide tourists with specific services related to the purposes of their visits.

Chapter five includes an explanation to the composition of Travel and Tourism Competitiveness Index and then deals with the fundamentals of Travel and Tourism Customer Satisfaction Index.

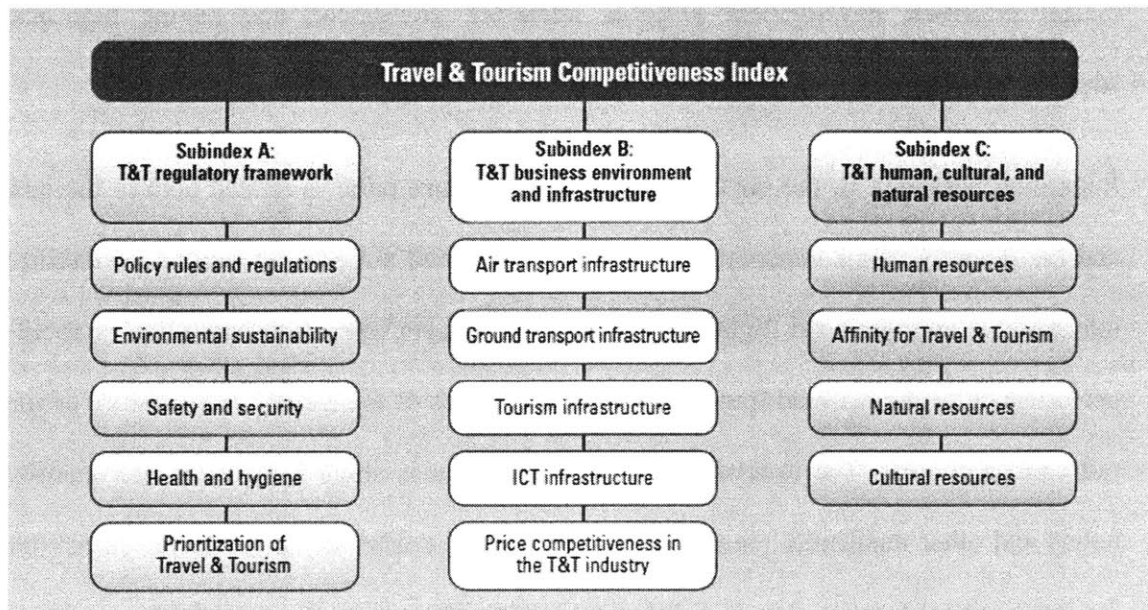
5-2- Composition of Travel and Tourism Competitiveness Index

Travel and Tourism Competitiveness Index defined by the World Economic Forum, as mentioned in its website, “*an independent international organization committed to improving the state of the world by engaging business, political, academic, and other leaders of society to shape global, regional, and industry agendas* (World Economic Forum, 2011)”. This index is the basis of the World Economic Forum’s annual Travel and Tourism Competitiveness Report. As mentioned in the 2011 report⁴⁶, “*Travel and Tourism Competitiveness Index is to provide a comprehensive strategic tool for measuring the factors and policies that make it attractive to develop the Travel and Tourism sector in different countries* (Blanke et al, 2011)”

Travel and Tourism Competitiveness Index deals with three sub indices “Travel and Tourism regulatory framework”, “Travel and Tourism business environment and infrastructure”, and “Travel and Tourism human, cultural, and natural sources.” The fourteen pillars of this index are categorized in these three sub indices (Blanke et al, 2011). One of the accepted approaches for a country to qualify for the Travel and Tourism industry, is to meet the prerequisites for each of the fourteen pillars of this index, no matter how developed a country is or in which geographic part it is located. The composition of the three sub indices of Travel and Tourism Competitiveness Index is indicated in the diagram in Exhibit 15. Appendix I includes the complete composition of the index, its sub indices, and the pillars.

⁴⁶ World Economic Forum is the main developer of the Travel and Tourism Competitiveness Report 2011, Booz and Company has been the Strategic Design Partner, and several Data Partners have participated. They include Deloitte, the International Air Transport Association (IATA), the International Union for Conservation of Nature (IUCN), the World Tourism Organization (UNWTO), and the World Travel and Tourism Council (WTTC) (Blanke et al, 2011).

Exhibit 15 - Composition of the Three Sub Indices of the Travel and Tourism Competitiveness Index



Source: Blanke et al, 2011 and Blanke et al, 2009

Regarding Subindex A, the **policy rules and regulations** pillar is related to the openness of a country and the policy environment of that country for development of tourism sector and whether governments, laws, and regulations are supporting or hindering this sector. The **environmental sustainability** pillar is about the stringency of the environmental regulations, and the level of their enforcement and prioritization by governments. This is a critical issue for keeping a country a tourism destination. The **safety and security** pillar is about the extent of police services reliability and covers both crimes and road traffic incidents. This is very important, since tourists don't tend to travel to dangerous tourism destinations. The **health and hygiene** pillar is about the extent of access to sanitation and healthcare facilities. Availability of drinking water is a critical factor in this regard. The **prioritization of Travel and Tourism** pillar deals with clarifying that Travel and Tourism industry is of great concern

for a country and its government in the eyes of the potential tourists. This could be reflected in budget priorities, development projects, attracting investment, and having high-quality “destination marketing” campaigns in this sector (Blanke et al, 2011).

Regarding Subindex B, the **air transport infrastructure** pillar is related both to the quality and the quantity of air transport in terms of airlines and airports, as well as availability of international and domestic flights. The **ground transport infrastructure** pillar is about the performance of the national transport network, in terms of the quality and quantity of roads, railroads, and ports. The **tourism infrastructure** pillar is about the quality and quantity of hotels and other residential areas, car rentals, and the availability of financial infrastructure for international tourists. The **ICT infrastructure** pillar covers the availability, quality, and quantity of Internet, telephone lines, and broadband. It also points out the extent to which Internet is being used for business transactions in the country’s economy. The **price competitiveness in the Travel and Tourism industry** pillar is related to lowering the costs to attract more tourists. Competition in this regard deals with providing better products and services at the same time. Prices of air tickets, fuel, hotel accommodations on the one hand and tax rates on the other hand play a critical role in this regard (Blanke et al, 2011).

Regarding Subindex C, the **human resources** pillar is about both education and training issues and availability of qualified labor, in order to make sure there is accessibility to the required human resource for development of the Travel and Tourism industry. The **affinity for Travel and Tourism** pillar is about how open a country is to tourism and how welcoming a nation is to tourists. Tourism should have an important image. The **natural resources** pillar is related to the quality of the natural environment of a country as well as the number of natural sites a country can offer its tourists. The **cultural resources** pillar deals

with issues such as the number of cultural World Heritage sites and number and capacity of stadiums, Exhibitions, and convention centers (Blanke et al, 2011).

5-3- Fundamentals of Travel and Tourism Customer Satisfaction Index

Another approach is to gauge the potential of a tourism destination country from the viewpoint of the customer, called tourist in Travel and Tourism industry, and take the kind of action plans, which increase the satisfying level of the tourism destination country.

Customer satisfaction has an agreed-upon definition in different industries. As defined in Wikipedia, *“Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation (Customer Satisfaction, 2011).”*

The same meaning applies to Travel and Tourism industry. Tourist satisfaction assessment is a critical point and a well thought out framework is essential; otherwise the cost is tremendous. This framework should highlight the critical success factors in service components; identify trouble causing components and components in need of improvement; and point out the differentiating components⁴⁷ (General Directorate of Investment and Establishment, 2007; Yuksel et al, 2000). Appendix G deals a set of customer satisfaction factors, together with the sub factors Yuksel et al have defined for the Travel and Tourism industry. The factors include food quality, service quality, hygiene and accommodation,

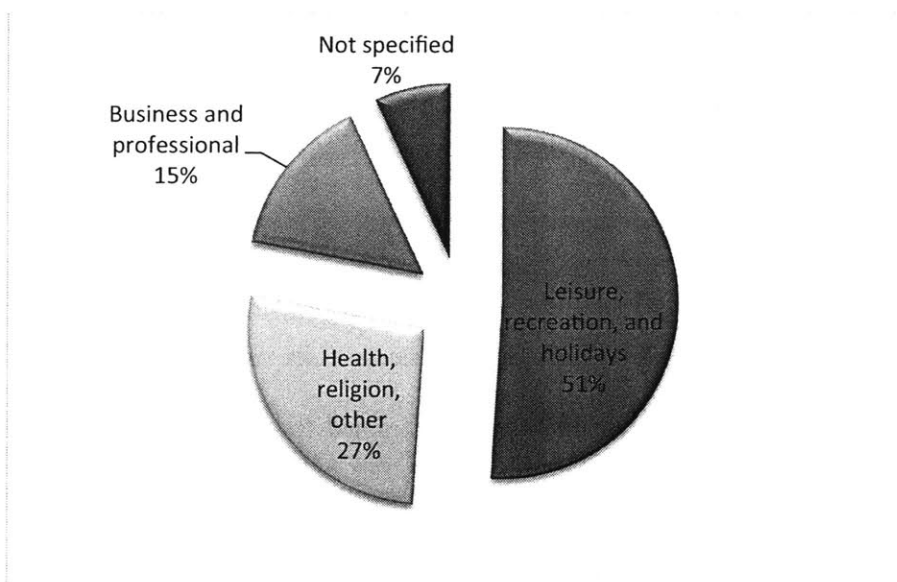
⁴⁷ On Assessment of Accommodations, see Appendix G.

hospitality, tourist facilities, environment, price and value, entertainment, quietness, convenience, communication, security, sports, transportation, airport services, and weather.

These factors are important for every tourism destination country and at all time. They are not considered strategic points since they should be taken care of anyways. Another aspect of satisfying the customer is being responsive to the purpose of visit. In this regard tourism destinations could be classified into different categories based on their potential for being compatible with different purposes of visits.

There are studies and researches about purpose of visit. WTTC conducted a study in this field in 2009, which ended up to realizing that only about half of the international trips had been for leisure in 2008. The other half traveled for other reasons. The outcome of this study is indicated in the diagram in Exhibit 16 (Progress and Priorities, 2010).

Exhibit 16 - Purposes of Visits in 2009



Source: UNWTO Tourism Highlights, 2010

Considering purpose of visit is not a new concept; but defining categorized different reasons for travelling, the related classification of tourism destinations, and development of action plans in order to satisfy the customers from the viewpoint of considering the reason behind their trip is the contribution of this model. The proposed model is limited to the factors, in terms of action plans, that could be considered in assessing the fulfillment of customers' desires and does not calculate the extent to which s/he is satisfied in this regard. Such factors could be the basis for travel and tourism customer satisfaction index, in order to gauge the country's tourism potential the viewpoint of the tourist.

Categorization of probable purposes of visits in the proposed model is not exactly the same as that of WTTC's study. Some books and articles have been read in this field, in order to have a more comprehensive understanding of probable purposes of visit. As evidence, Mason refers to different books and articles regarding major reasons for tourist traveling and summarizes them as relaxation, pleasure and entertainment, social interaction, sexual opportunity, educational opportunity, self-fulfillment, wish fulfillment, shopping, business, holiday, health, and transit (Mason, 2003). Assuring human contact, providing pleasure expanding business opportunities, easing diplomatic relations, and opening eyes to new horizons and perspectives are the issues WTTC believes to be the main reasons of traveling (The Global Travel and Tourism Summit, 2007).

In this thesis, in order to define the fundamentals of Travel and tourism Customer Satisfaction Index, the major reasons for tourist traveling is categorized as indicated in the table in Exhibit 17. Considering major reasons for tourist travelling as the base, a comprehensive business model for tourism development should include solutions for each reason. In other words, there must be offers for fulfilling each of the possible reasons a

tourist has travelled or would want to travel to a place. Having examined the experiences of Argentina and Turkey and having reviewed the strategies they have taken, it can be deduced that they are already taking some action plans in this regard. That is why the Travel and Tourism industry is growing fast in these countries.

Exhibit 17 - Different Purposes of Visit

Leisure Purposes	Psychological Purposes	Social Purposes	Special Purposes	Other Purposes
Holiday ⁴⁸	Escaping everyday life	Social interaction	Expanding business opportunities	Transit
Pleasure and entertainment	Opening eyes to new horizons and perspectives	Prestige	Educational opportunity	Religious reasons
Enjoying nature	Wish fulfillment	Visiting relatives and strengthening family bonds	Health	Political reasons
Shopping ⁴⁹	Relaxation	Visiting friends	Events (Conference, Sport, Exhibition, March, etc.)	Easing diplomatic relations

The proposed action plans to be taken in order to have the potential to be responsive to each of the pillars of each of the sub indices **leisure, psychological, social, special, and other purposes** are illustrated in the table in Exhibit 18. These action plans could be considered as a base for a country’s strategic plan for tourism development, from the viewpoint of fulfilling

⁴⁸ Holiday could be defined both in the tourism destination country and in the targeted countries, where tourists come from.

⁴⁹ Sexual opportunity could be considered for some countries as one of the aspects of shopping.

the tourist by being responsive to the reason s/he has travelled. Taking such action plans could guarantee having a better Travel and Tourism Customer Satisfaction Index.

Note that the action plans covered in this table are mainly those related to the pillar and not the general factors related to customer satisfaction⁵⁰, such as cost and quality factors, which should be considered for targeting any tourist who travels for any reason.

Exhibit 18 - Different Action Plans to Target Different Tourists Who Travel for Different Reasons

<i>Leisure Purposes</i>
Targeting Tourists Traveling for Holiday
<p>Strategic Focus: Taking into consideration the culture of the countries where tourists are expected to come from; Considering timing of holidays in those countries; Matching the events in the tourism destination country with the potential tourists' satisfaction as much as possible.</p> <p>Some Proposed Action Plans:</p> <ul style="list-style-type: none"> - Enhancing knowledge about the culture of the country, the holidays, and its cultural events in the targeting countries on the one hand and defining new events compatible with the culture of the countries tourists are expected to come from on the other hand. - Proposing different packages compatible with the duration of specific holidays in the countries tourists are expected to come from and according to their cultures. This would facilitate traveling of tourists from those countries and help them enjoy these packages more. - Defining events (such as marches, fairs, markets, shows, etc.) during specific holidays of the countries tourists are expected to come from, according to different tastes of potential tourists and focusing on marketing specific events in specific countries.
Targeting Tourists Traveling for Pleasure and Entertainment
<p>Strategic Focus: Targeting the public; Considering current tourists as potential marketing agents; Having innovative approaches for tourist attraction.</p>

⁵⁰ Appendix G is about with such customer satisfaction factors.

Some Proposed Action Plans:

- Having festivals and shows in the street, what every one can attend.
- Facilitating advertisement of events like shows, concerts, and other entertainment-based events by the government, in order to let tourists know about them. There are many times when tourists don't take advantage of their time because they don't know what they can do. In such cases they don't have a good experience, then they don't do buzz marketing when they go back to their country!
- Defining unique entertainment based on the culture and traditions of the country. There are many kinds of entertainment that are available in many places of the world. Those could be good, but not good enough for providing special pleasure. One very simple example is a country's traditional food, which is never the same in other countries. A tourist who goes to Turkey should always experience Turkish food in a traditional area.
- Benchmarking other countries about the pleasure and entertainment activities found in them and thinking of innovation.

Targeting Tourists Traveling for Enjoying Nature

Strategic Focus: Providing learning opportunities; Prioritizing nature conservation; Considering different tastes and different levels of knowledge of different people.

Some Proposed Action Plans:

- Offering the chance to visit a preserved nature to the tourists.
- Providing qualified tours and packages based in the natural resources of the destination country.
- Providing learning tools for tourists with different levels of knowledge, in order to learn more about the nature. Specific tools could be designed for children. Language is also an important issue that should be considered in this regard.
- Providing packages with nature-based residence, giving priority top nature conservation.
- Building nature-based resorts, while considering nature preservation; otherwise there will no doubt not be any chance in the future to target the tourist interested in the nature of the country.

Targeting Tourists Traveling for Shopping

Strategic Focus: Defining diversification in potential markets; Having a comprehensive approach towards defining financial benefits; Being open to global markets.

Some Proposed Action Plans:

- Having a detailed overview of the desired markets for different tourists with different nationalities, different tastes, and different ages.
- Having competitive pricing policies for products and services of addressed markets, based on national and international markets. Businesses and manufacturer should be led in this regard. A council including both public sector and private sector representatives could be the leader.
- Providing tax recovery regulations for tourists.
- Defining shopping tours with special tax recovery for specific time durations, in order to help build a shopping atmosphere.

Psychological Purposes

Targeting Tourists Traveling for Escaping Everyday Life

Strategic Focus: Investing on uniqueness; Taking advantage of healing and energy-related concepts; Defining innovative ideas.

Some Proposed Action Plans:

- Investing on the historical and cultural background of the country and make it presentable in different tangible and intangible ways, such as shows, museums, and events.
- Offering events that are only found in the tourism destination country or at least only found in that place with the presented format.
- Providing innovative ways of treating the tourists in places where there is high interaction with tourists.
- Giving people new exciting ideas to think about, so that they just leave their everyday life behind. One example could be providing them services based on their birthdate symbols (year or month) or the color they like. They could be served in different floors of a 12 story hotels for different 12 months of the year, with the related symbols in the rooms, or they could be served in different colors.

Targeting Tourists Traveling for Opening Eyes to New Horizons and Perspectives

Strategic Focus: Considering tourists with divers levels of knowledge; Considering different aspects related to different tastes; Considering knowledgeable tourists as asset.

Some Proposed Action Plans:

- Preparing the chance for science tours to have free or inexpensive access to the tourists and remembering that if the tourists traveling for acquiring knowledge are not fulfilled, the main loss is for the Travel and Tourism industry, not the company providing the science tour. Besides, the more tourists learn about the destination country, the more they can talk about it later and act as agents of buzz marketing.
- Preparing different educating tours or providing different packages of information for tourists with different levels of knowledge and understanding. For example, sometimes the information provided in museums is not attractive to many tourists because of its being condensed and hard to understand.
- Keeping in mind that English is most of the tourists' second language and providing knowledge in simple English in different tourism sites (while considering English to be the main language tourists speak, when they go to a country with an official language other than theirs.)
- Providing knowledge about the religious issues and traditions of the tourism destination.

Targeting Tourists Traveling for Wish Fulfillment

Strategic Focus: Considering raising peoples' knowledge about the destination country as an advertisement tool; Respecting memories of people; Bringing the destination country into the dreams of potential tourists.

Some Proposed Action Plans:

- Making a brand out of the destination country's name in Travel and Tourism industry through media coverage and providing information to raise the knowledge of people around the world about the country.
- Helping keep the memory of traveling to the tourism destination country by innovative ideas, such as providing the chance to take pictures in the taxis serving the airports or at the reception of hotels and making their moment of entrance a memory. The tourists are expected to have their cameras with them when they go to natural and historical attractions or restaurants. Another idea could be having free photography available in every tourism site.
- Advertising with the theme to travel to a specific place to make the traveler's wish come true.

Targeting Tourists Traveling for Relaxation

Strategic Focus: Combining relaxing and innovation in order to bring joy; Respecting relaxation as an inseparable part of the trip of a tourist; Considering respect and honesty as

important aspects of relaxation.

Some Proposed Action Plans:

- Building relaxation resorts with different innovative programs for people with different tastes. Osho Ashram in India is a great example of such places ⁵¹.
- Considering disturbance sensitivity as one of the quality criteria in hotels and residential places. Although high standard hotels are responsive to such issue, expanding the responsiveness and preventing the disturbance is strongly suggested.
- Having a respectful attitude towards the tourists in all the interactions, from immigration officers in the airports or railroad stations, or borders to the shopkeepers or restaurants servants all over the country. Being disrespected is most disturbing.
- Being honest and trustful. Confusion and mistrust are in contradicted with relaxation.

Social Purposes

Targeting Tourists Traveling for Social Interaction

Strategic Focus: Matching people with the same interests; Customization of gatherings with the traditions of the destination country; Finding excuses for interaction.

Some Proposed Action Plans:

- Mass tourism and travelling together of large number of people and enjoying the experience together both to visit a new place and to socialize.
- Offering residents of hotels and residential areas the chance to introduce them to other tourists. Some information could have been taken beforehand in order to match people in an optimized way.
- Providing congregation places and diverse gatherings for people with different interests. It could be very attractive if the gathering could be related to the tourism destination country's traditions, culture, or history. In this way the gathering would be unique in the way that it is customized with a country and there is only one of each country in the world!

Targeting Tourists Traveling for Prestige

Strategic Focus: Defining prestige at different levels for different levels of the society; Giving a prestigious nature to tourism; Combining social mission with prestige.

⁵¹ <http://www.osho.com/Main.cfm?Area=MedResortandLanguage=English>

Some Proposed Action Plans:

- Facilitating the emergence of prestigious hotels, restaurants, and popular congregation places in the tourism destination country.
- Defining unique events where high-level people of different groups are present. These could be political, artistic, or different social groups.
- Defining special happenings with social missions in the tourism destination and advertising for it in a way that responding the social mission is a prestigious role to play.
- Providing the chance to keep the memory of traveling to the tourism destination country by innovative ideas and helping the tourist have the chance to talk about it to others. Many people are proud to have seen different parts of the world.

Targeting Tourists Traveling for Visiting Relatives and Strengthening Family Bonds

Strategic Focus: Giving value to the nature of family; Inspiring dedication to home country; Mixing reunion-based events with tourism.

Some Proposed Action Plans:

- Offering special discounts in packages, residential areas, and tourism sites for relatives.
- Developing special diverse packages for relatives with innovative components and for different time durations. Mother and daughter package, mother and son package, twin package, and sibling package are some examples.
- Providing special offers for the elderly couples.
- Advertising with different themes, based on strengthening family bonds. For example, one theme could be taking old parents to a specific place to make their wish come true.
- Providing special touristic programs for people with the same nationality, who have been away from their country for several years. 10, 20, and 30 could be good numbers for offering different packages, since if age of 25 is considered the median migration age, after 10 years, the 35 year olds, after 20 years, the 45 years olds, after 30 years, the 55 years, and after 40 years, the 65 years olds, belong to different aging groups with different interests. So different packages is to be developed for them.

Targeting Tourists Traveling for Visiting Friends

Strategic Focus: Building a value-based image for fun; Synergy building with different friendship-based associations; Facilitation of the old friends' getting together.

Some Proposed Action Plans:

- Providing diverse gathering places to hang out.
- Having hotels with affordable childcare and baby-sitting facilities for parents who have come to a tourism destination country to meet old friends.
- Offering old classmate packages with special discounts. Such packages could have value-added for them.
- Establishing an organization for providing services for holding Reunions.
- Offering services to alumni associations.

Special Purposes

Targeting Tourists Traveling for Expanding Business Opportunities

Expanding business opportunities in terms of increasing international business investment, international trade, export, and sometimes import (when a tradeoff is defined) is one of the most important issues, which is the concern of every country in the world. There are many global organizations, which are involved in these fields and the economy and trade governmental initiator of all countries have defined strategies in this regard. Defining action plans in this field is beyond the limitations of this thesis, since it is not only related to Travel and Tourism industry, but also to other industries. It should be noted that almost all the industries have the potential for direct and indirect foreign investment; but there are different industries with higher potential in each country, which could end up to different prioritizations for development.

Targeting Tourists Traveling for Educational Opportunity

Providing better educational opportunity for students with nationalities other than that of the tourism destination country's is one of the priorities of both Travel and Tourism industry and the initiators of education in all the countries, which have qualified services to offer in this field. Even those countries, with less qualification, are concerned about this issue for the future. However, defining action plans in this field is beyond the limitations of this thesis, since more than Travel and Tourism industry, it is related to the quality and quantity of education services in the destination country. As long as high quality education is available, the customer satisfaction factors of Appendix G (for example) could be the base for treating those who travel to the tourism destination country for educational purposes, whether that person is studying for a long term or a short term, degree or a non-degree program.

Targeting Tourists Traveling for Health

Combination of health and tourism has ended up to a new cluster called medical tourism,

which mainly means traveling with the aim of improving one's health and receiving treatment. Of course, those countries with potential tourist attractions do have priority over others who could only provide medical services to such travelers. Providing action plans for targeting tourists traveling with medical tourism purposes is beyond the limitations of this thesis. However the suggested theme is to act as host in this regard, since tourists with health issues, while away from families, would really appreciate that.

Targeting Tourists Traveling for Events (Conference, Sport, Exhibition, March, etc.)

Strategic Focus: Helping tourists with time management; Considering tourists attending an event to be potential buzz marketing agents who will come back and will most probably bring someone else with them next time; Building synergy between tourism and different events.

Some Proposed Action Plans:

- Having brand building policies for the tourism destination country customized with different events. The tourists, who are now attending an event, could be inspired to come back again to see more of the tourism destination country. They can even come back with their friends or family next time.
- Defining win-win partnerships with corporations involved in holding summits/conferences/gatherings. The goal should be providing leisure-based services to those who have traveled for attending a gathering and help them feel like a tourist. Time management is a critical issue to consider in this regard.
- Offering high quality traditional products and souvenirs with different excuses, in different events, where turn out to be congregation of international tourists.
- Bringing popular figures to different events, according to the aim of the event and its theme. In many cases visiting famous figure brings satisfaction to the public and the same applies to tourists. Popular figures could be involved in a way that they feel their attendance in some events is part of their social responsibility.

Other Purposes

Targeting Tourists Traveling for Transit

Strategic Focus: Considering the current transit tourists in a country to be the potential tourists willing to visit the country in the future; Believing in the fact that the first interaction will build the image of the country in the eyes of tourists; Treatment of people based on respect.

Some Proposed Action Plans:

- Standardize airport, train stations, and all transit-related organizations in order to help the

tourists have a pleasant memory of the short time duration they have had in the destination.

- Providing optimized services to travelers in transit from different quality aspects such as time management and convenience.
- Having a respectful attitude with the travelers in transit and help energize them for the rest of their trip.
- Providing high quality convenience stopover services to the travelers in transit, in terms of residential requirements, health, etc. Such services are critically important for the transit travelers who do not have visa and need to stay in the airport for long timeslots.

Targeting Tourists Traveling for Religious Reasons

Strategic Focus: Respecting religion; Socialization among religious people; Image building for the religious reasons, which could make people travel for.

Some Proposed Action Plans:

- Providing knowledge about the religious issues and traditions of the tourism destination country in a presentable way compatible with the understanding of the potential tourists.
- Providing gathering and socializing opportunities for those who have traveled for common religious reasons.
- Building a respected image of the religious issues in the tourism destination countries in the eyes of the potential tourists. This applies both to the countries with religious cultures and to countries which host religious tourists.
- Providing mass tourism packages for those who have traveled for common religious reasons in order to facilitate socialization.

Targeting Tourists Traveling for Political Reasons

Providing action plans for targeting tourists traveling for political reasons is beyond the limitations of this thesis.

Targeting Tourists Traveling for Easing Diplomatic Relations

Providing action plans for targeting tourists traveling for easing diplomatic relations is beyond the limitations of this thesis.

Chapter 6 – Conclusions: Sustainability in Tourism Development

The business volume of Travel and Tourism industry exceeds that of food products, automobile industry, or even petroleum products. Tourism is the only industry that will no doubt exist forever. No new technology or innovation is likely to substitute this industry.

Travel and Tourism industry has been experiencing continuous growth and increasing diversification over the decades on the one hand and has had a major role in international commerce and acted as a major income generator for almost all the countries on the other (United Nations World Tourism Organization, 2011; World Tourism Organization, 2011). Different countries, at various levels of development, have taken advantage of this income source. Whereas in the 1950s only developed countries were in the top ten list of tourism destination countries (ranked based on number of international tourist arrivals by UNWTO), today countries like China, Turkey, Malaysia, and Mexico have become top list contenders in their own right.

The Travel and Tourism industry is among the few industries, which has a pervasive economic effect on the global community. This industry survived even during 2008 and 2009, the two years of global economic recession and this, by itself, is evidence of its potential in impacting the global economy (Progress and Priorities, 2010).

Economic effects of Travel and Tourism industry are well documented. Indeed many studies conducted on this industry consider tourism an economic phenomenon. This thesis has dealt with both economic and social aspects of tourism. The economic data were first analyzed and

then a social model was developed, by examining two different countries, as case studies. These case studies clearly have indicated that tourism is not only an economic, but also a social phenomenon. The Travel and Tourism Customer Satisfaction Index is also based on the social impact of Travel and Tourism industry, since it includes the social and psychological aspects of the Travel and Tourism industry as important for economic success.

From a strategic planning point of view, countries need to focus on some strategic aspects at a time. These strategic aspects could be chosen from among the pillars of Travel and Tourism Competitiveness Index or the factors defined as the fundamentals of Travel and Tourism Customer Satisfaction Index. SWOT analysis has different outcomes for each country and the resources available for every country are limited; so the chosen strategic aspects differ over time. This difference is due to expectations of the potential tourists, the performance of other tourism destination countries, and many other factors. Argentina and Turkey are good evidence of this.

There are some recommended general rules, which have nothing to do with any limitations and should be considered as MUST. These general rules are closely related to “Sustainability”. No matter how successful a country has been in Travel and Tourism industry for a specific period of time, if these general rules are not applied, the success may not be sustained for a long time. Addressing the main initiators of the Travel and Tourism industry in different countries, a list of Do’s and Do not’s are provided in Exhibits 19 and 20⁵².

⁵² The idea of Do’s and Not to Do’s lists comes from the *Staying Power* book by Michael A. Cusumano (2010). The content is based either on different references or the two case studies of the thesis.

Major Do's in Travel and Tourism Industry
Facilitate dynamic tourism in order to be able to offer diverse selection of products and services for satisfying diverse markets, even the most demanding tourists (TÜRSAB, 2011).
Respect and honor cultural (including languages) and social assets of the country. Tourism is mixed with interaction of different peoples and requires such precautions.
Facilitate the emergence of private sector in Travel and Tourism industry and as a first step, define win-win partnerships between public and private sector ⁵³ (Deloitte, 2010). Although governments have had a critical role in tourism development, since tourism is a profit-based industry, it has always been private sector dominated (McKercher, 1993).
Feel socially responsible for the human resources involved in Travel and Tourism industry. Both public and private sector should care about the development of human resources in this sector in terms of social support, education, and skill development ⁵⁴ (Fuller, 2007; Walsh, 2007). Sustainable jobs ⁵⁵ should be provided for those directly involved in this industry and all the others should be trained in a way that they are convinced tourism is the dynamics of the national economy and brings life to the country.
Build brand image in order to increase the attractiveness of a tourism destination country. In this regard, focusing on both tangible and intangible factors is of great importance.

⁵³ "Building Partnerships where Private Enterprise Provides Public Advantage" was one of the five pillars of the 2007 Global Travel and Tourism Summit held in Lisbon by WTTC.

⁵⁴ As Andrew Cosslett, the Chief Executive Officer of InterContinental Hotels Group Plc. says in his lecture in the 2007 Global Travel and Tourism Summit in Lisbon, "Young people are coming into our industry and looking for different things, looking for jobs that make them feel good, that appeal to their social conscience. Your customers and your own people will help steer you in a sustainable way" (Cosslett, 2007). Moreover, as Dara Khosrowshahi, President and CEO of Expedia Inc. states in the 2007 Global Travel and Tourism Summit in Lisbon, "We are socially responsible because that is what our employees want. ... We do it because our employees love it" (Khosrowshahi, 2007).

⁵⁵ As Christopher Rodrigues, the Chairman of VisitBritain, has a suggestion in this regard for the leaders of Travel and Tourism industry in the 2007 Global Travel and Tourism Summit in Lisbon, "We need to persuade people that this is an industry where they want to spend their careers – we must communicate our passion" (Rodrigues, 2007).

Major Do Not's in Travel and Tourism Industry
Do not just start developing tourism industry before assessing the capacity of different aspects of tourism infrastructure, including air infrastructure, road infrastructure, and accommodation capacity.
Do not overuse natural resources in Travel and Tourism industry ⁵⁶ . Always remember tourism is resource-based and stop creating waste in the nature and the culture of the country (Schroeder, 2003).
Do not abuse the trust of the tourist through providing incorrect information and taking advantage of the tourists' unfamiliarity with the tourist destination and never make her confused. Today, information technology is a great challenge in this regard and there are many people who have had bad experiences of their trust being abused. Mistrusts should be taken seriously (Baumgarten, 2007).
Do not consider tourists and non-tourists from the same group. Tourists expect different kinds of services. Tourists and non-tourists might be doing the same thing and use the same resources but with different intentions. Many of the reasons for tourist traveling are categorized in such common intentions (Hall et al, 1999; McKercher, 1993).
Do not mix tourism and philanthropy ⁵⁷ (Honey, 2011; McKercher, 1993). Some of the reasons for tourists to travel are escaping everyday life, self-fulfillment, prestige, pleasure, entertainment, and relaxation ⁵⁸ .

⁵⁶ Travel and Tourism industry is a pioneer in environmental sustainability issues (The Global Travel and Tourism Summit, 2007). The emergence of ecotourism is a symbol of it. Ecotourism is defined shortly by the International Ecotourism Society as "Responsible travel to natural areas that covers the environment and improves the well being of local people" (Ecotourism, 1990).

⁵⁷ There are some sources, which recommend the opposite or offer policies for mixing tourism and philanthropy. Including this "do not" in Exhibit 20 is mainly the recommendation of the author.

⁵⁸ As an example, they should not be expected to change their actions for the sake of the host country; instead that country should customize actions according to the tourists.

Tourism is a comprehensive concept and may be considered as a whole with other industries, since the improvement of other industries has a direct impact on the enhancement of tourism and vice-versa. The extent to which it has direct and indirect impact on other industries is of its own kind. In terms of direct impacts, there may be only travel agencies, tour operators, airlines, hotels, museums, art galleries, historic places, and holiday centers; but if you look at the indirect impacts of tourism, it will involve hospitals (when it comes to medical tourism), universities (when it comes to those who have traveled for educational purposes), and different corporations (when it comes to those who have traveled for business purposes).

When it comes to the image of the country and the role a country's Travel and Tourism industry has in building that image, tourism will impact the entire nation. So it can be said that tourism not only deals with billions of dollars, but also with billions of people all over the world.

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Appendices

Appendix A - United Nations World Tourism Organization⁵⁹

Brief History of UNWTO:

- **1946** – It was decided in the First International Congress of National Tourism Bodies, held in London, to create a new international non-governmental organization to replace the International Union of Official Tourist Propaganda Organizations (IUOTPO), which was established in 1934.
- **1967** - The United Nations announced year 1967 as the International Tourism Year (ITY), with the slogan “Tourism, Passport to Peace.”
- **1970** - On 27th of September, the Statutes of the World Tourism Organization (WTO) was adopted. Since 1980, September 27th has been celebrated as “World Tourism Day”.
- **1976** - United Nations Development Programme (UNDP) signed an agreement with WTO to become an executing agency.
- **Since 1980**, Members of the World Tourism Organization have been celebrating World Tourism Day every year on September 27th. Events include parades, concerts, tourism fairs, seminars, dinners, dances, and free entrance to museums – anything and everything that draws attention to the important role that tourism plays in the local community.

Mission of UNWTO:

UNWTO is a leading **international, specialized, and intergovernmental** organization in **the United Nations**, active in the field of tourism. UNWTO plays a central and critical role in order to support the promotion of sustainable and universally accessible tourism, **focusing mainly on developing countries**.

Viewpoint of UNWTO:

To **guarantee** optimization of success factors in tourism from **economic, social, cultural, and environmental points of view** for **all** the member countries, tourist destinations, and related businesses based on sustainable development, international understanding, peace, prosperity, and universal respect for human rights and fundamental freedoms for **all without distinction** as to race, sex, language or religion.

This Is What UNWTO Says About: “What Do We Do?”

“We work to bring our members together in a variety of settings and networks for collaboration. Together, we promote **public-private partnerships** and work **in pursuit of the UN Millennium Goals** in order to **promote the positive growth of tourism**.”

⁵⁹ Source: World Tourism Organization, 2011 (the exact words.)

Appendix B - World Travel and Tourism Council⁶⁰

The World Travel and Tourism Council (WTTC) is the forum for global business leaders in the Travel and Tourism industry, comprising the Presidents, Chairs, and CEO of the Foremost Travel and Tourism Companies, located in United Kingdom. With Chief Executives of some one hundred of the world's leading Travel and Tourism companies as its Members, WTTC has a unique mandate and overview on all matters related to Travel and Tourism.

WTTC works to raise awareness of Travel and Tourism as one of the world's largest industries, supporting more than 258 million jobs and generating 9.1 per cent of world GDP. WTTC's mission focuses on three main areas:

- **Driving the Agenda:** Raising awareness of the impact of Travel & Tourism and working with governments to make the industry an economic and job-creating priority.
- **The Facilitator:** Helping industry participants to understand, anticipate, interpret and act on global key regional development.
- **The Networking Forum:** WTTC is the business leaders' forum to which Travel & Tourism players aspire.

When the WTTC was established in 1990, the founding Members of this private sector industry association decided that the quantification of Travel and Tourism's impact on world and national economies would be the most important contribution they could make to achieve their goal of raising awareness among policy leaders and decision-makers of Travel and Tourism's economic contribution and its potential for creating wealth and employment around the world. The subsequent 19 years of investment in solid, professional and credible research, which to date has exceeded US\$5million made a significant contribution to the development of the international standard for Tourism Satellite Accounting (TSA) research, adopted in 2001 by the United Nations Statistical Commission.

The Council works with and consults with its Members to produce policy papers covering a wide variety of topical issues facing the industry. These papers are produced with the aim of presenting the Council's collective stance and putting forward guidelines on how to best meet challenges or optimize opportunities. WTTC's Policy statements can be region-specific or globally applicable, setting out strategies for areas of business ranging from corporate social responsibility to tackling infrastructure, human resources, and climate change. WTTC also launched the Green Globe environmental awareness program, which became an autonomous organization in 1998.

WTTC is the host for Global Travel and Tourism Summit, which is an annual WTTC gathering for both the public and private sector leaders of Travel and Tourism industry and aims to facilitate meaningful dialogue among them.

⁶⁰ Source: World Travel and Tourism Council, 2011 (the exact words.)

Appendix C - Rankings in Tourism and Tourism Industry⁶¹

The latest available rankings, in terms of number of arrivals and international tourism receipts, belong to year 2009 and show a slight difference with those of 2008. It is interesting that eight of the top ten destinations are the same in both rankings.

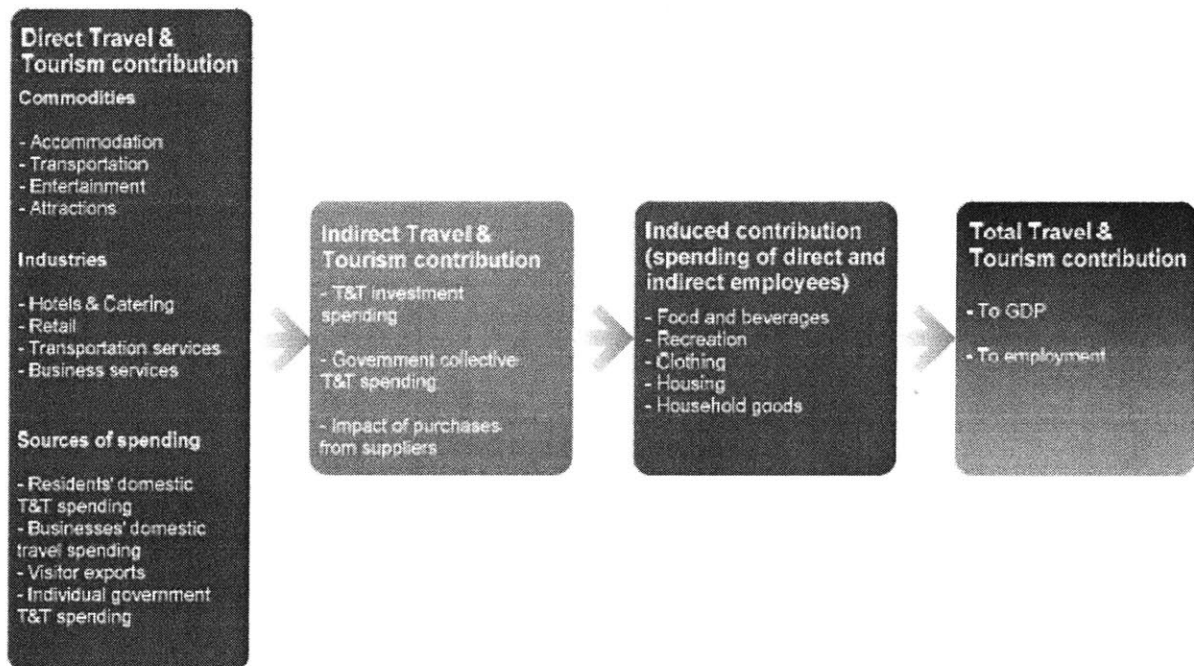
International Tourist Arrivals				
Rank	Million		Changes (%)	
	2008	2009	08/07	09/08
1- France	79.2	74.2	-2.0	-6.3
2- United States	57.9	54.9	3.5	-5.3
3- Spain	57.2	52.2	-2.5	-8.7
4- China	53.0	50.9	-3.1	-4.1
5- Italy	42.7	43.2	-2.1	1.2
6- United Kingdom	30.1	28.0	-2.4	-7.0
7- Turkey	25.0	25.5	12.3	2.0
8- Germany	24.9	24.2	1.9	-2.7
9- Malaysia	22.1	23.6	5.1	7.2
10- Mexico	22.6	21.5	5.9	-5.2

International Tourism Receipts						
Rank	US\$				Local Currencies	
	Billion		Changes (%)		Changes (%)	
	2008	2009	08/07	09/08	08/07	09/08
1- US	110.0	93.9	13.5	-14.6	13.5	-14.6
2- Spain	61.6	53.2	6.9	-13.7	-0.4	-9.0
3- France	56.6	49.4	4.2	-12.7	-2.9	-7.9
4- Italy	45.7	40.2	7.2	-12.0	-0.1	-7.2
5- China	40.8	39.7	9.7	-2.9	9.7	-2.9(\$)
6- Germany	40.0	34.7	11.1	-13.3	3.5	-8.5
7- UK	36.0	30.0	-6.7	-16.6	1.6	-1.6
8- Australia	24.8	25.6	11.0	3.4	10.7	11.2
9- Turkey	22.0	21.3	18.7	-3.2	18.7	-3.2(\$)
10- Austria	21.6	19.4	15.5	-10.1	7.6	-5.2

⁶¹ Source: UNWTO Tourism Highlights, 2010

Appendix D - Definitions on Travel and Tourism Contribution⁶²

Travel and Tourism is an important economic activity in most countries around the world. As well as its direct economic impact, the industry has significant indirect and induced impacts. The UN Statistics Division-approved Tourism Satellite Accounting methodology (TSA: RMF 2008) quantifies only the direct contribution of Travel and Tourism. But WTTC recognizes that Travel and Tourism's total contribution is much greater, and aims to capture its indirect and induced impacts through its annual research.



Direct Contribution

The direct contribution of Travel and Tourism to GDP reflects the 'internal' spending on Travel and Tourism (total spending within a particular country on Travel and Tourism by residents and non-residents for business and leisure purposes) as well as government 'individual' spending - spending by government on Travel and Tourism services directly linked to visitors, such as cultural (ex. museums) or recreational (ex. national parks).

The direct contribution of Travel and Tourism to GDP is calculated to be consistent with the output, as expressed in National Accounting, of tourism-characteristic sectors such as hotels, airlines, airports, travel agents and leisure and recreation services that deal directly with tourists.

⁶² World Travel and Tourism Council, 2011 (the exact words.)

The direct contribution of Travel and Tourism to GDP is calculated from total internal spending by ‘netting out’ the purchases made by the different tourism sectors. This measure is consistent with the definition of Tourism GDP, specified in the 2008 Tourism Satellite Account: Recommended Methodological Framework (TSA: RMF 2008).

Total Contribution

The total contribution of Travel and Tourism includes its ‘wider impacts’ (i.e. the indirect and induced impacts) on the economy. The ‘indirect’ contribution includes the GDP and jobs supported by:

- Travel and Tourism investment spending – an important aspect of both current and future activity that includes investment activity such as the purchase of new aircraft and construction of new hotels.
- Government 'collective' spending, which helps Travel and Tourism activity in many different ways as it is made on behalf of the ‘community at large’ – ex. tourism marketing and promotion, aviation, administration, security services, resort area security services, resort area sanitation services, etc.
- Domestic purchases of goods and services by the sectors dealing directly with tourists - including, for example, purchases of food and cleaning services by hotels, of fuel, and catering services by airlines, and IT services by travel agents.

The ‘induced’ contribution measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel and Tourism industry.

Travel and Tourism – relates to the activity of travelers on trips outside their usual environment with duration of less than one year. Economic activity related to all aspects of such trips is measured within the research.

Direct contribution to employment – the number of direct jobs within the Travel and Tourism industry. This is consistent with total employment calculated in table 7 of the TSA: RMF 2008.

Total contribution to employment – the number of jobs generated directly in the Travel and Tourism industry plus the indirect and induced contributions.

Visitor exports – spending within the country by international tourists for both business and leisure trips, including spending on transport. This is consistent with total inbound tourism expenditure in table 1 of the TSA: RMF 2008.

Domestic Travel and Tourism spending – spending within a country by that country’s residents for both business and leisure trips. Multi-use consumer durables are not included

since they are not purchased solely for tourism purposes. This is consistent with total domestic tourism expenditure in table 2 of the TSA: RMF 2008. Outbound spending by residents abroad is not included here, but is separately identified according to the TSA: RMF 2008.

Government individual spending – government spending on individual non-market services for which beneficiaries can be separately identified. These social transfers are directly comparable to consumer spending and, in certain cases, may represent public provision of consumer services. For example, it includes provision of services in national parks and museums.

Internal tourism consumption – total revenue generated within a country by industries that deal directly with tourists including visitor exports, domestic spending and government individual spending. This does not include spending abroad by residents. This is consistent with total internal tourism expenditure in table 4 of the TSA: RMF 2008.

Business Travel and Tourism spending – spending on business travel within a country by residents and international visitors.

Leisure Travel and Tourism spending – spending on leisure travel within a country by residents and international visitors.

Indirect contribution – the contribution to GDP and jobs of the following three factors:

- Capital investment – includes capital investment spending by all sectors directly involved in the Travel and Tourism industry. This also constitutes investment spending by other industries on specific tourism assets such as new visitor accommodation and passenger transport equipment, as well as restaurants and leisure facilities for specific tourism use. This is consistent with total tourism gross fixed capital formation in table 8 of the TSA: RMF 2008.

- Government collective spending – general government spending in support of general tourism activity. This can include national as well as regional and local government spending. For example, it includes tourism promotion, visitor information services, administrative services and other public services. This is consistent with total collective tourism consumption in table 9 of TSA: RMF 2008.

- Supply-chain effects – purchases of domestic goods and services directly by different sectors of the Travel and Tourism industry as inputs to their final tourism output.

Induced contribution – the broader contribution to GDP and employment of spending by those who are directly or indirectly employed by Travel and Tourism.

Outbound expenditure – spending outside the country by residents on all trips abroad. This is fully aligned with total outbound tourism expenditure in table 3 of the TSA: RMF 2008.

Foreign visitor arrivals – the number of arrivals of foreign visitors, including same-day and overnight visitors (tourists) to the country.

Appendix E - Platma (Community to UNWTO Affiliate Members)⁶³

Today, UNWTO comprises 154 countries, seven territories, and more than 400 affiliate members representing the private sector, educational institutions, tourism associations and local tourism authorities.

Platma is the professional online community of the Affiliate Members of the World Tourism Organization (UNWTO), which **seeks to foster collaboration and share valuable information** that contributes to the improvement of the competitiveness and sustainability of tourism.

The objective of **Platma** is to increase the access, dissemination and **exchange of information and knowledge** generated by the Affiliate Members throughout the world and through the UNWTO itself, in order **to promote the development of ideas and projects** that support the innovation and management processes of the Affiliate Members and of the Organization.

Platma emerged as the response of the UNWTO Affiliate Members Secretariat to the **real needs** of the affiliate.

⁶³ Based on Platma 2010 and Platma, 2011 (the exact words.)

Appendix F – Turkey’s Law for the Encouragement of Tourism⁶⁴

Law No: 2634

Date of Passage: 12 March 1982

Official Gazette No: 17635

Date of Official Gazette: 16 March 1982

Different sections of the Law:

SECTION 1 – Purpose, Scope, and Definitions

SECTION 2 – General Provisions

- Determination of Cultural, Tourism Preservation, Development Regions, Tourism Areas and Tourism Centers
- Preservation and Utilization of Natural Tourism Resources
- Plans
- Use of Immovable for Tourism Purposes
- Public Investments
- Price Lists

SECTION 3 – Principles and Provisions Concerning Incentives

- Principles of Encouragement and Coordination
- Tourism Loans
- Payment of Contributions to Forestry Fund in Installments
- Rates of Utilities
- Communication Facilities
- Employment of Personnel
- Sale of Alcoholic Beverages and Games of Chance
- Official Holidays, Weekends and Lunchtimes
- Tourism Development Fund
- Revenues of the Fund
- Use of the Fund
- Provisions as to Incentives in the event of Transfer
- Incentives in the Event of Termination of Tourism Activities

SECTION 4 – Yachting Tourism

- Operation of Marinas
- Yacht Operation

⁶⁴ Republic of Turkey Ministry of Culture and Tourism, 2005 (the exact words.)

- Principles of Navigation in Territorial Waters
- Duration of Stay in Turkey of Yachts and Cabotage Rights

SECTION 5 – Inspection and Penalties

- Authority for Inspection
- Penalties
- Warnings
- Cancellation of Tourism Investment or Tourism Establishment Certificate
- Objections to and Litigation against Penalties

SECTION 6 – Final Provisions

- Regulations
- Provisions Rescinded
- Entry into Effect
- Execution

Appendix G - Assessment of Accommodations⁶⁵

Factor Compositions:

Factor1: Food Quality

- Tastiness of food served in the area
- Quality of food and beverage
- Temperature of food served
- Portions of food
- Presentation of dishes
- Hygienic food preparation
- Variety of menu
- Availability of dishes liked
- Availability of traditional food

Factor 2: Service Quality

- Efficiency of check-in and check-out at the accommodation
- Friendliness of service at my accommodation
- Efficiency of service at accommodation
- Responsiveness of staff to request
- Responsiveness of staff to complaint
- Competency of staff

Factor 3: Hygiene and Accommodation

- Cleanliness of the accommodation
- Cleanliness of restaurant at accommodation
- Cleanliness of the room
- The physical condition of accommodation
- Quality of facilities offered at accommodation
- Comfort of the room
- Adequacy of water and electricity supply

Factor 4: Hospitality

- Courtesy of residents
- Courtesy of employees
- Willingness of employees to help
- Willingness of residents to help
- Friendliness of people

⁶⁵ Source: Yuksel et al, 2000 (the exact words.)

- Feeling safe in the area

Factor 5: Tourist facilities

- Efficiency of services at tourist facilities
- Courtesy of services at tourist facilities
- Waiting time for service at tourist facilities
- Quality of services at tourist facilities
- Convenience operating hours at tourist facilities
- Accuracy of bill and tariffs at tourist facilities

Factor 6: Beach and environment

- Cleanliness of the beach and sea in the area
- Availability of facilities at the beach
- Crowd level in the area
- The natural environment in the area
- Comfort of sunbathing on the beach

Factor 7: Price and value

- Prices of food and drink served at accommodation
- Value of prices at accommodation
- Value of goods and services for the price charges at destination

Factor 8: Entertainment

- Quality and availability of entertainment
- Availability of tours and cruises
- Quality and availability of restaurants

Factor 9: Quietness

- Noise level at restaurant/bars of accommodation
- Noise level at accommodation

Factor 10: Convenience

- Location of the restaurant/bars
- Location of the accommodation
- Operating hours of the restaurant/bars at accommodation

Factor 11: Communication

- Ease of communication in your language
- Communication in your language with the staff

Factor 12: Security

- Safety at hotel
- Security of room

Factor 13: Water sports

- Availability of water sports

Factor 14: Transportation

- Efficiency and timeliness of public transport

Factor 15: Airport Services

- Efficiency of check-in and check-out at the
- Airport

Factor 16: Weather

- The weather conditions in the area

Appendix H -Tourism Strategy of Turkey - 2023⁶⁶

- **PLANNING** – To Exhibit a planning approach that supports economic growth, is physically applicable and socially oriented and fairly reflects the principle of sustainable tourism.
- **INVESTMENT** – To boost tourism investments by designing incentive schemes that would make tourism investment projects economically feasible and viable.
- **ORGANIZATION** – To Achieve institutionalization through councils to be established at national, regional, provincial, and local levels within the context of “Good Governance”, to ensure full and active participation of tourism sector as well as all related public and private entities and NGOs in relevant decision making processes.
- **DOMESTIC TOURISM** – To provide an alternative tourism product based on acceptable quality and affordable prices to various groups in the society.
- **RESEARCH AND DEVELOPMENT** – To ensure top prioritization of R&D efforts in tourism industry among public and private sector and tourism organizations.
- **TRANSPORTATION AND INFRASTRUCTURE** – To eliminate transportation and infrastructure problems of densely populated and fastest growing tourism centers.
- **MARKETING AND PROMOTION** – To commence with marketing and promotion activities at each destination, in addition to the national marketing and promotion campaigns with the ultimate objective of branding on a national, regional, and local scale.
- **EDUCATION** – To set up and introduce an education program in tourism, which would yield measurable outcomes.
- **SERVICE QUALITY** – To activate Total Quality Management in every constituent of the travel industry.
- **CITY BRANDING** – Manage branding of cities rich of cultural and natural heritage and thereby convert them into a point of attraction for travelers.
- **TOURISM DIVERSIFICATION** – To develop means for alternative tourism types led particularly by health, thermal, winter, golf, sea tourism, ecotourism and Plateau tourism, conference, and expo tourism activities.
- **REGIONS TO HOST REHABILITATION EFFORTS FOR TOURISM AREAS** – To make arrangements for handling in the first place and strengthening the infrastructure of areas where mass tourism activities grow intense and for extending tourism season throughout the entire years in these regions.

⁶⁶ Source: General Directorate of Investment and Establishment, 2007 (the exact words.)

- **TOURISM DEVELOPMENT ZONES** – To use tourism as a key tool for local and regional development in tourism development areas encompassing more than one city to be transformed into destinations.
- **TOURISM DEVELOPMENT CORRIDORS** – To develop a certain route for tourism on definite themes, by rehabilitating historical and natural texture.
- **TOURISM CITIES** – To plan tourism settlements capable of competing the world examples by becoming a global brand (ten new tourism cities will be conducted and completed by 2023).
- **ECOTOURISM ZONES** – To develop nature tourism with reference to development plans.

Appendix I - Components of TTCI⁶⁷

Subindex A: TandT Regulatory Framework

Pillar 1: Policy rules and regulations

- Prevalence of foreign ownership
- Property rights
- Business impacts of rules on FDI
- Visa requirements
- Openness of bilateral Air Service Agreements
- Transparency of government policymaking
- Time required to start a business
- Cost to start a business

Pillar 2: Environmental sustainability

- Stringency of environmental regulation
- Enforcement of environmental regulation
- Sustainability of Travel and tourism industry development
- Carbon dioxide emissions
- Particulate matter concentration
- Threatened species
- Environmental treaty ratification

Pillar 3: Safety and security

- Business costs of terrorism
- Reliability of police services
- Business costs of crime and violence
- Road traffic accidents

Pillar 4: Health and hygiene

- Physician density
- Access to improved sanitation
- Access to improved drinking water
- Hospital beds

Pillar 5: Prioritization of Travel and Tourism

- Government prioritization of the Travel and Tourism industry

⁶⁷ Travel and Tourism Competitiveness Index (Source: Blanke et al, 2011; Blanke et al, 2009) (the exact words.)

- Travel and tourism government expenditure
- Effectiveness of marketing and branding to attract tourists
- Travel and tourism fair attendance

Subindex B: TandT Business environment and infrastructure

Pillar 6: Air transport infrastructure

- Quality of air transport infrastructure
- Available seat kilometer, domestic
- Available seat kilometers, international
- Departures per 1,000 population
- Airport density
- Number of operating airlines
- International air transport network

Pillar 7: Ground transport infrastructure

- Quality of roads
- Quality of railroad infrastructure
- Quality of port infrastructure
- Quality of domestic transport network
- Road density

Pillar 8: Tourism infrastructure

- Hotel rooms
- Presence of major car rental companies
- ATMs accepting Visa cards

Pillar 9: ICT infrastructure

- Extent of business Internet use
- Internet users
- Telephone lines
- Broadband Internet subscribers
- Mobile telephone subscribers

Pillar 10: Price competitiveness in the Travel and Tourism industry

- Ticket taxes and airport charges
- Purchasing power parity
- Extent and effect of taxation
- Fuel price levels
- Hotel price levels

Subindex C: TandT Human, Cultural, and Natural Resources

Pillar 11: Human resources (Education and traing/Availability of qualified labor)

- Primary education enrollment
- Secondary education enrollment
- Quality of the education system
- Local availability of specialized research and training services
- Extent of staff training
- Hiring and firing practices
- Ease of hiring foreign labor
- HIV prevalence
- Business impact of HIV/AIDS
- Life expectancy

Pillar 12: Affinity for Travel and Tourism

- Tourism openness
- Attitude of population toward foreign visitors
- Extension of business trips recommended

Pillar 13: Natural resources

- Number of World Heritage natural sites
- Protected areas
- Quality of the natural environment
- Total known species

Pillar 14: Cultural resources

- Number of World Heritage cultural sites
- Sports stadiums
- Number of international fairs and Exhibitions
- Creative industries exports