

8th International Strategic Management Conference

The Impact of Competition Conditions on New Market Entrants in Istanbul Hotel Industry: An Analyse by Using Five Forces of Competitive Position Model of M.Porter

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Abstract

It is stated in the literature that about 25 million people attended in tourism movement in 1950 throughout the world, after the following 60 years this quantity has increased to 900 million people. In this parallelism, also the income of tourism industry has increased from 2,1 billion USD to 940 billion USD during the same 60 years in world wide. According to the tourism forecast of World Trade Organization (WTO) the number of tourists will increase to 1,8 billion people and the income will increase to 2 trillion USD in world wide (wto.org). Addition to this forecast, World Travel and Tourism Council (WTTC) indicated that Turkey will be one of the most growing tourism destinations in the world (wtcc.org). When it is thought on the point of these assessments, to get profit as much as possible from this future situation and to have competitive advantage versus the other competitors; Turkish Tourism Industry needs to be developed with new investments and the realization and the success of new investments in an industry is related with the barriers of that industry for the new entrants. So in this study the availability of Istanbul Tourism Industry for new entrants was tried to be determined by making interviews with the 36 managers of the hotel companies in Istanbul. The questions of interviews were prepared as depending on the Competitive Position Model of Porter.

Keywords: Five Force Model, Competition in Hotel Industry

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1. Introduction

As it is indicated in the literature, tourism industry is consists of several sectors which are focused on travel, accommodation, F&B and entertainment services. This study is focused on determining the hotel sector that is one of the most important sub-sectors of tourism industry to analyse it as a part of the whole research that aims to explain all Turkish Tourism Industry (Aktaş,2002, Batman,2003, Denizer,1995, Medlik,1997). As being one of the most demanded tourism destinations and being in the competition for leadership in world tourism market, it can be specified that new market entrants and investments are important for the growth of Turkish Hotel Industry. In this context it is also important to analyse the current competition conditions of Turkish Hotel Industry to determine if it is convenient

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for new market entrants or not. And Istanbul was chosen as the sample research area as being the most popular and demanded city and as having the tourism season for 12 months. In this point the question of this study is constructed on the research question that is written below;

Research Question: What is the current competition conditions and the availability of Istanbul Hotel Sector for new entrants?

So, this study is focused on analyzing the current competition conditions of Istanbul Hotel Sector and its availability for new entrants by using the 5 forces of competitive position model of Michael Porter. In this context, the study begins by a literature review of Five Forces of Competitive Position Model of M.Porter, then will go on to explanation of research question. Research methodology, analyses results and research model will take place at second section. The results of the analyses were discussed and recommendation were provided for managers and academician at the last section.

2. Literature Review Based on Research Question

2.1. Five Forces of Competitive Position Model of M.Porter

As it is indicated in the literature review, a sector is built of a group of firms some firms are more profitable than others or the sector has high barriers for new entrants. So the question is; "Why?". The answer lies in understanding the dynamics of competitive structure in that sector or industry. The most influential analytical and most used model in these kind of researches for assessing the nature of competition in an industry is Michael Porter's Five Forces Model, which is described below (Carhy,2005, Eren,2000 ,Okumuş ,2002,Porter, 2000, Sarvan vd.,2003, Teare, 1996, Ülgen ve Mirze,2003):

Porter explains that there are five forces that determine industry attractiveness and long-run industry profitability. These five "competitive forces" are; The threat of entry of new competitors (new entrants),The threat of substitutes, The bargaining power of buyers, The bargaining power of suppliers,The degree of rivalry between existing competitors.

2.1.1.Threat of New Entrants

New entrants to an industry can raise the level of competition, thereby reducing its attractiveness. The threat of new entrants largely depends on the barriers to entry. High entry barriers exist in some industries (e.g. shipbuilding) whereas other industries are very easy to enter (e.g. estate, agency, restaurants). Key barriers to entry include; Economies of scale, Capital / investment requirements, Customer switching costs, Access to industry distribution channels, The likelihood of retaliation from existing industry players.

2.1.2.Threat of Substitutes

The presence of substitute products can lower industry attractiveness and profitability because they limit price levels. The threat of substitute products depends on: Buyers' willingness to substitute, The relative price and performance of substitutes, The costs of switching to substitutes.

2.1.3.Bargaining Power of Suppliers

Suppliers are the businesses that supply materials & other products into the industry. The cost of items bought from suppliers (e.g. raw materials, components) can have a significant impact on a company's profitability. If suppliers have high bargaining power over a company, then in theory the company's industry is less attractive. The bargaining power of suppliers will be high when: There are many buyers and few dominant suppliers, There are undifferentiated, highly valued products, Suppliers threaten to integrate forward into the industry (e.g. brand manufacturers threatening to set up their own retail outlets), Buyers do not threaten to integrate backwards into supply, The industry is not a key customer group to the suppliers.

2.1.4.Bargaining Power of Buyers

Buyers are the people / organisations who create demand in an industry. The bargaining power of buyers is greater

	5	4	3	2	1
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when; There are few dominant buyers and many sellers in the industry, Products are standardised, Buyers threaten to integrate backward into the industry, Suppliers do not threaten to integrate forward into the buyer's industry, The industry is not a key supplying group for buyers.

2.1.5. Intensity of Rivalry

The intensity of rivalry between competitors in an industry will depend on:

- The structure of competition - for example, rivalry is more intense where there are many small or equally sized competitors; rivalry is less when an industry has a clear market leader
- The structure of industry costs - for example, industries with high fixed costs encourage competitors to fill unused capacity by price cutting
- Degree of differentiation - industries where products are commodities (e.g. steel, coal) have greater rivalry; industries where competitors can differentiate their products have less rivalry
- Switching costs - rivalry is reduced where buyers have high switching costs - i.e. there is a significant cost associated with the decision to buy a product from an alternative supplier
- Strategic objectives - when competitors are pursuing aggressive growth strategies, rivalry is more intense. Where competitors are "milking" profits in a mature industry, the degree of rivalry is less
- Exit barriers - when barriers to leaving an industry are high (e.g. the cost of closing down factories) - then competitors tend to exhibit greater rivalry.

3. Methodology

3.1. Research Goal and Data Collection

In this survey it is aimed to identify the current competition conditions of Turkish Hotel Sector and its barriers for new entrants by using M. Porter's 5 Force Model. To answer research question, a field interview using questionnaires were conducted. The questionnaire of this study were conducted on senior managers of 4 and 5 star hotels by taking in to account that they are the high performing firms in hotel sector in Turkey. All of the 4 and 5 star hotels of Istanbul were contacted via email or phone and asked to participate in survey. About % 70 of total number of hotel managers have accepted to participate the survey. Data obtained from questionnaires were analyzed and conclusion has been done systematically based on findings.

3.2. Analyses and Results

In this study, Istanbul Lodging Industry's openness to new company initiatives was inquired with Porter's 5 forces model. Managers of 4 and 5 star hotels were interviewed. According to the records of Turkish Hoteliers Association, there are 35 5-star hotels in Istanbul, and 89 4-star hotels in Istanbul (turob.com).

Managers of 36 different hotels in Istanbul were interviewed. 14 of the hotels are 5-star and 22 of them are 4-star. 23 of the interviewed managers are senior managers whereas 13 of them are mid-level managers. Considering the working time of these managers; 4 of them have been in their position for 1-5 years, 15 of them for 5-10 years and 17 of them for more than 10 years.

When looking at their working time in lodging sector; 2 managers have been in the sector for 1-5 years, 7 of them for 5-10 years and 27 of them for more than 10 years. From this point of view, regarding the depth of the data obtained with the interviews, both the hotels and their managers can be regarded to have sufficient expertise.

Table-1: The Threat of Potential Competitors' Entering the Sector

	F	%	F	%	F	%	F	%	F	%
The threat of potential competitors' entering the sector	0	0	0	0	8	22,22	12	33,33	16	44,44
Cost advantage of current hotels against potential competitors	14	38,88	11	30,55	11	30,55	0	0	0	0
The capital amount needed by potential sectors to enter into the sector	23	63,88	13	36,11	0	0	0	0	0	0
The opportunity of potential competitors to access distribution channels	0	0	9	25	13	36,11	14	38,88	0	0
The efficiency of the government's support policy for initiatives	0	0	0	0	5	13,88	15	41,66	16	44,44
The opportunity of potential competitors to obtain land or building in Istanbul to enter into the sector	0	0	0	0	5	13,88	17	47,22	14	38,88
The possibility current hotels in Istanbul can be purchased by potential competitors	0	0	0	0	8	22,22	12	33,33	16	44,44

Evaluation levels were defined as the following: 1: very low level, 2: low level, 3: mid-level, 4: high level and 5: top level.

- Based on expert views obtained with interviews, the threat of potential competitors' entering the sector was evaluated to be of mid-level with a percentage of 22,22%, of low-level with a percentage of 33,33% and of very low level with a percentage of 44,44%. So; the threat of potential competitors was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case and their views were explained in details one by one for each parameter. And cost advantage of current hotels against potential competitors was evaluated to be of top level with a percentage of 38,88%, of high level with a percentage of 30,50% and of mid-level with a percentage of 30,50. So; cost advantage of current hotels against potential competitors was found to be high in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed managers of the companies in the sector expressed that; the discounts and payment advantages provided to them by the suppliers thanks to the well-established business relationships formed in an environment of trust over long years of financial relations could be considered as advantages against the new companies entering the sector. Moreover, they told that; the specialized human resources employed in their facilities formed an advantage, as the cost of transfer of these specialized human resources to the new-comers was higher. They also stated that; the prices of buildings and lands in Istanbul were too high today, older companies completed their superstructure hardware in a period where the prices had been lower and their capital returns had mostly been provided and they were now in profit periods. So; they had higher cost advantages against the new initiatives.

- The amount of capital needed for potential competitors to enter the sector was evaluated to be of top level with a percentage of 63,88% and of high level with a percentage of 36,11%. So; the amount of capital needed by initiatives was found to be high in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; the greatest disadvantage of the initiatives in the sectors would be in superstructure investments. Particularly in Taksim and in the historic peninsula where the demand for tourism, especially culture and congress tourism is intense, there were no areas for new hotel constructions. The only two options were purchasing current buildings and transforming these into accommodation facilities or purchasing current facilities, either of which would be costly and capital returns would be provided in double time. These were all expressed to be discouraging factors for the initiatives of potential competitors.

- The opportunity of potential competitors to access distribution channels was evaluated to be of high level with a percentage of 25% , of mid- level with a percentage of 36,11%, and of low level with a percentage of 38,88%. So; the opportunity of potential competitors to access distribution channels was found to be of average level in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; there were leader companies in distribution channels, and in agreements made between these companies and the companies they had worked for a long time, there were supports realized in mutual trust and crisis periods. As a result of these long-term relationships, companies wouldn't be let down by distribution channels as long as they did not decrease quality. Furthermore; they told that, in case of a price competition they had a cost advantage against potential competitors to offer more advantageous prices. Some experts thought that; there were new initiatives in distribution channels as well the news initiatives in lodging

sector, and these new distribution channels and new hotels found each other. Nevertheless, expertise in the sector was available in current leader distribution channels and hotels, and this was an advantage.

- The efficiency of the government's support policy for initiatives was evaluated to be of mid- level with a percentage of 13,88% , of high level with a percentage of 41,66%, and of very low level with a percentage of 41,66%. So; the efficiency of the government's support policy for initiatives was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; the efficiency of government's support for initiatives in Istanbul lodging industry became powerless concerning the most important superstructure investments of a hotel in Taksim and the historic peninsula, and other supports apart from that wouldn't be able to provide sufficient encouragement for the new initiatives in the sector. They also stated that; the demand for new hotels to be established in other touristic areas wouldn't be high, either, unless there was a seasonal international organization in the town to cause a tourism boom.

- The opportunity of potential competitors to obtain land or building in Istanbul to enter the sector was evaluated to be of mid-level with a percentage of 13,88%, of low level with a percentage of 47,22%, and of very low level with a percentage of 38,88%. So; the opportunity of potential competitors to obtain land or building in Istanbul to enter the sector was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed the hitches and impossibilities seen in obtaining land and buildings in their responses given to explain the previous parameters. Experts generally thought that; it was difficult to obtain lands and buildings in highly touristic areas, but, though limited, this opportunity was still valid in areas away from the centre and around airports. This state was mentioned to be advantageous for current facilities found in the areas considered to be the heart of lodging sector.

- The possibility current hotels in Istanbul can be purchased by potential competitors was evaluated to be of mid- level with a percentage of 22,22% , of low level with a percentage of 33,33%, and of very low level with a percentage of 44,44%. So; the possibility current hotels in Istanbul can be purchased by potential competitors was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; hotels found in highly touristic areas of Istanbul could only be purchased at top prices by giant companies that have formed international chains and that possess a tremendous amount of capital. On the other hand; companies that have high profits weren't not think of selling their hotels, instead, they preferred partnerships or strategic combining with chain groups. They also stated that; facilities that were found outside centre did not have high purchasing costs, but the ones that were able to obtain lands or buildings might find it more advantageous and preferable to make superstructure investments in outside regions and around airports rather than purchasing these facilities.

Table-2: Intensity of the Competition Among Current Competitors

	5		4		3		2		1	
	F	%	F	%	F	%	F	%	F	%
Unbalanced distribution of power among current competitors	15	41,66	13	36,11	5	13,88	3	8,33	0	0
Growth rate of Istanbul lodging industry in the last 10 years with respect to investments and demand	10	27,77	18	50	7	19,44	1	2,77	0	0
Growth rate of Istanbul lodging industry in the next 10 years with respect to investments and demand	11	30,55	18	50	8	22,22	0	0	0	0
The possibility of current companies to leave Istanbul lodging industry	0	0	0	0	0	0	3	8,33	33	91,66
The possibility of current companies to grow by investing in other sectors	0	0	0	0	5	13,88	14	38,88	17	47,22

Evaluation levels were defined as the following: 1: very low level, 2: low level, 3: mid-level, 4: high level and 5: top level.

- The unbalanced distribution of power among current competitors was evaluated to be of top level with a percentage of 41,66% , of mid- level with a percentage of 13,88%, and of low level with a percentage of

8,33%. So; the unbalance of the distribution of power among current competitors was found to be high in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; the unbalance among the current competitors was generally among the five star accommodation facilities. Facilities found in the Bosphorus and that was in palace concept were expressed to have great advantages with regards to their location and capital assets. Though four star hotels were performing in the same market with the five star hotels, their customer portfolio was different and the risk that they could attract each other's customers was not frequent due to the preferences of the customers. Differences in power among four star hotels were not high and there was a balanced competition among them. It was also stated that; the difference in power between the four star and five star hotels disabled four star hotels to get the high income groups found in five star hotels' customer portfolios.

- The growth rate of Istanbul lodging industry in the last 10 years with respect to investments and demand was evaluated to be of top level with a percentage of 27,77% , of high level with a percentage of 50%, and of mid- level with a percentage of 19,44% and of low level with a percentage of 2,77%. So; the growth rate of Istanbul lodging industry in the last 10 years with respect to investments and demand was found to be high in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed managers expressed that; Istanbul lodging industry had an intense and ever increasing graphic in the last ten years. This affected investments and new initiatives in the sector in direct proportion, number of companies beds increased each year, but except for particular regions, Istanbul had filled its capacity to host superstructure investments. This can be seen as an indicator of the fact that; no matter how high the demands in the sectors are, the possibility to make new investments in central regions is rather low.

- The growth rate of Istanbul lodging industry in the next 10 years with respect to investments and demand was evaluated to be of top level with a percentage of 30,55% , of high level with a percentage of 50%, and of mid- level with a percentage of 22,22%. So; the growth rate of Istanbul lodging industry in the next 10 years with respect to investments and demand was found to be high in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

According to the experts interviewed, Istanbul lodging industry will increase in the next ten years in direct proportion to the increase of tourism activity in Turkey and across the world. In order to benefit from this demand, it is necessary to make new investments. Hotel investments to be made in parallel to the increase in demand will be in a form of a compulsory enlargement towards outer regions due to the full capacity of central regions as expressed in previous parameters. So, while the high-priced high-quality companies will continue their presence in central regions, the structures outside the central regions will be in high-quality again but they will be low-priced. In a future where transportation opportunities will be more qualified and fast, the new companies in question will be able to compete with current companies. However; regarding the current conditions in traffic and transportation, it is a low possibility that the demand for companies performing in central regions decrease.

- The possibility of current companies to leave Istanbul lodging industry was evaluated to be of low level with a percentage of 8,33% and of very low level with a percentage of 91,66%. So; the possibility of current companies to leave Istanbul lodging industry was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Responses got from the interview questions stated that; current companies' rate of profit was high and there wasn't a possibility that they would leave lodging sector.

- The possibility of current companies to grow by investing in other sectors was evaluated to be of mid- level with a percentage of 13,88% , of low level with a percentage of 38,88% and of very low level with a percentage of 38,88%. So; the possibility of current companies to leave Istanbul lodging industry was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Views obtained from interviews expressed that; companies performing in Istanbul lodging industry were not thinking of investing in other sectors as they had focused on their basic skills and had greater chance to be successful in lodging sector where they had become specialized. In addition to this, some hotels were stated to be performing as the additional investments of companies producing construction and electricity consumables.

Table-3: Threat of Substitute Goods

	5		4		3		2		1	
	F	%	F	%	F	%	F	%	F	%
The availability (amount) of substitute services in Istanbul lodging industry	0	0	0	0	16	44,44	13	36,11	7	19,44
The price of substitute services in Istanbul lodging industry	0	0	12	33,33	17	47,22	7	19,44	0	0
The quality of substitute services in Istanbul lodging industry	0	0	0	0	1	2,77	23	63,88	12	33,33

Evaluation levels were defined as the following: 1: very low level, 2: low level, 3: mid-level, 4: high level and 5: top level.

- The availability and amount of substitute services in Istanbul lodging industry was evaluated to be of mid-level with a percentage of 44,44% , of low level with a percentage of 36,11%, and of very low level with a percentage of 19,44%. So; the availability of substitute services in Istanbul lodging industry was found to be of average level in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; with regards to substitute services and goods in accommodation sector, there were many low-quality and low-class accommodation facilities and daily rental houses, but as these substitute goods did not offer anything apart from a low-quality accommodation service, they weren't preferred by customers in high economic class, and they weren't regarded as competitors. In addition to that; though the availability of congress and fair centers, catering companies and organizations is also defined as substitute goods and services, they can't give a whole service as they are independent from accommodation service, thus; they aren't regarded as competitors by four and five star hotel managers, either.

- The price of substitute services in Istanbul lodging sector was evaluated to be of high level with a percentage of 33,33% , of mid-level with a percentage of 47,22% and of low level with a percentage of 19,44%. So; the price of substitute services in Istanbul lodging industry was found to be high in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed managers expressed that; prices of substitute goods and services explained in the previous parameter were lower, but due to lack of quality and inability to provide the wholeness created by the accommodation service, they were ignored. On the other hand; though the catering service given by companies was separate from the accommodations service, it was regarded as a negative factor affecting the food and beverage department income of hotels.

- The quality of substitute services in Istanbul lodging industry was evaluated to be of mid-level with a percentage of 2,77% , of low level with a percentage of 63,88%, and of very low level with a percentage of 33,33%. So; the quality of substitute services in Istanbul lodging industry was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

It was expressed that; the quality of substitute goods in accommodation was low, but the quality of companies and organizations performing in congress and fair organizations were high, and the quality of catering organizations were high, too.

Table-4: Bargaining Power of Purchasers

	5		4		3		2		1	
	F	%	F	%	F	%	F	%	F	%
Amount of current companies' individual purchasers	0	0	12	33,3	15	41,66	11	30,55	0	0
Amount of current companies' purchasers on company and agency basis	18	50	15	41,6	2	5,55	1	2,77	0	0
Agreement of purchasers on company and agency basis with competitor companies	0	0	14	38,8	15	41,66	2	5,55	5	13,88
Possibility of purchasers to buy current hotels	0	0	0	0	0	0	15	41,66	21	58,33
Significance of the services and goods in lodging sector for purchasers	14	38,8	12	33,3	10	27,77	0	0	0	0

Evaluation levels were defined as the following: 1: very low level, 2: low level, 3: mid-level, 4: high level and 5: top level.

- The amount of current companies' purchasers was evaluated to be of high level with a percentage of 33,33% , of mid-level with a percentage of 41,66%, and of low level with a percentage of 30,55%. So; the amount of

current companies’ purchasers was found to be of average level in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Hotels defined the walk-in customers demand emerging independent of companies and agencies in a seasonally variable view. Though the amount of this type of customers is not high, they are defined to be of high-quality, but that could change their company preference easily.

- The amount of current companies’ customers on company and agency basis was evaluated to be of top level with a percentage of 50% , of high level with a percentage of 41,66%, of mid- level with a percentage of 5,55% and of low level with a percentage of 2,77%. So; the availability of substitute services in Istanbul lodging industry was found to be of average level in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Views of the experts interviewed mostly showed that; the amount and quality of purchasers on company and agency basis were of high level.

- The agreement of purchasers on company and agency basis with competitor companies was evaluated to be of high level with a percentage of 38,88% , of mid level with a percentage of 41,66%, of low level with a percentage of 5,55% and of very low level with a percentage of 13,88%. So; the agreement of purchasers on company and agency basis was found to be of high level in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; if purchasers on company and agency basis offered similar services with lower prices, they had a high possibility to agree with competitor companies.

- The possibility of purchasers to buy current hotels was evaluated to be of low level with a percentage of 41,66% and of very low level with a percentage of 58,33%. So; the possibility of purchasers to buy current hotels was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

It was expressed that; company purchasers performed and had expertise in different areas in general. Tour operators wouldn’t dare slow their companies by sacrificing high costs and thus preferred to stay in a flexible structure. So, it was stated that; instead of purchasing the hotel, purchasers preferred to supply the services they were offering from current hotels through the use of external resources.

- The significance of the services and goods in lodging sector was evaluated to be of top level with a percentage of 38,88% , of high level with a percentage of 33,33%, and of mid- level with a percentage of 27,77%. So; the significance of the services and goods in lodging sector was found to be high in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; a comprehensive hosting service including accommodation, food and beverages, congress and meetings, which are offered by four and five star hotels prevented various cost and time waste. Thus, for financial relations; it was significant to be in a relationship with a single company rather than separate companies these could be purchased independently from each other.

Table-5: Bargaining Power of Suppliers

	5		4		3		2		1	
	F	%	F	%	F	%	F	%	F	%
The presence (amount) of suppliers in Istanbul lodging industry	28	77,77	8	22,22	0	0	0	0	0	0
The availability of supplies needed to offer service in Istanbul lodging industry	27	75	9	25	0	0	0	0	0	0
The power of current hotels to change their suppliers	24	66,66	11	30,55	1	2,77	0	0	0	0
The possibility of current hotels to be purchased by suppliers	0	0	0	0	7	19,44	18	50	11	30,55

Evaluation levels were defined as the following: 1: very low level, 2: low level, 3: mid-level, 4: high level and 5: top level.

- The amount of suppliers in Istanbul lodging industry was evaluated to be of top level with a percentage of 77,77% and of high level with a percentage of 22,22%. So; the amount of suppliers was found to be high in

general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case.

- The availability of supplies needed to offer service in Istanbul lodging industry was evaluated to be of top level with a percentage of 75% and of high level with a percentage of 25%. So; the availability of supplies needed to offer service in Istanbul was found to be of high level in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; the amount of suppliers in Istanbul lodging industry was quite high and the supplies needed were easily found in high amounts.

- The power of current hotels to change their suppliers was evaluated to be of top level with a percentage of 66,66% , of high level with a percentage of 30,55% and of mid- level with a percentage of 2,77%. So; the power of current hotels to change their suppliers was found to be of high level in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; there were numerous hotels in Istanbul and they had a high financial power. The number of suppliers was high, too. Thus; the hotels were able to make others accept their conditions. This state indicates a structure where agreements not offering an advantage are turned into an advantage through exchanging companies.

- The possibility of current hotels to be purchased by suppliers was evaluated to be of mid- level with a percentage of 19,44% , of low level with a percentage of 50%, and of very low level with a percentage of 30,55%. So; the possibility of current hotels to be purchased by suppliers was found to be low in general. In order to obtain further information about the matter in question, the experts were asked to tell about the reasons for the case. And here are their views in general:

Interviewed experts expressed that; hotels were high cost investment which had high profits. Thus; it was a very low possibility that they could be purchased by suppliers.

CONCLUSION

In this study, the influence of the competition environment in Istanbul Lodging Industry was inquired with Porter's 5 forces analysis model to reveal the general state. With respect to that; Istanbul Lodging Industry was defined in a structure that is highly demanded in an increasing way by current companies' managers in the last 10 years. In addition to that; a further high increase is expected with the increase in world tourism demand and its reflection on Turkey. In terms of purchasers, this highly demandable and profitable situation can be accepted as an indicator that could create investment motivation for the entrepreneurs thinking of investing in the sector and thus for the new initiatives (potential competitors) defined as one of the parameters within the framework of the five forces analysis. Moreover; individual purchasers were expressed to change companies easily whereas companies and agencies showed commitment to older companies.

However; no matter how high the demand and profit are, to invest and enter in a sector shows a directly proportional relationship with the position that can be taken among the other variables found in the five forces model. Besides the general state of Istanbul Lodging Industry which offers high demand and profit, it has a two sided view as central regions and outskirts. The central region is the area defined as the historic peninsula and Taksim area, which are mostly demanded for culture tourism, business trips and congress tourism. In these areas, the opportunities to obtain land and buildings for superstructure investments that are significant for new initiatives are very limited. Moreover; they require a high capital whose return could be realized in a very long time. This means an obstacle before the motivation for new initiatives and investments revealed by demand and profit.

Even though the second group defined as outskirts offer more feasible conditions in terms of obtaining land and building, they are not as demandable and profitable as the central regions. So; it is questionable that they may provide sufficient motivation for entrepreneurs to make new investments in these areas. Furthermore; the cost advantage shown by older companies in central regions against new competitors poses a financial disadvantage for these new competitors if they lacked high capital. Besides; though the amount of distribution channels was evaluated to be sufficient, due to the long-term financial relations of current companies with these distribution channels, the new initiatives weren't expected to have the same conditions.

With respect to substitute services and goods, Istanbul Lodging Industry seems to have an advantageous position for the new initiatives. It is out of this position where it can compete with the comprehensive services in which hotels can offer accommodation, food and beverages, congress and meeting hardware together. Though the goods and services shown as substitutes for accommodation services are competitive, they are of low level in quality, and they cannot meet the demand intended for current hotels or attract their customers. Current hotels define companies dealing with only catering services as factors adversely affecting the food and beverages department of themselves.

Current hotels expressed that the number and quality of suppliers were high. This stands out as a state bringing about the chance for new initiatives to make suppliers accept their conditions or to change suppliers. Thus; with regards to the amount and quality of suppliers, Istanbul Lodging Industry is encouraging for the new initiatives.

When all these parameters are analyzed, Istanbul Lodging Industry can be stated to provide an investment motivation for the new initiatives with regards to purchasers, substitute goods and suppliers. However; when they are analyzed with regards to the competitive power of current hotels and the location factor which is significant for tourism sector, it is seen that; the state disabling new obtaining of land and buildings for superstructure investments, high costs of purchasing current hotels and the long return time of this capital all appear as demotivating factors for the new initiatives.

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