

# 'Putting a Smile on the Parrot's Face' An Exploration of the All-inclusive Debate

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# PAPAGAYO RESORT VS. TUI CRUISES

*All-Exclusive on Land (Land Resorts)*

*vs.*

*All-Inclusive at Sea (Floating Resorts)*

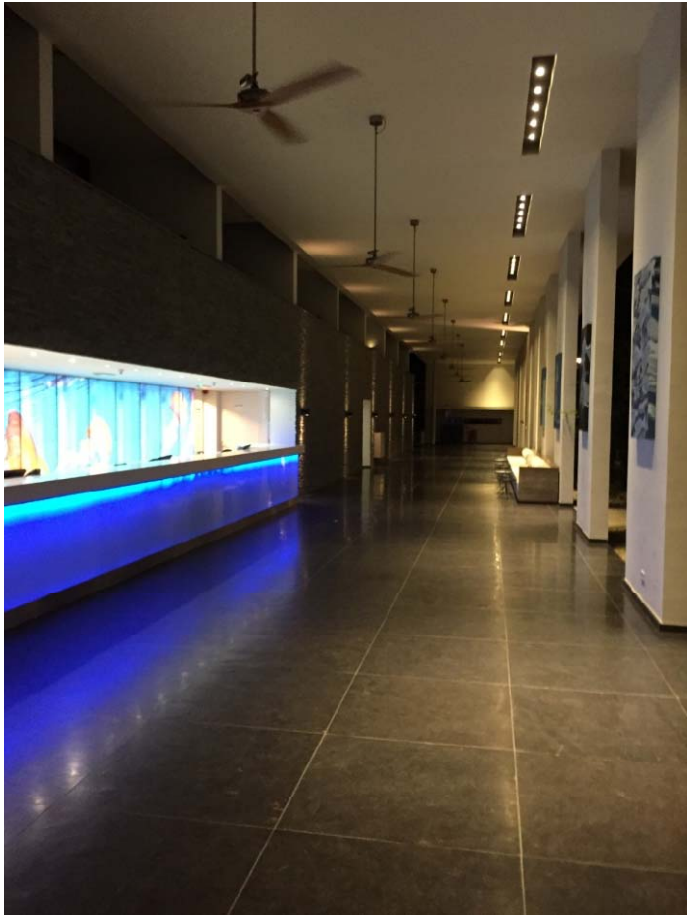
# My Last Holiday in Curacao...

## *An 'All-Exclusive' Expensive Holiday!*





# Excellent Facilities.... Poor Breakfast.... Expensive Restaurants in the Area... No All-Inclusive / Full-Board Option!





# All-Exclusive... A Benefit for tourism and the local community?

## *All Inclusive is not just a Tourism Low-Budget Issue*

Coffee capsules for room coffee machine = € 3.50

Hotel sunbed cost = € 20

Impossibility to charge on the room – must carry credit card and pay all hotel bars and restaurants separately

No hotel shuttle bus to city-centre (Only expensive taxis – up to € 50 – or unreliable busses)

Supermarket prices at European levels (resort enclave and town)

2 out of 3 reserved excursions were cancelled last minute

Feedback to travel agent back home

‘Word of Mouth’

No intention to revisit destination

**Disposable Tourism  
Income and time spent on  
mainly hotel amenities**

**Low Experience Value**

Holiday Cost for 9 Days x 2  
Persons = € 4600 Booking +  
2300 Spending => approx  
383 Euro / Person Day

**Opportunity Cost of  
Alternatives**

**“Rip-off Destination” Image**

Destinations cannot determine  
the **Disposable Income** in  
the source markets... Regardless  
whether high or low. But they can  
manage the **Holiday Value-  
for-Money** they offer



# Challenging Popular Views of 'All-Inclusive'

## *Spending Money = Receiving Value!*

### 'All-Exclusive' vs. 'All-Inclusive'

- Both can have a negative impact on customer satisfaction
- Both do not necessarily imply spending benefits for the local community

### 'Restricted All-Inclusive' vs. 'Differentiated All-Inclusive'

- Binary question: "All-Inclusive or not?" is not pertinent
- Relevant question: "What-Inclusive? And for Whom?"

### 'Premium All-Inclusive' vs. 'Armband Tourism'

- All-Inclusive does not necessarily mean 'Low-cost / budget / quality tourism...'
- ... It can also mean care-free, high-value for money tourism...
- ... Inclination to revisit destination...
- ... Available budget to spend outside the hotel...



### PREMIUM ALLES INKLUSIVE

*Ohne Aufpreis*

- Über 100 Markengetränke
- Spitzengastronomie
- Service am Platz
- Genießen rund um die Uhr
- Sauna und Fitness
- Entertainment
- Kinderbetreuung

A grayscale photograph of ocean waves with white foam, serving as the background for the slide.

# UNDERSTANDING ALL-INCLUSIVE

*Not to be confused with 'Enclave Tourism'*



# Defining “All-Inclusive” ...

## *Getting Misunderstandings Out of the Way*

### All Inclusive Levels

#### All-Inclusive Holiday

- Another term for tour operator package including:
  - Flight
  - Accommodation (with Full Board Catering Option)
  - Transfer from and to Airports
  - Excursions usually not included in the package (unless it is a round trip)

#### Enclave Tourism

- Isolated, self-contained Holiday Resorts / Resort Complexes
- Controlled environment – ‘Ringfencing’ of Tourists’ Expenditure

#### All-Inclusive Catering

- Essentially a low-cost full-board catering option (including drinks)
- Mainly preferred by families and price-sensitive guests
- In a number of countries a necessity due to health & safety as well as due to lack of alternatives in the resort area (e.g. Dom Rep)

### Key Drivers

Convenience –  
Reduction of  
Transaction /  
Information Costs

‘Share of Wallet’ /  
Vertical  
Integration

Reduction of  
Holiday Budget  
Overrun Risk

### Key Question

Destination /  
Tourism  
Income  
Leakages?!

# Tourism Enclaves...

## *A Symptom of Developing Tourism Economies and Lack of Tourism Policy?*

### Drivers

- Limitations of local infrastructure
- Lack of local entrepreneurship / Non-competitive local offering
- Dependence on external funding
- Market segment focus (Mono-culture)

### Advantages

- Tailored to specific tourist segment
- Focused profile of a resort = Targeted Marketing
- Foreign ownership = foreign investment
- Dependence on local supply chain = Indirect Economic Contribution
- 'Cocooning' – Limit scope of cultural and environmental externalities

### Disadvantages

- Dependence on foreign investment and distribution
- Tourism Income Leakage
- Limited experience with local culture and society – Lack of Authenticity

**'Competitiveness'  
Question**

**'Control'  
Question**



**All-Inclusive** is a **Service...**

**Not a Tourism Form or Segment!**

**Tourism Enclaves** are

**Controlled Environments.**

**Service serves the Guest... Control  
serves the Host!**

The background of the slide is a grayscale photograph of ocean waves. The waves are breaking, creating white foam and spray. The image is slightly blurred, giving it a sense of motion. A dark blue horizontal band runs across the middle of the image, containing the title text.

# TOURISM STRATEGY

## *Architecture vs. Regulation*



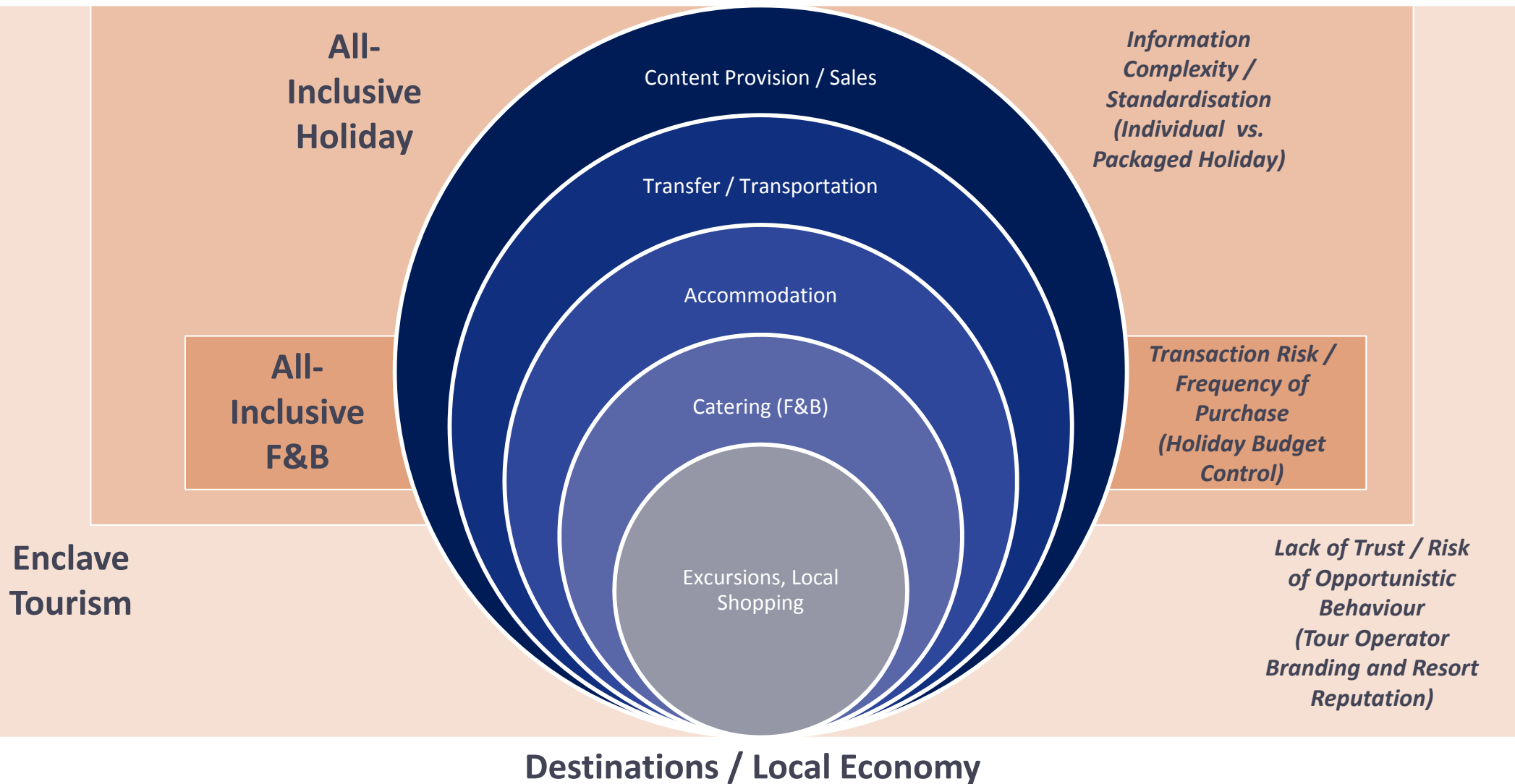
# Conceptualising 'All-Inclusive'

## Transaction Cost Theory

'All-Inclusive Diffusion'

Source Market / Holiday Guests

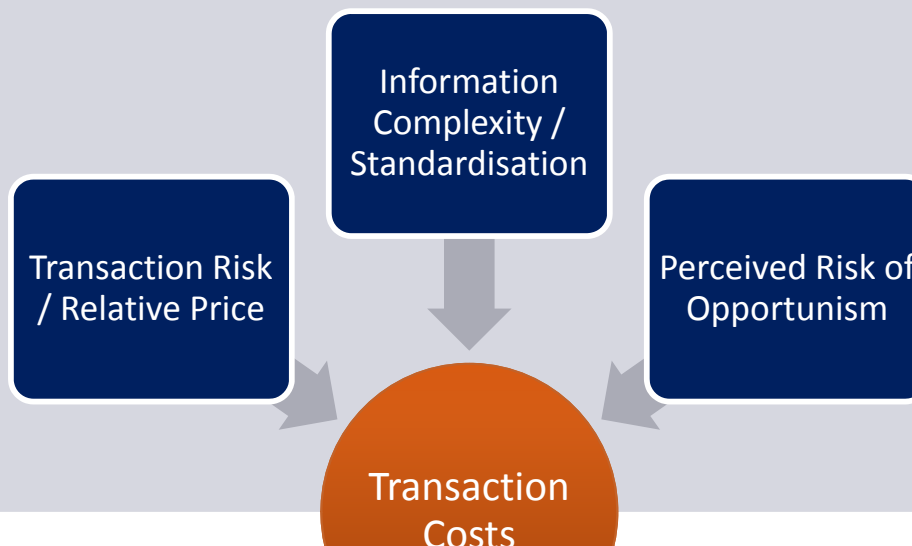
'TC Drivers'



# Which Model Do You Prefer for Tourism as a Destination?

## *Can you meet the corresponding Challenge?*

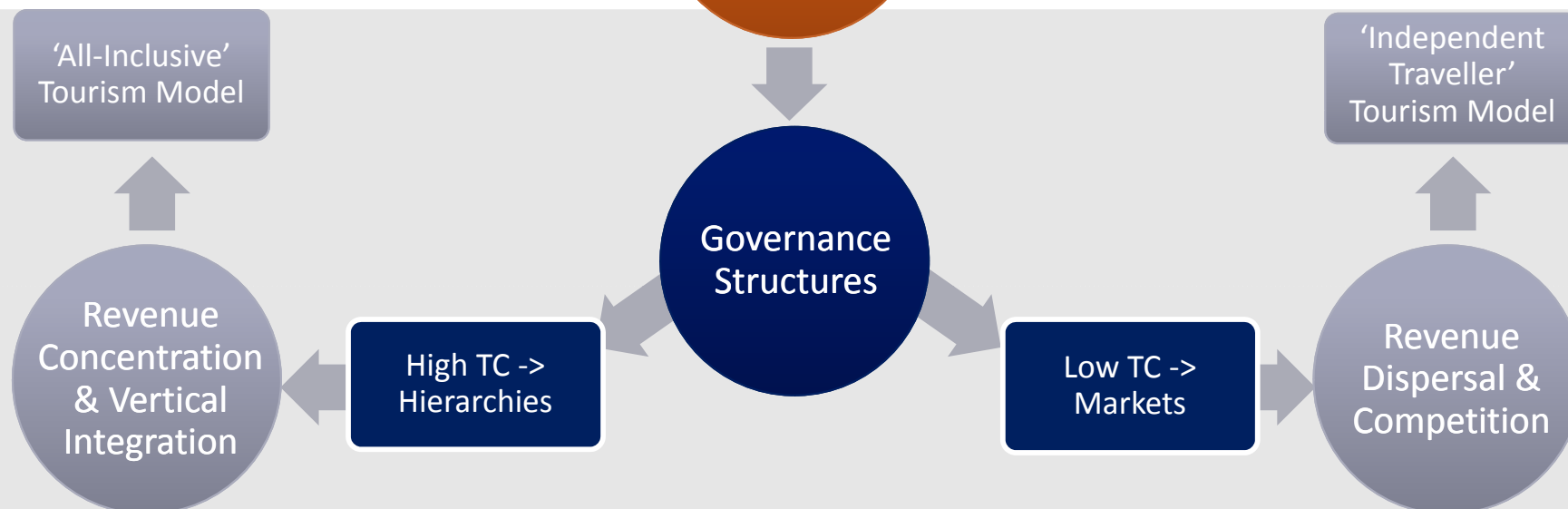
**Tourism  
Architecture  
Domain**  
(Control the Triggers)



**'Control' Challenge**

**'Competitiveness' Challenge**

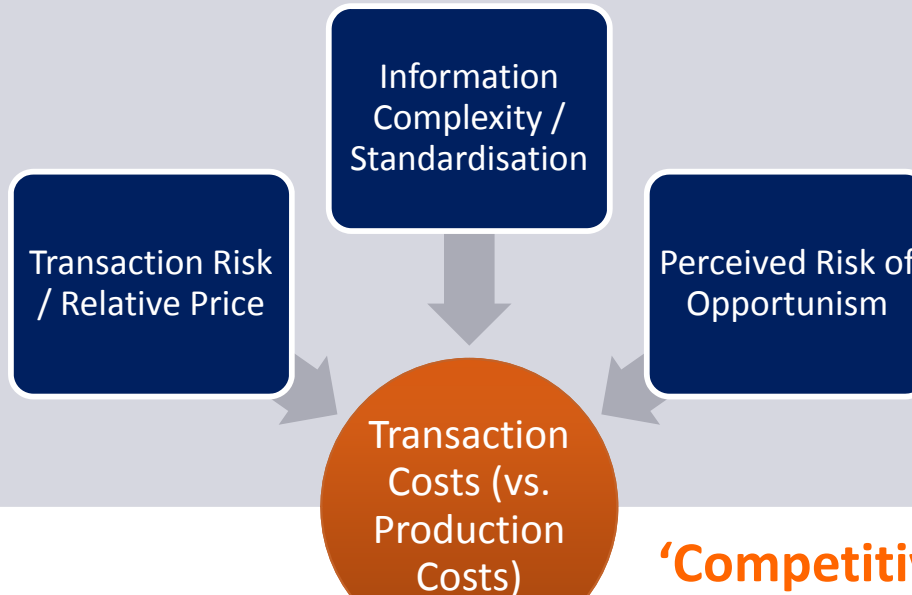
**Tourism  
Regulation  
Domain**  
(Control the Outcome)



# 'Increase Production Costs' Approach

## Regulate All-Inclusive – Are You Competitive Enough?

**Tourism  
Architecture  
Domain**  
(Control the Triggers)



### 'Control' Challenge

**Approach - Increase 'Production' Costs relative to Transaction Costs:**

- Guest Tax
- Hotel Unit Taxation
- Urban Planning
- 'Cabotage-Like' Regulations for Hotels operating in Greece

### 'Competitiveness' Challenge

**Competitive Capability of:**

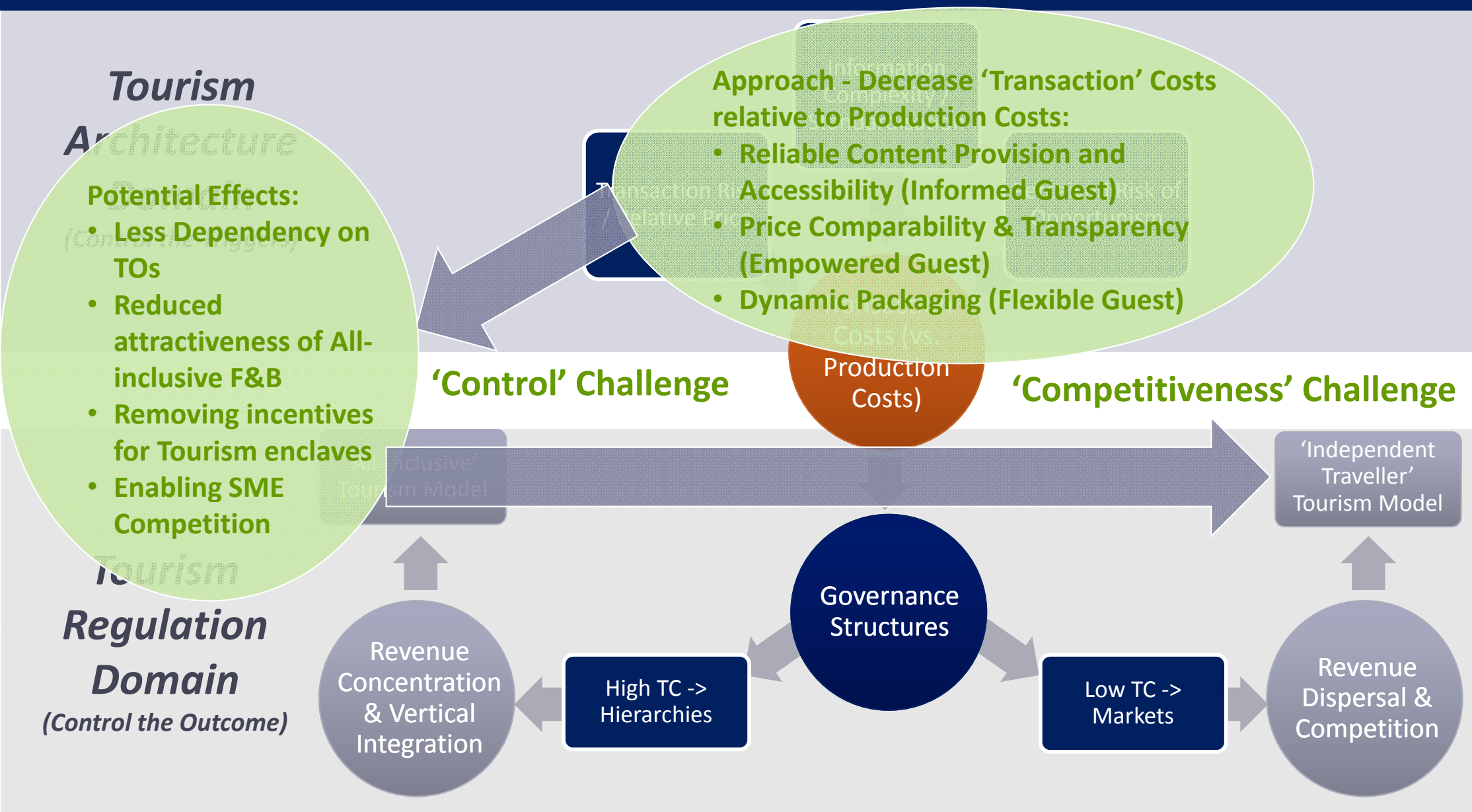
- Country in the Source Markets (and TO Portfolios)?
- Destination in the Region?
- Local Restaurant in the Area (incl. Hotel Restaurant)?

Governance Structures

High TC -> Hierarchies

# 'Reduce Transaction Costs' Approach

*Less 'Leakage' plus 'Competitiveness' through eTrust Development*

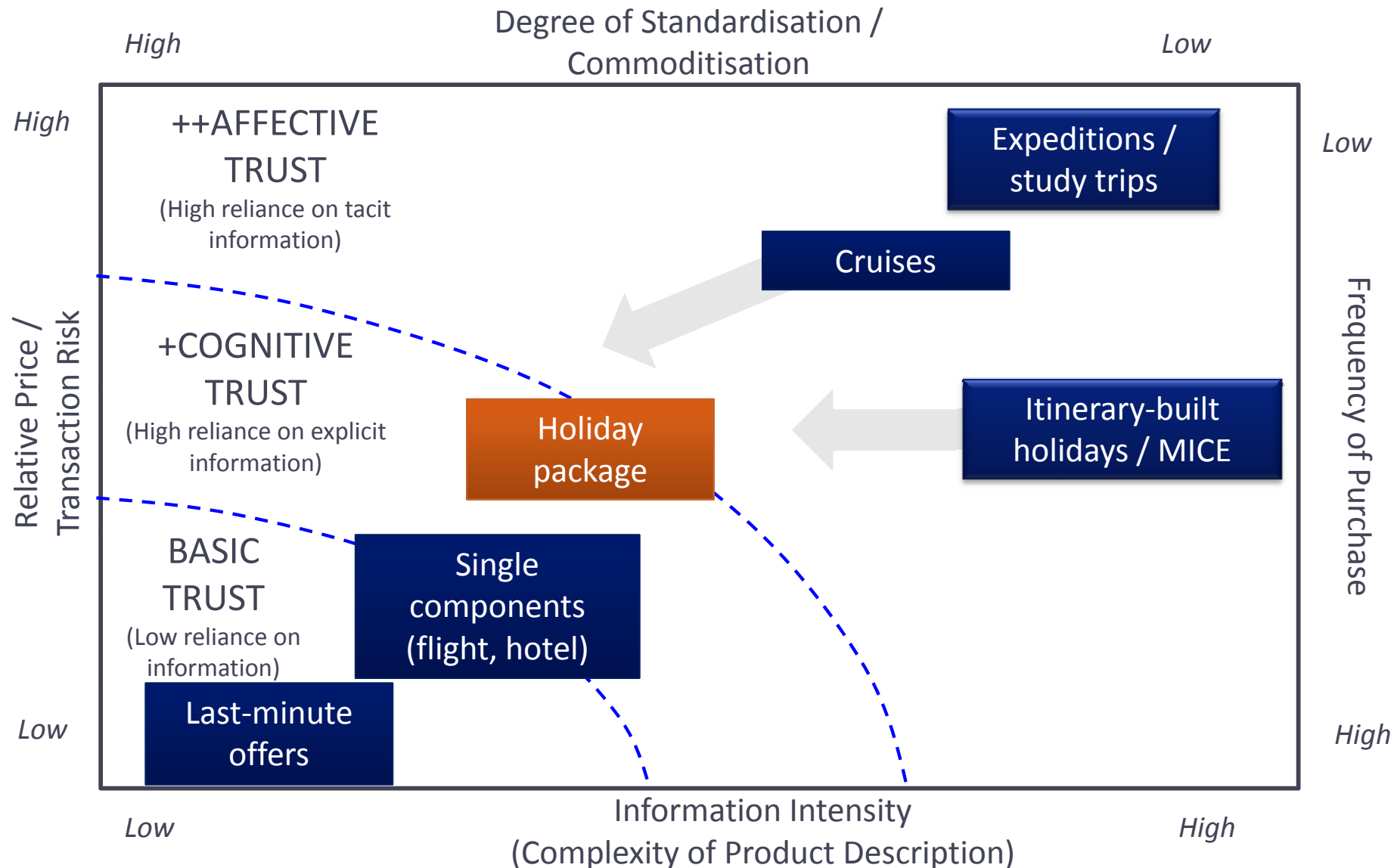




Competitiveness and Value-for-Money is about **Managing the Service and Regulating the Environment...** Not Visa Versa!

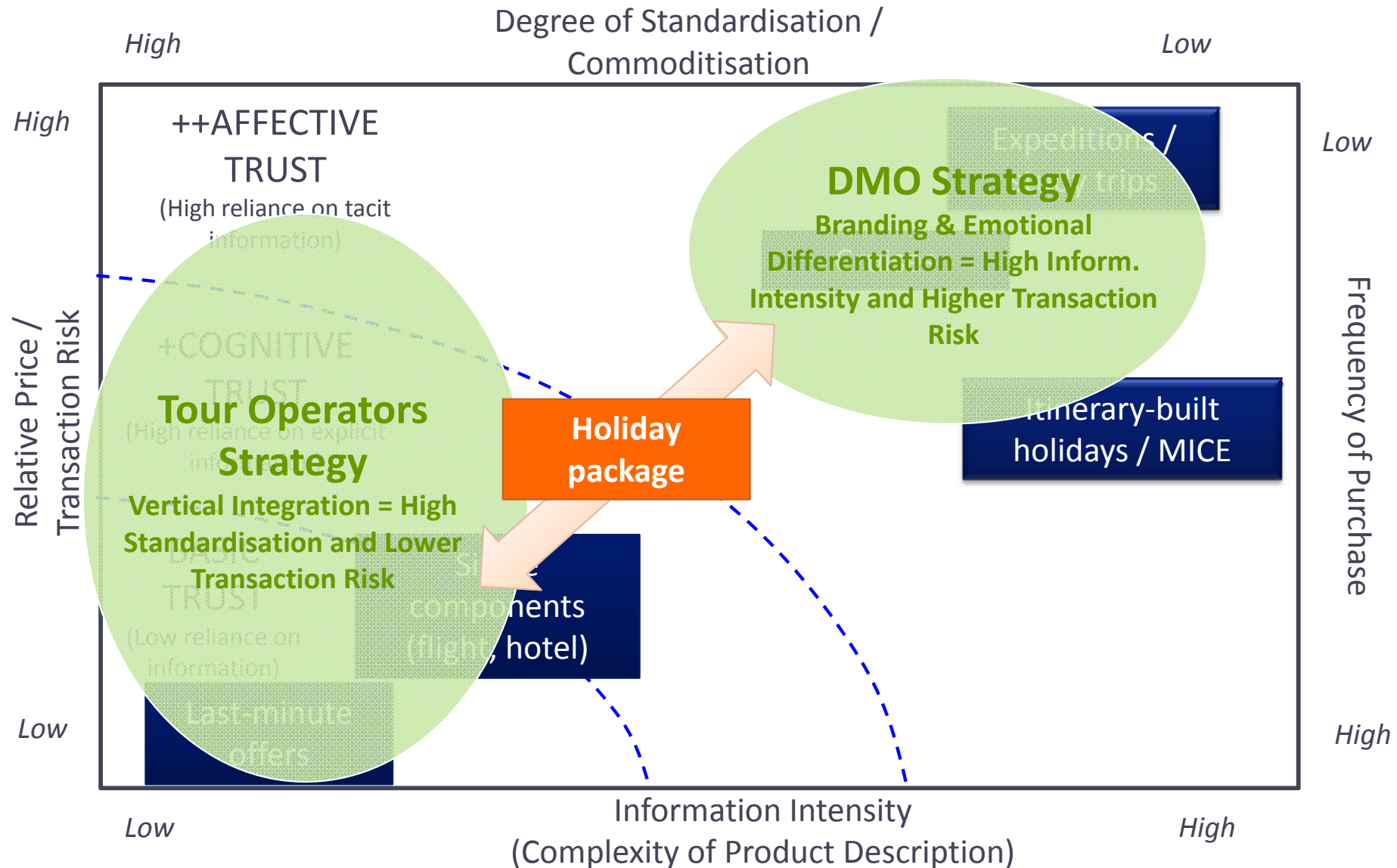
# Tourism Supply Chain Balance of Power

## *The 'Right' Trust for the 'Right' Product*



# Tourism Strategy Approaches Compared...

## 'Destination Content Vacuum'



**Branding** without **Content**  
**Management** is like an Empty  
Promise. Keeping Promises fosters  
**Trust** and trust is the  
cornerstone of **Reputation!**



# Key Messages

There are **various levels** and forms of 'All-Inclusive'

'All-inclusive' does not necessarily have negative impacts on **local economies and guest satisfaction**

'All inclusive' is a **service** and not a tourism form

Tourism Income Leakages and 'Armband Tourism' are primarily a result of **competitiveness and urban policy deficiencies**

Regulating 'All-Inclusive' is not **Managing** it – It may result to decreased competitiveness

'All-Inclusive' is driven by **content** (lack of) availability and **financial risk**

Investing in **content management and ICS** is the key to addressing the causes of the negative 'All-inclusive' symptoms

Don't blame the **parrot** for not  
singing... **Blame** the cage!



# THE BUSINESS AND MANAGEMENT OF OCEAN CRUISES

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Cruise Tourism and Society

## Cruise Tourism and Society

A Socio-economic Perspective

## IN novaTION

Improving Passengers'  
Experiences and Safety

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