

GLOBAL CHALLENGES AND TRENDS IN THE TOURISM INDUSTRY; ROMANIA, WHERE TO?

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Abstract

In the context of an increasingly dynamic global society, adapting to new market conditions becomes a necessity, so that mutations in the tourism industry, as the economic sector to record the fastest ascent, become part of worldwide change. Tourism in the 21st century meets new dimensions as a result of unprecedented economic and technological expansion, the implications of these changes being profound and sometimes even difficult to explain or quantify. Therefore, defining an adequate tourism offer and adapting to market requirements become real challenges for economic agents, challenges that must be managed carefully in order to attain success. Currently, the focus is mainly on the technological factor and the sustainability of tourist activities, which become real progress binders, with strong influence on the entire supply chain. Global outlined trends define new ways to practice tourism, so that the technological evolution marks the transition of the entire travel experience from the offline to the online environment. The mobile segment is the one currently creating the newest opportunities for the development of tourist services, which is based on an increasingly close relationship between operators and tourists. It is to be seen whether Romania, as an emerging tourism market, which owns all necessary assets for a rapid and strong ascent, will be able to turn challenges offered by global dynamics into opportunities or will face the risks induced by it.

Keywords: globalization, information and communication technology, sustainability, tourism performance, travel trends

JEL Classification : F62, L83, O32

1. Content

In recent years, the tourism industry has proven to be a strong sector, with an extraordinary ability to adapt to the new economic climate and with an important contribution to the overall economic recovery, generating important financial resources and creating numerous jobs. Currently, it contributes as per 9.6% (7,291.27 billion USD) to the formation of worldwide Gross Domestic Product. In addition, almost 9% of all the employees around the world (272.42 million occupied jobs) come from tourism, which means that one in 11 jobs worldwide belongs to this sector. [14]

In 2014, the number of international arrivals has reached 1,138 million, with 51 millions more than during the previous year. The 4.7% increase marks the fifth consecutive year since the start of the financial crisis in 2009 when there is an important rise, above the average, of the number of arrivals (see Figure 1). The most important regional increases were recorded in America (7%) and Asia-Pacific (5%), followed by Europe (4%) and the Middle East (4%), while Africa has seen a modest evolution, of only 2%. [8]

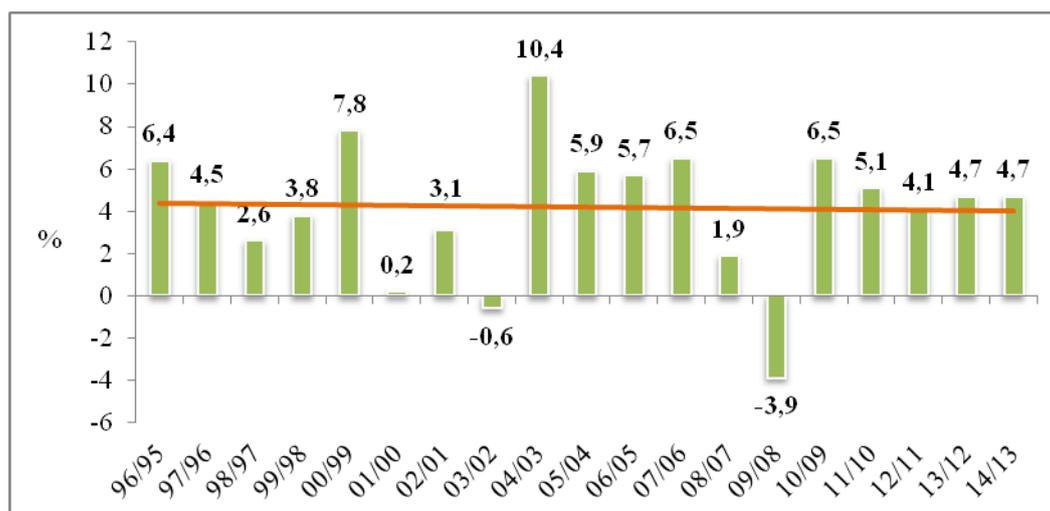


Figure 1 – Year-to-year change in worldwide international tourist arrivals
(Source: World Tourism Organization)

The positive development of the tourism industry will continue in 2015 too, experts in the field expecting even higher performance than recorded last year. According to the World Travel & Tourism Council, in 2015, the contribution of tourism to the global Gross Domestic Product will grow by about 6.5% to 7,765.23 billion USD, while the number of jobs occupied within the sector will grow by only about 2.38% (278.91 million employees worldwide).[14]

The future of the tourism industry stays under the sign of evolution and technology development, but also sustainable development policies or development of new, less practiced forms of tourism, all these marking a redefinition of experiences offered to tourists. The number of tourist arrivals will continue the upward trend in 2015 and will grow, globally, with a rate of between 3% and 4%. It is estimated that the highest values of this indicator will still be recorded in America and Asia-Pacific (increase of 4%-5%). [8] According to an European Travel Commission report, globally, in 2015, the number of tourists will increase by approximately 3.3%, for both inbound and outbound tourism. [1]

Economic growth estimated for 2015 worldwide, largely due to the rise of China, India and the Association of Southeast Asian Nations (ASEAN), will directly influence tourism. Thus, revenues from the tourism industry are becoming increasingly considerable, especially due to Asian tourists with medium and high income, who spend the largest amounts of money when traveling overseas. Although during previous years the economic boom of the BRIC countries (Brazil, Russia, India, China) had a major impact on the industry, the growth pace of these countries has slowed during the past year. However, the BRIC countries are expected to replace the United States of America as the largest economic power in the world in terms of purchasing power parity. Strictly regarding the hospitality industry, sales are growing in this case too, this time due to the high performance recorded in North America and Asia-Pacific.

Current trends in the tourism industry refer, inter alia, to peer-to-peer trips, to cycle tourism, to destination management, to the development of poshtels and, obviously, to the development of the information and communication technology. Moreover, in the next five years, it is expected that the main forces that will majorly influence the tourism industry will be: bookings via mobile devices, an increasingly higher degree of customization of tourism products and services, services offered at destination, peer-to-peer travel. [9]

The increasingly rapid and accentuated development of the information and communication technology still remains one of the most important factors in the transformation of the tourist experience, with a particularly strong influence on the entire tourism industry. Mobile technology has an increasingly higher impact on bookings, on tourists' behavior and on the customer relationship management. Thus, worldwide, the online tourism sales value was of 590 billion USD, which is equivalent to 27% of total sales in tourism. According to the World Trade Market 2014 report, it is estimated that, during the coming years, the most important online travel growth will occur in the Asia-Pacific region (from 90 billion USD in 2013 to 180 billion USD in 2018), as a result of the continuous economic development of the region, still due to China, although at present Southeast Asian countries, such as Indonesia, Malaysia and Thailand, are making significant progress.

Amid the growing number of mobile phones worldwide and the continuous development of smartphones, the mobile segment becomes an increasingly important aspect when it comes to making reservations. The same World Trade Market report shows that bookings made through mobile devices will reach a rate of 35% of all online bookings by 2018. [9] For example, on the Asian market, online tourism is becoming more and more popular among consumers, who prefer increasingly often to make reservations through mobile devices – for the 2013-2018 period it is estimated an

overall increase of 15% for online sales in this region. In addition, the popularity of instant messaging is growing, becoming a powerful rival for Social Media. WeChat, a highly known and used instant messaging service in Asia currently has 440 million active users and it is the second instant messaging service worldwide, after WhatsApp, which has approximately 500 million active users. In order to survive on an increasingly competitive market, it is necessary for businesses in the tourism industry to be extremely responsive and to adapt to market demands, to find and seize opportunities. Thus, the most important online travel agency in China, Ctrip, already sells flight, train and show tickets through WeChat, intending to do so soon with all its products. In addition, the low-cost airline operator Spring Airlines launched a WeChat service in April 2014, which allows users to book flights, make their check-in, check flight schedule and communicate with the company. It is estimated that WeChat has generated revenues of 1.1 billion USD by the end of last year and that this value will increase by 40% in 2015, and due to the rising popularity of instant messaging worldwide, tourism companies will take these services for making reservations and payments, and also for customer relationship management, as they previously did with Social Media.

Globally, portable gadgets, such as smart watches (e.g. *Sony SmartWatch*, *Apple Watch*) or smart glasses (e.g. *Google Glass*), are becoming increasingly important for tourists, these ensuring permanent connection to the Internet and, hence, the possibility of making reservations, and also access to notifications and additional services while traveling. It is assumed that these devices will no longer be a novelty for a long time, tending to be used by most of the mass population by 2016 (sales will increase from 9 million devices globally in 2013 to 180 million in 2016). [9] Moreover, large companies in tourism (e.g. *Expedia*, *Starwood*, *Iberia*, *Vueling*, *Air Berlin*) have already developed special applications for various portable gadgets, taking advantage of a new opportunity appeared on the market; focus is, of course, on enabling making reservations.

In the context of the ongoing development of technology, Social Media remains an equally important aspect, especially when it comes to marketing strategies and customer relations. Currently, the vast majority of brands and major hotel chains are present on *Facebook*, *Twitter* and *Instagram*. However, the mere presence becomes insufficient nowadays, and companies that record the highest level of success in Social Media are those that use content extracted from the online behavior of customers or potential customers. In this regard, an interesting opportunity is represented by the new trend arising from the present behavior of tourists – the use of braggies. Braggies are the new selfies, a new, fast and efficient way through which tourists can brag to friends about the place where they are. According to statistics, on vacation, they are taking photos during the first 10 minutes after they arrive at the hotel, and the most popular pictures posted online are those that include the view from the hotel window, the bed in the room or the landscape. Braggies can easily transform into a way of promotion, even involuntary, especially for hotels. Thus, in response to the growing popularity of braggies, there are hotels that already offer rewards to customers who post on Social Media channels; examples in this respect are special programs, such as *Marriott PlusPoints* (it offers points for check-ins and photos) and *Omni Hotel Summer Passport* (it offers the opportunity to win a trip by lot of the names of the ones posting).

Another trend that is increasingly emerging in the tourism industry, closely related to technology, is represented by peer-to-peer trips. These are cheaper than traditional travel options, with a high popularity in Europe, where economic growth is still modest and, thus, disposable income of tourists as well. Peer-to-peer (P2P) is a non-commercial alternative to the traditional accommodation, food, transport or guide services – people rent their homes and means of transport to tourists, they organize guided tours, meals are provided in their or in other locals' homes, all these details being set through the Internet (there are already specialized sites in this new type of tourism – e.g. *airbnb.com*, *homeaway.co.uk*). Thus, peer-to-peer tourism not only offers lower rates, but especially authentic experiences, increasingly popular among tourists. Currently, the most attractive element is represented by meals taken together with locals because traditional food is considered to be the best way to discover a destination. In this respect, there are even websites that facilitate the interaction between locals or indigenous chefs and tourists – *eatwith.com*, *bookalokal.com* (the latter also offers cooking courses at destination, workshops, thematic tours etc.). Tour operators and travel agencies are becoming more and more interested in collaborations with companies that offer peer-to-peer food services, in order to diversify the supply and improve tourist experience (for example, recently, *TripAdvisor* purchased *La Fourchette*, an online European restaurant bookings service).

The global economic crisis has determined the change of consumption habits, so that the demand for low-cost travel has become increasingly greater. However, although current market conditions determine for tourists the willingness to travel with costs as low as possible, they seek valuable travel in terms of offered experiences, but also unconventional accommodation which should normally involve relatively high costs. For example, in the UK, in response to these mutations, hostels are increasingly transforming and become poshtels in an attempt to compete with boutique hotels, offering high-tech facilities, restaurant, Wi-Fi and breakfast. The "poshtel" concept is becoming more and more popular among young people, families, business people and individual travelers who appreciate the social side of hostels, at rates starting from £12 (about 15 Euros). The hostels segment is expected to increase by about 3% annually in the 2013-2018 period, and Generation Y may represent the target customer segment for poshtels, their success depending greatly on reducing operational costs as much as possible (e.g. through implementing online bookings). [9]

It is increasingly obvious that tourism in the 21st century does not mean anything it meant classically anymore; tourists seek new, unusual experiences, so that practiced forms of tourism are increasingly diversified. In America, for example, cycle tourism is becoming extremely popular, due to the fact that cycling replaces golf, considered as one of the continent's traditional sports, more and more frequently. The popularity of golf fell from 25 million players in the early 2000s to 19 million players in 2013, while cycling has increased by 0.3 million practitioners in only one year (from 3.5 million practitioners in 2013 to 3.8 million in 2014). [9] This trend also transposes into the tourism industry, cycle tourism is increasingly frequently preferred to golf tourism, so that tour operators registered, since 2009, a 70% increase in sales for cycle tourism packages, preferred destinations being those in Europe and California. In addition, according to recent studies, cycle tourists spend 20% more when on a trip than a common tourist (an average of 744 USD per day), which also means higher revenue for the tourism industry. In this context, due to increased demand for active holidays, cycle tourism will continue to grow, the target segment being represented by generation X. The development of specific infrastructure for practicing cycle tourism is currently blooming, even in new destinations for this sport, such as Costa Rica, and resorts offer more and more amenities for cycle tourists.

On the same pattern, in Africa, surf becomes increasingly popular, especially since the development of tourism in this region is currently supported by robust economic growth. Until recently, surf was only popular in America, Europe and Australasia, but Africa is currently targeted by the International Surfing Association (ISA) due to its natural landscape which is appropriate for practicing this sport (26.000 km of coastline, waves more suitable than in other destinations). Extending this sport on the African continent becomes a priority, especially in terms of tourism development and creation of new jobs. South African tour operators sell surf holidays for families in destinations like Madagascar, Zanzibar and Mozambique, while British companies specialized in selling surf packages especially sell surf destinations like Morocco, Ghana, South Africa and Mozambique as "surf adventures". It is estimated that during the next five years, Sierra Leone, Liberia, Ghana and Côte d'Ivoire will benefit the most from the development of Africa as a surf destination due to their natural resources. These are currently building the West African Surfing Association and promote tourism through surf, and in the future, combining surf with other African attractions (e.g. safari) will be one of the main ways to attract tourists with higher income, willing to spend more at destination, thus supporting the development of tourism.

Strictly regarding the hospitality industry, its evolution will be significantly marked by consumers, their attitude and behavior changing more and more rapidly and significantly. On mature markets, such as the United Kingdom and the United States of America, the industry will grow mainly due to the Baby Boomer generation (45-64 years old, now with important financial resources and more available spare time) because only in the United States of America, by the end of 2015, Baby Boomers will represent 60% of the nation's wealth and 40% of the total expenditure. [3] They adopt travel habits previously associated with younger generations; however, they are more experienced and always looking for something new, something they have not seen or done yet, wishing authentic experiences and adventure (in their case, for example, voluntourism or trips that are based on hobbies, such as painting or archeology, will be successful). On the other hand, on emerging markets, such as India and China, the middle class is growing more and more; in China, GDP per capita in 2015 will be twice as that in 2010, so that people will have more disposable income to devote to the hospitality industry.

According to the most recent studies, the success of the hospitality industry will depend heavily on offer differentiation and transparency in tariff setting. In addition, whereas until recently the hospitality industry development focused mainly on the upscale and luxury segments, midscale and budget hotels belonging to a brand will have the greatest potential in the near future, due to the middle class, which is more and more extensive, and also to the consumers' increasing trust in products and services offered by international brands. For the luxury segment, for example, the more saturated main destinations become, the more the brand becomes an important factor in the choices of tourists; at this level, the differentiation of products/services is essential, uniqueness and innovation increasing market share. Brands success depends however mostly on human resource and how this manages to convey the brand's values, thus justifying the fact that staff usually represents about 45% of total operational costs. Moreover, it was demonstrated that there is a high degree of correlation between a company's ability to maintain its staff and customer satisfaction.

Technology is, obviously, a progress binder for the hospitality industry as well, and future key issues relate to online bookings, mobile technologies, customer relationship management, social networks and the use of smart cards. The future of the industry will be shaped according to market requirements, so that, for example, innovations regarding the technology used in hotel rooms will be more numerous, but consumers and not the management of the hotel will be the ones to decide which these will be. Investment in technology becomes a desideratum; keeping up with technology is no longer an option, but a necessity. However, expenditure in this respect is lower than in other sectors, and the situation seems that will not be changing either during the coming years.

Regulatory pressure, economic pressure and stakeholder pressures will contribute to the growing importance of sustainability for the hospitality industry, so that social and business norms will change with a stunning speed. For example, according to some recent studies, 95% of business travelers believe that the hospitality industry should have more and more "green" initiatives. In this context, interest increases especially for reducing costs and the amount of

waste, so that more and more technologies based on artificial intelligence will be used in order to more accurately predict the demand for food and drink.

In recent years, operators in the hospitality industry and online travel agencies were often in conflict (e.g. distribution negotiations between IHG and Expedia or between Choice Hotels and Expedia), but, despite this, most often, the two categories have the same strategic objectives. Although hoteliers are afraid that, through online travel agencies, they will lose control on tariffs, everyone is increasingly aware that cooperation will benefit both sides. Among the common objectives can be included maximizing the degree of assets utilization, reducing costs, creating a trusted brand and offering differentiated products/services. For example, for online travel agencies, working with the hotel industry brings more opportunities to obtain information about the consumption behavior of tourists, and a long term collaboration in the case of emerging markets provides a faster penetration on these markets, with better results.

As concerned to the tourism industry in Romania, the outlook is extremely optimistic, with a focus in particular on authenticity. For example, Maramures will be included in National Geographic's "Best Trips 2015" list, being the only destination in Central and Eastern Europe considered in this selection. Romania is widely regarded as one of the emerging countries with a major development potential in terms of tourism. In a recent ranking conducted by Lonely Planet regarding destinations with the best price-quality ratio in 2015, Romania ranks ninth, due to the existence of air connections with the entire European continent (especially through low-cost airlines) and to price comparability with existing more popular destinations in the region.

Year 2015 will mark, for Romania, a new stage in the progressive development of tourism, focusing on promoting the country worldwide. An important event which will contribute to this endeavor is the designation of Cluj-Napoca as the European Youth Capital for 2015, an increase being estimated in the number of tourists by 20% by the end of this year and by 23% in the 2016-2018 period. In addition, 1 million Euro has recently been allocated for promoting Bucharest and Romania, during February-May 2015, the contribution of the Authority for National Tourism (ANT) being of 750.000 Euros, while the remaining 250.000 Euros represents the sponsorship of National Geographic. Romania will thus be promoted in ten countries, including France, Germany, Italy, United Kingdom, Poland, Russia, Spain, India and Abu Dhabi, through the broadcast of a 45 minutes documentary and four videos of 30 seconds each.

Clearly, the dynamics of tourism in Romania is significantly influenced by worldwide challenges and trends. Important changes occurred due to the development of the information and communication technology are currently the most visible, and businesses in the tourism industry seek to increasingly align to consumer requirements. Nationally, according to a Kayak.com study, 99% of hotels offer free WiFi access to customers, Romania becoming a world leader in this regard. In addition, Bucharest is placed first in a ranking of European capitals according to the average speed of the Internet connection; users enjoy faster speeds than in other major capitals such as Paris, London or Berlin (an average of 81,18 Mbps). [10] This turns into a major competitive advantage for the Capital, which is the top destination in terms of business tourism in Romania, given that this segment represents more than 40% of domestic and incoming tourism, with a strong influence on the whole tourism industry.

In an increasingly tech society, where tourists do not conceive even vacations without an Internet connection, these aspects are essential when it comes to choosing the destination for travel. Using technology to an increasingly large extent also translates into a higher need for tourists to enjoy different products and services, as well as facilities once unimaginable. An example in this respect is represented by the possibility to virtually visit museums, and in Romania there are already several museums that have aligned with the new trends and that offer this option – the National Art Museum, the "Grigore Antipa" National Museum of Natural History, the Romanian Peasant's Museum, the Museum of History. Moreover, at the Romanian Peasant's Museum, visitors can find information on exhibits using QR (Quick Response) codes, in Romanian, English and French, this being a major advantage for foreign tourists who no longer have to purchase guide services separately (which, moreover, may not be available).

Globally, tourists' preference for hotels belonging to an international chain is growing, and Romania can make the most of this opportunity, especially considering the fact that, at the national level, only 7% of the hotels are affiliated to a chain (compared to a 22% average in the European Union). [7] Thus, some of the major global hotel chains, such as Hilton or Ramada, take into consideration making investments in Romania, Hilton being the most active at present, as it aims to reach a total of 15 units opened in the country by the end of the year (currently there are 12 units opened); the company is mainly expanding outside Bucharest, where the supply of luxury and mid-range hotels is much lower than in the Capital.

City breaks are becoming increasingly popular among tourists, but also increasingly offering for tour operators; Romanian tourists' preferred destinations are Budapest, London, Milan, Paris and Prague. Shopping tourism is booming for Romanian people with above average financial possibilities, especially given that few luxury brands are present on the Romanian market. Also, journeys for participating in sports or cultural events are becoming more and more frequent, especially since there are direct connections to many other European destinations (even with low costs, through low-cost airlines).

2. Conclusions

Despite numerous challenges and the relatively uncertain economic situation worldwide, the tourism industry evolves positively, with significant year-to-year increases. This rise is largely due to the sector's high degree of adaptability to permanent changes on the market, each mutation representing, in one way or another, an opportunity worth to be valued. Trends that currently shape the global tourism mainly arise from the changing consumption behavior of tourists, who become more informed, more active and, thus, more demanding. Although the development of the information and communication technology still seems to outline the ways forward in this area, almost completely transforming the perception over the tourism experience, other important current trends such as sustainable development, tourists' preference for brands, development of active forms of tourism or reducing travel costs are not to be neglected.

In this context, Romania, a country with still untapped enough tourism potential, enjoys a friendly environment for the development of the tourism industry and can strongly take full advantage of the many opportunities drawn on the world tourism market.

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PDF | Tourism in Romania has witnessed in recent years a sinuous evolution marked to a great extent by a multitude of private initiatives and to a | Find, read and cite all the research you need on ResearchGate.Â trend in what the international tourist flow is concerned. Despite the many economic and political global shifts, international tourism continued to expand even beyond any foreseen expectations and predictions. While the.Â Tourism has brought about major. changes in the tourism market: it has emphasized the need to rethink the service industry and the great variety of. customer needs and preferences. One of the many evolutions of international tourism envisions the creation of. Tourism is a fast-paced industry with rapid developments and trends. Read our post to learn about the most dominant trends of 2017. Solo travel. A survey published on the Lonely Planet site has found that 2017 is the year of solo travel.Â Eco-tourism means travelling to a relatively untouched environment with the intention to give something back to the society which you visit. This type of travel gives visitors an insight into the effect humans can have on the environment and for travellers to appreciate the planet more. Itâ€™s very different from the commercial tourism that the majority of holidaymakers go on. Eco-tourism is one of the fastest growing sectors of the tourism industry. Food tourism.