

# The Romanian Tourism During the Economic Crisis – Where To?

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*Abstract:* It has been a year since the crisis has shown its "teeth" in Romania as well, implicitly in the Romanian tourism: bankruptcies, huge bank interests, financial blockings, lack of cash and thousands of unemployed people are some of the effects of the crisis. What have the travel companies and actors from this field and the people learnt from this crisis? This article is currently trying to present the most visible painful metamorphosis for the Romanian tourism, trying to make a correct diagnosis of the phenomenon. How do we survive the crisis? Despite all the predictions of the analysts, no one can say exactly when the crisis will end, as no one had anticipated when it would begin.

Business representatives have thought of a few solutions to survive crisis: low budget spending, a real policy for the recovery of the economy and for the solution of the economic and financial blockings, increasing consumption and exports, balance of exchange rate.

*Key-Words:* tourism, sustainable, economic crisis, diagnosis, tourist destination.

## 1 Introduction

The number of tourists who have spent at least one night in Romania in 2009 has dropped significantly amid the crisis. Of the 4.3 million foreigners who have visited the country, only half have stayed more than one day. Meanwhile, many Romanians have decided to give up spending holidays in the country, although, according to a specific analysis, accommodation rates have decreased nationally by up to 20-30% compared to 2008.

The number of foreign tourists who visited the country in the first seven months of 2009 decreased by about 14% over the same period last year, to 4.29 million, according to official statistics. These show

that only a little over 1.5 million tourists spent the night in our country, while other 719,000 stayed more than one night.

## 2 Problem Formulation

Most foreign visitors come from European countries such as Hungary, Bulgaria, Germany and Italy, according to the National Institute of Statistics (INS). The data show that overnight stays recorded in the tourist reception facilities during January 1 to July 31 totalled 9.3 million, down about 17% compared to the same period last year. Of these, the stays of the Romanian tourists represented 83.8%.

Regarding the accommodation on several days, a decline of 13.6% was observed. Thus, there were recorded 3.45 million arrivals, of which 79.2% of Romanian tourists, and 20.8% of foreigners. However, the net utilization of accommodation in the same period was 26.9% on all tourist accommodation structures, declining by 6.5 percentage points. On the other hand, the customs points, 6.8 million departures of Romanian tourists abroad were recorded, down by 3.3%.

At the seaside, prices went up over the weekend, faced with the declining number of tourists, but also with a strong competition due to the increasing number of hotel rooms in service. The hotel managers came up with more tempting offers, according to the people in the field. "The largest decreases of tariffs were recorded in the capital, afferent to the segments of hotels 3, 4 and 5 stars, which reported mean decreases from 25% to 30%. The same happened to the hotels in Europe, which continued, amid the crisis, to lower their prices, but the biggest reductions were recorded by the hotels in Moscow. With a decrease of 20.6% compared to the third trimester of 2008, Bucharest occupies the fourth position in the top 21 rate reductions and the 21<sup>st</sup> place in the hierarchy of the most expensive European cities. In a ranking of 30 cities, drawn up by the booking service, Geneva is the most expensive European city in terms of average tariff per room, of 195.29 euros.

Prices charged by hotels in the Swiss city fell in the third quarter of this year by 11.4% compared to the same period of 2008, when it increased to 220.51 euros. Geneva occupies the leading position worldwide as well, ahead of cities like New York (151.33), Tokyo (118.09) and Dubai (112.26).

In Romania, in the provinces, the tariffs have been slowly reduced, by about 8%, and in some tourist areas such as spas, the managers from the tourism field have managed to maintain last year's tariffs", according to an analysis of Capitan.Go, conducted at the level of 600 hotels in the country. The same study shows that, in the Prahova Valley, the largest price drops have been at 4 and 5 star hotels, with about 20%, the price per night being 67 euros, 82 euros respectively. At the same time, for 2 and 3 star rooms, prices have fallen by 13%, to 40-53 euros. Instead, at the seaside, frequent fluctuations of prices have been observed at the weekend, when the maximum number of customers has been recorded.

One aspect of tourism at the seaside, amid the crisis, is the sale of the rooms with high demand for the weekend at extra prices, justified by several advantages, such as the sea view, an upstairs room location or even the increased demand. These

practices are not encouraged in terms of the responsibility towards the customer.

Romania has ceased to be an attractive tourist destination because of the competition, of the limited supply, of the inadequate infrastructure and services, according to the tourism development strategy published by the Romanian National Tourism Authority (NTA).

### 3 Problem Solution

According to the strategy, the Romanian tourism offer faces more problems. All the types of programs offered by Romania face a stiff competition on Western European markets, while competing destinations offer a wide range of facilities for all categories of tourists. Also, the Romanian offer is limited, restricted to a few resorts and there to only a few hotels. The services are inferior to those of competing destinations such as Bulgaria, Turkey, Greece and Cyprus, while the entertainment is not up to the level of the other destinations.

These problems add to inadequate road and technical infrastructure, lack of superior hotels in major cities and tourist resorts of international interest.

In terms of quality-price report, Romania has ceased to be an attractive tourist market (see the worst indicators giving Romania a competitive disadvantage as a tourist destination)-see Figure 1.

The worst indicators	Score on the competitive disadvantage
Quality of roads	2.59
Sustainability of the development of the tourism industry	2.57
The effectiveness of the marketing and brand building	2.43
Tourism rank among the priorities of government	2.41
The enlargement and the effect of taxation	2.12
The transparency of the government policy	2.10
The access to improved drinking water	1.87
The tourism opening	1.86

Fig. 1 Romania: the most important development disadvantages in tourism

(Source: Eurostat, Panorama on Tourism, 2008)

The main causes due to which, compared to other Central and Eastern European countries, Romania modestly presents itself related to the economic performance of the tourism industry:

- lack of a coherent and stable action plan regarding the tourism development and
- lack of investment funds for the general and specific development, rehabilitation and change of the infrastructure, because of the slow and complicated process of privatization, of inappropriate taxation,
- lack of bank loans facilities

However, the tourism sector reform has started later, even if some economic reform attempts have been made since the early '90s, but the duration of their application has been extended on a very large period of time.

However, more researches show that the future of European tourism will focus on the quality of tourist experience - in the sense that they will realize that the destinations which will give increased attention to the environment, employees and local communities, are the most likely to show more care for tourists.

Integrating sustainability concerns into their activities, the stakeholders in tourism will protect the competitive advantages that make Europe the most attractive tourist destination in the world - will protect its intrinsic diversity and variety of landscapes and cultures. Also addressing sustainability concerns in a socially responsible manner, the tourism industry will be able to provide innovative products and services, quality and added value.

As part of the European Union, Romania, volens-nolens, is subjected to approach certain principles in the development of tourism to register itself on the route of competitiveness and sustainability.

**The principles for achieving a competitive and sustainable Romanian tourism should be just those highlighted by the European Commission, which calls on all actors to respect the following principles:**

- **A holistic and integrated approach** - the planning and tourism development should take account all the impacts tourism has. Furthermore, tourism should be well balanced and integrated in the range of activities that have an impact on society and environment.
- **Long term planning** - Sustainable development refers to the protection of the needs of future generations and this generation. Long term planning requires the ability to sustain actions over time.
- **Finding an appropriate pace for development** - The level, pace and form of development should reflect and respect the character,

the resources and the needs of host communities and destinations.

- **Involving all stakeholders** - A sustainable approach requires widespread and committed participation in decision making and implementation by all parties concerned by the results, including a real financial support (see Fig.2).

- **Use of the best knowledge available** - Policies and actions should be developed based on the latest and best knowledge available. Throughout Europe, the information on tourism trends and impacts, on skills and experiences should be shared.

- **Risk reduction and management** (precautionary principle) - If there is uncertainty about outcomes, a full evaluation should be performed and then the preventive measures should be taken to avoid damage to the environment or society.

- **Passing effects on costs** (the user and polluter pay) - the prices should reflect the real costs to society generated by the consumption and the production activities. This has implications not only on pollution, but also on the use of the equipment that generates significant costs of management.

- **Set and respect limits, where appropriate** - the limited capacity of individual sites and regions should be recognized, and where appropriate, the will and the capacity to limit the tourism development and the number of tourists should exist.

- **Undertake continuous monitoring** - Sustainability is about understanding impacts and being alert to them, so that the necessary changes and improvements should be fulfilled.

In the digital economy, in which the client is the "boss" and the attitude of travel agencies is entirely directed towards it, the recovery of the value of the destination Romania should be focused on finding those elements of the conceptual development leading to the satisfaction of the consumer, respectively to the enthusiasm, so that, beyond the stage of "attraction" of the consumer, to ensure not only the preservation, but also the strength of his loyalty.

However, unfortunately the damage done by the bad image of Gypsies will not be deleted for a long time. The aggressive begging, the theft could have been quickly countered by the broadcast, at the expense of the Romanian State, on the foreign television channels of Gypsy palaces built with money obtained by public mercy and by applying the western principles on a minority at that time unable to understand them. Moreover, even for the built palaces "from honest work, the sale of scrap ... (!?)" verification was required not only for the manner in which they had got the scrap, but also for the possible complicity of those who had accepted to collect and reevaluate it. In parallel, the legal situations should

have been clearly marked, not to condemn the ethnicity, but only the individuals whose actions have negative effects on the whole people. The scale of the phenomenon has all the features of a media event, particularly effective, as it may be established empirically by anyone, having a very harmful effect on the tourist promotion of Romania.

"I have begun to study tourism from a new perspective: as a means of mass communication (media). The field is, as shown at a first glance, huge and theoretical research in the field does not exist.

But the history of tourism after World War II shows that there were, in many countries, well outlined guidelines for the purposes stated. The collapse of the "wall" and the recent years show the need for a theoretical system and a practice in using this tool, in the construction or destruction of social movements by persuasion, self-suggestion and incentive through tourism." (Globalization and Tourism, the case of Romania, Ilie Rotariu, Ed.Continent, Sibiu, 2004).

Naturally, the economic value of tourism can not be debated, perhaps, as we have said before, it is overbid. But tourism is a "distribution" of knowledge about a region, a community, raising the quality of tourist experience, but also a perpetual metamorphosis of its components that complement the identity in time and space.

If besides the conditions of economic uncertainty of the major economies of the EU the prospects of terrorist attacks or the reactivation of the old conflicts in the Balkans (Kosovo) are added, it is more than likely that we will assist at a constant preservation or even decrease of the tourism demand in Europe. Given that all countries in the region (Bulgaria, Hungary, Romania, Turkey, and Greece) want an increase in international-receiver flows, each will show a strong competition, and Romania can be disadvantaged because of the tourism policy manifested at the moment.

**Globalization** can bring, in turn, besides the positive effects of the enhanced investments, the increasing employment, negative effects as well. The latter will be felt especially in the cultural field by damage, for the sake of higher profits, of the customs and of the traditional lifestyle. Thus, traditional dishes will be attuned to tourists' tastes, customs and folk traditions will be in danger of becoming synonymous with Kitsch and cultural values of people will change after the dominant cultural values, at the moment from the American culture.

For example, although we have a specific holiday devoted to lovers, "Dragobete" (February 24), celebrated for hundreds of years in Romania, we replace it with an imported holiday, "Valentine's Day" (February 14) due to the afferent return: small and

large gifts between people in love, flowers, parties. In popular tradition, this celebration has its origins in the cycles of nature, especially in the world of the birds. Not incidentally, the bird was considered one of the oldest gods of nature and love.

This is one of the negative effects of globalization, the tourist being interested not only in the natural and human resources of a country, but also in aspects related to the cultural values, customs, traditions and specific holidays.

Thus, the great diversity of tourist consumption components led to the need to develop comparing value indicators of this specific consumption of goods and services. Thus, researchers use the so-called "**tourist basket**", which expresses the total value of services and goods (services) consumed by an average tourist during a holiday (day of stay, average stay etc.) at a tourist destination.

For example, the rural areas invest in tourism to diversify their economies, necessary for their growth, employment and sustainable development. They offer real opportunities as attractive places in which to live and work, whether as a reservoir of natural resources or as valuable landscapes.

In this context, EU policies need to ensure coherence and synergies between them, the preservation of the natural environment and the protection of the rural areas.

Tourism can also contribute to the sustainable development of urban areas by improving business competitiveness, social needs satisfaction and by preserving the cultural and natural environment.

To be successful in all areas, urban destinations have to adopt a global approach based on sustainable development principles which should be acknowledged and supported by public policies at all levels, including at a European level.

The imperative changes that must be reflected in the policies of the tourism industry post-economic crisis are:

- **The focus should move on the general economic development, rather than on uncoordinated and inconsistent measures targeted for tourism industry**

- **Promoting a tourist oriented policy, instead of the priority given to tour operators and - to a lesser extent - to the local tourist accommodation industry**

- **Improving communication through smarter actions to create brand and advertising**

- **Networking industry by excellence, Romanian tourism has even more potential than other areas of the economy of a country.**

- **Tourism has been defined as a system in which the interdependence is essential and the**

**cooperation among various organizations in a tourist destination creates the tourist product.**

- **Under the impact of globalization**, the development of tourism in each country in the world is possible only if an optimal public-private partnership exists;

- **There is not a real public-private partnership** in this sector and the competent institutions creating a specific education and a conduct to support a sustainable development of Romanian tourism do not make the necessary efforts;

Basically, in this context of the crisis, Romanian tourism needs to maintain the accommodation capacities and has to improve the services. The real benefits will be obtained later.

The effects of global financial and economic crisis are felt by all the market players, regardless of their domain.

International monetary policy, in early 2009, will reach especially the "engine" sectors of the economy, including tourism. In this respect, I believe that the specialized consultancy services for the European funds absorption will be affected on the one hand by the impossibility of the beneficiaries of funds to secure the projects co-finance of the loans attracted, on the other hand the volume of EU funds, allocated under the n+2 rule, will be reduced in the next years.

#### 4 Conclusion

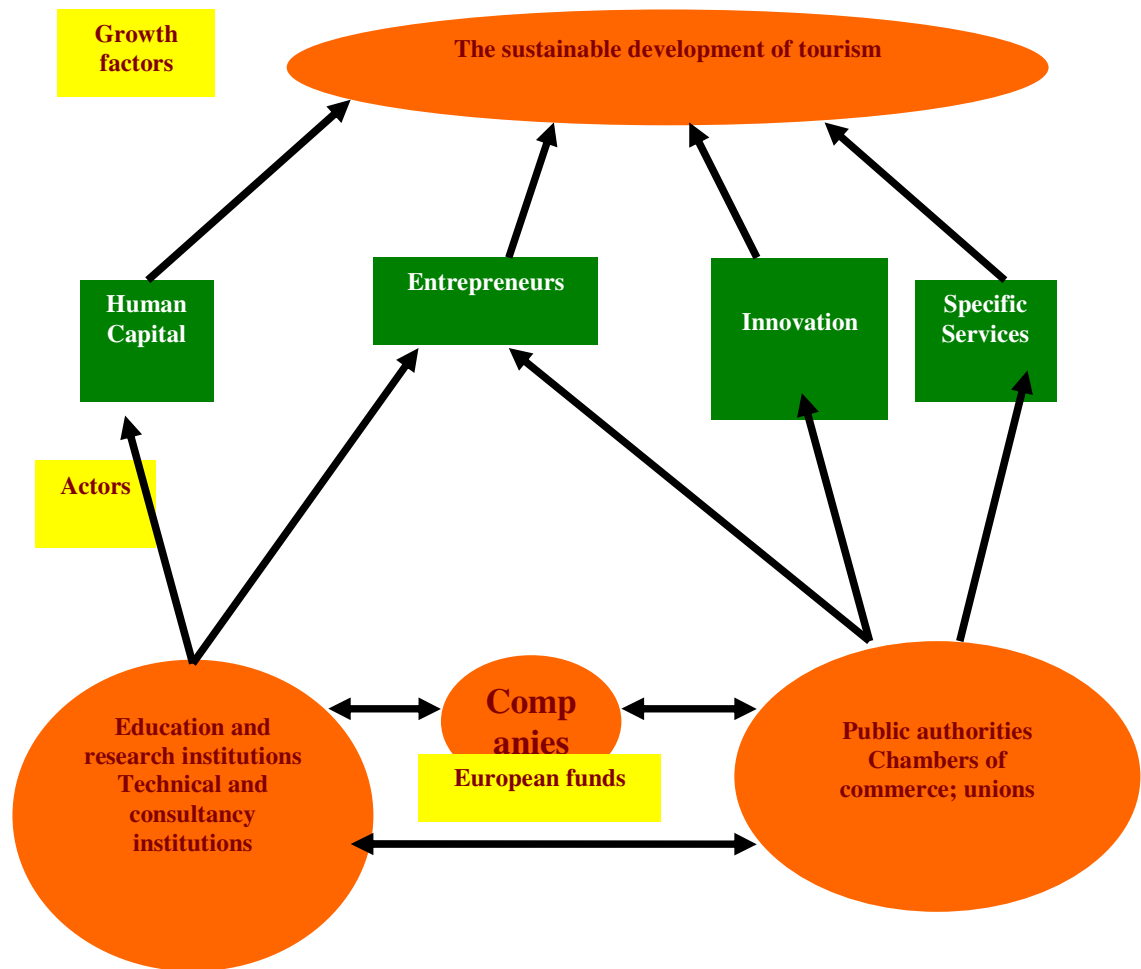
We believe that 2010 will be full of events in the economic-financial sector and a better professional settlement of the Romanian companies, under restricted conditions created by the economic crisis, will lead to the stability of our services. Given the specific Romanian optimism, we believe that we will overcome this global obstacle as well.

Over time, tourism has been seen as geographically dispersed, often in remote areas from the source markets, consisting of small independent business with a high fluctuation of the staff operating in a turbulent business environment, however, the survival of the operators largely depends on the collective action, on their cooperation.

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*Fig. 2 Stakeholders' involvement in the sustainable development of tourism*