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„ALL INCLUSIVE TOURISM - BOUTIQUE TOURISM” OR THE STRUGGLE FOR LEADERSHIP IN THE PROFIT ON THE GLOBAL TOURISM MARKET

Abstract:

The struggle for revenue, profit and financial added value, image and customer added value in the global tourism industry today is directly manifested in the intense competition between the mass all inclusive tourism and the unique and individually oriented boutique tourist product. The leadership in profit today is a result of the flexibility, creativity and innovation of the strategy used, and in the opposition "all inclusive tourism - boutique tourist accommodation" the emphasis making a difference is not limited to prices, services, quality and number of tourists only.

The essential difference consists in the clash of strategies with different philosophy and target audiences - diversification, differentiation and cost leadership applied by the all-inclusive-tourism strategy as opposed to the strategy of focusing which is typical of boutique hotels and destinations. Despite the different strategic approaches, the goal is one and the same - leadership in terms of generated profits.

Keywords:

All inclusive tourism, Boutique tourism, Leadership, Global tourism market

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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

Factors determining the growth and development 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 them as 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 [2] 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 [1]. 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;
- 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 of guests who are subject to personalized services. A major factor 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 factor 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.

Study of the leadership in the profits of all inclusive tourism and boutique tourism

Leadership in the profits of tourism means a sustainable in time capability of a particular tourism enterprise, a particular tourism region or a type of tourism to retain or upgrade their market

position and financial sustainability on the basis of effective competition based on products with quality, quantity, financial, image and customer added value. In leadership in tourism added value brings benefits both to the destination (for the development of its anthropogenic and non-anthropogenic resources) and the tourists (ensuring the satisfaction of their recreational needs, expectations and requirements), the tourism companies (increasing the market value of their assets on the basis of the image), their employees (regarding their work conditions, remuneration and motivation) and the local population (improving their standard of living determined by economic, social and environmental conditions). [3, 4]

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 tourismmarket. About 41% of respondents, however, took advantage in that period of the possibilities provided by the all inclusive tourism. About 1% of the surveyed tourists preferred boutique accommodation and/or boutique destinations.

On the basis of own studies it can be concluded that the visits to Europe in 2014 were about 550 million and generated approximately 509 billion dollars. The average length of the stay of tourists in boutique hotels is 2.5 days, in a boutique destination - 5 days, and in all inclusive accommodation - 7 days.

With regard to the costs- every tourist who travelled to Europe spent about EUR 829. This amount however is dramatically higher for the guests who preferred boutique tourism and considerably lower for the tourists who preferred all inclusive accommodation. According to market studies, the

costs of a business traveller staying at a boutique hotel exceed tenfold the costs that an all inclusive tourist would have incurred during their holiday. The cost of a three-day stay at a boutique hotel or a boutique destination varies from a few thousand to tens of thousands of euro, while a 7-day all inclusive package reaches a maximum of about EUR 2500-3000 per person in a luxury 5-star hotel in Europe. This means that the added value of boutique tourism is much higher than the value added by all inclusive tourism for destinations, tourism companies, their employees and the local communities.

The cash flow analysis shows that the all inclusive industry in Europe generates approximately EUR 180 billion while boutique accommodation generates 6 less financial revenues - approximately EUR 30 billion. These financial revenues are 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.

The dispute for the leadership in the profit of the tourism sector today is between boutique tourism and all inclusive tourism. While the all inclusive industry relies in its financial strategy on them aspect and the turnover, the boutique accommodation relies on a narrow market segment and high price and has become a common name for prestige and uniqueness of the tourism product. Boutique tourism brings benefits sustainable in time - a good number of tourists and high profits. It is a promising market segment which leads boutique tourism towards leadership in the global tourism supply in terms of revenues generated by one tourist and added value based on the quality and service

that are indisputable characteristics of competition.

The diversity of sales channels is more important to boutique accommodation than to all inclusive tourism. Between 23 and 27% of overnight stays are sold by tour operators but they do not have a solid pool of tourists. What is more important here is the role of the receptionist on whom the sales depend and whose job is considerably more complex than an all inclusive hotel. The study of the trends in boutique tourism supply in Europe indicates that the owners of several boutique hotels strive to open their hotels in cities with a strong fashion industry and media capital. More and more travel companies are targeting cosmopolitan cities that have a potential niche for boutique hotels - cities with vibrant economies and residential areas but with faceless and characterless hotel industry.

The strategy for leadership in the profit in boutique tourism passes through the idea that this type of accommodation is an entertainment in itself - a chic restaurant, a lobby and a bar, a clear theme in the design, the interior and the exterior and visually impressive and conspicuous decoration. In order to increase the revenues and to maintain the leadership in terms of financial added value and profits of the boutique tourism product, each boutique accommodation and stay must develop a recognizable taste based not only on splendour and perfection but also on environmental, natural and social harmony and stability.

The leadership in the profit attained by all inclusive tourism in the last 15 years is mainly due to its mass nature and the absence of payments during the stay of tourists, which is its greatest advantage and strongest competitive feature. The all inclusive products fit both within an economical budget or can be addressed to tourists with a high standard of living and wealth as they provide affordable and comfortable stay, catering and entertainment.

In principle, all inclusive tourism has established itself on the global tourist market as an ideal way to organize a cheap, most efficient and satisfactory holiday irrespective whether on individual or group basis. The leadership in the revenues of all inclusive tourism results not only from its mass nature, but also from the fact that tourists buy comfort, hospitality, basic and additional services that are produced, offered and provided in a single and comprehensive product that facilitates the guests at the place of accommodation.

The leadership in the profit of boutique tourism, and the leadership in the demand of all inclusive tourism products 15 years ago is also a result of a fashionable trend in tourist accommodation and choice. Many guests stay in boutique hotels and destinations because it is fashionable and prestigious, not because of the services they offer. In this sense, boutique tourism products are sold like any other luxury item which is important with the experience and the image of offers and not just with the product itself.

The inherent concept of boutique hotels is that they are independent, unique, different. Today, however, the leadership in the profit and the financial, image and customer added value resulted in a slight shift in the focus. Although boutique hotels are not part of large hotel chains, many of them are united in associations that are not small - 40-50 hotels. Their substantial financial success and stability triggers a number of multinational corporations to usurp the term, to try to establish their own brands and ultimately to seize market share.

Unlike all inclusive destinations, boutique accommodations are still few in number, but in line with the global trends, there is a shift towards renovation and construction of smaller hotels with styles ranging from strictly classical to the most extravagant design solutions as well as development

of unique destinations the natural intactness of which is combined with local colour and unique emotions. Besides the strong demand from customers another important positive aspect is that boutique hotels and destinations are not required to pay high fees to be part of large chains or resorts. Boutique places for accommodation and stay can survive and succeed also without expensive additional services such as restaurants, conference rooms or surfs, jets and balloons. However, if these services are part of the boutique style they can bring significant additional profits and higher attendance and profitability. To be on the crest of a wave, boutique tourism must continue to adapt to the constantly changing needs, tastes, preferences and trends in order to remain competitive in the global tourism market.

In contrast to boutique tourism, which can exist without a restaurant, a bar and a lobby, the leadership in profits of all inclusive tourism stems from the primary importance of the two-way connection between the managers of restaurants and kitchen staff with regard to the composition of the dishes offered, the foods preferred by the tourists and the special requirements of particular groups of guests.

The leadership added value for the consumers of all inclusive packages is also a result of the diversified daily animation programmes with specialized staff taking care of the comfort and good mood of the guests. In many destinations the daily activities of the all inclusive package include sports activities and hikes in nature, games, short trips, quizzes, and there are special surprises for the youngest guests.

The tourism industry in the world is becoming increasingly competitive due to various macroeconomic reasons such as international growth in the number of rooms offered, economic downturns and crises, political turmoil, visa regimes, consolidation of major hotel groups, and

because of the wider target audience of well-educated and demanding clients who have access to the latest technologies. The advent of large hotel chains and the concomitant all inclusive supply is growing. These chains have enormous resources to attract clients and to remain not only financially stable compared to boutique hotels but also to emphasize their strategic leadership based on turnover and large scale activities.

All inclusive as a system in tourism decreases the revenues for local economies, i.e. when tourists receive food and beverages exclusively in the hotel irrespective of the large number of guests the losers are the local economies and population. While the importance of tourism worldwide is to create new jobs and economic revenues for the regions.

Besides the price another essential difference between boutique and all inclusive tourism is the personalized service and attention to the guest and the emphasis on details which are not a priority of the human resources and management in the all inclusive industry.

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.

The struggle for leadership in terms of profit in the global tourism market is actually a struggle between several basic types of leadership strategies - diversification, differentiation and cost leadership applied by all inclusive tourism and the strategy of focus successfully used by boutique hotels and destinations.

These strategies generate revenue and added value, but also result in waste of valuable tourism resources and increasingly apparent need to develop leadership in the field of natural and environmental sustainability.

Conclusion

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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