Geography of suppliers in the hospitality sector: The case of Alanya

Güliz Salihoğlu a, *, Ferhan Gezici b

a Department of Urban and Regional Planning, Faculty of Architecture, Gebze Technical University, Çaykara Campus, Kocaeli, Turkey
b Department of Urban and Regional Planning, Faculty of Architecture, Istanbul Technical University, Taskisla Campus, 34437, Istanbul, Turkey

HIGHLIGHTS

- Evaluates the local economic contributions of hotels by purchasing transactions.
- The region has a strong structure of suppliers that can provide products & services.
- Some differences observed based on the hotel scale and products & services types.
- Hotels in Alanya have positive effects on various industries in the local context.
- Demonstrates that any tourism crisis will have effects at the local scale first.

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ABSTRACT

The hospitality sector has for some time attracted significant academic attention due to its impact on other sectors. The aim of this paper, which falls between the tourism and economic geography fields of interest, is to explore the demands and supplier linkages of hotels, aiming to identify not only how the geographical distribution of suppliers is determined, but also any differences between supplier linkages and supplier selection criteria. The results reveal that Alanya (a district of Antalya in Turkey) has a robust network of supplier firms that is able to provide hotels with the necessary products and services, and as a result, the contribution of hotels to the local economy in Alanya (local level), based on their purchasing practices, can be considered high.

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1. Introduction

The tourism sector plays an important role on development by creating new business areas and jobs in a region, and is a leading generator of income, with multiplier effects on other sectors. The contribution of tourism to economic development is reliant upon its own progress, and thus on the competitive characteristics of the destinations and offered products. While the economic contribution of tourism is usually analyzed based on the number of tourists and the income generated, an increasing number of studies have sought to explain the primary and secondary effects of the sector on different scales of the regional economy. On the supply side, the hospitality sector has been the subject of many studies on account of its rather complex relations with other sectors.

Due to its qualitative and quantitative characteristics, the hospitality sector has significant influence on the success and development of a tourist destination. Within the sector, it is particularly important how, based on its need for robust local and global links (Erkus-Oztkür and Eraydın, 2011), it meets the need for goods and services of an adequate quality at the lowest cost, thus enhancing competitiveness (Crouch, 2000; Fuller, Hanlan, & Wilde, 2007; Tsai, Song, & Wong, 2009). In addition, in comparison to the other branches of the tourism sector, the hospitality sector is considered to have more responsibility in the local linkages between businesses, employees and suppliers, and on the residents of a region in general (Meyer, 2007).

The economic contributions of the tourism sector to a specific area are usually expressed in terms of such indicators as tourist expenditures and the share of tourism in GDP; however, there have been several studies focusing on supply relations (Anderson & Juma, 2011; Clancy, 1998; Gezici & Kucuksar, 2012; Meyer, 2007; Romero & Tejada, 2011; Telfer & Wall, 2010) which suggest that the links between the tourism sector (hotels, food and beverage units, tour operators and transportation companies) and the local economy should be reinforced in order to provide regional economic gains. Additionally, sourcing other products and services...
from local suppliers is an effective way of expanding economic opportunities through core business activities.

This paper aims to shed more light on supply relations and the economic impact area of the hospitality sector in a case study. To this end, an analysis is made of the supply linkages of hotels with the aim of exploring the secondary effects of the sector from a spatial perspective, taking into account local, regional and national scales. In addition, the paper addresses whether the distribution of suppliers and the supplier selection criteria vary according to the size of the hotel, and if suppliers are concentrated in a specific location based on the groups of products or services they provide.

Within this study, the geographical area over which a tourism destination has an economic impact is described, as well as the factors determining the extent of the network. A nation’s tourism sector is made up of global, national and local structures, and through their interactions with each other, they are also influenced by the sector. One of the main areas of academic interest to date in this regard has been the effects of these interactions on individuals, societies and different geographical areas, while also seeking to understand the difficulties faced in identifying the results of the more abstract relations. This study aims to provide a map of the interactions that exist between the hospitality sector and other sectors, and determine the spatial structure of the interactions within such a concrete concept, that is, purchasing practices. Accordingly, the aim is to establish a relationship between the bodies of literature of tourism and economic geography. Although studies related to supply relations focus generally on the manufacturing sector, a more interesting perspective in literature can be identified in the service sector. The fieldwork of this study has been carried out in Alanya, a district of Antalya, which is one of the leading tourism destinations in Turkey, attracting significant investments in tourism as a result of its natural attractions and long season. In this regard, it is crucial to identify how the problems faced by the sector in a city/region where the economy is based on tourism may impact upon other sectors. The remainder of the study has been split into five main sections. After a comprehensive review of literature, the methodology and study area are described. The results are presented for both the supplier selection criteria and the supplier geography in the hospitality sector. The study concludes with an assessment of the results.

2. Literature review on the hospitality sector and its suppliers

The tourism sector is made up of numerous businesses engaged in the economic activity of providing generic products and services to meet the demands of tourists (Robinson, Lück, Stephen, & Lackey, 2013; Smith, 1994). Visitors demand, use and consume various products and services, and these needs cannot be met by a single sector given the diversity of the products being demanded. In this regard, tourism can be defined as a collection of businesses engaged in the direct provision of services to facilitate business, entertainment and recreational activities (Yarcan, 2006).

Improving quality standards at tourism destinations is critical not only to meet the needs of tourists and ensure their satisfaction, but also to give a competitive edge to the tourism sector and to foster the development of sustainable tourism. The success of a certain destination depends primarily on the satisfaction of tourists, which is reliant upon several interdependent components. According to the European Commission Report (2000), tourism requires a large number of links between tour operators, travel agents, hotels and other service providers and suppliers if it is to be sustainable. In that tourism is a fragile, perishable, extremely diversified and fragmented product, Milne and Ateljevic (2001) suggest that it is the complex structure of multinational corporations, the holders of political power, the economic outlook and the unique structure at a local level that drive the tourism sector. Moreover, according to Erkuş-Oztürk (2009), tourism requires a structure that ensures unity and integrity, for which robust local and global networks are necessary.

The hospitality sector stands as one of the leading drivers of the tourism sector, and consequently, has attracted increasing interest in tourism literature. Many studies have suggested that, compared to the other segments of the tourism sector, the hospitality sector has a rather critical function in the local communication lines between businesses, employees, suppliers and the inhabitants of the region in general (Hawkins, Jackson, Somerville, Mahon, & Thomas, 2006; Meyer, 2007; Sharpley, 2000; Stynes, 1997, pp. 1–32). According to Crouch (2000), in the tourism sector, interactions between consumers (visitors) and the destination are significant and highly complex, in that visitors come into contact with a large number of service providers from many different enterprises during their experience. For example, Meyer (2007) suggests that in the accommodation sector, as a significant driver of tourism attraction, four common linkage opportunities exist between industries and the local economy: employment; the supply of products that pertain to the core business activities; outsourcing; and the partnerships that pertain to non-core business activities. In this study, the linkages established by hotels with the local/regional economy are analyzed in terms of supply chain expenses which rank second after personnel wages in terms of expenditures.

In the current competitive environment, the efforts expended by accommodation providers to reduce costs, to increase their gains and to generate new facilities can be considered significant. The supply of goods and services is one of the major cost elements for accommodation providers. Although forming relationships with suppliers is considered a worthy strategy in the management of operations in hotels and other service industries, the same strategy can be used also to add value to their properties and to gain a competitive edge (Odoom, 2012; Sakhuja & Jain, 2012). Therefore, it is important to determine the factors that influence purchasing decisions and spatial distribution of suppliers. Meyer (2007) argues that the impact of tourism on the development of a local economy can be best observed by investigating the development of small- and medium-sized enterprises (SMEs), in that, as the author points out, investigating international organization investments in the domestic market may lead to deceptive results, given that such organizations pull the tourism industry into a rather foreign-sourced platform, and thus hinder the development of SMEs. Previous literature includes studies that question the relationship between the development of SMEs and the tourism sector (Romero & Tejada, 2011; Thomas, Shaw, & Page, 2011; Tinsley & Lynch, 2001; Wanhill, 2000). In one such study, Romero and Tejada (2011) made a comparison of SMEs and large companies by using an I-O analysis to identify their different contributions to the regional economy, and found that, overall, SMEs contributed more than larger companies. According to Brohman (1996), the low multiplier effect of tourism can be seen in areas where the facilities of large-scale foreign partners are concentrated, while a higher multiplier effect occurs in areas with small-scale, local entrepreneur-owned businesses, where businesses have stronger relationships with the local economy. This study is based on local/regional development literature that analyzes the economic linkages between tourism and small-sized enterprises.

Advanced businesses lead to economic relations between SMEs and local communities in a variety of forms, and lead to the creation of local linkages. In this context, it is important for tourism firms to establish a relationship with the local economy, given that tourism creates linkages across different sectors, contributes to diversification in the economy (UNCTAD, 2013) and facilitates the creation of supply chains. Furthermore, local linkages create areas of
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