

HOW SMALL HOTELS WOULD PENETRATE IN THE ALL-INCLUSIVE MARKET: AN ALTERNATIVE APPROACH

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The present paper proposes and evaluates a novel, alternative holiday package for small hotels helping them to gain share in the all-inclusive market. The examined package tour includes accommodation in small hotels and meals in a number of local, traditional, small restaurants. For this, a relevant survey attempting to understand tourists' attitudes and behaviour towards all-inclusive packages as well as the alternative one was held in the island of Kos, Greece. Furthermore, a case study concerning a preliminary feasibility appraisal about a possible application of this package in a real hotel has been examined and presented. The survey shows that there is a noteworthy interest for the new package while the results of the feasibility analysis seem to be financially promising.

Keywords: *Tourists' attitudes, holiday packages, small hotels; feasibility appraisal*

JEL Classification: *L83, M1, O1*

INTRODUCTION

From the macroeconomic point of view, great attention is paid to the potential beneficial economic effects of tourism on economic growth (Cuccia and Rizzo, 2011). In Greece, tourism holds a prominent position in the local economy: Greece is 16th in tourist arrivals globally, and 12th in global tourism revenue (2008 data). Tourism represents 17% of National GDP and almost 20% of employment. Greece is the 4th most popular tourist destination in the European Union for the year 2010, according to

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the Euro barometer poll, while it holds in 2010 the 2nd place among 41 countries across Europe, South Africa, Morocco, Tunisia, New Zealand, Brazil, Canada and the Caribbean, in the European Blue Flag Program with 421 beaches and 9 marinas. Existing hotel infrastructure consists of 9,559 hotel establishments providing for 732,279 hotel beds in total (2009). The average per capita tourism expenditure is about 700 €, while a concentration of hotel supply is obvious: 52% of hotel beds are in Crete, Macedonia and Dodecanese.

Moreover, five star hotels represent only 3% in the distribution of Units (2009 data) and four star ones represent 12%. According to the 2009 Greek Hotel Branding Report, the branded hotels in Greece account only for 4% of the total number and 19% of total availability of rooms, while in other European countries this figure lies between 25 and 40%. Only 113 brands operate in Greece representing 431 hotels with a brand affiliation and respective room capacities and 97 hotels that are members of international hotel consortia (IGA, 2011). In Greece the development of tourism started in the middle of the '70s, when the demand for new destinations was high, affecting country's fiscal progress. The importance of tourism on the long run economic growth of Greece has been investigated in the past (Dritsakis, 2004).

In many Greek destinations tourists consume all-inclusive packages. These kinds of packages have grown rapidly in the last decades. It is remarkable that, since there has been a debate on package tours going on for many years, several authors express their opinion about all-inclusive packages either supporting or arguing against them (e.g. Baum and Muhambi, 1994; Enoch, 1996; Davies and Downward, 1998; Chakkeung and Wai-Yan, 2004; Jui Chi, 2007). Other authors connect all-inclusive operations and packages with sun-sea-sand destinations (Sharpley and Knight, 2009; Alegre and Pou, 2008) or with special tours such as wildlife tourism (Curtin, 2010). Alegre and Pou (2008) claim that “compared to other types of board, all-inclusive packages first lead to a reduction of destination's revenues from tourism and second are causing a significant change in the distribution of tourist expenditure among economic agents (spending in the country of origin is higher for all-inclusive tourists, while spending in the destination is substantially lower)”.

Thus, the present work proposes and evaluates a novel, alternative holiday package for small hotels aiming to help them (and the local restaurants and other small businesses as well) to gain share in the all-inclusive market dominated by four- or five-stars resort hotels. For this, a survey (presented in the next Sections) was held in the island of Kos, in

Dodecanese, Greece (Figures 1 and 2) during the months of July, August and September 2010 in order to examine tourists' attitude and behaviour towards all-inclusive packages, as well as to investigate the interest and the demand of the alternative holiday package. Subsequently, a preliminary financial analysis and feasibility appraisal of a possible application of this package in a real hotel of the island has been developed and their main findings are presented in Section 4. The main concluding remarks are presented in Section 5.



Figure 1. The map of Greece

THEORETICAL FRAMEWORK

Generally, according to Westwood et al. (1999) a trip concludes three stages: the pre-consumption stage, the consumption stage and the post-

consumption stage. The difference between the simple package tours and the all-inclusive packages is what they include. Specifically, the simple package tours include transportation and accommodation. On the other hand the all-inclusive packages include not only transportation but also meals, drinks, events, sports and sometimes visit to archaeological places (Anderson, 2012). No matter which kind of package tour a tourist has bought, the consumption of a leisure trip differs from the consumption of every other product. The main difference of a leisure trip is that the tourist cannot try it or even use it directly (Zacharatos, 2000). It is to a great extent produced and consumed at the destination (Prebensen and Foss, 2011).



Figure 2. The map of the island of Kos

The package tours usually are formed by tour operators and they are sold either from them or from smaller companies which cooperate with them. In other words, the distribution channel has wholesale (tour operators) and retail (travel agencies) components. The former are responsible for the development of package tours, the latter for their commercialisation (Campo and Yag e, 2007). Thus, the tour operators produce and offer the products of tourism industry. What they usually do is bundling, which means that they create packages (Rewtrakunphaiboon and Oppewal, 2008). Because motives, constraints and decision modes are different in a couple, a family and a party of friends, tour operators should adapt holiday packages to them (Decrop, 2005). Companies not only compete with the tour operators in the country but also the tour operators all over the world. It is believed that tour operators can affect the international trends in tourism (Cavlek, 2002).

Mass tourism was –and still is– dominated by tour operators offering low cost, standardised package tours, mainly to destinations ideal for “Sea, Sun, Sand” vacations. Mass tourism encourages high-volume arrivals but low-value clientele that normally adopt all-inclusive tour packages (Odunga and Maingi, 2011). However, the social and economic forces that have been destabilizing employment, gender, and age roles have not left leisure unscathed (Hendry et al., 2002). Tourism consumption patterns do change and according to the World Tourism Organization, tourism demand trends since many years reflect the increasing importance of outdoor activities, awareness of ecological problems, educational advances, aesthetic judgement and improvement of self and society (known also as Special Interest Tourism).

Special interest forms of tourism do not necessarily mean alternative as well. Special forms are defined by the special motives that induce travel, while alternative forms of tourism are related to the way the travel is organised and to the tourists’ willingness to learn about the host area etc. (Avdimiotis et al., 2009). As a result, in today’s society there are several indications of changed values such as a growing consciousness of nature included climate change and a search for real and authentic experiences. In this way, tourism sector in mature destinations needs to adapt their product to these changes in order to find new elements of attraction different in some sense, than those offered by other competitive destinations (Payeras et al., 2011). To address this, tourist businesses need to be innovative and present a new choice of cultural, gastronomic, sporting etc activities (González Tirados, 2011). The objective of mature tourist destinations should not be only to increase the number of tourists but to increase tourism revenue (Alegre et al., 2011). In other words, there is a need for an alternative approach.

On the other hand, nowadays Greece is a country which copes with severe economic issues. Tourism is an industry which could bring significant economic benefits to the country (European Commission, 2011). Travel and tourism visitor exports are expected to generate 1.7 billion € (22.8% of total exports) in 2011, growing by 7.9% per year (in nominal terms) to 19.9 billion € (21.2%) in 2021 (WTTC, 2011). However, tourism requires urgent strategic management action in order to compete with other destinations such as Spain and Turkey (Buhalis, 2001). According to tourism experts, a new growth model to better develop the unexploited potentials of the tourism sector would include facilitating investment in it; improving the coordination of tourism promotion efforts; creating a better marketing infrastructure and promoting niche markets; developing more synergies with sectors such as

culture, sports, gastronomy etc. with a view to improving value-for-money and positioning Greece as a high-quality tourist destination (European Commission, 2011).

In Greece the regions where all-inclusive packages are mostly sold are Crete, Corfu, the Rhodes and Kos. That kind of package concludes accommodation in four or five stars hotels, which have many amenities. Tourists, who consume these packages usually, stay at the resort hotel and they rarely visit the rest region. As a result, the local economy of these regions is affected (Alegre and Pou, 2008). The small enterprises such as restaurants, tourist shops, cafeterias etc have reduction in their revenues (Andriotis and Vaughan, 2009). Small hotels try hard to rival these effects and struggle to survive. This phenomenon is very common on the island of Kos (a rather mature destination), where the number of resorts hotels is increasing. The present work is about the all-inclusive packages and how the small hotels can compete with them in a way that would be in accordance with the new tourism consumption patterns discussed previously. In an increasingly competitive industry, tourist firms should make what many organizations do, i.e. regard effective service quality evaluation and identifying ways to improve it as keys to competitive advantage (Greenland et al., 2006). Thus, tourism managers are faced with the necessity of estimating future values of demand in the short term despite the limitations of scarcity, volatility and uncertainty (Croce and Wöber, 2011).

UNDERSTANDING TOURISTS' ATTITUDES TOWARDS HOLLIDAY PACKAGES

Due to the increasing competition in the tourism industry and continuously changing consumer behavior and needs, the private tourism sector started since many years to focus on customer satisfaction (Gronau et al., 2012). Thus, in order to find a way to increase competitiveness of small hotels and restaurants in the all-inclusive market, a survey was held in the island of Kos during the summer 2010. Since the nature of hospitableness considers hospitality as behaviour and experience (Hemmington, 2007), the purpose of this survey was to examine tourists' attitude and behaviour towards all-inclusive packages by exploring the profile of the people who visit the island, the type of package they had bought and finally the prospect of a new, alternative all-inclusive package which differs from the others. The alternative holiday package proposed and examined here includes accommodation in three stars hotels and meals in local restaurants.

Table 1. The profile of the sample

Category	Description
Gender	32.26% male, 67.74% female.
Relationship status	59.14% married, 40.86% single.
Age	The majority (>80%) were age 25 plus with the largest number (32.1%) falling into the 36–45 age bracket.
Travel companions	The majority travelled with their partners (43.2%) or other family members (49%).
Length of stay	The most popular length of stay was 7 days (46.2%), followed by 14 days (29.6%).
Destination visited	The majority (35.84%) visited Kos followed by Kardamena (23.84%), Tigaki (12.72%), Mastichari (8.78%), Kefalos (7.35%) and Marmari (7.17%), while the remaining 4.3% visited other places of the island.
Degree of loyalty to the destination (I)	The majority (73.66%) had visited Kos before and just 26.34% were first time visitors to the island.
Degree of loyalty to the destination (II)	The majority (81.72%) will visit Kos again (21.71% in the next year) and just 16.85% will not.
Type of holiday	Just 23.66% of the interviewees were independent travellers versus the remaining 76.34% package buyers (55.2% from tour operators and 21.14% from travel agents).
Way of hotel finding and selection	43.01% from internet, 39.07% from travel agency recommendation, 7.58% from friends/family recommendation, 10.39% through brochures, TV, etc.
Hotel category	22.4% five star hotel, 36.02% four star hotel, 28.14% three star hotel, 8.2% two star hotel, while 5.2% didn't know.
Annual income of the interviewees	16.54% had less than 15,000 € annual income, 25.77% 15,000-29,000 €, 21.92% 30,000-49,000 €, 15.38% 50,000-69,000 €, and 20.38% had more than 70,000 € annual income.

The sample was 558 questionnaires completed by the tourists leaving the island, as they were waiting at the Kos airport for check-in. The questionnaires were in four languages: Greek, English, German and Italian. The data were analysed using the SPSS software. The

questionnaire consists of 26 multiple-choice questions and one “open” question. The questionnaire has been adapted from a similar one developed by Lergou (2008). The profile of the sample is given in Table 1 while the nationality of the tourists participated in the survey is shown in Table 2.

Table 2. Sample analysis by visitors’ nationality

	Frequency	Percentage
English	233	41.8%
German	127	22.8%
Italia	82	14.7%
Dutch	40	7.2%
Swedish	34	6.1%
Finnish	22	3.9%
Greek	8	1.4%
Other	12	2.2%
Total	558	100.0%

The survey showed that Kos is a destination for youth tourism and for families. The percentage of the tourists who stayed on the island for one week was 46.2%. There was a 3.6% in the sample who stayed on the island less than one week. For those Kos was an intermediate destination. They flight to Kos and then they visit smaller islands around Kos without airports. Visitors who travel individually were 23.7%. Table 3 shows how they did their reservation.

Table 3. Sample analysis by way of reservation

	Frequency	Percentage
via telephone	61	10.9%
via internet	267	47.9%
through other channels	230	41.2%
Total	558	100%

British and Finnish visitors seem to make their booking through internet, while German seems to be keener to the traditional way of reservation by visiting a travel agent. Most tourists found the hotel they stayed through internet, when the 39% stayed at the hotel recommended by the Tour Operator. Table 4 concerns visitors’ age and hotel category, while Tables 5 and 6 show how visitors’ nationality and visitors’ age may

affect the holiday package respectively. From Table 4, it is remarkable that four star hotels are most popular to visitors aged 36-45 years old, while three and five star hotels are most popular to visitors aged more than 56 years old and 26-35 years old respectively. From Tables 5 and 6 one could mention that all-inclusive packages are very common to Swedish, Dutch and German visitors, as well as to age categories 36-45 and 26-35 (almost one out of two of them buys a holiday package of this type).

Table 4. Crosstab visitors' age and hotel category

Visitors' Age		Hotel Category					
		Don't know	2**	3***	4****	5*****	Subtotal
17-25	Number	3	17	39	36	15	110
	% Subtotal	2.7%	15.5%	35.5%	32.7%	13.6%	100.0%
26-35	Number	5	11	26	40	32	114
	% Subtotal	4.4%	9.6%	22.8%	35.1%	28.1%	100.0%
36-45	Number	9	7	41	80	42	179
	% Subtotal	5.0%	3.9%	22.9%	44.7%	23.5%	100.0%
46-55	Number	6	10	36	41	29	122
	% Subtotal	4.9%	8.2%	29.5%	33.6%	23.8%	100.0%
>56	Number	6	3	15	4	5	33
	% Subtotal	18.2%	9.1%	45.5%	12.1%	15.2%	100.0%
Total	Number	29	48	157	201	123	558
	% Subtotal	5.2%	8.6%	28.1%	36.0%	22.0%	100.0%

According to Corcoran et al. (1996), the date of booking depends on the destination. The influence of the Tour Operator is higher in the late bookings. In our sample 27.7% of the tourists asked did their reservation 2-3 months earlier (Table 7). From Table 7, it seems that the date of booking has not remarkable influence to the holiday package. All-inclusive packages are not all similar to each other. For example most of them include accommodation and meals, as well as sports, events etc. In this survey 65.5% of all-inclusive packages consumed included accommodation, meals, drinks, events and sports. In order to examine the satisfaction of each service of the package a relevant evaluation question was given. The possible answers were: not at all; poor; average; good; excellent. As it was shown 49% mentioned that the food was good and

only 2.9% were not at all satisfied from food. About drinks that included in the packages 52.2% were satisfied from them.

Table 5. Crosstab visitors' nationality and holiday package

Visitors' Nationality		Holiday Package					
		Accommodation	Bed and breakfast	Half-board	All Inclusive	Self Catering	Sub-total
English	Number	32	43	38	73	47	233
	% Subtotal	13.7%	18.5%	16.3%	31.3%	20.2%	100.0%
German	Number	4	10	56	55	2	127
	% Subtotal	3.1%	7.9%	44.1%	43.3%	1.6%	100.0%
Italian	Number	11	30	12	29	0	82
	% Subtotal	13.4%	36.6%	14.6%	35.4%	0.0%	100.0%
Dutch	Number	12	1	5	20	2	40
	% Subtotal	30.0%	2.5%	12.5%	50.0%	5.0%	100.0%
Swedish	Number	0	3	11	18	2	34
	% Subtotal	0.0%	8.8%	32.4%	52.9%	5.9%	100.0%
Finnish	Number	9	9	1	2	1	22
	% Subtotal	40.9%	40.9%	4.5%	9.1%	4.5%	100.0%
Greek	Number	1	4	2	1	0	8
	% Subtotal	12.5%	50.0%	25.0%	12.5%	0.0%	100.0%
Other	Number	0	2	2	8	0	12
	% Subtotal	0.0%	16.7%	16.7%	66.7%	0.0%	100.0%
Total	Number	69	102	127	206	54	558
	% Subtotal	12.4%	18.3%	22.8%	36.9%	9.7%	100.0%

In general 88.3% who bought all-inclusive were satisfied from their package and 90.3% would buy again in the future a similar package (see Table 8). Usually the hotels, which offer all-inclusive packages, are of four or five stars and they are located in the suburbs. As a consequence tourists rarely visit other places. Thus, the next question was about the number of times they went out of the hotel. It is important to mention that a 7.3% of them didn't go out of the hotel, while 34.9% of them went out less than three times. On the other hand, 58.7% had meals in restaurants out of the hotel.

Table 6. Crosstab visitors' age and holiday package

Visitors' Age		Holiday Package					
		Accommodation	Bed and breakfast	Half-board	All Inclusive	Self Catering	Sub-total
17-25	Number	19	31	29	24	7	110
	% Subtotal	17.3%	28.2%	26.4%	21.8%	6.3%	100.0%

26-35	Number	9	19	28	49	9	114
	% Subtotal	7.9%	16.7%	24.5%	43.0%	7.9%	100.0%
36-45	Number	23	18	39	85	14	179
	% Subtotal	12.8%	10.1%	21.8%	47.5%	7.8%	100.0%
46-55	Number	11	22	27	43	19	122
	% Subtotal	9.0%	18.0%	22.1%	35.3%	15.6%	100.0%
>56	Number	7	12	4	5	5	33
	% Subtotal	21.2%	36.3%	12.1%	15.2%	15.2%	100.0%
Total	Number	69	102	127	206	54	558
	% Subtotal	12.4%	18.3%	22.8%	36.9%	9.7%	100.0%

In order to examine the demand for an alternative holiday package, which include accommodation in small hotels and meals in a number of local, traditional restaurants, the tourists of the sample were asked about. The percentage of people who bought an all-inclusive package and they would buy the new package was 76.2%. Table 9 shows the percentages for the intention for buying an all-inclusive package in the future and the interest for the alternative package.

Table 7. Crosstab holiday package and date of booking

Holiday Package		Date of Booking					
		Don't remember	Few days earlier	2-3 months earlier	4-8 months earlier	8-12 months earlier	Sub-total
Accommodation	Number	1	18	19	20	11	69
	% Subtotal	1.4%	26.1%	27.5%	29.1%	15.9%	100.0%
Bed and breakfast	Number	0	45	28	19	10	102
	% Subtotal	0.0%	44.1%	27.5%	18.6%	9.8%	100.0%
Half-board	Number	0	56	39	23	5	127
	% Subtotal	0.0%	44.1%	30.7%	18.1%	7.1%	100.0%
All Inclusive	Number	3	69	56	60	18	206
	% Subtotal	1.5%	33.5%	27.2%	29.1%	8.7%	100.0%
Self Catering	Number	1	11	13	18	11	54
	% Subtotal	1.8%	20.4%	24.1%	33.3%	20.4%	100.0%
Total	Number	5	199	155	140	59	558
	% Subtotal	0.9%	35.7%	27.7%	25.1%	10.6%	100.0%

Table 8. Crosstab satisfaction from all-inclusive package and buying again an all-inclusive package

Satisfaction from All-inclusive		Buy again an All-inclusive Package		
		Yes	No	Subtotal
Yes	Number	175	7	182
	% Subtotal	96.2%	3.8%	100.0%
No	Number	11	13	24
	% Subtotal	45.8%	54.2%	100.0%
Total	Number	186	20	206
	% Subtotal	90.3%	9.7%	100.0%

Table 9. Crosstab buying an all-inclusive package and interest for the alternative package

Buy again an All-inclusive Package		Interest for the Alternative Package		
		Yes	No	Subtotal
Yes	Number	141	45	186
	% Subtotal	75.8%	24.2%	100.0%
No	Number	16	4	20
	% Subtotal	80.0%	20.0%	100.0%
Total	Number	157	49	206
	% Subtotal	76.2%	23.8%	100.0%

As it is shown in Table 9, 68.4% (141 out of 206) of the visitors that would buy again an all-inclusive package, they are also potential buyers of the alternative package. It is important to mention that the percentage of those who would not consume again an all-inclusive package is only 9.7% (20 out of 206). In addition, people who consume all-inclusive packages seem to be familiar with them, as it was not the first time they bought a holiday package of this kind. Specifically, in a relevant question, 78.6% of the visitors with an all-inclusive package had already bought a similar package in the past

FEASIBILITY APPRAISAL OF THE ALTERNATIVE HOLIDAY PACKAGE

According to the survey, it seems that there is a demand for the alternative package. The next part of the work concerns the feasibility appraisal of a possible application of this package in a three star hotel in the island of Kos. Therefore, a marketing analysis and a comparative assessment of three different relevant scenarios were considered. In our (real) case the hotel is built in 1990, it has 40 rooms/80 beds and the alternative package would be applied after a renovation of it. The cost for this investment is estimated as 200,000 €. The new package will differ from the traditional all-inclusive packages as it will include accommodation in a three star hotel and meals in local restaurants. The tourists who will buy this package will have the opportunity to choose everyday among seven different restaurants. The management of the hotel is going to sign contracts with the owners of the restaurants and they will sell the package to Tour Operators. The latter ones have a wide distribution channel helping hotels to promote their products. Thus, they will sell the packages and the hotel management will pay the cooperative restaurants. This package is better for those who want to experience the culture of the country and it's a nice way to experience the place they visit. This package will give the opportunity to tourists to taste local food in traditional restaurants.

Furthermore, this package would strengthen the local economy. Simultaneously, the alternative package has many of the advantages of an all-inclusive package. In addition, applying the alternative package would help smaller hotels to gain market share in the all-inclusive market. The three scenarios examined here are the following:

- Scenario A examines selling only bed and breakfast packages;
- Scenario B examines selling only the alternative package (accommodation the hotel and meals in seven joint local restaurants);
- Scenario C examines selling both bed and breakfast packages and the alternative one.

The estimation of the demand of each package in Scenario C is based on the findings of the survey. Specifically, it has been assumed that the demand of the alternative package is at least equivalent to the percentage of the interviewees who had visited the island through an all-inclusive package and answered that they would buy the alternative package as well (157 out of 558, according to the Table 9). Considering this percentage, the revenues of the alternative package in Scenario C are about 28% of

total revenues (corresponding to approximately 11 rooms of 40, on average), while the remaining revenues come from bed and breakfast packages.

The revenues and the costs of each scenario were estimated and then there were compared according to economic rates such as Return on Investment (ROI), Net Present Value (NPV) and Internal Rate of Return (IRR). Tables 10 and 11 show the costs and the revenues estimates for each scenario for the first three years of operation after the hotel renovation and the application of each scenario. As it can be seen, Scenario C is the most expensive because the hotel has to improve its products and to increase the number of its staff. On the other hand, Scenario B is less expensive because the hotel will decrease the staff and so the cost will be declined. Furthermore, Scenario B would raise the revenues of the hotel. These revenues include the fees for the cooperative restaurants. It seems that the alternative package would be profitable.

Table 10. Estimated costs for each scenario

	First Year	Second Year	Third Year
Scenario A	122,135 €	126,498 €	130,586 €
Scenario B	112,410 €	115,359 €	118,552 €
Scenario C	125,751 €	130,637 €	135,281 €

Table 11. Estimated revenues for each scenario

	First Year	Second Year	Third Year
Scenario A	248,120 €	264,008 €	276,864 €
Scenario B	501,800 €	512,166 €	567,254 €
Scenario C	335,121 €	368,106 €	408,126 €

Table 12 shows the economic evaluation for the three scenarios. Scenario B has the highest ROI, which seems sound as this scenario has the highest revenues. Regarding the Net Present Value evaluation, an investment will be profitable if the NPV is positive. It is obvious that all of the three scenarios are acceptable. The IRR of the three scenarios are also compared: Scenario A has IRR 11.5%, which is quite good; Scenario B has IRR 9.0%, which would be marginally accepted as this rate is close to the bank interest of the loan needed for the renovation. The IRR of Scenario C is 17.0%, which is a very good rate for an investment as well.

Table 12. Estimated ROI, NPV and IRR for each scenario

	ROI	NPV	IRR
Scenario A	0.63	27,020 €	11.5%
Scenario B	1.95	12,805 €	9.0%
Scenario C	1.05	35,819 €	17.0%

Finally, the payback period is also examined. Scenario A has a payback period of two years and eight months, Scenario B has a payback period of two years and six months and Scenario C of two years and eight months. Since these findings are more or less similar, it is not easy to conclude which scenario is preferable based on the payback period. Moreover, according to the above overall evaluation, all the three scenarios are accepted. The choice of the scenario depends on the hotel strategy and the management goals and targets.

CONCLUDING REMARKS

Tourism enterprises and industries are under tremendous competitive pressures from countries competing as new destinations that benefit from resources that are intact or hardly exploited, or have very favourable economic conditions including low wages and soft currencies (Surugiu et al., 2012). On the other hand, the decision-making processes of tourism firms are being conditioned by the profound transformations taking place in both client demand and destination dynamics (Fernández et al., 2011). However, packaged tourism will always be important to tourists who seek to save money and to those who have little experience traveling abroad, as well as to tourists who seek to engage in pre-arranged tours during their sojourns, including nature tours (Spears and Rosenbaum, 2012). In this context, the present work proposes and evaluates an alternative holiday package in order to help small hotels to gain share in the all-inclusive market. Thus, the understanding of tourists' attitudes and behaviour towards all-inclusive package tours has been attempted through a relevant survey in a sample of tourists in the Greek island of Kos.

Based on the findings of the survey, the alternative holiday package has been evaluated through a preliminary feasibility analysis of its application in a relevant case-study. The examined package tour includes accommodation in small hotels and meals in a number of local, traditional restaurants. It should be noted that, even its rather simple form, the proposed here alternative holiday package, is, in fact, an example of new

service development in the tourism or tour operating industry. In other words, it is an innovating approach illustrating how firms would compete in increasingly mature markets: they would depend on innovation as the means by which they either gain cost leadership or differentiate themselves from their competitors. Regarding the simplicity of the present approach, Jones et al. (1997) claim that “innovation is likely to be simple and relatively unsophisticated due to the nature of innovation being carried-out, and dynamic and flexible due to the nature of firms operating in the industry context”.

A conclusion from the present analysis could be that, as the survey shows, there is a noteworthy demand for the alternative holiday package proposed here. In addition, according to the feasibility analysis and appraisal of a relevant case-study presented here, its application seems to be financially promising. Thus, this holiday package could be a way for small hotels to gain share in the market of all-inclusive, while it is attempting to be consistent with the new tourism consumption patterns of a growing search for real and authentic experiences and willingness to learn about the host area. Additionally, apart from the probable advantages and other benefits for small hotels associated with the alternative package, it should be noted that its application could also help local restaurants, tourist shops, cafeterias and other small businesses to have growth in their revenues, helping them to survive. In other words, it could lead to an increase of local economy’s revenues from tourism, resulting in a considerable change in the distribution of tourist expenditure (i.e. higher spending in the country of destination), especially if as many local small enterprises as possible participate in such holiday packages, incorporating the choice of numerous cultural, gastronomic and sporting activities.

On the other hand, even if the survey presented here shows that there is a need for the examined package, as well as the subsequent preliminary feasibility appraisal indicates that its implementation from a small hotel would be economically reasonable, an even more consistent and clear-cut evaluation is required, through an holistic, in-depth, rich, multi-dimensional, intensive study. For this purpose, a case study approach in a real life context could be adopted. But this would be the subject of a future work.

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