



FACTORS DETERMINING THE LEADERSHIP IN THE PROFITS OF THE ALL INCLUSIVE INDUSTRY AND BOUTIQUE ACCOMMODATION

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ABSTRACT

The research outlines the main factors determining the leadership in the profits of the all inclusive industry and boutique accommodation through theoretical, practical-and-applied and questionnaire survey on a global and local level. The analysis is based on the study of 10 all inclusive and boutique accommodation places and 9 400 tourists, who visited Europe in the period June 2013 – May 2015. On the basis of a Balanced System of Factors, synthesized are the main factors, which are internal for the destinations and the accommodation places as well as the fundamental factors, which are external for them; taken into account are the global trends in the development of tourism and of the individual expectations and requirements of the users; outlined are the essential specific characteristics and differences between the increase in profits of all inclusive industry and boutique accommodation.

KEYWORDS - all inclusive industry, boutique accommodation, factors, leadership in the profits

1. INTRODUCTION

All inclusive and boutique accommodation are two opposite tourism products which combine on a global scale and with optimal balance quality and service to meet the customer needs of specific target groups, to make tourists loyal to the relevant tourism product and to maximise profits.

Although all inclusive tourism is a mass tourism product and boutique tourism is oriented towards individual tourism demand what they have in common is the optimal price-

quality ratio making these two types of tourism products leaders in the global tourism competition. The personal attention to guests, the attention to their comfort and individual requirements as an underlying concept of the philosophy of boutique tourism products counterbalances the standardized all inclusive tourism supply aimed to concentrate large tourist flows.

All inclusive tourism and boutique tourism depend strategically on two major but opposite in nature and manifestation approaches – the mass approach and the individual approach – and target different groups in the tourism market, characterized by different profiles, tourism needs, requirements and solvency. And while the all inclusive mass tourism product has reached a leading position globally in terms of revenues and profits by providing a single, comprehensive package at a price that is common and accessible to a broad consumer audience, boutique tourism supply is based on the personal approach to guests, pays attention to the details, the uniqueness of the interior, the exterior and the service, the exclusivity in terms of emotions and experiences during the tourists' stay, the positioning within a particular market segment, provides a small number but wealthy tourists with whose help boutique tourism products quickly become leaders in terms of revenues and profits in the world tourism market.

In recent years, the struggle for leadership in profit in the tourism industry worldwide has been following global trends that are crucial for tourism development:

- ✓ increase the proportion of high category hotels offering the required conditions for recreation, quality of service and comfort combined with a broad range of additional services;
- ✓ sustainable development of destinations through harmony with the environment, compliance with environmental rules and implementation of policies to protect tourism resources;
- ✓ restructuring of the hospitality sector by including accommodation facilities into large hotel chains or by creating not very large but unique boutique design hotels;
- ✓ introduction of high-tech and innovative reservation systems;
- ✓ quick growth of the strategies for cost leadership and leadership based on focus;
- ✓ full computerization of all hospitality activities;
- ✓ constantly increasing the role of the human factor in the management and

organization of destinations and the places of accommodation and entertainment, of the managerial personnel and the staff;

- ✓ development of tourism regions by stimulating the local business and raising the standard of living of the local population.

2. METHODOLOGY

The identification of the factors determining leadership in the profits of all inclusive industry and boutique accommodation is based on three studies, independent from each other, carried out on a global and local level:

- ✓ theoretical;
- ✓ applied;
- ✓ questionnaire survey.

The general theoretical review of the factors forming the leadership in tourism profits is a wide range research of the entire tourism industry. The generated conclusions refer to the general tourism development and the increase of profits on a global level. At the same time, the researched conditions are studied theoretically on a local level as well - all inclusive and boutique destinations. The interrelation and balance between the two theoretical levels forms the comprehensive theoretical framework of the factor prerequisites creating the leadership in profits in the all inclusive and boutique accommodation places.

The practical and applied research and analysis of the factors forming the leadership in profits are carried out in altogether 10 specific boutique and all inclusive accommodation places. Identified thereby are the local features and essential characteristics of the all inclusive and boutique tourism, as well as of the factors fostering the leadership positioning of those destinations in respect to profitability and earnings.

The analysis of tourists' motivation and of the main characteristics of consumer demand is realized though a questionnaire survey of the opinion of 9400 tourists, who visited Europe in the period June 2013 – May 2015. Through the screening of the consumer expectations, requirements and demand there can be also formed the key competitive advantages of the all inclusive and boutique tourism. The involvement of the main characteristics of competitiveness with the factors determining the leadership in profits in the tourism sector forms the dynamics of the model of the all inclusive industry and boutique accommodation.

As a result of those studies, there has been drawn up a Balanced System of the Factors, which determine and precondition the leadership in profits of the all inclusive industry and boutique accommodation. The generated Balanced System of Factors indicates the preliminary conditions providing the basis for the growth in profits, while it is also a value management instrument on its own. The level of balance depends on the equal standing between the characteristics, which are internal for the destination and the place of accommodation and external thereof. On this basis, the balance between the conditions favouring the increase and the development of the profits in the all inclusive industry and boutique accommodation has a multilayer nature and covers, integrates and focuses the relations between the external and the internal environment, the financial and non-financial indicators, the strategic and operational management, the future and past results.

3. LITERATURE REVIEW

Factors are spontaneously emerged or regularly established circumstances, conditions, prerequisites and elements of the environment, which actively and accurately in a focused way influence systems that are defined in a structural, hierarchical and process respect, and on that basis determine the trends for their future development.

Factors in the system of tourism are active circumstances or prerequisites, which have concrete and active impact on tourism development and tourism process [1, 2]. The factors, which influence the system of tourism are classified according to several key characteristics:

- ✓ according to their nature and origin, they can be: natural and climatic, socio-economic, production and economic (technological);
- ✓ according to the place of their origin they are divided into: external, which are part of the external environment and are not in immediate relation to the tourism system, and internal, which are part of the tourism system;
- ✓ according to the degree to which they are influenced by the will and the wishes of the people, they can be: objective and subjective;
- ✓ according to the scope and the degree of their distribution they are: general, which are typical for tourism and specific, acting only in respect to certain tourism activities;
- ✓ according to their duration they can be: permanent and changeable;
- ✓ according to the nature of their impact they are: intensive, which strongly and tangibly influence the system of tourism and extensive, which are related to the quantitative,

and not to the qualitative changes in the tourism system;

- ✓ according to the properties of the processes and phenomena reflected in tourism they can be: quantitative and reflect the quantitative relationship of the facts and the phenomena in the system of tourism (number of tourists, number of places for accommodation) and qualitative, which depend on the specific features (characteristics) of the analyzed tourist sites, i.e. on their qualitative characteristics (type of accommodation facilities, image of the hotel, brand of the resort);
- ✓ according to their composition they can be: comprehensive (complex) and simple (elementary);
- ✓ according to the hierarchy of their impact they can be: factor of first level, influencing directly the resultative indicator, and factors of second level, having an indirect and circumferential influence.

Pursuant to Mariot's [12] spatial tourism model, the tourism system is based on the localization of the tourist flows, which depends on the place of residence of the tourists and the facilities, resources and tourist resorts, differentiated with their own infrastructure. On this basis, the factors influencing and determining tourism system development are:

- ✓ selective – they influence the quality, scope and territorial distribution of the recreational needs and the tourism demand;
- ✓ localizing – they define the direction of tourism demand, determined by the location of the tourist-recreational resources;
- ✓ implementational – they are related to destinations' technical facility provision.

The theory of tourism elaborates further those factors [7, 10], where the selective ones, which have direct impact on tourism demand, are also called genetic, while the localizing and implementational factors, which determine the scope of tourism demand, are defined as implementational. Another classification [9] of those factors in theory is well-known as:

- ✓ conditions and factors for the occurrence of tourist travels;
- ✓ conditions and factors for the generation of the tourist product.

On the basis of what has been presented so far, it could be summarized that there are mainly two large groups of factors influencing the tourism system and preconditioning the

development and growth in profits: factors determining tourism demand and factors determining the attractiveness of tourism demand.

The factors determining tourism demand originate from the external environment of the tourism system. They are interrelated and interdependent, and form the tourists' profile in their unity. These factors may stimulate or prevent the formation of tourism demand and influence the motivation in taking a decision to go on a tourist trip, as well as the nature and type of the tourist trip, and the period of travelling.

The group of factors determining tourism demand include:

- ✓ political factors;
- ✓ socio-economic factors;
- ✓ demographic factors;
- ✓ psychological factors.

The group of factors determining tourism demand defines the attractiveness of the destinations. These factors are internal for the tourism system and have either a favourable or a negative impact on the recreational activities and the tourist service [3, 4]. The attractiveness of the tourist destinations depends directly on the following factors:

- ✓ tourism resources;
- ✓ infrastructure and superstructure;
- ✓ servicing;
- ✓ accessibility of the destinations;
- ✓ local population;
- ✓ territorial-and-regulatory environment;
- ✓ tourism organizational and management structure;
- ✓ material production.

4. PRACTICAL AND APPLIED RESEARCH AND ANALYSIS

The research of the ten all inclusive and boutique accommodation places outlines the image and brand as key factors, fostering the leadership in the profits. The brand of the studied accommodation places has evolved over the last 10 years from a targeted choice into tourist products with their respective quality characteristics. The leadership in the profits of

all inclusive industry and boutique accommodation develops in response to the expectations of both the tourists and investors.

The availability of certain tourism resources creates intangible added value and turns the intangible into material profit.

The tourism superstructure is leading with the choice of destination.

The leadership in the profits of all inclusive industry and boutique accommodation is focused on tourists' preferences and expectations and guarantees that the accommodation places add value not only to their own image, but also for the users of their tourist products. The leadership in the profits of all inclusive industry and boutique accommodation acts as a mediator for the link between tourist destinations' internal and external environment.

The research of all inclusive and boutique accommodation places shows that each of them has developed its leadership in the profits on the basis of the diversification of its tourist product.

5. QUESTIONNAIRE SURVEY

According to the results of a survey among 9,400 tourists who visited Europe in the period June 2013 – May 2015, 52% of them preferred a holiday based on the all inclusive system. The main reason for this is the desire to feel comfortable and not to focus on details and payments during their stay. In other words – the fixed price is seen as a key competitive feature of the product in the struggle for leadership in the profits of the global tourism market. About 1% of the surveyed tourists preferred boutique accommodation and/or boutique destinations.

The cash flow analysis shows that the all inclusive industry in Europe generates approximately EUR 180 billion while boutique accommodation generates 6 times less financial revenues – approximately EUR 30 billion. These financial revenues come from about 225.5 million tourists who used the all inclusive system and 5.5 million guests who stayed at boutique hotels or destinations. The tourist flow in Europe that preferred all inclusive tourism is 41 times larger than the number of tourists staying in boutique accommodation. Therefore the added value of boutique tourism is 681% higher compared to the added value generated by the European all inclusive industry.

6. FACTORS DETERMINING THE GROWTH AND DEVELOPMENT IN THE PROFITS OF THE ALL INCLUSIVE INDUSTRY AND BOUTIQUE ACCOMMODATION

The growth and development of the all inclusive industry and boutique accommodation in recent years has been associated with intensive tourist flows, increased travel needs and desire for complete recreation and relaxation. All inclusive tourism and boutique tourism satisfy the requirements of disparate, even contradictory target audiences, but continue to gain market share as they satisfy the specific needs and the expectations of different types of users. To identify the Factors that determine the growth and development of these two types of tourism products we should define the essential characteristics of the profile of the tourists who demand and buy them in the tourism market.

All inclusive tourists are as a rule less affluent compared to the tourists preferring boutique types of tourism. Generally, boutique hotels and destinations have a small capacity enabling them to improve the quality of the tourism service and to become quickly market leaders. The large capacity of all inclusive accommodation facilities requires care for a greater number of guests and creates competition between the mass tourist service and the personal individual service provided by small boutique hotels and/or destinations, which largely meets the strictly personal preferences of each tourist. Since boutique accommodation facilities are rarely part of large hotel chains or resorts, they have no explicit obligation to comply with the standards of the brand.

Travelers today seek uniqueness. They want something different, something that offers them not only comfort but also uniqueness of the stay, the quality, the service and the experiences. Boutique tourism is intended for demanding tourists and business travellers who choose accommodation establishments on the basis of the character and amenities and are willing to make premium payments for experiences that meet their high expectations

Boutique accommodation has set foot firmly in the world tourism industry thanks to its service and quality. During times of recession and a macroeconomic crisis boutique tourism retains its competitive edge. This is due to the differentiated and focused service, the class tourism services and the better quality of the tourism product as a whole. The guests demand and get personalized attention, and feel as part of a unique experience.

Boutique accommodations are preferred mainly for business trips and boutique destinations provoke the interest of wealthy tourists seeking not only luxury, comfort, quality and high-category services but also unique environment, experiences and emotions.

Today the popularity of standardized, high quality, repeatable tourist offers including two or more services (such as transport, accommodation, food, attractions, insurance) in a single comprehensive product [5, 8, 11] is associated primarily with two main reasons – time and value. The all inclusive system is a guarantee that the goods consumed during the holiday of the tourists is calculated and paid at a pre-fixed price [7]. The Factors associated with its growth and favouring its leading position in attracting revenue and profit globally can be determined on the basis of this causation of the rapid development of all inclusive tourism over the last 20 years:

- ✓ increase of tourist trips to 1,138 billion in 2014 and to 1,2 billion in 2015;
- ✓ increased financial capacity of tourists and lack of sufficient free time;
- ✓ expansion of the global threat of terrorism and the fear of terrorist acts;
- ✓ higher crime rates;
- ✓ fears of regional, political, economic and social crises;
- ✓ need for complete recreation and opportunity for total relaxation;
- ✓ prepayment for the holiday and absence of cash and bank payments during the stay of the tourists.

The competitive advantage of boutique tourism is associated with the care for guests who are subject to personalized services. A major precondition in the development of this type of tourism is that the product is provided over 12 months and boutique tourist accommodation is highly competitive and provides services to a small number of tourists in a unique atmosphere with high added value in terms of quality, personalized service and satisfaction.

An important precondition which determines the choice of boutique accommodation is the demand by wealthy tourists according to the following criteria:

- ✓ good infrastructure to and about the place of accommodation;
- ✓ unique superstructure influenced by different architectural styles, old buildings and palaces;

- ✓ an assortment of basic and additional included services in the boutique tourism product;
- ✓ quality determined by the specific expectations of the tourists regarding the benefits of their boutique experience and stay, their subjective impression of the quality of the trip, the commitment and motivation of the hotel staff and the destination, the personal commitment and motivation of the local population;
- ✓ service that impersonates the boutique hotel and the destination and which should pay attention to the detail in the attitude to the tourists, which his aimed to meet their specific needs and requirements, to demonstrate the care and the personal attention and to make the tourists satisfied with their choice;
- ✓ price should match the quality and service provided by the boutique tourism product;
- ✓ environment of service that is associated with the cleanness, the interior, the furnishing, the linen, the spaciousness and the illumination of a boutique hotel.

The key competitive advantages of all inclusive tourism globally are a prerequisite for retaining its strategic leadership in terms of profits based on:

- ✓ attractive tourism resources;
- ✓ a single price and no payment arrangements during the stay at all inclusive facility;
- ✓ creative and innovative market and marketing approach based on diversification, differentiation and cost leadership;
- ✓ an established image and brand of the tourism product;
- ✓ maximization of revenues;
- ✓ minimization of costs;
- ✓ increase of tourist flow.

For boutique tourism products the key global competitive advantages in relation to the leadership in revenues and the leadership in the added financial, consumer and image value are a result of:

- ✓ unique tourism resources;
- ✓ a positive image and a strong brand of the boutique hotel and/or destination;
- ✓ high quality of the tourism product;

- ✓ personalized service and satisfaction of specific tourist tastes and requirements;
- ✓ flexible marketing, focused on a specific market segment;
- ✓ profit optimization based on raising work productivity through innovations in booking, servicing, payments, accounting, energy efficient appliances, solar batteries, new technologies and increasing the satisfaction of tourists by providing high quality, unique and personalized tourism products;
- ✓ increasing tourism demand;
- ✓ high added value.

7. CONCLUSIONS

In view of the expected decline in the growth of tourist travel by 2030, and based on the broader orientation of tourists towards green and sustainable destinations offering unique and unforgettable experiences and emotions, the struggle for leadership in profit between all inclusive tourism and boutique tourism in the global market will become more and more palpable in the coming years. The product of the destinations as a whole is a set of benefits whose carriers are both single goods and services, as well as such produced and offered by independent private companies, and also a variety of public goods. On this basis, the main goal with a view to retaining the leadership of all inclusive tourism and boutique tourism in the global tourism market consists in supplying and providing an accurate tourism product in terms of quantity and quality in the right place, at the right time, at the right price and in the right market segment.

Perceived as an important source of added value and image, the quality characteristics of the products of all inclusive tourism and boutique tourism allow for achieving a real competitive advantage and striving for leadership in the profit and the added value in the global tourism market. Important tasks associated with achieving or retaining leadership in the international tourism market are:

- ✓ planning by key market segments;
- ✓ maximum use of the potential of new information technologies in distribution;
- ✓ optimal combination of quality, service and price, image and attractiveness.

The success and the struggle for leadership in the profit of all inclusive and boutique tourism products are due to:

- ✓ the wealth and diversity of the tourism resources of the planet;
- ✓ image (brand) of the tourism destinations;
- ✓ the added value of the tourism products;
- ✓ innovation, creativity and differentiation of tourism products;
- ✓ optimal management of quality, promotions and presentations;
- ✓ market segmentation;
- ✓ economic, social and cultural benefits.

Against the background of the 9% share generated by world tourism in the global GDP, 6% of the world export and 30% of the export of services the international tourist travel will continue to be oriented towards demand for diversified, differentiated and focused tourism products with high consumer value, and all inclusive and boutique tourism will seek strategic solutions to preserve their leadership in the revenues and the added image and financial value provided for the destinations, tourism companies, their employees and the local communities.

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