

Adaptation of the tourism in Romania to the new economic context imposed by the global economic crisis (in 2010)

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Abstract. *The global economic crisis affected the tourist market from Romania since 2008. 2010 was for the Romanian tourism enterprises the year of successful attempts to respond to the economic and social stimuli imposed by the economic crisis. The way in which they managed to cope with the crisis shows that solutions are available to those who adapt to the conditions of fierce competition.*

The global economic crisis rippled its effects in all areas of activity, tourism included. Some field entrepreneurs consider that tourism will be the most affected sector of services by this crisis because the consumers will leave it at the bottom of the basket of consumption goods and services.

Keywords: global economic crisis in tourism; standard tourism services; personalized tourist packages; coping strategies under crisis conditions; holistic approach.

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1. The global economic crisis – mobilization factor for the economic agents operating in tourism

The economic agents from tourism (owner associations, professional associations, unions, tourism enterprises, tourism organisers, touristic localities and other public or private organisations) show within the present economic and social context, developed because of the crisis, an obvious concern for a better management of their business.

The effects of the economic crisis on the Romanian tourism concerned the stagnation or reduction of the number of tourists which preferred in the past specific forms of tourism, such as the seaside tourism in September and early October. There also was a lower attractiveness of the standard packages of services (accommodation, meals, transportation) to the advantage of the personalized packages.

On the background of the economic crisis, in 2010 changes occurred in the structure of the products basket, both for the natural persons clients and for the corporation clients, who became increasingly attentive to their money and increasingly receptive to promotional offers. Thus, they preferred personalized touristic services adapted to the size and structure of the households whose members travel for touristic purposes. These novel packages include new services as sightseeing touristic localities (cities, metropolis), known as city-break, while for the corporate clients, the complex services packages are charged according to the number of people, social-professional structure of the corporation employees who participate in touristic events (incentive service packages, events such as colloquia, work-shops etc.)

The tariffs for the packages of tourist services are anyhow lower than the sum of the value of the individual tourist services:

$$\Sigma (a + b + c + \dots + n) < (a + b + c + \dots + n), \quad (1)$$

where:

$\Sigma (a + b + c + \dots + n)$ – tariff of the package of touristic services a, b, c, ..., n;

$(a + b + c + \dots + n)$ – sum of the values of the tourist services a, b, c, ..., n, taken separately.

The attractive tariffs correlated with the volume and structure of the demand for tourist services gave a new perspective to the tourism under crisis conditions. Unfortunately, in Romania, few tourist entrepreneurs understood this. Among those who resisted on the market under the current difficult context are those who came with promotional offers in 2009-2010.

In order to hold on a market with fierce competition where only those who react swiftly to the economic and social stimuli can survive, the economic agents must rethink their strategies regarding:

- Volume and structure of the offer (So);
- Volume and structure of the demand (Sc) targeted and/or supplied;
- Used tariffs (Tp);
- Targeted profit margins (Rpr);
- Use or the profit (Upr).

These strategies have been thought holistically so that their effect in terms of efficiency and efficacy of the business or of meeting client requirements are long-lasting and can be applied in the current situation of the Romanian tourist market.

The synergic effect and the holistic approach of the strategies of the economic agents from the Romanian tourists, with the purpose to go past the stalemate caused by the global economic crisis, can be defined as the natural consequence of an economy under reorganisation which needs to move fast in order to survive.

Below is the mathematic expression of the synergic effect of the holistic approach of the strategies to be followed during the time of crisis by the Romanian tourism.

$$\Sigma(EfSo+EfSc+EfTp+EfRpr+EfUpr) > (EfSo+EfSc+EfTp+EfRpr+EfUpr), \quad (2)$$

where:

$\Sigma (EfSc + EfSc + EfTp + EfRpr + EfUpr)$ – synergic effect of the holistic approach of the strategies to be followed during the time of crisis by the Romanian tourism;

$EfSo$ – quantified effect of the volume and structure of the touristic demand on the efficiency and efficacy of the tourism business and meeting client requirements;

$EfSc$ – quantified effect of the volume and structure of the targeted demand on the same elements;

$EfTp$ – quantified effect of the used tariff on the same elements;

$EfRpr$ – quantified effect of the targeted profit margin on the same elements;

$EfUpr$ – quantified effect of the profit utilization on the same elements.

Regarding the volume and structure of the offer, the economic agents from the Romanian tourism adopted a policy of offer which ranges from promotions such as “pay for one tourist and go two on holiday” to giving up some (standard) packages in favour of others, complex and novel, such as

touristic circuits involving agro-tourism, ecologic or cultural tourism combined with the active tourism (learning foreign languages at conversation level, learning folk dances or crafts at basic level).

The early planning of the vacations at the Romanian seaside by the program Early booking initiated by ANAT Romania is another offer with impact on the tourists who could benefit of holidays cheaper by 20-30% by paying in advance for the tourist services.

Regarding the volume and structure of the targeted demand, the economic agents from the Romanian tourism adopted a policy ranging from meeting the demand of the clients with large and very large incomes, yet attentive to the implications of the crisis on their lives, to meeting the demand from the clients with medium or low incomes, affected more by the crisis and its effects (lower household incomes and unemployment).

The professional and owner associations from tourism also proposed strategies to go past the stalemate, orienting towards a diverse demand that goes from individual clients to organised groups of tourists and corporations.

For the individual clients, the strategies regarding the targeted and met demand rely on a staff policy oriented towards inducing the state of comfort, given by the amiability and knowledge of the staff from hotels and travel agencies regarding the visited area.

For the corporate clients, as targeted demand, the economic agents from the Romanian tourism diversified in 2010 their staff strategies and the tariff policies in order to attract clients with financial power for long-time relations, such as the travel agency Accent Travel & Events, whose clients are corporations such as: Carrefour, Realitatea Tv- Cațavencu, MKB, Romexterra Banke, OMV Petrom, Orange.

If we refer to the tariffs charged by the hotels from Romania, the opinion of tourism entrepreneurs is that they were high in 2010, related to the level of service quality, and that the hotel market can stand tariff reductions. Other tourism entrepreneurs claim that the accommodation tariffs decreased by 10-35% in the first six months of 2010 compared to the same period of 2009, which means that the Romanian market adapted quickly to the economic and social stimuli and that it wants to increase in volume by drawing new clients. The drawn demand is favoured by correct tariffs correlated with a given quality of the touristic services. Under these conditions, large turnovers can be obtained, from low tariffs charged to large numbers of tourists.

The tariffs for the meals services increased in 2010 compared to 2009, because the VAT increased from 19% to 24%. This is why a policy of proper assortment of meals correlated with a careful selection of the suppliers, the eatery units (restaurants with particular meals, fast-food restaurants, pizza, bars,

pubs, cafeteria, etc.) may adopt policies of price and tariffs which may meet the most exigent taste, adapted to the principles of sustainable consumption and eating traditions of some consumers who live and act on a rapidly changing market.

The tariffs for tourist transportation decreased in the first six months of 2010 compared to the similar period of 2009.

The global economic crisis affected obviously the world tourist flows, which decreased in 2010 compared to 2009. A decrease of the airplane tickets price was noticed in mid 2010, which increased the demand for air transportation. This phenomenon increased the number of airborne passengers to the detriment of the clients for alternative transportation ways.

The economic agents from the Romanian tourism internationalized the services of tourist transportation for the module of road transportation. The reason is the interest of these entrepreneurs to provide good quality services, at the required moment and in the way the tourists demand them. This new way of doing tourism business appeared on the background of the economic crisis and materialized for the Romanian travel agency TravelBiz in the purchase of automobiles for the transfer of tourists from the airport to the hotel and back. The investment amounted to 250,000 Euros.

The decrease of the tariffs and fees for tourist services will decrease the profit margin of the tourist agents. Thus, some entrepreneurs estimated that their profit decreased by 15-25% in 2010 compared to 2009, even if on some segments the turnover increased due to the higher number of tourists.

Within the context created by the crisis, in which the profit decreased and the tourism agents aim just to cover their costs for the design, production, distribution and consumption of tourist services, the low profit will have to be properly administered, mainly, for investments.

2. The market of tourism agencies in Romania within the context of the economic crisis

The market of the tourist agencies is the place where the demand and offer meet, consisting in Romania of all the travel agencies clients (individual tourists, groups of tourists, corporations) and of all the travel agencies (about 2,700 in 2010).

Within the current economic and social context created by the global economic crisis, we noticed a substantial modification of the strategies of the travel agencies with the purpose to remain in business and to make the least profit which to promote their development.

The first decrease in the past 10 years on the Romanian market of travel agencies was noticed in 2009, the decrease ranging between 8% and 42%, according to the estimation of some entrepreneurs (ANAT Romania, 2010).

The activities that were affected most by the economic and social situation were the airplane tickets sales and the travels abroad, which account for over 50% of the turnover of the top five travel agencies from Romania.

Bringing the foreign tourists to Romania continued to be a problem in 2010, the tourism operators staking less on incoming (bringing tourists to Romania) and more on outgoing (sending tourists abroad) to increase their business.

The table below gives the turnover of the main travel agencies operating in Romania in 2008 and 2009.

Table 1

Turnover of the top five travel agencies operating in Romania

- Million Euro -

	Travel agency	Year	
		2008	2009
1	Happy Tour	50	29
2	Aerotravel	35	28.4
3	Eximtur- Cluj	40.3	27
4	Marshal Tourism	28	21
5	J'info Tours	N/A	14

Source: Travel agencies and the Ministry of Public Finances.

As it can be seen from the table, all five travel agencies operating in Romania displayed substantial decreases of their turnover in 2009 compared to 2008. Otherwise, 2009 was considered by the specialists in Romanian tourism the most difficult year from the start of the world economic crisis. In this year, 2009, about 10% of the small and medium travel agencies disappeared from the Romanian market (ANAT Romania, 2010).

The changing behaviour of the travel agencies clients due to the world economic crisis determined a change of behaviour of the active travel agencies. Thus, they diversified and personalized their offer depending on the demands of the tourists and taking into account their purchasing power.

For the individual tourists, the post-crisis offer of the travel agencies ranged from early booking at the seaside at attractive tariffs (25% lower in average compared to the usual tariffs) to tourist programs to spend vacations in spas, at attractive tariffs, from 270 lei/person to 750 lei/person, depending on the accommodation and treatment conditions (2009).

For the corporation clients, the post-crisis offer materialised in business and events travels and less in incentive packages, due to the difficulties confronting the corporations.

In order to stay in business, the Romanian travel agencies invested a lot in touristic promotion and advertising. These amounts varied in 2008-2009 between 10,000 and 500,000 Euros per travel agency (ANAT Romania, 2010).

The effect of these promotion campaigns materialized in a higher demand both from the individual tourists and from the corporation clients, which turned into a good turnover, able to cover the costs with the production, distribution and consumption of tourist services.

The higher demand for tourist services was the result of a larger number of tourist packages of programs and less to the tariffs. The demand increased because the offer of the travel agencies adapted to the demand of the clients. To this purpose, the travel agencies passed from seaside offers in September-October to special autumn offers, such as city-breaks which offer urban tourism combined with cultural tourism, as innovative element.

For the business tourism they passed from the traditional incentive packages to business travels, which were more profitable and with a better demand during the crisis period.

The low tariffs for the passenger transportation by airplanes enabled the most sought forms of the business travel to have, in 2010, low tariffs, related to the package of tourist services.

For the outgoing tourism, the Romanian travel agencies renegotiated in 2010 the tariffs for the charter flights to Greece, Turkey and Spain, in order to have as attractive as possible offers in terms of services and tariff.

The conventional holiday packages from the past decades have been replaced by novel and vivid holidays. The development of the tourist services followed the main objectives of the travel agencies (larger volume of tourist activity, larger time and space dispersion of tourist flows, higher profits from the services), being thus conceived as to meet the following requirements:

- The range of provided services must be able for stimulating by their diversity and attractiveness for each tourist, so that they demand as many services as possible, and interested to prolong his/her journey, may come back next year to the same spot;
- They must provide alternatives and possibilities to spend the spare time in a pleasant way in any circumstance and at any time of the day; they must allow the substitution of a variant of services with another variant, with similarly attractive content, able to meet fully tourist preferences;

- They must allow compensating the worldwide decrease of the volume of tourist activities, the shorter average period of stay in a spot, by intensifying the attractive offers.

The travel agencies of the future are those that will adapt to the market. They will have to make commercial alliances with the suppliers and become different from their competitors. The internet is an efficient and attractive channel for the distribution of tourist services, which compels the travel agencies to make new efforts towards a diversified and personalized range of tourist services.

If the travel agencies will be able to adapt to the new technologies, to really understand the needs and wishes of the consumers and to develop new services for them (such as personalized services), the internet will not be able to become a substitute for the travel agencies. The strength of the travel agency resides in its closeness to the consumer, in keeping permanent contact with him/her and in providing diversified and personalized tourist services.

In conclusion, the economic agents from the Romanian tourism coped rather fast with the new economic and social conditions created by the crisis, which fostered those agencies which resisted to the shock and were not eliminated from the market. The new economic and social context imposed new behavioural rules for the tourist enterprises, ranging from a new human resources policy, to the strategies for a rapidly-changing market and to the use of the decreasing profit.

Notes

⁽¹⁾ See www.anat.ro

⁽²⁾ See www.daily-business.ro

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