

ROMANIAN TOURISM AND MARKET STRATEGY

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Abstract:

The aim of this paper is to analyse the Romanian tourism market. We included key updates in current years. We presented a SWOT analysis of Romanian tourism and a tourism forecast. The outlook for Romania's tourism industry is broadly positive, with slow but steady growth expected across our key market indicators for the duration of our forecast period (2018-2022). International visitor numbers are set to rise over the medium term.

Key Words: Romanian tourism, SWOT, destination promotion, tourism forecast

JEL Classification: L83

I. INTRODUCTION TO ROMANIAN TOURISM MARKET

Authentic, Natural and Cultural are the essence of Romania. Its tourism industry is poised for solid, though not spectacular, growth. More effective marketing campaigns, primarily targeting regional travel, but also looking at markets further afield, are gradually improving awareness of the country's many attractions. Investment in **new and modernised transport infrastructure** is making Romania more accessible for potential visitors. The growth potential on offer in the tourism industry means that Romania is still attracting significant investment to its currently underdeveloped hotel market.

II. KEY UPDATES IN CURRENT YEARS

The **luxury hotel** segment in Romania is attracting more investment. Owner of the **Le Manoir** group Cristian Preotu has announced plans to open a new luxury hotel in Bucharest in 2019, which will belong to the **Relais Chateaux** hotel network. The group also plans to open a hotel in the Dealu Mare region in 2019. Romania is attracting more investor interest to the underdeveloped hotel market. **Hilton** is one of several leading global hotel groups to expand in the market with the new **Hampton by Hilton** brand hotel recently opened in Iasi and a new **Hilton Garden Inn** brand hotel due to open in Bucharest by the end of 2018.

The number of **flight routes** connecting Romania is improving. **Ryanair** has announced plans to launch a new connection between Jordan and Bucharest later in 2018, though it has also announced plans to close its

base in Timisoara, which will affect flight availability. As well as additional new flight routes from budget airline **Wizz Air**, **Lufthansa** is expanding the number of connections it offers to Romania with the launch of new flights between Frankfurt and Cluj- Napoca and Timisoara.

Based on our current forecasts for the tourism sector, total international arrivals to Romania are expected to increase by 5.8% in 2018 to reach a total of **11.5mn**. The forecast period has been extended to 2022 this quarter. International tourism arrivals are expected to increase by an annual average of 4.9% to reach a total of **13.9mn** (Figure 1). This will provide a valuable boost to tourism-related spending and hotel industry value.

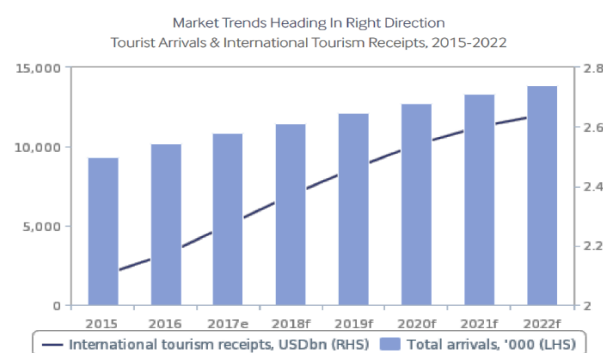


Figure 1. National source, Total arrivals expect and tourism receipts in Romania, 2018

III. SWOT ANALYSIS

3.1. Strengths

- Romania boasts a diverse range of **underdeveloped tourist attractions**, such as ski resorts, cultural destinations, beaches and rural tourism.
- **Low business costs**, such as for labour and property, make for an attractive investment opportunity in an increasingly competitive region.
- The balance of summer and winter attractions reduces the problem of seasonality.
- The country is increasingly connected to major destinations via **budget airlines, such as Blueair, Wizz, Lufthansa**, making air travel more affordable.

3.2. Weaknesses

- Occupancy rates remain low, due in part to a **lack of effective promotion** of Romania abroad.
- The country suffers from a **bad reputation** for petty crime against tourists.
- There is a clear need for increased investment in the refurbishment of public spaces in many Romanian cities.
- Most visitors to Romania are from surrounding countries and tend to have smaller **disposable incomes**, limiting tourism-related spending.

The top four places are inhabited by Romania's immediate neighbours - Moldova, Bulgaria, Hungary and Ukraine - all of which benefit from geographical proximity, lack of visa restrictions, ease of transport connections and lower costs. As a result of this, these four countries account for more than half of total arrivals to Romania. Turkey and Poland, while from Western Europe, Germany and Italy are present, each currently accounting for less than 500,000 arrivals to Romania. Romania's reliance on nearby states is negative for the tourism industry, as tourists from Central and Eastern European countries have **less disposable income**, over the longer term is therefore a key focus for the government bodies responsible for tourism development (Figure 2). As mentioned, such is the over-reliance on regional inbound arrivals that any economic downturn in the region would negatively affect the industry in a major way.

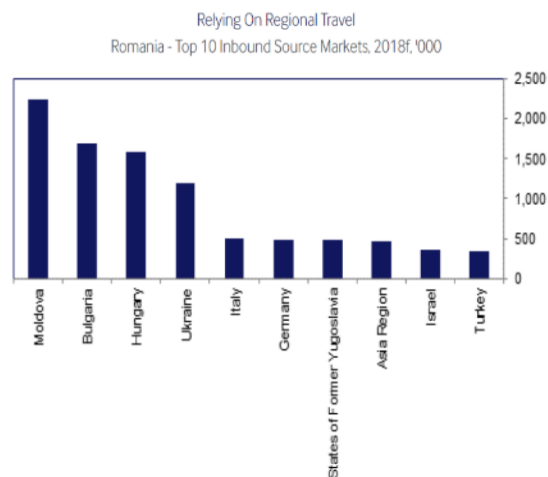


Figure 2. National source, Top 10 inbound Source Markets for Romania, 2018

- **Transport infrastructure** is underdeveloped and a lack of global flight connections hampers access to lucrative markets outside Europe. Romania's tourism industry is poorly developed, suffering from a lack of infrastructure and a relative lack of tourist intake for its size.

The potential rewards from Romanian tourism are also diminished by the dominance of budget holidays, taking advantage of the relative weakness of the **Romanian currency against the euro**, which limits returns (Anca, B, 2017).

3.3. Opportunities

- Much of the **Black Sea** coastal area has yet to be developed, indicating plentiful real estate availability.
- The crisis in Ukraine and the Crimea, coupled with major terrorism incidents in Egypt and Turkey, is diverting holidaymakers and cruises to Romania.
- Major hotel brands are less dominant in Romania than in other countries.
- There is potential for strong growth in **cultural tourism** and **short breaks** to rival other destinations, such as the Czech Republic and Hungary.
- **Eco-tourism (Figure 3)** and **medical/spa (Figure 4)** tourism have been identified as areas of high growth.



Figure 3. Shengnan Yin, Ecotourism in Suceava, 2017



Figure 4. Tripadvisor, Riserva Wine Spa Oradea, 2018

3.4. Threats

- Romania is over-reliant on neighbouring countries, leaving it vulnerable to regional economic declines.
- A further round of sanctions between Russia and the EU could deter Russian visitors.
- The ongoing migrant crisis in Europe could affect border crossings and escalate regional political tensions.
- The introduction of an annual tax on hotels, restaurants and bars with a turnover of more than USD5mn threatens the market.
- Germany, France and the Netherlands remain opposed to Romania joining the **Schengen Visa zone**, which could limit growth for both inbound and outbound tourism.

IV. DESTINATION PROMOTION

The next part of the marketing board's remit is to sell the country outside of traditional source markets by improving its visibility and general image. Using digital market to generate publicity and try to boost arrival number. August 2017 saw the launch of a new travel website, **RomanianFriend** (2018) (Figure 5), which is aimed at promoting lesser-known attractions throughout the country for independent travellers, and works with local guides and small business owners (Romania tourism report - Q2, 2018).

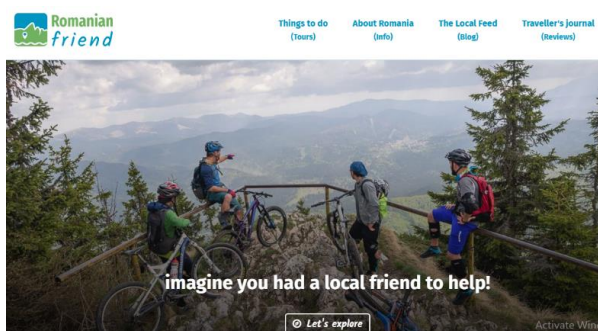


Figure 5. Romania Friend, local & authentic travels by Romania guide, 2018

V. TOURISM FORECAST

The outlook for Romania's tourism industry is broadly positive, with slow but steady growth expected across our key market indicators for the duration of our forecast period (2018-2022). International visitor numbers are set to rise over the medium term. Although visitors still primarily comprise regional travellers, Romania is expected to successfully attract more visitors from affluent markets further afield. This will help to boost tourism-related expenditure and improve hotel and restaurant industry value.

Despite these positive factors, Romania's tourism market remains less developed than those of its regional peers such as **Hungary** or the **Czech Republic**, which have successfully developed reputations as attractive short-haul and city-break destinations for many Western European source markets, as well as markets further afield in North America and Asia. Poor transport infrastructure and limited options in the hotel market have hampered the development of the country's tourism industry. Investment in these sectors over the long term will help to support sustainable growth in **international arrivals**, potentially positioning Romania as one of the most competitive destinations in the region.

As noted above, this growth is expected to continue to 2018, when we forecast further growth of 5.8%, resulting in total inbound arrivals jumping to almost 11.5mn. The country is gradually addressing barriers such as a negative safety perception and visa restrictions, which have, in the past, made Romania less accessible than other regional markets. An effort to open up the country to newer source markets such as **China** can be seen by the relaxing of these **visa constraints**, while marketing campaigns are successfully raising the country's profile on the global tourism stage. According to Romania's tourism ministry, the country is considering partnering with Greece, Israel and Hungary to develop a tourist service package for promotion in major Asia Pacific markets such as India and China. Arrivals from Asia Pacific markets currently make up less than 5% of total international arrivals to Romania but could prove a lucrative source of travel (*Romania tourism report - Q1, 2018*).

We currently forecast annual average growth in international tourism arrivals of 4.9% between 2019 and 2022, giving Romania a total inbound tourism market of almost 13.9mn by the end of the forecast period. This growth will be supported by ongoing improvements in international travel connections, effective marketing campaigns and developments in the hotel sector. We also note that there is some potential for Romania to join the **Schengen visa area**, having received approval from the European Commission in April 2016, which would greatly boost inbound arrivals figures. Latest reports suggest a potential implementation date of 2019, though border issues relating to the movement of migrants and refugees through Eastern Europe are likely to hamper the process.

With a long-term goal of establishing the country as a cultural and historical destination by 2026, First, the plan looks to sustainably grow tourism by improving the collaboration between **private and government stakeholders**, example **developing Ciocanesti area** (Figure 6,7, 8). There has also been the development of a network of tourism information centres in order to make the country more tourist-friendly, as well as helping to develop tourist destinations within the country. **Eco-tourism** and **spa tourism** are areas specifically targeted as potential selling points, to develop the Middle and Eastern Danube regions as historical destinations are also a positive move.



Figure 6. Shengnan Yin, Local private sector rent accommodation, 2017



Figure 7. Shengnan Yin, Local egg printer private sector, 2017 Figure 8. Shengnan Yin, egg museum public sector, 2017



Figure 8. Rvshare.com, outside the travel trailer, 2018



Figure 9. Rvshare.com, Inside amenities, 2018



Figure 10. Rvshare.com, Dining hall, 2018

In order to solve the limited infrastructure, Romania tourism market could introduce **travel trailer /Recreational Vehicle (RV(Ranger, 2018)) tourism**. A travel trailer vacation invites travelers to escape from the usual, well-trodden itineraries of mass tourism, and instead to discover the magic of undiscovered Romania: its borgoes, pristine nature, evocative landscapes and ancient traditions (Figure 8, 9, 10). For example: the **VRshare company** rents 7-9 sleeping capacity travel trailer weekly by 3800 Lei. The travel cost is more than half cheaper than the original Romania travel fee 8055Lei including the bus, train, plane tickets and accommodation. (The estimate original travel fee could be seen on Table 5 are designed for 9 travellers in 1 week trip, itinerary from Bucharest- Sinaia- Brasov- Sighisoara- Cluj- Constanta- Bucharest). The trailer amenities include CD Player, Fire Extinguisher, Refrigerator, Kitchen Sink, Toilet, TV, Shower, Roof Air Conditioning, Microwave, Bathroom Sink, DVD Player, AM/FM Radio and Hot & Cold Water Supply (RVshare, 2018). **Travel trailer/RV** tourism is suitable for family/group travelling, it could be a new tourism product for Romania.

Transport Fee by Each Person			
Day	Itinerary	Km	Price (Lei)
1	Bucharest-Sinaia- Brasov	166	49
2	Brasov- Sighisoara- Sibiu	217	53
	Sibiu- Cluj	198	47
4	Cluj- Constanta	Blue air	250
5	Constanta- Bucharest	225	60
	Total		459
9 travelers1 week tirp fee(including transport and accommodation)			
Total fee: 495*9 +150*6*4= 8055 Lei			

Table 5. Original Romania 1 week travel fee with 9 people, Shengnan Yin. 2018

VI. CONCLUSIONS

Related to conceiving strategies for Romanian tourism market we can recommend these:

1) To enhance **transport infrastructure**, to raise global flight connections hampers access to lucrative markets outside Europe.

2) To Insist on Authentic, Natural and Cultural are the main Romania tourism products, cooperate with **private** and **public** sectors to continue developing culture tour.

3) Put **Eco-tourism** and **spa tourism** could be potential selling points and propose **Travel Trailer Tourism** as the new tourism product.

4) Keep marketing **advertising promotion** by different channels: TV programmes, video, news, electronic material and direct mail. Example, new official travel web: RomanianFriends.

5) An effort to open up the country to newer source markets such as **China** and **India** can be seen by the relaxing of these **visa constraints**, while marketing campaigns are successfully raising the country's profile on the global tourism stage.

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