

## **FINANCIAL UTILITIES OF TOURISM MARKETING TO TURKEY**

**Dr. Ülkü Yüksel**

ITU-Istanbul Technical University

TURKEY

**Dr. Aslı Yüksel**

University of Marmara

TURKEY

---

### **ABSTRACT**

Tourism has emerged as a leading economic sector worldwide and has boosted trade and opened up countries and geographic areas that lagged in economic development. For many countries, tourism is a significant vehicle for economic progress that generates employment, foreign exchange, tax revenues, and contributes to poverty alleviation. Tourism is the world's fastest growing industry. After agriculture, it is expected to be the world's largest industry by 2010. It provides direct or indirect employment for 231 million people or one out of every ten workers (SPPF , [http:// Tourism\\_Program/tourism\\_program.html](http://Tourism_Program/tourism_program.html) [http:// Tourism\\_Program/tourism\\_program.html](http://Tourism_Program/tourism_program.html)).

The aim of this study is to ascertain the effects of tourism in the Turkish economy with facts and figures; results of statistical quantitative methods and researches that have been used to determine financial value of tourism for the Turkish economy with comparisons on other foreign exchange revenue producing sectors such as foreign trade and exporting. In this paper we also evaluate the multifaceted and compound links that exist between the tourism industry and progression and course of economic development. A brief overview of the industry's economic role at the international and national scale leads us into a discussion of local and regional involvement in the tourism industry. We emphasize the need to develop a more rigorous understanding of the evolving tourism industry and tourism marketing and how they influence processes of local economic development. The difference of this study from similar studies related to tourism economics is that our study aims to interpret figures of statistical reports and ascertains that some optimistic figures and tables are actually counting some missing information without any elucidation; thus, we tried to point to these omitted data.

**Keywords:** *monetary effects of tourism, tourism marketing, Turkey*

---

### **INTRODUCTION**

Turkey also faces the similar difficulties, complexity and troubles like other developing countries in attaining and attracting external financial sources, which

would support and assist solving its problems related with unemployment, lack of investments and finance, gaps in foreign exchanges, and deficit in balance of payments. Tourism takes a crucial and constructive task for enhancement of welfare in that case, by providing external financial contribution that would revitalize and stimulate the economy in short terms and consequently, enliven the socio-economic life of the country and its worldwide relations.

Tourism has monetary and actual effects that may be called as financial utilities on the economies of countries. Monetary effects can be diversified as influences on exterior balance of payments and influences on income/revenues as main titles. We have tried to explain concepts of exterior balance of payments (balance of international payments), exterior balance of tourism payments, effects of tourism on foreign exchange supply (foreign exchange income), and demand as sub-issues of impacts of tourism on the exterior balance of payments. Then we have discussed further sub-issues, such as tourists' consumption expenditures income effect, tourism investments income effect, effects of tourism on public income and consumption and tourism's added value effect as a second important income effect of tourism in the economy. The actual effects on the economy, which we have explored in another paper titled "Financing Tourism Investments...", include the effects on the employment, effects on other sectors and effects on investments. In this paper the monetary effects of tourism will be highlighted.

## **METHODOLOGY**

This study consists of a literature search as well as interpretations of reports from official tourism institutions. Following a review of the major theoretical frameworks that have been applied to help us understand the tourism industry and its effects on economy, we highlight the ways in which current attempts to understand the links between tourism and economic and political development are embracing the complexity of the industry and its influence on everyday lives. We argue that a willingness to embrace complexity is essential if we are to unpack the global nature of tourism development processes.

The economic contribution of tourism is not a new field of research, as both the demand and supply sectors of the industry have been under scrutiny during the past

few decades (Paajanen. 1999). This study attempts to ascertain the effects of tourism in the Turkish economy with results of statistical quantitative methods and researches that have been used to determine financial value of tourism on the Turkish economy with comparisons on other industries that produce foreign exchange revenue, such as foreign trade and exporting.

## **1. TOURISM MARKETING**

The two main industries that comprise the activities we call tourism are the hospitality and travel industries. Hospitality marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others (Kotler, Bowen & Makens 1999, p.12). Successful hospitality marketing is highly dependent on the entire travel industry (Kotler, Bowen & Makens 1999, p.9). Government or quasi-government agencies play an important role in travel industry marketing through legislation aimed at enhancing the industry through promotion of regions, states, and nations.

The entrances of corporate giants into the hospitality market and the marketing skills these companies have brought to the industry have increased the importance of marketing within the industry. Analysts predict the hotel industry will consolidate in much the same way as the airline industry has, with five or six major chains dominating the market. Such consolidation will create a market that is highly competitive. The firms that survive this consolidation will be the ones that understand their customers. In response to growing competitive pressures, hotel chains are relying on the expertise of marketing professionals (Kotler, Bowen & Makens 1999, p.29).

Customer satisfaction with a purchase depends on the product's performance relative to a buyer's expectations (Kotler, Bowen & Makens 1999, p.348). Customer satisfaction, which affects repeat business is a requisite for loyalty. The customer's expectation must be met or exceeded in order to build customer loyalty (Kotler, Bowen & Makens 1999, p.351). Concepts of value, quality, and satisfaction are crucial for the tourism marketing. Tourists usually face a broad array of destination countries that might satisfy a given need. Among those countries they make buying choices based on their perception of value that various places deliver. Customer value

is the tourist's estimate of the product's overall capacity to satisfy his or her needs. Satisfaction with a product is determined by how well the product meets the customer's expectations for that product and the totality of features and characteristics of a product that bear on its ability to meet customer needs. Customer satisfaction is a short-term, transaction-specific measure, whereas service quality is an attitude formed by a long-term, overall evaluation of a firm's performance. Without a doubt, the two concepts of customer satisfaction and service quality are intertwined (Hoffman & Bateson 1997, p.298). Companies who command high customer satisfaction ratings also seem to have the ability to insulate themselves from competitive pressures...particularly price competition. Customers are often willing to pay more and stay with a firm that meets their needs than to take the risk associated with moving to a lower-priced service offering (Hoffman & Bateson 1997, p.272).

International travelers have different reasons for visiting particular locations, not all necessarily to do exclusively with leisure. The diversity that exists between visitors is often a reflection of the extent to which the tourist product has been differentiated to meet different tastes and preferences and the existence of several overlapping product cycles. Moreover, the length and pattern of the tourist area life-cycle is likely to vary between destinations (Ayres 2000).

Tourists can be classified in many ways. An important distinction in relation to yield is the length of stay of tourists; they can also be distinguished according to their purpose of visit (business, holiday, visiting relatives) or whether they are low-budget or high-budget travelers. A distinction, which has been emphasized, more recently is that between so-called endemic and mass tourism. Endemic tourism has been defined as tourism motivated by a desire to see something unique about a country - for example, an interest in the culture or wildlife (Pacific Asia Travel Association 1992). Those distinctions in considering affects the various net benefits or losses from tourism (Dweyer & Forstyth 1997).

Differentiated products in tourism marketing some of which need niche marketing strategies are eco-tourism, agro-tourism, recreation and sports tourism, educational, heritage and cultural tourism and business, professional and commercial tourism which may be called alternative tourism. To the extent that it is high quality tourism it has the advantage that it may make a greater economic contribution to the local

destination than mass tourism. The mark-up may be higher and in so far as quality tourists also have a higher per capita spending capacity the benefits to the host community may be enhanced further. Nevertheless, the alternative approach may require a considerable upgrading of knowledge, skills and the product, including hotels and other amenities, in order to target niche groups and attract a more discriminating clientele with new and evolving lifestyles (Ayres 2000).

There are many alternative approaches to segmenting travel markets and many decision rules for selecting target markets. Jang, Morrison and O'Leary (2002) use factor-cluster analysis to define three benefit-based segments of the Japanese outbound travel market (novelty/nature seekers, escape/relaxation seekers, and family/outdoor activity seekers). They compared the demographic and trip-related characteristics of these markets and used four criteria (profitability, risk, risk-adjusted profitability index, and relative segment size) to reach a decision on the choice of the optimum target market.

'New' ways of seeing and studying the economics of tourism geography, ways that reflect the cultural turn in the 'new' economic geography, and the increasing significance of networks and new information and communication technologies should be supported ( Milne & Ateljevic, 2001) to enhance tourism marketing.

## **2. THE FUTURE GROWTH OF GLOBAL TOURISM**

Tourism globally accounts for 11% of all international consumer expenditures, 11.3% of all capital investment and 6.7% of all government spending. The industry is experiencing steady growth. Growth is forecast at about 4% per annum for the next decade (*SPPF* , [http:// Tourism\\_Program/tourism\\_program.html](http://Tourism_Program/tourism_program.html)). It has been estimated that there were 25 million tourist arrivals globally in 1950 and this had risen to 594 million by 1996, but receipts from tourism have grown even more rapidly from less than US\$2 billion to almost US\$423 billion over the same period. Tourism is one of the fastest growing sectors of economic activity and the World Tourism Organization (WTO) has estimated that it currently accounts for 6 per cent of global GNP, 13 per cent of consumers' expenditure and employs over 200 million people worldwide. Moreover, although large developed countries continue to account for most tourist arrivals, countries in the developing world have recorded the biggest

increases in international tourism in recent years and many small states have participated in this expansion.

The initial response to the growth of tourism was one of almost unqualified support within small states and the developing world more generally. Tourism opened up new markets, which were generally not subject to the tariffs, quotas and other barriers to trade that limited the growth of commodity exports. With their narrow resource base and limited domestic market the scope for import substitution is restricted in small states in particular and therefore they have to export if their economic growth is not to be constrained by a foreign exchange gap (Ayres 2000). For many small states' economies with favorable natural resources, tourism was regarded as an easy, low cost/high profit option offering limitless scope for economic and social improvement (OECD 1967, pp.11-15).

Measured by the number of arrivals world tourism has grown at an average rate of over 4 per cent per annum since 1980 and expenditure per head on tourism has grown at more than twice the rate of increase in per capita incomes in the developed world (Baki 1990). Moreover, a wide range of economic, technological and social developments seem to indicate that the upward trend in tourism will continue into the foreseeable future. Demographic changes, social, educational and work patterns, increasing leisure time, rising real incomes and the falling cost of long distance travel are likely to increase both the desire and the ability of an expanding number of people to take holidays abroad or engage in more frequent foreign travel. In addition, the social, political and economic changes taking place in Central and Eastern Europe and the anticipated rise in the standard of living of many in the developing world are likely to reinforce the growing demand for foreign tourism. The WTO has estimated that the number of international arrivals would exceed 630 million by the year 2000 and rise to almost 1,000 million by 2020 but it already appears that these forecasts may be on the low side (Ayres 2000).

### **3. IMPORTANCE OF TOURISM MARKETING TO A DESTINATION'S ECONOMY**

Destinations are places with some form of actual or perceived boundary, such as the physical boundary of an island, political boundaries, or even market-created

boundaries such as those of a travel wholesaler who defines a South Pacific tour solely as Australia and New Zealand (Kotler, Bowen & Makens 1999, p.648). Turkey consists of many regions, but few, if any, national tourists offices or tour planners view it that way. A commonly packaged tour of Turkey includes only two or three regions, such as Antalya, Kapadokya and Istanbul. Regions within destinations feel that they must develop a distinct destination reputation to avoid being left out or used only as overnight stopovers. That desire to become a recognized destination presents a difficult marketing challenge. Macro destinations such as Turkey contain many micro destinations, including regions, cities, towns and even visitor destinations within a town.

The hospitality industry generates benefits for many host communities including employment generation and foreign exchange earnings. However, the hospitality industry often leads to external dependency contributing to a loss of local control over resources, migrant workforce and leakages outside the local economy, seriously reducing industry's potential for generating net financial advantages and growth for the local economy. The findings of Andriotis (2002) suggest that the smaller the size of hospitality firm the larger the benefits to the local economy.

Governments frequently justify their expenditure on underwriting the commercial viability of tourism events in terms of the economic impacts that the events bring to their host region. However, the justification for public expenditure in general is more usually based upon cost-benefit analysis, founded on the principles of welfare economics. Burgan and Mules (2001) demonstrate that there is a potential correspondence between the welfare economics paradigm of cost-benefit analysis and the growth-based paradigm of economic impact. That link is based on an underlying presumption that resources are unused or underused, and therefore income generation is a real benefit. Buckley (1999) introduces transaction cost economics as a means of unifying and strengthening the analysis of tourism and hospitality; Dunning and McQueen (1981 & 1982) have applied transactions costs analysis to the international hotel industry.

## **PROFIT IN A COMPETITIVE MARKET**

The tourism industry has many of the characteristics of a competitive market: there are few barriers to entry into the market; it is a truly global market with few unnatural barriers to trade; there is a large number of firms; and prices are set on the basis of market expectations. In a competitive market such as tourism, there is unlikely to be any difference, in the long term, in the yield from different types of tourists. In a competitive market, resources will be employed at a level, which reflects their opportunity cost. That is, they will be employed at a level, which provides a sufficient return to investors for the cost of capital. If there are resources that provide above normal profits they are bid up in price and any abnormal profit is dissipated into the cost of capital. This is not to say that individual firms do not make a profit. It simply argues that those profits reflect the cost of providing a service, including the cost of physical and human capital.

It will always be possible to identify situations in which the prices paid for some tourism inputs do not reflect their opportunity cost to the economy because of the presence of market power. This is likely to be a short-run phenomenon. In the long run, ease of entry and exit to the industry will enable new firms to compete away any market power existing firms may have, putting downward pressure on profits.

The most obvious example of market power in the tourism industry has been that derived from the regulation of air services, both domestic and international. Many countries, such as the USA, Canada, New Zealand and Australia have deregulated their domestic aviation. A number of regulated international markets remain, however (Dwyer & Forsyth 1997).

#### **4. FINANCIAL BENEFITS OF TOURISM**

Tourism's most visible benefit is direct employment in hotels, restaurants, retail establishments, and transportation. A second but less visible benefit consists of support industries and professions, many of which pay considerably more than the visible employment opportunities such as restaurant personnel. The third benefit of tourism is the multiplier effect as tourist expenditures are recycled through the local economy. Governments use economic impact models to estimate overall employment gains in goods and services consumption resulting from tourism multipliers which emerge as the result of the multiplier effects of tourism on regions' and country's

economies. Both, increase in tourism investments and rise in demand for travel, accommodation, food and beverage consumption, regional handicrafts and retail services generate revenue that will initially convey direct benefits to local people. These benefits will then be spread out to the whole national economy resulting in an increase on the revenues of other people, institutions, establishments, state and government by a specific multiplier coefficient. Tourism's fourth benefit is state and local revenues derived from taxes on tourism. Tourism accounts for foreign exchange and tax revenues and helps shift the tax burden to nonresidents. Critics of taxation contend that those revenues are taxation without representation and eventually lead to careless government spending or spending that has little relevance to promoting tourism and enhancing the travel experience. Bed taxes and other tourist-related taxes should go back into promoting tourism and developing the infrastructure to support tourism. Tourism also yields a fifth benefit: It stimulates exports of place-made products. Estimates of visitors spending on gifts, clothing, and souvenirs are in the range of 15 to 20 % of total expenditures. The degree to which these products are made or assembled in a destination affects the economic impact on the local economy. While a destinations economy may be better off from tourism, residents sometimes feel that losses in quality of life, convenience, and cultural and social values are not worth the economic benefits (Kotler, Bowen & Makens 1999, p.649).

On the other hand, Barutcugil summarizes (1985, p.24) following direct and indirect effects of tourism investments on national and regional economies during the stages of construction and management: (a) Pay back period of return on investment is relatively short in comparison to other industries; (b) After a couple years of a successful campaign, countries experience increase in foreign exchange revenue and employment ratio. Thus tourism becomes very attractive for developing countries; (c) The ratio of direct capital investment to generated revenue flow is low. In other words, marginal capital/marginal product ratio is less when compared with other investment alternatives. It is approved that the less this ratio is the higher the investment effectiveness will be; (d) The employment/investment ratio in the tourism industry is relatively higher than in other industries, which indicates that the capital investment to employ one person is less; (e) Tourism provides re-distribution of income and welfare. Expansion in international tourism movements and transactions causes an income flow from developed countries to underdeveloped and developing

ones; (f) Tourism enhances national efforts on protection and improvement of national sources and beauties; (g) Tourism augments importance on local traditional ceremonies, customs, regional clothing and handicrafts since it attracts attention to socio-cultural richness and value; (h) Tourism and infrastructure and substructure of a country mutually support and accelerate their development; (i) Tourism provides necessary foreign exchange input for national progress. Tourism income is favored to economic aids from other countries since on the contrary to such financial supports it is isolated from political and economic limitations and restrictions and cannot be used as a pressure utensil; (j) On the other side, tourism gives an advantage over the export of agricultural products and raw materials since determination and control on rates and prices of tourism products and services are more in the hands of the country than other exported traditional goods; (k) Tourism eliminates fluctuation, and wavering of foreign exchange revenues; and finally (l) Tourism diminishes deficits in balance of payments caused by importation into underdeveloped and developing countries and creates fairly more foreign exchange income with less input and foreign exchange output compared to other industries.

## **5. IMPACTS OF TOURISM ON ECONOMY**

The most significant indication to designate the importance of tourism for the economy is the share of tourism incomes in the gross national product (GNP). This share was very low until 1980's (below 1%) whereas that share was 8 % for Austria, 4,5% for Portugal and Greece, and 3,3% for Spain. In 1997 Turkey's share had a peak of 4,2%. According to a research, 30% of tourism incomes is transferred to agriculture, 20% to employees, 15% to enterprises in the tourism industry, 15% other trade corporations, and 20% to public derived from tax incomes (DIE).

*Table 1 exhibits statistics on Share of Tourism Receipts in GNP, Foreign Exchange and Export Revenues.*

Until 1980 tourism revenues had not a major positive effect on the balance of payments (%3), after the second part of 1980, tourism became a very important asset to diminish foreign trade deficits of the country.

Expenditures per tourist have declined in Turkey in 2001. Although the increase ratio of tourism income was 5.9 % in 2001 (from US\$ 7.636.billion to 8.090. billion); expenditures per tourist (US\$ 699.30) have experienced a decrease of 4.6 % in comparison to 2000 (US\$ 733.30) (DIE).

***Table 2 exhibits Number of Visitors and Tourism Receipt (No. of arrivals (tourists), tourism income, expenditure per tourist \$ and ratios)***

Effects of tourism on economy will be grouped as monetary effects including effects on exterior balance and on income; and actual/real effects comprising of effects on employment, on other industries and on investments as discussed in the introduction part.

***Table 3 displays Tourism Industry in Turkish economy.***

## **MONETARY EFFECTS OF TOURISM**

### **i. EFFECTS ON THE BALANCE OF PAYMENTS**

Exterior balance (balance of international payments) indicates the international economic circumstances of a country (Kozak & Kozak 2000) as it denotes a country's economic relations with other countries in terms of a foreign exchange value for a specific period that is generally one year. Hence, the chart exhibits foreign exchange input (revenues) and output (expenses) produced by transactions and trade of products, services, capitals and tourism activities with foreign countries in a year. Balance of tourism movements (exterior balance of tourism payments) constitute one of the items in the balance of payments and consist usually of these sub-items in Table 4.

***Table 4: Balance of Tourism Movements (exterior balance of tourism payments-tourism balance sheet)***

Assets	Liabilities
-Earnings from accommodation facilities residents	-Tourism expenses made by the
-Earnings from other tourism facilities countries	-Advertisement expenses spent in other

- Transportation Incomes
- Earnings of Institutions indirect related with tourism
- Advertisement expenses made by other countries
- Imports directly related with tourism like, luxurious construction materials, whisky, caviar etc,

Tourism balance sheet includes all foreign exchange transfers caused by tourism transactions. Asset side includes all foreign exchange income caused by tourism transactions (foreign exchange supply) and liability side consists of all expenses made by the country for tourism transactions (foreign exchange demand). The indicator of the effects of tourism on exterior balance payment is the amount of revenues and expenses of the country.

International tourism increases demand of foreign exchange for countries, which send tourists to other countries and increases the foreign exchange supply of the host country. On the other hand, positive impacts of tourism on exterior balance of payments of the host country, in other words on net amount of foreign exchange income share, depends on some terms.

Firstly, the ratio between the foreign exchange revenues and the foreign exchange expenses spent to obtain those foreign exchanges should be less than 1. Secondly; the actual/real conversion ratio should be more than 1. Net tourism foreign exchange revenues should be more than the total expenses made by local money (Kozak & Kozak 2000, p.81). Finally, share of foreign exchange revenue of tourism industry should be more than the foreign exchange revenue without any tourism transactions in the country at issue; this occurs on following stipulations: (a) The actual change ratio in tourism industry should be more than in export sector, which signifies that foreign exchange revenue caused by selling a regional product to tourists directly should be more profitable than the foreign exchange revenue of exporting them; and (b) Net amount of foreign exchange revenue should be more than revenues attained from other industries or industries generating import substitution.

## **EFFECTS OF TOURISM ON FOREIGN EXCHANGE TRANSACTIONS**

Tourism is also an important source of foreign exchange, which has eased the external borrowing requirements and thereby released domestic resources for investment in other sectors. Even more important than this is the contribution that tourist receipts

have made to the balance of payments (Ayres 2000). The currency account item of balance of payments includes disbursement flow of both trade of physical products and transactions related with importing and exporting of services. However, flow of services does not easily become distinct and apparent as tangible goods, hence it is called the 'invisible (hidden) trade'; consequently incomes and expenses of tourism are depicted as invisible items in the balance of payments.

Tourism as an 'invisible export', may be distinguished from other trade actions concerning following subjects: (a) Since there is no need to an actual export and transport of any goods and services in tourism transactions, the host country will save from carrying and insurance costs goods or services which would have resulted from an eventual export; (b) The socio-cultural, geo-economic and geographical assets and values, which are actually impossible to be exported, become a source of foreign exchange revenue; (c) In comparison to other industries, direct reflection of tourist consumptions to the economy has more intensity. Apart from that invisible export under discussion, tourists directly or indirectly are expending foreign money on local retail prices while consuming in the destination country, which reflects the tourism's special feature as a source of surplus export. Yet, it is not always likely to detect those surplus export amounts; and finally (d) Since tourism necessitates less import, provides foreign exchange input in short term, and has positive influences on balance of payments, tourism activities inspire particularly developing countries' economies.

On the contrary to incoming tourism, in out-bound tourism expenditures of local people in foreign countries compose the 'invisible import' item, which creates foreign exchange demand for the country. Until 1970's Turkey's tourism expenses were always more than tourism incomes causing a permanent deficit in exterior tourism balance.

***Table 5 exhibits Turkish Citizens Traveling Abroad.***

International tourists bring foreign exchange, which may be of value, not because a country has a current account deficit, but because there may be trade distortions such as tariffs. Increased foreign exchange from tourism has a value above its nominal value because there will be more reliance on an unprotected industry, and less on protected industries. In this case the shadow price of foreign exchange will differ from

the market rate. The shadow market exchange rate will depend on the level of the trade distortions, the relevant supply and demand elasticity and the uses to which revenues are put (Fane 1991).

The fact that an industry may have a large leakage on imports does not mean that it is a poor earner of foreign exchange. For many developing countries some import leakage will be necessary if the tourism industry is to attract foreign business and attract foreign exchange. From the point of view of maximizing net foreign exchange earnings, there is an optimal import leakage (falling between zero and unity) and that measure, which restricts imports, may actually reduce the net foreign exchange earnings of the industry (Tisdell 1993).

The terms of trade effect is also likely to be closely related to net domestic expenditure. When the demand increases for tourism resources in less than perfectly elastic supply (such as land near beaches), the price for those resources is bid up and tourists pay more to take advantage of them. On balance, the host country will gain from selling them at a higher price. The size of this benefit will depend on the elasticity of supply of various goods and services and the price sensitivity of demand. There may be some variations in the impact between different types of tourists and the facilities that they use (Dwyer & Forsyth 1997), but in the absence of specific information on such variations, it would be appropriate to assume a close correlation between net domestic expenditure and the terms of trade effect.

## **ii. INCOME EFFECT OF TOURISM ON THE ECONOMY**

The income effect of tourism on the economy's can be elucidated with the concept of 'multiplier'. The multiplier 'effect' of tourism is derived from tourist expenditures, which are diffused in the economy. The multiplier effect of a project is always the one, which arouses argument where benefit/cost analysis is concerned. Economists will be familiar with the simple closed economy formula for the Keynesian multiplier of  $1/1-MPC$ , where MPC represents the marginal propensity to consume. But we must also substitute the marginal propensity to spend domestically for the marginal propensity to consume. There are leaks directly into imports. But there is no reason to suppose that savings and taxes will represent further leakages from the spending stream as the former may be quickly invested domestically and the latter quickly

spent by the government. This leaves us with a crude multiplier formula  $1/1 = \text{MPSD}$  where MPSD represent the marginal propensity to spend domestically which is left over after imports. It assumes that there is a perfectly elastic supply of goods and services within the economy (Bottomley 1976). But the tourist multiplier measures only part of the contribution that tourism makes to economic growth (Ayres 2000).

Tourism income multiplier can be defined as the rate of change of the gross national product caused by the change of the expenses. The multiplier can be formulated as:

$k$  (multiplier) =  $1 / (1 - \text{mpc (marginal propensity to consume) + mpm (marginal import trend)})$

Income effect of tourism on the economy can be diversified as (a) income effects of consumption expenditures of tourists, and as (b) effects on public income and expenditure.

As mentioned earlier, the initial effect of tourism consumption expenses is 'direct income effect'. Tourist expenditures increase the income statement of the employees in the tourism industry and this income increase creates a turnover in the economy which causes an 'indirect income effect' in the end. Such consumption expenditures revive the economy by causing stimulated effects. (Icoz & Kozak 2000, p.197).

By analyzing the income producing process of tourism expenditures some leakages, a compound of savings and import, in the economy should also be taken into consideration. When funds provided by tourism are saved or spent for import purposes instead of being injected into the local economy to enliven the financial system, leakage will increase and income effects of tourism expenditure will decrease. (Ozdemir 1992, p.46).

Tourist expenditure is clearly related to the demand for domestic resources, and it is therefore likely to be related to the net benefits that tourism generates. There are various ways, however, by which this link can be broken, the most obvious being a leakage of tourist expenditure. A proportion of tourist expenditure in a country will be for imported goods and services, and will not add to the demand for domestic resources. In some cases, tourists buy goods, such as Scotch whisky, which are

imported, and the leakage is quite apparent. In addition, however, there are indirect leakages. For example, a tourist may hire a car from a domestic company, but the car may have been imported. Similarly, a tourist may purchase accommodation from a foreign owned hotel and some of its profits may be repatriated. Clearly, there is a difference between total tourist expenditure and the net demand for domestic resources after direct and indirect leakages have been subtracted. (Sathiendrakumar & Tisdell 1989). Of course, the benefits from tourist expenditure are more than just the domestic resource demand. Imports are not necessarily sold to tourists at import prices as they are often taxed (such as whisky) and profits may be earned on selling them to tourists. The net benefits to a country therefore depend on both gross and net expenditure. To investigate matters further, it is necessary to examine how expenditure is related to the various sources of gain or loss to the economy identified above (Dweyer & Forsyth 1997).

A large influx of foreign tourists can have significant consequences for the distribution of income. Gains from tourism may be unevenly distributed in the economy and domestic consumers and domestic tourists may suffer an economic loss in competition with foreign tourists (Tisdell 1993).

### **THE INCOME EFFECT OF TOURISM INVESTMENTS**

The income effect of tourism investments implies how revenues that exceed the initial investment expenditures are generated as a result of an expenditure-income flow through the economy. In other words, the income effect of tourism investments explicates, as the investment expenses cause an expense-income recycling in that economy, that the concluding revenue gained from investment expenditures is more than the initial investment expenditures. This revenue derived from investment expenditures will either be saved or spent in the economy. These spending will then result in new revenue cycles for others. In the end of this process the initial income expense will be multiplied by a certain multiplier, which will increase the total income. This investment multiplier equals the tourism investment to its income. Marginal saving (marginal propensity to save) and marginal consumption trends (marginal propensity to consume) are the main factors for determining this multiplier. The formula of investment multiplier is as follows;

$$\Delta Y \text{ (Increase in Income)} = k \text{ (Investment multiplier)} \times \Delta I \text{ (Increase in investments)}$$
$$k = \frac{1}{1 - mpc} \text{ (marginal consumption trend)}$$

When taxes are present, it is likely that the cost to tourists of the goods and services they buy will differ from the cost to the economy of supplying them. If the taxes purely reflect the cost to the community of providing services to the tourist, there is no net benefit. To the extent they also involve revenue raising, however, they reflect net benefits. It could be expected that any net benefit to the economy from such taxes would be related to overall tourist expenditure. There is scope for governments to increase national gains (and perhaps world gains) from foreign tourists by adopting appropriate taxation policies. It has been demonstrated that the scope for this is limited by relevant elasticity of demand and supply. In the actual world, moreover, allowances must be made for differences in the nature of competition, the consequences of transnational companies involved in the tourist industry and international regulations affecting tourism. It is also possible that certain types of taxes which one country may levy on foreign tourists, such as an entry or departure tax, may lead to retaliation by another country. This in turn will impact on the net gains to the first country from foreign tourism, possibly resulting in net losses (Tisdell 1983). International retaliation in the imposition of tourist taxes introduces international bargaining and game theory considerations into tourism economics, which, unfortunately, appear to have been ignored by researchers and government policy makers (Dwyer & Forsyth 1997). Governments use the taxes received from tourism for the growth of the tourism sector. The major disbursements made by governments for this purpose are research, promotion, advertisement, education expenses, infrastructure and constructions, management of some of the tourism services, and incentive for tourism in some districts.

### **THE CONCEPT OF YIELD: DEFINITION AND MEASUREMENT**

Tourism yield is most simply described as the net benefit accruing to a host country from international visitors; that is, the benefits minus the costs of tourism activity. However, this definition belies the complexity of identifying, at the national level, all the benefits and costs of tourism, each of which has differing patterns of activity and

impact (Dwyer and Forsyth 1997). In the face of this complexity, it is easy to fall back to a definition of yield, which equates it with no more than an accounting profit. At the individual firm level, this measure is of critical importance - it is a measure of survival. Governments, however, must endeavor to take a broader perspective by examining the impact of tourism on all facets of society. In this context, the impact of tourist activity should be environmental and social impacts.

Tisdell (1993) provides a list of target variables of possible importance to governments in formulating policy in regard of foreign tourism which include foreign exchange earnings (gross or net); net national economic benefits from foreign tourists as measured by changes in economic surpluses; employment generation; cultural and sociological impact on the host population; conservational or environmental impact (including sustainability); promotion of international understanding and co-operation; and income distribution consequences.

This broad approach to the concept of tourism yield provides a measure of net national benefit. It encompasses a macro approach to the measurement of yield which includes consideration not only of the level of tourist expenditure and the direct costs of providing tourist services, but other factors such as employment and foreign exchange effects, environmental externalities, cultural awareness impacts, import leakages and the possible effect on society of resources foregone which may have been employed elsewhere (the opportunity cost) (Dwyer & Forsyth 1997).

## **MEASURING TOURISM YIELD**

Tourism demand is subject to a host of uncontrollable factors which are difficult to measure and project (Kaynak, Bloom & Leibold 1994). While a comprehensive analysis of the benefits and costs of tourism activity would provide an indication of tourism yield, a fundamental difficulty lies in properly identifying and measuring these effects. Given the recent emergence of tourism as a major economic activity, the research base of the industry is still relatively young. Consequently, there is insufficient information on many of the factors, which have an impact on tourism yield and approaches to the measurement of different variables have yet to be properly developed.

World economic benefits of foreign tourism to country A equals extra profits or extra producers surplus obtained by country A's suppliers of tourist services and profits or surpluses obtained by foreign producers involved in tourism to country A plus consumers' surplus obtained by foreign visitors to country A plus change (positive or negative) in surpluses obtained by country A tourists or consumers (Dwyer & Forsyth 1997). Country A's benefits from foreign tourism equal extra profits or producers' surplus obtained by country A's supplies of tourist services plus change (positive or negative) in surpluses obtained by country A tourists or consumers. If, as a result of foreign tourism to country A, the price of tourism rises in country A, this reduces the surplus obtained by domestic tourists but raises the profits or surpluses obtained by suppliers of tourism services in country A. The net effect, if country A's tourist attractions are not damaged as a result of the increase in tourist numbers, is for country A's benefits, as measured by the above formula.

Tourists will have some impacts on local public goods, such as roads, parks and recreation facilities. These may be supplied free to users, and be financed by income taxes. Additional use of them by tourists may add to costs, through congestion and increased costs of maintenance, but tourists may not contribute to the costs of provision. This would constitute a cost imposed by additional tourism. However, local governments worldwide are moving towards covering these costs by requiring tourism developments to contribute to local infrastructure, and tourists will thus be paying indirectly for their use of local public goods (Dwyer & Forsyth 1997).

However, the public good and common property characteristics of environmental resources (including cultural resources) make it difficult for nations to extract their full potential gains from foreign tourists (Tisdell 1984). The social cost should be measured in terms of the cost of rectifying the damage done in the form of a polluted environment. There is need to change the parameters by which success in tourism is measured. Many of the conflicts can be resolved by an environmental audit approach (Batra & Kaur 1996).

An appropriate means of measuring such factors as the environmental, cultural and social impact of tourism need to be considered. Given the qualitative and relatively subjective nature of many of these factors, they are difficult to measure quantitatively or accurately. (Tisdell 1984).

## **HOW TOURISM CREATES ADDED VALUE**

Added value in tourism sector, which is comprised from depreciation, profit and wages, is the actual/net contribution of the industry to the input that will be exploited in economy. Total value that is provided by those added value items via sources specific to tourism industry imparts the added value as an actual contribution.

Tourism sector needs also inputs from production of other industries' in order to meet tourism requirements. Those requirements also designate the quality, quantity and content of the productions. Features of those goods and services convey specific source consuming attributes of tourism industry.

The more the tourism sector improves, the more total added value will increase. This increase will boost the national income and accordingly the share of tourism industry in the national income so that the economic growth will be enhanced more rapidly. This added value is one of the main dynamics for growth in the developing countries particularly.

## **THE EFFECTS OF POLITICAL IDENTITY CHANGES ON THE TOURISM SECTOR**

Tourism is very sensitive to political developments. Not only the political judgments of foreign countries about Turkey affect tourist arrivals but also do all crucial political incidences all over the world. Terrorism in NY on September 11<sup>th</sup>, 2001 is reflected as declining tourism income to Turkey (Yüksel 2002) as well. Tourism revenues have descended 16,2% in October; 19,3% in November, and 23% in December 2001. Number of tourists coming from USA sank 38% even in September; and this drop continued during the following months as 16,2% in October, 19,3% in November and 23% in December. For the OECD countries this decline can be observed as 7% in October 2001, 10% in November and 12% in December 2001. (TCMB 2001 & Porsch 2002).

Also tourism investments comprise very high political risks. Tourism is influenced by all the positive and negative variations of the economy like other industries. More

than that, tourism is directly affected by the political images and values given by other countries.

## **CONCLUSION**

The growth of tourism in Turkey has had a major impact on the economy. Tourist receipts have been financing a rising share of imports and without this contribution it is likely that economic growth would have been constrained by a foreign exchange gap. Instead Turkey has achieved unprecedented economic growth and rising prosperity and the direct and indirect effects of tourism have resulted in continuous full employment.

Turkey's national policy of expanding the number of hotel rooms nationwide over the past 2 decades has been successful in increasing supply, but at a cost. The government offered strong incentives for entrepreneurs to open hotels on the nation's Mediterranean and Aegean coasts. Many of the hotels that opened as a result, particularly those in low-price tiers, offer repetitive concepts and are not professionally managed. As a consequence, Turkey's resort operators rely heavily on international package-tour operators to fill their rooms. What has turned into an oversupply of rooms gives the tour operators market power over the lodging operators, forcing the latter into price competition. To compensate for their lack of income, the lodging operators offer minimal services. A particular challenge to the hoteliers is the tour operators' practice of changing bookings at the last minute, which causes lodging operators with unused capacity to accept low rates for otherwise empty rooms. While Turkey's lodging entrepreneurs cannot change the external factors that force them to accept low prices, they could address the internal problems of lack of cooperation and poor management skills (Karamustafa 2000). This occurrence shouldn't be mixed with tactical pricing policy in tourism marketing representing lower rates in low seasons and high prices in peak seasons which is globally used as a marketing tool to spread the occupancy all over the year (Yüksel & Yüksel, 2001).

Expanding the number of hotel rooms is not the solution to the problems of the Turkish tourism industry. An investor for tourism enterprises and ventures should firstly take a specific and definite quality standard into consideration since quality is the most important missing variable in the Turkish tourism. Despite the boom in

Turkish tourism revenues during the last years, spending of tourists have decreased enormously; thus increase in revenues is due to the increase in number of incoming tourists. Expenditure per tourist was USD 764.- by the year 2000 and USD 718 by the year 2001. This outcome clearly points out to lack of service quality, lack of variation and differentiation in supplied goods and services to attract business. Personnel training, teaching foreign languages, and education on different cultures of target markets and their views and approaches to life would aid understanding different mentalities and attitudes. Training for community-based operations must be institutionalized, with programs tailored to unique qualities of the targeted local businesses. Training programs designed for the personnel of larger city hotels will not be appropriate for rural businesses. An annual training program for small, community-based tourism businesses should be considered, as should targeted programs to respond to specific needs and deficiencies. Any training program needs to have budgetary and programmatic flexibility built in so that it can respond to the changing needs of a dynamic industry (Victurune 2000)

An accurate quality policy directed to the appropriate market should comprise and meet target groups quality requirements and expectations during the preparation and development stage of the service supply package (Yüksel 1999, p.248). Therefore, applying specific segmentation analysis and evaluation that represent the process of examining various sub markets and selecting those most appropriate for a company precisely, become vital. Turkey has to take serious steps for improving quality in product supply and management of tourism enterprises. Even today quality control is sometimes perceived as an additional cost item. This view should be considered as an ignorance of those Turkish entrepreneurs since consequences of high service quality are the greatest return on investments that conveys avoidance of price competition and hence maximizing potential revenue and reduction of costs. According to Kotler, Bowen and Makens (1999, p.383) that decrease in costs can be grouped as internal costs which are associated with correcting problems discovered by the firm before the product reaches the customers; external costs which are associated with errors that customers experience; and quality system costs which are viewed as investment in the future of the company to ensure customers return. Other benefits of high service quality include retaining customers and retention of good employees. Turkish tourism management enterprises should follow steps of setting standards, measuring and

maintaining performance. Among others franchising system may be used to achieve high quality performance in Turkish accommodation sector which will aid to attract more customers through an international well-known hotel chain's promotion and reservation systems (Yüksel 2000).

Revenues produced through last minute price reductions during some periods cannot be considered as serious marketing strategies. Stable, steady and continuous revenue will be an outcome of a standard quality level in service supply. Southern Mediterranean countries selling sea, sand, sun and a nice smile are not the only countries that gain enormous profits through tourism; on the contrary, European countries such as France, England and Switzerland accumulate constant tourism yields (Yüksel 2002a). This concept of constant tourism yields introduces countries to the model of sustainable tourism.

Besides that, industrial and financial stipulations, conditions, rules, regulations, developments and progresses in regional competitive countries should also be followed carefully, and worthwhile ones should be adopted, or preventions against some of them should be taken on time. Regular VAT ratios in competitive countries to Turkey like Spain, Greece, France and Italy are almost being cut in half for tourism industry expenditures (*Dünya* 2002). Turkey obviously is unsurpassed and unique in comparison to its rivals with its untouched seashores and coastline of 1500 km in length, with its 60,000 cultural and historical sites, places and ruins, and the well-known traditional hospitality and tolerance of the Anatolian people towards foreigners that gives to the country a rare and unequalled surplus specialty. Natural beauty, historical background and richness are almost unattainable to encounter in any other place in the region. Nevertheless, without adopting modern quality techniques, system and regulations to the tourism industry it won't be easy or even possible to turn those positive aspects into positive sales figures and yields any more.

Tourism is very sensitive to political events and changes. Political judgments of foreign countries about Turkey affect tourist arrivals. Tourism investments also comprise very high political risks. Tourism is influenced by all the positive and negative variations of the economy. More than that, tourism is directly affected by the political images and values given by foreign countries.

Turkey has to be very cautious and careful in thoroughly identifying its target customer crowd through precise market segmentation and appropriate product differentiation. Last year's tourist arrivals from Antalya airport has exceeded 5 million 86 % of which were from European countries and half of the Europeans (1 900 000) were Germans (Yüksel & Yüksel 2002).

*Table 6 exhibits Development of Turkey's Top 15 Tourists Markets and table 7 displays Distribution of Foreigners by Main Markets Table 6: Distribution of Foreigners by Main Markets*

Statistics on tourist arrivals to Turkey indicate that most of the tourists are from western democratic countries representing a general political sign for Turkey to follow. As a consequence a new and important phenomenon is that improvement in service quality together with enhancement in democratic quality should be the core elements for the long-term tourism strategies. There are certainly many countries without sufficient democracy levels, which are still attracting tourists. This fact represents a reality since exotic places and countries appeal to tourists with high-income levels; however, for one visit only! After having satisfied their curiosity with a single trip to those countries a majority of them won't be willing to repeat their travel which would contrast with marketing strategies to build up customer loyalties and satisfaction through multiple selling. All potential tourists from west and east are very much concerned with the democratic quality of the destination country. Some negative declarations of various western civic community organizations (NGO's) affect Turkish tourism very defectively which was also underlined by Turkish president of republic, the former president of Turkish constitution court, during the opening ceremony of the parliament. Turkey has to improve its negative scores on its report card through a progress in democratic system and human rights. Only through parallelism and equivalence with the mentality of civil and legal state of western developed countries Turkey can match international standards and thus builds a strong structure to overcome crises in tourism. The Turkish parliament legislated and agreed to the new laws which were compulsory to be accepted to the European Unity (EU) and accordingly Turkey has proven its confidence and trust in democratic values. Having met the EU's requirements Turkey has made an enormous step on the way to successful democratic principles.

It is obvious that preparation dimension of tourism investment decisions include investors along with the public and government. Tourism investments that are strong enough to overcome crises would still not be able to succeed even after having completed adequate feasibility reports for enterprises and after having provided planned and successful service quality levels. One very significant fact would still be missing: confidence in coherent country politics and reliance on constant democratic quality at top standards. Those dynamic would make a country trustworthy to travel.

**REFERENCES:**

- Andriotis, K. 2002, August, 'Scale of hospitality firms and local economic development-evidence from Crete', *Tourism Management*, vol. 23, no.4, pp. 333-41
- Ayres, Ron 2000, 'Tourism as a passport to development in small states: reflections on Cyprus,' *International Journal of Social Economics*, vol. 27, no. 2, pp. 114-33
- Baki, Al'aeddin 1990, August, 'Turkey: redeveloping tourism,' *Cornell Hotel and Restaurant Administration Quarterly*, vol. 31, no. 2, pp. 60-4
- Barutcugil, İsmet 1986, *Turizm Ekonomisi ve Turizmin Türkiye Ekonomisindeki Yeri*, Istanbul
- Batra, G.S & Kaur, Narinder 1996, 'New vistas in reducing the conflicts between tourism and environment: an environmental approach', *Managerial Auditing Journal*, vol. 11, nr. 4, pp. 3-10.
- Bottomley, Anthony 1976, 'Is tourist residential development worthwhile?', *Conference on finance and appraisal of investment project*, Manual 2
- Buckley, Peter J. 1999, 'Transactions cost analysis of tourism,' in *Economic and Management Methods for Tourism and Hospitality Research*, eds. Thomas Baum & Ram Mudambi, John Wiley&Sons Ltd., Wiley Publications, West Sussex, pp. 39-46,
- Burgan, B. & Mules, T. 2001, December, 'Reconciling cost-benefit and economic impact assessment for event tourism', *Tourism Economics*, vol. 7, no. 4, pp. 321-330
- Dunning, John H. & McQueen, Matthew 1981, 'The eclectic theory of international production: a case study of international hotel industry', *Managerial and Decision Economics*, vol. 2, no. 4, pp. 199-210

- Dunning, John H. & McQueen, Matthew 1982, 'Transnational corporations in international Tourism', *United Nations Centre on Transnational Corporations*, NY,
- Dwyer, Larry & Forsyth, Peter 1993, 'Assessing the benefits and costs of inbound tourism,' *Annals of Tourism Research*, vol. 20, no. 4, pp. 751-68.
- Dwyer, Larry & Forsyth, Peter 1997, 'Measuring the benefits and yield from foreign tourism', *International Journal of Social Economics*, vol. 24, no. 1,2,3, pp. 223-36
- Fane, G 1991, 'The social opportunity cost of foreign exchange: a partial defence of Harburger et al', *Economic Board*, vol. 67, pp. 307-16
- Hoffman, K.Douglas & Bateson, John E.G. 1997, *Essentials of Services Marketing*, The Dreyden Press, Orlando, USA
- Icoz, Orhan & Kozak, Metin 1998, *Turizm Ekonomisi*, Ankara
- Karamustafa, Kurtulus 2000, August, 'Marketing-channel relationships: Turkey's resort purveyors' interactions with international tour operators', *Cornell Hotel and Restaurant Administration Quarterly*, Ithaca, vol. 41, no. 4, pp.21-31
- Kaynak, Erdener, Bloom, Jonathan & Leibold, Marius 1994, 'Using the Delphi technique to predict future tourism potential', *Marketing Intelligence & Planning*, vol. 12, no. 7, pp. 18-29
- Kotler, Philip, Bowen, John & Makens, James 1999, *Marketing for Hospitality and Tourism*, Prentice Hall, 2.Edition, NJ, USA
- Kozak, Nazmi & Kozak, Meryem 2000, *Genel Turizm*, Ankara.
- Milne, Simon & Ateljevic, Irena 2001, 'Tourism, economic development and the global-local nexus: theory embracing complexity', *Tourism Geographies*, vol. 3, no. 4, pp. 369-93
- OECD, 1967, *Tourism Development and Economic Growth*, OECD, Paris, pp.11-15
- Ozdemir, Mehmet 1992, *Turizmin Türkiye'nin Sosyo-ekonomik apısına Etkileri*, Istanbul
- Paajanen, Marja 1999, 'Assessing local income and employment effects of tourism: experience using the Nordic model of tourism', in *Economic and Management Methods for Tourism and Hospitality Research*, eds. Baum, Thomas and Mudambi, Ram, John Wiley&Sons Ltd., Wiley publications, Sussex, pp.123-44,
- Porsch 2002, 1. May, 'Tourismus und Terror', FAZ, pin.; FA *Sonntagszeitung*, Germany

- Sathiendrakumar, R. & Tisdell, C.S. 1989, "Tourism and the economic development of the Maldives" *Annals of Tourism Research*, vol. 16, no. 2, pp. 254-69
- SPPF-The South Pasific Project Facility, 'Services to the Tourism Sector' (Online), Available: [http:// Tourism\\_Program/tourism\\_program.html](http://Tourism_Program/tourism_program.html), Istanbul, (2002, June 17)
- 'Terror haelt kaum jemanden von der Reise ab' 2001, 15 April, *ETA*, Germany
- TCMB 2001, *Yıllık rapor*, pp. 55-7
- Tisdell,C.A. 1983, 'Public finance and the appropriation of gains from international tourists:some theory with ASEAN and Australian Illustrations', *Singapore Economic Review*, vol. 28, no. 1, pp. 3-20.
- Tisdell, C.A. 1984, *Tourism, the Environment, International Trade and Public Economics, Kuala Lumpur and Canberra: ASEAN (Association of South-East Asian Nations)*, Australia Joint Research Project No. 6.
- Tisdell, C.A. 1993, 'Foreign tourism: benefits to China and contribution to development', Tisdell,C., in *Economic Development in the Contexts of China: Policy Issues and Analysis*, St Martins Press, London.
- TYD-Turkish Tourism Investors Association 1992, Contribution of Tourism Investments to the Economy (Online), Available: <http://www.tyd.com>
- 'Turizmde KDV oranları' 2002, April , *Dünya-Turizm İlavesi*, Istanbul
- Victurine, Raymond 2000, 'Building tourism excellence at the community level: capacity building for community-based entrepreneurs in Uganda', *Journal of Travel Research*, Boulder, vol. 38, no. 3, pp. 221-9
- Yüksel, A.Sait & Yüksel, Ülkü 2002, June, 'Immobilienrecht und –erwerb in der Türkei', *Zeitschrift für Praxisorganisation, Betriebswirtschaft und elektronische Datenverarbeitung*, Verlag C.H. Beck, Munich, pp. 175-179
- Yüksel, Ülkü 1999, *Turizm Pazarlamasının Temel Sorunları*, unpublished Ph.D. Thesis, Istanbul
- Yüksel, Ülkü 2000, 'Çağdaş otelcilikte uluslararası ekonomik işbirliği biçimi olarak

- Franchising uygulaması', *Tugev, Turizm Geliştirme ve Eğitim Vakfı Yayını-Turizm'de Seçme Makaleler:34*, İstanbul, vol. 51, no. 34, pp.1-19
- Yüksel, Ülkü 2002a, March,'Türk turizminin temel sorunu: hizmet kalitesi', *Pazarlama Dünyası*, vol. 16, no. 3, pp.38-49
- Yüksel, Ülkü 2002b, Aug., 'Turizm yatırımlarının özel sorunları' *Finans Dünyası*, no.152, pp.50-52
- Yüksel, Ülkü & Yüksel, Aslı 2001, Oct., 'Bankacılıkta fiyat politikası ve hizmet maliyet hesabının özellikleri', *Muhasebe ve Denetim Bakış*, vol. 2, no. 5, pp.99-117

**APPENDIX:****Tables:****Table 1: Share of Tourism Receipts in GNP, Foreign Exchange and Export Revenues**

Share of Tourism Receipts in GNP, Foreign Exchange and Export Revenues							
	(1)	(2)	(3)	(4)	(4) /(1)	(4) /(2)	(4) / (3)
	GNP (billion \$)	Foreign Exchange Revenue (billion \$)	Exports (billion \$)	Tourism Receipts (billion \$)	(%)	(%)	(%)
1991	150	29,4	13,6	2,7	1,8	9,2	19,8
1992	158	30,7	14,7	3,6	2,3	11,7	24,5
1993	179	32,9	15,3	4,0	2,2	12,2	26,1
1994	132	34,6	18,1	4,3	3,3	12,4	23,8
1995	170	44,7	21,6	5,0	2,9	11,2	23,1
1996	184	54,1	23,2	5,6	3,0	10,4	24,1
1997	192	61,7	26,3	7,0	3,6	11,3	26,6
1998	207	65,5	27,0	7,2	3,5	11,0	26,7
1999	185	55,7	26,6	5,2	2,8	9,3	19,5
2000	201	62,5	27,8	7,6	3,8	12,2	27,3
2001	148	59,4	31,2	8,1	5,5	13,6	26,0

Source : State Institute of Statistics (SIS), Central Bank.

**Table 2: Number of visitors and Tourism receipt (No. of arrivals (tourists), tourism income, expenditure per tourist \$ and ratios)**

YEARS	VISITORS (000)	CHANGE %	RECEIPTS (Million \$)	CHANGE %	Tourist Expenditure per capita \$
1963	198	*	7	*	38.5
1964	229	15.7	8	14.3	36.3
1965	361	57.6	13	62.5	38.0
1966	449	24.4	12	-7.7	27.50
1967	574	27.8	13	8.3	23.0

1968	602	4.9	24	84.6	39.9
1969	694	15.3	36	50.0	52.7
1970	724	4.3	51	41.7	71.2
1971	926	27.9	62	21.6	67.9
1972	1,034	11.7	103	66.1	100.0
1973	1,341	29.7	171	66.0	127.8
1974	1,110	-17.2	193	12.9	174.4
1975	1,540	38.7	200	3.6	130.4
1976	1,675	8.8	180	-10.0	107.7
1977	1,661	-0.8	204	13.3	123.3
1978	1,644	-1.0	230	12.7	140.1
1979	1,523	-7.4	280	21.7	184.2
1980	1,288	-15.4	326	16.4	253.6
1981	1,405	9.1	381	16.9	271.3
1982	1,391	-1.0	370	-2.9	266.1
1983	1,625	16.8	411	11.1	253.0
1984	2,117	30.3	840	104.4	396.8
1985	2,614	23.5	1,482	76.4	566.7
1986	2,391	-8.5	1,215	-18.0	508.1
1987	2,855	19.4	1,721	41.6	562.7
1988	4,172	46.1	2,355	36.8	567.6
1989	4,459	6.9	2,556	8.5	570.3
1990	5,389	20.9	2,705	5.8	621.3
1991	5,517	2.4	2,654	-1.9	549.7
1992	7,076	28.3	3,639	37.1	533.0
1993	6,500	-8.1	3,959	8.8	668.1
1994	6,670	2.6	4,321	9.1	674.0
1995	7,726	15.8	4,957	14.7	684.0
1996	8,614	11.5	5,650	13.9	748.0
1997	9,689	13.0	7,080	23.9	876.0
1998	9,752	0.7	7,177	2.0	834.5
1999	7,464	-23.5	5,193	-27.6	696.0
2000	10,412	39.0	7,636	47.4	733.3

2001	11,569	11	8,090	5,9	699.3
------	--------	----	-------	-----	-------

Source: <http://www.die.gov.tr/english/SONIST/sonist.html>

**Table 3: Tourism industry in Turkey's economy**

Share of tourism income in GNP: %	1980: 0,6% _____	1998: 3,8
Share of tourism receipts in the export earnings: 29,0 %	1980: 11,2 % _____	1998: _____
Tourism receipts in foreign trade deficit: 41,0 %	1980: 6,5 % _____	1998: _____
<b>Source Ministry of Tourism</b>		
Employment in tourism: Direct employment in	1997: 891.000	
<b>Source: State Institute of Statistics (SIS)</b>		
	Indirect employment in 1997:	1.300.000

Total Employment (direct & indirect) in 1997: 2.200.000

Rise in employment in 1993: 647.000 & in 1997: 891.000

Sources: Ministry of Tourism in Turkey & State Institute of statistics (SIS) in Turkey

Source: <http://www.tursab.org.tr/english/ekonomikeng.htm>

**Table 5: Turkish Citizens Traveling abroad (1999-2001)**

<b>Turkish Citizens Traveling Abroad</b>					
<b>Years</b>	<b>Years</b>			<b>Rate of Change (%)</b>	
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2000/1999</b>	<b>2001/2000</b>
<b>Total</b>	4.758.211	5.284.336	4.850.029	11,1	-8,2

Source: <http://www.tursab.org.tr/english/ENGRAPOR.htm>

**Table 7: Distribution of Foreigners by Main Markets**

Country	2001	2000	1999	1998	1997	1996	1995
GERMANY	24,9	21,9	19	23	23.8	24.9	21.4
CIS	12,3	13,2	6	13	14.8	18.2	17.7
UK	7,3	8,8	11	10	10.5	8.8	9.5
USA	3,7	30,4	-10	20,3	3.5	3.8	3.8
TOTAL	48,2	74,3	26	66,3	52.6	55.7	52.4

Source: <http://www.die.gov.tr/english/SONIST/sonist.html>

**Table 6: Development of Turkey's Top 15 Tourists Markets**

<b>DEVELOPMENT OF TURKEY'S TOP 15 TOURIST MARKETS</b>					
<b>In terms of tourist numbers</b>					
	1999	2000	2001	2000/1999%	2001/2000%
GERMANY	1.388.787	2.277.502	<b>2.875.446</b>	63,99	<b>26,25</b>
CIS	1.051.895	1.383.110	<b>1.423.418</b>	31,49	<b>2,91</b>
UK	814.889	915.285	<b>844.649</b>	12,32	<b>-7,72</b>
HOLLAND	214.163	440.290	<b>632.236</b>	105,59	<b>43,60</b>
BULGARIA	259.075	381.697	<b>540.216</b>	47,33	<b>41,53</b>
FRANCE	270.280	449.545	<b>523.292</b>	66,33	<b>16,40</b>
USA	395.006	515.090	<b>423.235</b>	30,40	<b>-17,83</b>
AUSTRIA	129.465	320.582	<b>359.925</b>	147,62	<b>12,27</b>
IRAN	351.937	380.877	<b>327.013</b>	8,22	<b>-14,14</b>
ITALY	79.029	218.785	<b>314.109</b>	176,84	<b>43,57</b>
BELGIUM	149.622	256.881	<b>310.299</b>	71,69	<b>20,79</b>
ISRAEL	201.471	312.304	<b>299.915</b>	55,01	<b>-3,97</b>
FRM YUGOSL.	213.776	285.930	<b>287.372</b>	33,75	<b>0,50</b>
SWEDEN	107.427	148.561	<b>200.043</b>	38,29	<b>34,65</b>
GREECE	146.871	218.670	<b>196.844</b>	48,89	<b>-9,98</b>

Source: <http://www.tursab.org.tr/english/ENGRAPOR.htm>