



Review Article

**LACK OF DESTINATION PLANNING, ITS COSTS AND FINANCIAL EFFECTS ON BUSINESS  
& DESTINATIONS: A DESTINATION DOWNWARD SPIRAL OR BEAST**

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**ABSTRACT**

Destination is a geographical location which the tourists go to stay, that houses all the services and infrastructure for such a purpose. Individuals carry out activities of tourism by displacement, relocation and visits to preferred destinations. Therefore, destinations are one of the most fundamental and key elements of the tourism system. However, when destinations of such fundamental importance are not planned in the necessary manner, the respective tourism sector cannot reach its intended and deserved position and status of sustainability.

Various analyses and comments are being made regarding destinations. Among these, the Geographer Butler's ideas hold an important position and relevance. Butler has spoken of a predefined and specified lifecycle for the destination by comparing it to a product and the evolutionary steps it encounters during its stay on the shelves. Whereas, not every destination is like the others and some of them might have a special status. Due to this reason, destinations are supposed to have eternal lifecycles.

This article aims at revealing that it is not possible for a destination to die off as claimed by Butler but rather that destinations might default when they are not properly planned. In this regard, it can be stated that destinations can be sustained eternally if they are planned in a continuous manner.

**Keywords:** Destination Planning, Cost Control, Destination Beast.

**1. INTRODUCTION**

The main purpose for people in relocating and displacing themselves is to visit a certain destination. A mesmerizing destination with natural beauty, rich history and cultural values will not be able to reach the status it deserves in terms of tourism demand and will not be sustainable when not planned properly. As a result, both the economy which the destination exists in and the national economy will be disaffected (Filiz and Yilmaz, 2017).

The Geographers' evaluation of touristic efforts through spatial, regional and environmental perspectives and provision of observations in this regard contribute significantly to the development of tourism related efforts. Among such contributions is Butler's (1980) "Tourism Areas Life Cycles (TALC)" model. It is possible to state that the idea, which Butler took as fundamental during the construction of the six-staged TALC model, rests on the theory of "product life cycle" observed in the manufacturing sector. According to this conceptual framework, sales for a product occur slowly during the first stage, gradually increase with time, begin to stagnate and eventually decrease (Güney, 2017).

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Butler forgets a central point during his discussion about the destinations' life cycles: no destination is essentially similar to another with respect to its natural/historical, cultural and humane aspects. Therefore, every destination is special and should inevitably have an infinite lifecycle. However, due to the fact that destinations are not planned through a destination management system within which the Ministry of Tourism is not represented on all levels, destinations are eliminated with time. As a result, it can be stated that the problem is not in regards to destinations but rather that destinations are not planned through the use of scientifically organized destination management bodies.

Moving from this fundamental idea, within the study, primarily the tourism areas lifecycle model and destination Downward Spiral or best notions have been analyzed, following which conceptual and applicatory research which explains the importance of destination planning and destination management system has been evaluated.

## **2. CONCEPTUAL FRAMEWORK**

### **2.1. The Life Cycle Model of Tourism Areas**

Butler has revealed the conceptual framework of his model and created serious discussions with his 1980 article titled "The Concept of The Tourist Area Life Cycle of Evolution: Implications for Management of Resources" published in the journal, "Canadian Geographer" (Butler, 2011, p. 4). It is possible to state that the main idea Butler utilized as a foundational element when developing his six-staged TALC model is based on the "Product Life Cycle" theory (Catry and Chevalier, 1974). According to this contextual framework, sales of products occurs slowly in the initial stage. Sales ratios increase gradually over time, begin to stagnate and finally begin to decrease.

For example, much like many other products in various other sectors, the products of the automobile industry receive low demand when entering the market and as the demand increases later on, the sales might reach a climax and eventually begin to fall. An innovation or a genius element which was brought upon the original state of a product might lead to the product being reborn such as the case with Volkswagen Beetle and the New Beetle. In a similar way, hotels specifically and touristic destinations generally can be evaluated as pieces of production which hold brand value. Hotels are products which have emerged to meet the demands of the tourism sector. Due to this reason, just like in the manufacturing sector the changes and transformation taking place against the demand types are also relevant for the dynamics of the tourism sector (Butler, 2011, p. 4).

Thus, Butler defends the notion that there exists a life cycle in destinations much like in a product existing in the manufacturing sector. Butler (1980) has conceptualized this theory based on the life cycle theory in six stages and seven possibilities, namely exploration, involvement, development, consolidation, stagnation, decline and rejuvenation and considered the status of touristic destinations in accordance. Let us review these stages briefly:

**1. Exploration:** The exploration stage is characterized as few tourists visiting the area, absence of facilities specifically assigned or constructed for tourists, the tourists bearing a specific interest for the natural and cultural values unique to the area, the area possessing a specific type of visitors and low amounts of tourism related elements (Butler 1980).

**2. Involvement:** In the involvement stage, the local public or the commercial class make investments to produce special services based on the tourism sector. Therefore, a limited level of interactions begin to form between the local public and the tourism sector and the fundamental tourism services surface. In this stage, along with the gradual increase in the number of tourists, special areas for tourists appear. The increasing inclinations and demand in the number of tourists begin to pressure the government and the local administrations to increase investments regarding infrastructure (Butler, 1980).

**3. Development:** In the development stage, with the increase in the destination triteness or its brand value, an increase in the labor force is observed due to the arrival of new facility owners/operators coming from other markets for the tourism sector, the increments in the activities' variety and similar developments (Bardakoglu, 2011). It might also be the case that the large scale physical changes made on the environment will not be welcomed by the local population. In this stage, the number of tourists significantly increases and during its climax, it might even exceed the total population of the local public (Butler, 1980).

**4. Consolidation:** In the consolidation stage, the increase in the number of visitors slow down while the total number of visitors still continues to increase. The total number of visitors is higher than the local population. In this stage, it becomes a possibility that the entire region's economy depends at large on the tourism sector. In order to rejuvenate the tourism market and increase the number of visitors, the marketing and marketing operations reach large volumes. The franchises for famous brands and chains rapidly infiltrate and dominate the sector. Among the local public, the sentiment of irritation for the increasing number of visitors and the facilities constructed for them (Butler, 1980).

**5. Stagnation:** In the stagnation stage, the carrying capacity is breached through numerous facilities. This situation leads to environmental, economic and social problems in the destination. For example, the traffic congestion is at unbearable levels. The fullness levels at hotels are at the maximum level (Bernard and Chevalier, 1974). Natural and cultural values have now been damaged and have lost their appeal. Destination is now very well-known and therefore has lost its popularity and turned into a location where no one wants to go anymore (Butler, 1980).

**6. Decline:** In this stage, there are two possibilities. The first one is the decline stage. In the decline stage, the efforts shown for keeping the destination alive are inadequate. The visiting tourist is not satisfied anymore. Due to this reality, the tourism sector at the destination shrinks both qualitatively and quantitatively. The destination is not interesting for the tourists anymore. However, it is still preferred for weekend retreats and excursions (Guney, 2016). The process of turning over the accommodative and touristic facilities are sped up and their use for non-touristic purposes (dormitory, nursing home etc.) increases. As a result, the destination loses its function and appeal completely (Butler, 1980). The second possibility refers to the rejuvenation stage. In the rejuvenation stage, the demand and interest for the destination begins to increase again (Özel, 2014). At this point, especially the local administrators try to rejuvenate the sector through new production types and return to the authentic state of operations. This situation depends on two pre-conditions. The first one of these is the creation of artificial elements of appeal such as the ones used in the casinos of Atlantic City. The second one may be the previously unused natural resources (thermal springs, mountainous terrain etc.). If a successful plan is prepared about the area, the area might show a better and faster development process than its past records.

## **2.2. The Tourism Downward Spiral and Destination Bankruptcy**

### **2.2.1 The Extent of Tourism Planning**

Every destination possesses various unique historical, humane, natural and cultural tourism assets that provide the source of tourism products and help construct the vicinity, or in other words the habitat of the facility. The facilities at the destination produce their products and services from these unique tourism assets. In order to accomplish this, it is necessary to plan the tourism assets which construct the facility's vicinity continuously. In the case that destination's carrying capacities are not planned regarding these four tourism assets, it will not be possible to speak of tourism and sustainable destination concepts regarding the destination and put such concepts into application.

The vicinity and characteristics of tourism facilities and the vicinity and characteristics of other facilities are different from one another. Before anything else, due to the fact that it is not possible to stock the services produced at tourism facilities, the tourism products need to be sold and consumed in the region of operation. The reason for this is that at tourism facilities it is not the product that finds the customer but the opposite with the customer finding the product/service.

Today, as Butler states in his article, destination is considered to have a lifespan. This thought is significantly impeded in our opinion. The reason for such an opinion is that since no destination is like another with respect to its natural, historical, cultural and humane qualities, every destination provides a special case. Due to this reality, every destination is supposed to have an infinite lifespan. However, as no scientifically supported destination management system, which is based on tourism professions and tourism degrees and within which the Ministry of Tourism is represented at the highest level on local and national scale, exists, it is naturally not possible to carry out tourism planning. This situation leads the destinations to house more facilities than demanded, non-tourism related and unplanned formations to emerge and therefore as a consequence the destinations to go bankrupt and go off the grid. As seen in this paradigm, the problem is not about the destinations but rather the unplanning of destinations. Through planning, the facilities at the destinations will be limited in carrying capacities to continuously

operate and contribute to sustainable tourism as opposed to the assertions of the article. This way, formations damaging tourism and unnecessary new facilities will not be allowed or tolerated. As a result, while destinations will be protected on the one hand, it will be prevented that facilities force one another into bankruptcy due to costs and the vicious cycle which gives birth to the destination Downward Spiral or beast will not be created.

### 2.2.2. Tourism Downward Spiral or Beast

Due to the fact that the tourism area is not planned, the destination carrying capacities are constantly being exceeded and the state of balance is disrupted. In every destination, sufficient numbers and types of facilities to exist show that the destination is in a state of balance. For the balance to be disrupted and the facility to continue its operations, leads to a decrease in revenue for both the new and old facilities operating in the fields of accommodation, recreation, travel and food and beverages and in conjunction with this reality, to an increase in the unit costs and destination average unit costs for all the facilities.

Due to the fact that the establishment of non-required facilities and unplanned formations continuously increase unit costs while decreasing sales for each facility and this situation in return creates the tourism helix or destination beast (Diagram 1: Tourism Downward Spiral and Destination Bankruptcy) within the destination. The tourism Downward Spiral or beast both feed on newly established facilities and unplanned formations along with the vicious cycles they create. Due to the fact that the Downward Spiral continuously increases both the facility unit costs and the destination average costs, the situation leads to the facilities to all go bankrupt and the destinations to go bankrupt and stay off the grid.

Now, let us try to explain this situation through the use of a numerical example with respect to facility types and on the general basis of the destinations in a gradual manner.

### 2.2.3. Destination Balance Status

We assume that in a specific destination, there exist demand for four tourism facilities, namely accommodation, recreation, travel and food and beverages and that these mentioned facilities have been established through the consideration of their service capacities in an ideal form at the destination and therefore the destination rests in a state of balance.

Let us think that each facility has a fixed cost of 250.000TL, sale price of 1TL per unit, sales revenue of 1.000.000 TL and that in decision analysis, variable unit costs are not taken into consideration by the facility or the destination due to the fact that they are considered to be irrelevant costs and therefore that the unit costs are comprised of only fixed costs. According to these assumptions, the unit costs for these facilities and destinations will be calculated as follows:

STATUS	Accommodation Facility	Recreational Facility	Travel Facility	Food & Beverage Facility	DESTINATION
Fixed Costs Total	250.000TL	250.000TL	250.000TL	250.000TL	1.000.000TL
Sales Revenue Total	1.000.000TL	1.000.000TL	1.000.000TL	1.000.000TL	4.000.000TL
Unit Cost	0.25 TL/Unit	0.25 TL/Unit	0.25 TL/Unit	0.25 TL/Unit	0.25 TL/Unit
Sales price per unit	1.00TL/Unit	1.00TL/Unit	1.00TL/Unit	1.00TL/Unit	1.00TL/Unit

### 2.2.4. The Disruption of the Destination State of Balance and the Increase of Facility/Destination Unit Costs

Although no increase is observed regarding demand, the new entries of facilities into the destination and the allowance of unplanned formations disrupt the destination state of balance. In order to explain this situation, let us assume that one more facility has been installed within the destination which carries the same characteristics as the previously mentioned four types of facilities. In this case scenario, the facility unit costs and destination unit costs will be calculated as follows:

STATUS	Accommodation Facilities	Recreational Facilities	Travel Facilities	Food & Beverage Facilities	DESTINATION
Fixed Costs Total	500.000TL	500.000TL	500.000TL	500.000TL	4.000.000TL
Sales Revenue Total	1.000.000TL(2)	1.000.000TL(2)	1.000.000TL(2)	1.000.000TL(2)	4.000.000TL
Unit Cost Sales price per unit	0.50 TL/Unit 1.00TL/Unit	0.50 TL/Unit 1.00TL/Unit	0.50 TL/Unit 1.00TL/Unit	0.50 TL/Unit 1.00TL/Unit	0.50 TL/Unit 1.00TL/Unit

In the second case scenario, due to the fact that there are 8 facilities in the destination, the fixed costs have been doubled as a result of sales revenue for every facility and destination. In this case scenario, the facility administrations intend to cut down on costs in order to survive and profit. However, since it is not possible to reduce fixed costs in the short run, they resort to reducing the variable costs. For this purpose, they choose to decrease the labor and materials costs, which are variable costs that construct the fundamentals of a tourism product.

The reduction of labor and material costs means that lower profile products in relation to the previous period will be produced and sold. This means that although the product has lost quantitative/qualitative value, it is still being sold at the same price. Such a behavior attracts customer complaints/criticism and leads to customer dissatisfaction.

### 2.2.5. The Increasing of Unit Costs As a Result of a Decrease in the Customer Profile and Customer Numbers

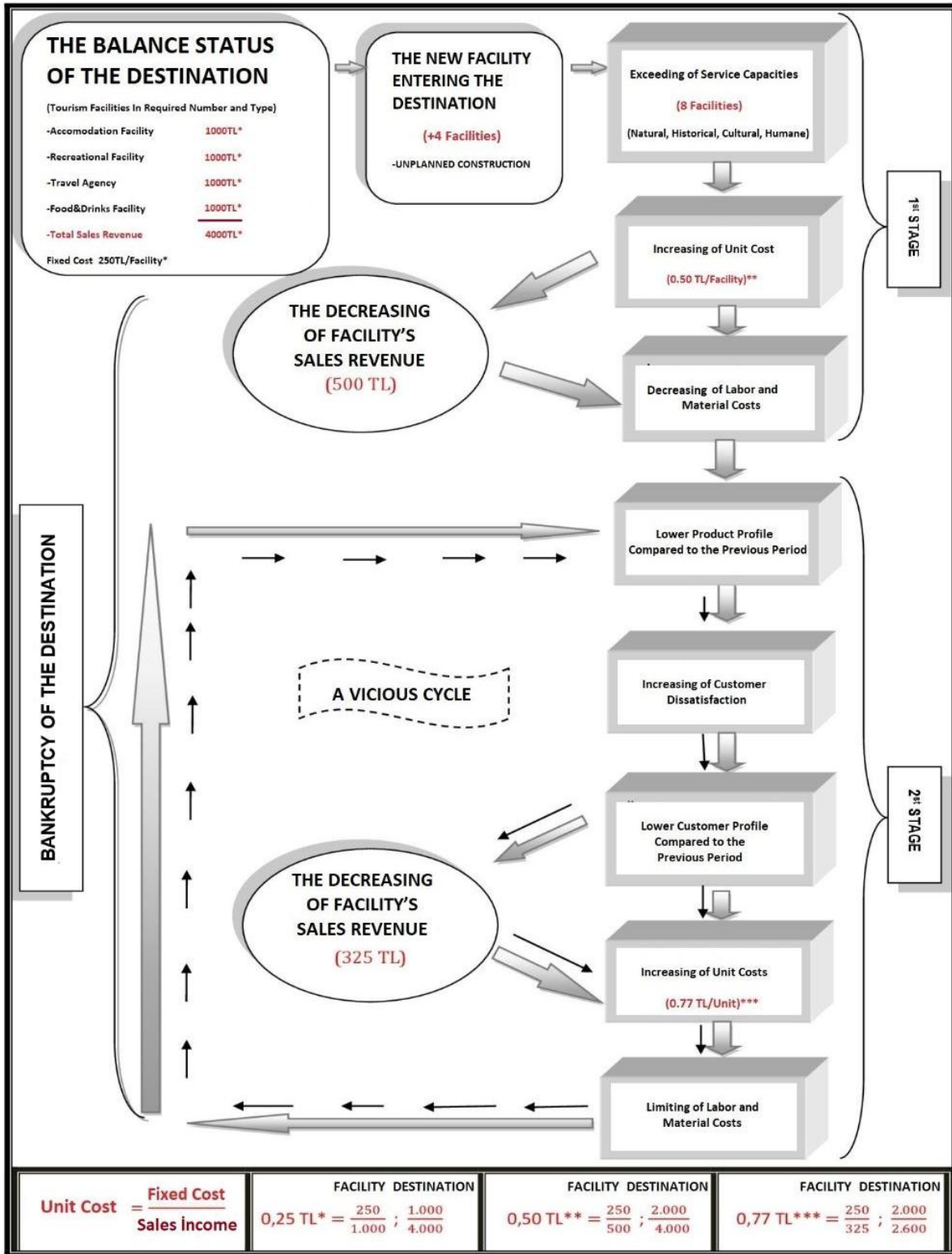
Customer dissatisfaction directly impacts the customer profile. Customers, who are not satisfied with the current state of being, leave the destination. To replace them, customers who are accepting the existent products and services, who have lower spending capacity and who have lower profiles are brought in. These two issues decrease the total tourism spending at the destination.

Let us assume that due to the destination working with a lower customer profile, the total spending for every area out of the four tourism areas have dropped to 650.000 TL. In this case scenario, the total revenues of the destination will drop to the 2.600.000 TL level, which is the total revenue of the tourism areas which will lead the destination's sales revenue to decrease in relation to the previous period. Against the decreasing sales revenue, the facilities' fixed costs to stay at the same level leads both the facilities' and destinations' unit costs to increase to 0.77 TL/unit from 0.50TL/unit. The situation is described in the following table:

STATUS	Accommodation Facilities	Recreational Facilities	Travel Facilities	Food&Beverage Facilities	DESTINATION
Fixed Costs Total	500.000TL	500.000TL	500.000TL	500.000TL	1.000.000TL
Sales Revenue Total	650.000TL(2)	650.000TL(2)	650.000TL(2)	650.000TL(2)	2.600.000TL
Unit Cost Sales price per unit	0.77 TL/Unit 1.00TL/Unit	0.77 TL/Unit 1.00TL/Unit	0.77 TL/Unit 1.00TL/Unit	0.77 TL/Unit 1.00TL/Unit	0.77 TL/Unit 1.00TL/Unit

The increasing of unit costs in an extreme fashion and the fall of average sales revenue per facility pushes the facility to reduce the spendings on labor and material costs again. This situation leads to the already low product profile to further lose value. Due to customer dissatisfaction, the destination shrinks its customer profile further in relation to the previous period to lead to a vicious cycle. The existent "vicious cycle" makes it possible for new operations and unplanned formations to enter the framework. This situation continues to decrease the facility's sales revenue continuously while also increasing the unit costs to create further vicious cycles. These conditions create the Tourism Downward Spiral or the Tourism Beast. The tourism Downward Spiral or beast grows until it brings companies and facilities to the point where they cannot compete anymore and they are forced into bankruptcy to go off the grid. (Diagram 5: Tourism Downward Spiral or Beast and Destination Bankruptcy)

Figure 1: Tourism Downward Spiral and Destination Bankruptcy (000 TL\*)



### 3. CONCLUSION

Iterating on the idiom that “every women is beautiful”, it can be stated that every destination is uniquely beautiful with respect to its natural, historical, cultural and humane touristic possessions. When a destination is not planned in the necessary manner, it will not reach its deserved and sustainable position. As a result, both the destination economy and the national economy are adversely affected. Without proper tourism planning, it will not be possible to resolve the issues such as the construction of destinations’ architecture in a style that will reflect the locations’ identity and characteristics, the protection of touristic facilities against unplanned construction, the prevention of development plans which might be harmful towards tourism.

Although both destination planning and the importance of the Destination Management Organization for such planning to be made have been mentioned in the article, neither of the given notions have been inclusively defined. The extent of destination planning has not been clearly stated and the destination management organization has not been scientifically defined in the world, except in our work. Whereas in order for destinations to be planned/much like our study suggests, what is referred to as the tourism system, meaning the local, regional and national destination systems have to be referenced to tourism professions, which possess a professional identity, tourism titles and legal representation for the necessary criteria required to access such titles. In addition to this, the Ministry of Tourism should also be provided with the opportunity to organize in accordance with the tourism-related professions as the other ministries do in the country, in order for the ministry to be represented at the highest level possible on the local, regional and national level. Within such organization, a Tourism Academicians Research and Development branch should be established to enable the institution to be represented directly on local, regional and national levels and the academicians to benefit from research and development operations.

Without the existence of such an organization and a properly functional placement of such a management scheme within the national management system, it does not seem possible to control all of the tourism-related assets comprising the façade of the operation by planning, resolve tourism related problems and protect the businesses & destination from the tourism Downward Spiral resulting out of lack of planning for destinations or the tourism beast itself.

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