

## **Globalization – tourism – communication, competitiveness triangle on the market affected by the economic crisis**

**Ionel Gabriel HOCIUNG**

Bucharest Academy of Economic Studies  
gabrielhociung@gmail.com

**Laurențiu Gabriel FRÂNCU**

Bucharest Academy of Economic Studies  
laurențiu.francu@yahoo.com

**Abstract.** *Socio-economic developments of recent years has affected the world economy, hence the tourism industry as well, which within interval 2008-2009 experienced the largest drop in tourist flows, and Romania followed the same downward trend. Tourism market, after suffering the shock, is characterized by greater caution, making the efforts of the tourism industry considerably higher for the promotion of tourism products and services.*

**Keywords:** globalization; tourism; communication; model; tourism market.

**JEL Codes:** L83, O10, F02, D83.

**REL Codes:** 14F, 14K.

## 1. Tourism in the age of globalization

"Globalization is the functioning process of the global economy, which, in the global society, it is able to create global decision structures for solving global problems" (Dinu et al., 2003, p. 356) and, for the tourism industry, this is evident in most aspects of tourism activities.

International tourism and hospitality companies took advantage of the many factors to expand operations globally. Globalization imposed competitive pressure by facilitating market entry for several stakeholders and as a result companies have to "fight" in a much more complex environment.

Emerging technologies have made possible the control and more homogeneous operational systems, as well as better coordination of branches, without counting the geographical destination or distance. Changes in political and legal environment have facilitated freedom of trade and, more specifically, the deregulation of transport in tourism, and developing systems and international investment, more flexible and adaptable.

A wide range of shapes and arrangements is sought, directly to the right of ownership, partnerships with local authorities, governments up to franchise and marketing consortia. Labor mobility also allowed people to travel to different countries to manage systems and properties. Perhaps most importantly, the emergence of multi-literacy of investors' employees, generated by education, training, media reports and extensive travel experience, develops a new type of global companies offering their products to a quality standard regardless of location.

Following the emergence of globalization, new tools are needed to manage processes, multi-ethnicity and culture, to support employees and businesses to satisfy all stakeholders. In planning and managing tourist destinations and companies it must take into account a number of changes within the society and the world economy.

According to economic theory, globalization is seen as a process that evolves gradually. Etapiale models can be used to illustrate the scope and the involvement in international transactions.

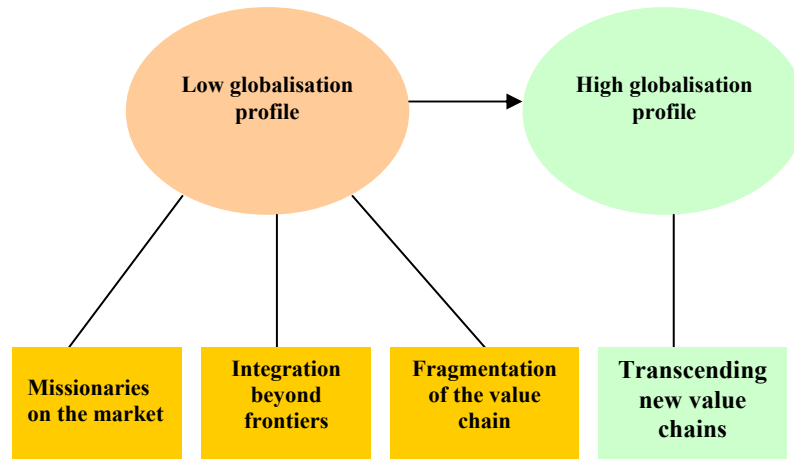
Anne-Mette Hjalager (2007, pp. 437-457) builds a descriptive model in four stages of globalization of the tourism industry in order to understand the complexity of dynamic interactions that occur across borders. The level of analysis is represented by the tourist communities and their stakeholders: companies in the field, communities, national and local authorities and others. Therefore, globalization is seen as the result of individual decisions taken by the tourism companies and the national and local policymakers. The first stage includes the national tourism system's attempts to access new markets. The

purpose of tourism "missionaries" is to attract customers to businesses, destinations or countries where the tourism product will be sold or consumed. The force of communication emerges beyond promotional campaigns across international markets for consumers, being a strong bond between tourism associations and other collaborating organizations. Communication makes it possible to overcome existing barriers in many countries where some tourism organizations are reluctant to radical changes.

The second stage describes the integration and incorporation of tourism business across national borders. Investments beyond their own country are a subject treated widely in the literature of globalization. In tourism, reproduction and external expansion of successful business concepts recognized by most consumers is a powerful globalizing force majeure. Transfer of capital and concepts is striking in this industry, and the pros and cons of cultural and economic hegemony are discussed to a large extent, mainly when the transfer is to developing countries. Two methods of global integration are developed, first business integration through investments, mergers and acquisitions, and then global trade concepts through franchises and licenses.

The third stage refers to the spatial fragmentation and relocation of production processes. In the recent years we have noted a greater emphasis on creating profitability through extensive fragmentation and optimizing the entire value chain. While much of the resources are exclusively local or national, the availability of international markets is affecting more and more the local tourism product composition and the production process. In this service with a high degree of labor absorption, the human and intangible resources supply is of major importance.

Finally, in the fourth stage, is called into question the identity of the industry and new types of markets and business concepts that will exceed the previous definitions of tourism. Many organizations and many researchers are involved in trying to define and distinguish logical and economic tourism traditional statistical categories. Although the model suggests a logical progression to the final most complex phase, in practice they overlap.



Source: own adaptation of Anne-Mette Hjalager model.

Figure 1. Stages of globalization tourism

The basic premise of the model is that the gradual implementation of globalization, individual companies, destinations and countries involved will be able to control costs, to increase market share and access skills and other important resources. Through involvement in international more complex networks, travel agents can cope with high pressure investment institutions and also on several levels. Globalization is increasingly emphasized by the development of communication and information technologies. In principle, the stakeholders of the tourism system will experience a gradual need, although inevitable, taking into account the following steps and to adapt future opportunities and competitive forces. Another prerequisite is that the evolutionary process takes time. Throughout this process, some organizations may become perishable, and routine and operating procedures set out above will lose their effect.

New models will appear, possibly after drastic changes, but, however, the present model will not evolve simultaneously in all countries and all continents. On the national scene, some segments of the economy will be more advanced than others in the globalization process, contributing, however, in its complexity. The pace of globalization may be adversely affected, for example, by the increased energy prices.

## 2. Economic motivation of tourism globalization

The general reasons why companies are expanding beyond national borders is to maximize profits and, thus, investments in other countries may be

considered like any other investment. Profit maximization criterion of an investment is that rate of return should be higher than other possible uses of capital to be allocated. Rate of return will be linked to investment costs and the income from those. So, the reason to invest in external space will include cost reductions or increases in sales from the production or supply of services abroad.

Companies involved in developing tourism products and services now have much weaker links with a particular region or national economy. The development of international trade has made the market to be much more competitive and companies more aware of the need to be leaders in terms of prices or add value to their products to increase market share and profitability. So, companies are prepared to transfer production to another location if circumstances favor it. Service sector companies wishing to expand into foreign markets have generally few options other than to invest in foreign capacity.

Specific reasons for proper multinational expansion include the following:

- reduced labor costs: to be market leaders in terms of prices, companies are trying constantly to reduce costs below those of competitors, and one of the key factors that can be reduced by globalization is the labor costs;
- additional reduces costs: multinational companies access the international capital markets and thus the local rate of interest is rarely taken into account, however, the costs of land and planning regulations can be an important factor, particularly in the "green" developments sector, and the exchange rate between the parent economy and host economy will also be significant;
- exploitation of "national diamonds": the source of competitive advantage in producing goods and services of a country whose key factors are intense competitiveness and high consumer demand on the domestic market, making firms to improve technology, quality and marketing, so the product is reworked and polished into a national diamond and allows companies to be competitive in foreign markets, where local products are competitive, as they went through a similar process;
- marketing advantages: some companies have a internationally renowned corporate image, which can be exploited by expanding operations abroad, such as the InterContinental (hospitality), ClubMed (Tourism Association) etc.;
- market economy, integration and competition: the expansion of multinational companies may be a way to increase profits through

vertical integration, such as travel companies, tour operator investments in foreign resorts; in the same time, buying foreign competitors reduces competition, making possible horizontal integration, but there are also many market economies developed through transnational partnerships;

- extending the product life cycle: product life cycle refers to different stages in the communication to promote a product, which means that products that have reached maturity in the internal market and suffer a decline can be revitalized by promoting them abroad and, especially, in developing economies;
- avoidance of charging: if a country's exports are affected by pricing, companies involved and, of course, affected can choose to produce within the charging zone;
- incentives in host economies: investment and operating costs can be reduced by international markets, taking advantage of governments' stimulus packages.

The tourism industry operates globally and many of those involved have opted for competitive advantage of internationalization. Technology, information and reducing borders have created new forms of company servants, not only multinational corporations, but also small niche organizations. The growing importance of strategic alliance business relations networking also became a trend in tourism.

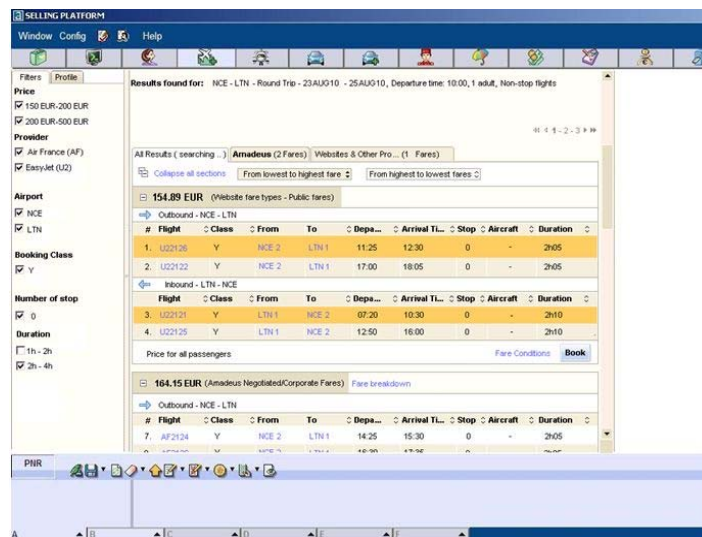
### **3. Globalization through communication in tourism**

Globalization has created new opportunities for developing tourism industry through technological, communication and transport evolution. Globalization has affected the tourism service providers worldwide, computerized information and reservation systems, which have become more flexible and efficient in terms of costs, leading, thus, to cheaper costs of travel by plane and, hence, easier access to destinations (Peric, 2005, pp. 34-35). The rapid spread of information has improved the efficiency of industry-specific operations, and quality of services offered to consumers, generating also a growing demand for new tourism services and online booking services for hotels, car or plane tickets, brochures, video, electronic funds transfers etc.

Increasing use of internet in marketing destinations, direct sales or reservations gave rise to electronic tourism markets. Development of more sophisticated web sites allowed direct communication of tourist information to potential customers, the Internet facilitates thereby global accessibility and much lower prices, which made the demand for tourism to become more

technical. The impact of technology and the Internet have dramatically affected the tourism industry and significantly reduced the need for intermediaries (Reisinger, 2009, p. 8).

Globalization in tourism may take different forms, one example being the globalization of air transport sector. This involved liberalization of air transport, which allowed private companies to enter the market, the formation of international alliances (e.g. Star Alliance, Oneworld or Sky Team, which cooperated in promoting communication, standardization of equipment, services and suppliers or have developed a brand etc. (Dimanche, Jolly, 2006, pp. 191-208), privatization, restructuring state air companies, investments in foreign companies, strengthening the national airlines or affiliation with international regulatory bodies (e.g. IATA). Major airlines have developed computer reservation systems such as CRS (Computer Reservation System.) or GDS (Global Distribution Systems).



Source: [www.traveltechnology.com](http://www.traveltechnology.com)

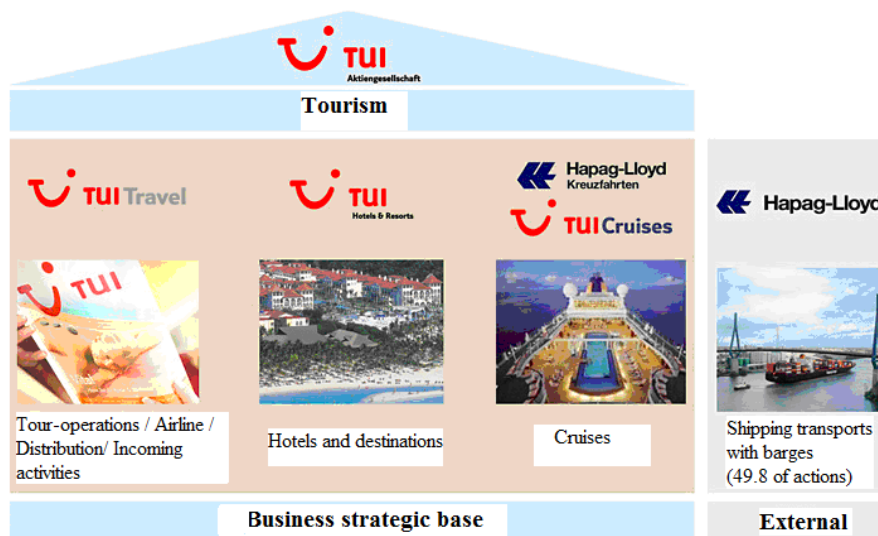
**Figure 2.** AMADEUS reservation and sales platform

A computerized system for reservations is a system that is used to store, to extract information and perform transactions related to air transport (e.g. Amadeus, Worldspan, Galileo, Sabre, Gabriel). Although originally used only by airlines, CRS has been extended to travel agencies.

With regard to globalization in the accommodation field, the examples include the cooperation and the creation of hotel chains, the franchises, joint

ventures, management contracts, consortia and independent hotels. Most major hotel groups include Intercontinental Hotels (UK), Accor (France), Cendant, Marriott and Starwood Hotels and Resorts (U.S.), hotel corporations that are present in various countries worldwide. Thus, Marriott International operates currently more than 1,300 hotels under various brands across the globe. Strategic partnerships and American consortium offered access to new markets, including Russia, China, Japan, Italy or Turkey. Another example is the Four Seasons Hotels, which used a strategic partnership with Regent International Hotels Ltd. to take over management of hotels in Bangkok, Hong Kong, Kuala Lumpur, Melbourne and Sydney (Reisinger, 2009, p. 9).

In the sector of tourist package trade it is highlighted, as a result of globalization, partnerships, integration and franchising. Tour operators and travel agencies have developed partnerships with hotel chains, airlines for charter tourism products distributors or cruise companies, some joining to them. At European level it highlights the German group TUI. This company, divided into three sectors (TUI Travel, TUI Hotels & Resorts, TUI Cruises), has travel agents, tour operators, airlines, cruise ships and 261 hotels in 27 countries and also a financial investment in the industry of shipping barge transport.<sup>(1)</sup>



Source: [www.tui-group.com](http://www.tui-group.com)

**Figure 3.** TUI Group's corporate structure

American Express, the company founded in 1850, became the biggest tour operator in the US, Canada, France, Australia and Mexico, with the largest



network of travel agencies in the world, placed in over 140 countries and territories throughout world, developing a wide range of products in different industry sectors.

Large companies have extended their influence over the operations of local firms, forcing, for example, authorities to agree with certain laws and imposing certain conditions on local suppliers. Some tour operators have exercised a strong influence on the mode of operation and the prices charged by hotels. For example, a tour operator in the UK, specializing in adventure tourism and highly committed in protecting the environment and promoting destinations, ensured that local stakeholders are subject to environmental rules and use the equipment, goods and materials not affecting nature (Peric, 2005, p. 36).

Globalization effects are observed in shaping the tourist profile and preferences towards products and tourism services. If until recently the main feature was McDonaldization, the new consumers have a totally different behavior, becoming more demanding, through multiple channels of communication and information technology, they showed them new cultures and have contributed to the development of new ideas and opinions.

The XXI century tourist is dependent on communication, information technology, on the fact that he may choose the desired services and plan their own vacations. The new self-sufficient consumer has become more individualistic, wants more products and services developed and customized in a wide range, variety and high quality, easy access to information, cheaper transport and greater flexibility in travel. Political or economic change and instability, terrorism, disease outbreaks, weather predictions, they all led to a growing desire by consumers to be safe and to have social stability. This gave rise to a new attitude of waiting, observing, facilitating the emergence of "last-minute" purchases. As a result of the message sent by the customer, the feedback of travel companies came, which led to the emergence of websites specialized in this type of "last-minute" request.

Also, searching for new experiences as motivation for holidays and high concern for the environment have forced the development of alternative forms of tourism, due to demand for new, authentic and original. A new category was developed, the experimental tourism and travel companies, in response to changes in the market, have developed new communication strategies, new partnerships with local stakeholders for the organization and promotion of tours, holidays in places that have something unique, special and specific and distinguishes them from other destinations.

#### 4. Tourism development into the global economic crisis

Tourism has allowed people to overcome the mentality of being tied to one destination and to confront other imagined worlds. In essence, tourism is the time-space compression of companies as a result of reducing costs and increasing ease of international travel for the purposes of leisure, by enabling a growing number of people from almost all social classes to escape the routine environment to which they belong. It determined, over time, a growing number of destinations to invest in tourism development, making it a key driver of socio-economic progress worldwide, by creating jobs and companies' profile, by developing infrastructure and attracting investment.

As an international trade service, inbound tourism has become one of the major categories of trade. Inbound tourism-generated income, including passenger transport, has exceeded USD 1,000 billion in 2009. Tourism exports represented 30% of world exports of commercial services and 6% of total exports of goods and services. Globally, as the category of export, tourism was the fourth after fuels, chemicals and automotive products.

For many developing countries, tourism is the main source of income, generates employment, particularly important to the local communities, and creates opportunities for development. Tourism contribution to global economic activity is estimated to be 5% and to generate jobs 6-7% of all jobs worldwide (directly or indirectly). The contribution of tourism to gross domestic product (GDP) is, worldwide, about 5% and range for advanced and diversified economies, from 2% (in countries where tourism is a relatively small sector) to 10% of GDP (in countries where tourism is an important pillar of the economy). For developing countries or island states where tourism is a key economic sector, the percentage of GDP tends to be even higher.<sup>(2)</sup>

Important part of the global economy, tourism industry felt the full effects of the global economic crisis. The causes of this crisis are different, and the lack of communication has its role in the deterioration of the current situation. Many scientists and economists have identified different causes of the current crisis, but there has been no deep analysis of the role that communication has to the current economic situation. Communication plays an important role in achieving a system's interconnections and its lack or ineffective implementation in a way leads to system collapse.

Tourism, which plays its role in the world economy, had also a sharp decline and, as a negative effect of globalization, global recession has made 2009 to be one of the most difficult years for the tourism sector.

International tourist arrivals for business, pleasure or other purposes in 2009 totaled 880 million, corresponding to a worldwide decline of 4.2%. This

sector grew by 2% in the last quarter of 2009, after the first three quarters there were decreases of 10%, 7% and 2%, respectively.

Table 1

<b>International tourist arrivals from 2008 to 2009</b>				
<b>Tourism international arrivals</b>				
<b>Place</b>	<b>Millions of tourists</b>		<b>Changes% compared to previous year</b>	
	<b>2008</b>	<b>2009</b>	<b>2008 – 2007</b>	<b>2009 - 2007</b>
1. France	79.2	74.2	-2.0	-6.3
2. USA	57.9	54.9	3.5	-5.3
3. Spain	57.2	52.2	-2.5	-8.7
4. China	53.0	52.2	-3.1	-4.1
5. Italy	42.7	43.2	-2.1	1.2
6. Great Britain	30.1	28.0	-2.4	-7.0
7. Turkey	25.0	25.5	12.3	2.0
8. Germany	24.9	24.2	1.9	-2.7
9. Malaya	22.1	23.5	5.1	7.2
10. Mexico	22.6	21.5	5.9	-5.2

**Source:** World Tourism Organization - [www.unwto.org](http://www.unwto.org), August 2010.

Globally, although there were decreases caused by the economic crisis in most tourist destinations in 2009, there have been significant differences in the top ten global destinations, taking into account international tourist arrivals. In terms of tourism receipts from activities, the ranks remained unchanged compared to 2008. World's leading tourism destinations in terms of arrivals remains France (74 million tourists), while the US has attracted the highest revenue from tourism (92 billion USD).

According to World Tourism Barometer UNWTO, international tourism has recovered strongly in 2010. Tourist arrivals grew by about 7% to 935 million, after the decline of 4% in 2009, the year hit hardest by the global economic crisis. Most worldwide destinations showed positive figures, but recovery was achieved at different speeds and was driven primarily by emerging economies. Recovery given by 5% increase in developed economies and 8% in the developing countries reflects the global economic situation and will dominate 2011 and the near future.

Table 2

Receipts from international tourism from 2008 to 2009				
Receipts from international tourism				
Place	Billions \$		Changes compared to previous year (%)	
	2008	2009	2008 – 2007	2009 - 2007
	1. USA	110.0	93.9	13.5
2. Spain	61.6	53.2	6.9	-13.7
3. France	56.6	49.4	4.2	-12.7
4. Italy	45.7	40.2	7.2	-12.0
5. China	40.8	39.7	9.7	-2.9
6. Germany	40.0	34.7	11.1	-13.3
7. Great Britain	36.0	30.0	-6.7	-16.6
8. Australia	24.8	25.6	11.0	3.4
9. Turkey	22.0	21.3	18.7	-3.2
10. Austria	21.6	19.4	15.5	-10.1

Source: World Tourism Organization - www.unwto.org, August 2010.

Asia, with an increase of 13% compared to 2009, was the first region that has recovered and has known, in fact, the strongest recovery in 2010. International tourist arrivals reached a new record of 204 million in 2010 compared to 181 million in 2009. In Africa, being, in fact, the only region with positive figures in 2009, growth was 6% to 49 million and was maintained throughout the ascending trend of 2010, one of the events that contributed to this upward trend being FIFA World Cup from South Africa, while in the Middle East, almost all destinations have grown over 10%.

With regard to Europe, in 2010 was a slower growth of around 3% over the previous year, largely caused by the Eyjafjöll volcano eruption and economic uncertainty in the euro area. Although some European regions have experienced a more rapid recovery, it was not sufficient in order to overcome losses in 2009. American continent recoil of the decline of 2009 due to economic hardships of North America and the impact of A (H1N1) influenza. US economic growth has helped greatly to economic recovery in Latin America (+10%).

International tourism demand has remained on an upward trend, despite the economic uncertainties in some important markets, natural disasters, the political and social unrest in some countries etc., and thus tourism sector has proven to be very elastic.

For 2011 it was expected to maintain growth in demand in the tourism sector, with small variations compared with 2010, an increase between 4% and 5%. One of the negative effects of the global economic crisis remained in job losses, (...) not improved even in 2011.<sup>(5)</sup>

## Conclusions

As we have seen, the tourism industry operates globally and many stakeholders have opted for the internationalization advantage. Technology, information and reducing borders have created new forms of services companies, not only multinationals, but small niche ones composed of specialists. The growing importance of strategic alliances in business networking relations became also a trend in tourism. Tourist destinations must establish identities that differentiate them from other destinations. It is obvious that globalization has stimulated competitiveness and created a more complex environment by facilitating market entry of several stakeholders, and this was observed in prices and quality of tourism products and services. Communication process also undergone major changes, adapting to new market requirements, with approaches tailored to the communication and information technology dependent tourist, seeking new experiences as motivation in choosing their holidays.

The rapid development of world tourism creates environmental threats, on the universal heritage, the social relationships inside and beyond the borders of a country, which has raised concern for the environment that requires alternative forms of tourism development. New strategies of communication emerge and new partnerships to promote these new forms of tourism.

Economic and financial crisis has affected the tourism industry and, however, there were increases in the flow of tourists in 2010 compared with 2009. 2010 has been named in the annual report of the WTO, "A year of recovery", the increase being nearly 7% compared to 2009, with an increase in international tourism receipts of about EUR 693 billions. For this year, it is projected to increase by 4-5% compared to 2010<sup>(4)</sup>. But while growth is slow in 2011 – effect of precautionary felt globally and slow economic recovery – the upward trend is kept due to the substantial efforts made by professional communicators in tourism.

Communication is essential in achieving and maintaining interconnections on which the tourism industry and operators must communicate effectively, providing accurate, clear, objective, consistent, complete information. Making known the correct message to those who are involved is perhaps one of the most important factors in determining the success of the tourism sector. This success is always related to the ability to know how to release a product to attract tourists to buy it, without failing their expectations.

---

## Notes

---

<sup>(1)</sup> See <http://www.tui-group.com>.

<sup>(2)</sup> According to UNWTO Tourism Highlights, 2010 Edition.

<sup>(3)</sup> See 2010 International Tourism Results and Prospects for 2011 - UNWTO News Conference HQ, Madrid, Spain.

<sup>(4)</sup> See <http://mdrt.ro/comunicare/presa/comunicate> - 10 octombrie 2011 - Comunicat privind participarea la lucrării Adunării Generale a OMT (Organizația Mondială a Turismului).

---

## References

---

Dimanche, F., Jolly, D. (2006). *The evolution of alliances in the airline industry. The international handbook on the economics of tourism*, Dwyer, L. & Forsythe, P. (Eds.), E. Elgar, London

Dinu, M. (coautor) (2003). *Economie și globalizare, în Economie*, Ediția a VI-a, Editura Economică, București

Hjalager, Anne-Mette, „Stages in the economic globalization of tourism”, *Annals of Tourism Research*, Vol. 34, No. 2, 2007, Elsevier, UK

Peric, V., „Tourism and globalization” *Proceedings of the 6th International Conference of the Faculty of Management Koper*, 2005, Congress Centre Bernardin, Slovenia

Reisinger, Yvette (2009). *International Tourism: Cultures and Behavior*, Butterworth-Heinemann, Elsevier, Oxford, UK

\*\*\* 2010 International Tourism Results and Prospects for 2011 - *UNWTO News Conference HQ*, Madrid, Spain

<http://www.mdrtr.ro/>

<http://www.traveltechnology.com>

<http://www.tui-group.com>