A COMPARATIVE ANALYSIS OF FOREIGN TOURIST ARRIVALS IN PORTUGAL AND ROMANIA 2004-2014

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Abstract

Free movement of persons within the EU and the modernization of infrastructure in most states are factors that favor the development of tourism. Different trajectories taken up in 1989 by the former communist countries, the policies applied to them, both during the Cold War and after 1990 influenced the development of tourism in these countries. Based on these considerations, this paper offers a comparative view on an old and the new EU member states regarding foreign tourist arrivals: Portugal (joined the EU in 1986) and Romania (joined the EU in 2007). Are analyzed the evolutions of the main indicators of tourist traffic in the two countries during 2004 - 2012

Key words: *Portugal, Romania, arrivals, overnight stays, foreigner visitors*

JEL Classification: C52, L83, O52

I. INTRODUCTION

The foreign tourist arrivals „include the number of foreign visitors registered at the borders. The same foreign person can make several trips to the country in the respective period, every new arrival being registered."(Romanian Statistical Yearbook, 2012, p.581). In these circumstances we analyzed also the indicators: tourist arrivals in the establishments of touristic reception, and overnight stays in the establishments with functions of touristic accommodation.

Also, for better comparability between the two countries, we consider necessary to present some of their characteristics, such as area, number of inhabitants' evolutions, both total and per square kilometer, evolutions of GDP per capita, etc.

Portugal has an area of 92.090 km ² and a number of inhabitants who evolved in the analyzed period between 10,473,050 inhabitants on 1 January 2004 (114 inhabitants per square km) and a maximum of 10,573,479 inhabitants on 1 January 2010 (115 inhabitants per square kilometer).

Romania has an area of 238.391 km ² (2.59 times larger than Portugal) and a number of inhabitants who evolved in the analyzed period between 21,521,142 inhabitants on January 1, 2004 (90 inhabitants per square kilometer) and 20,095,996 inhabitants in January 1, 2012 (84 inhabitants per square kilometer).

The evolutions of the annual population growth rates in the two countries are shown in Figure 1. Here, we can identify a first significant difference. In Portugal, population evolution was increasing until 2010 followed by a slight decrease (-0.01% in 2011 and -0.29% in 2012), so on January 1, 2012 the population of Portugal, was, with 100,429 inhabitants more than on 1 January 2004. In Romania demographic decline has been continuous and significant, with rates ranging from -2.34 in 2008 and -0.47 in 2011. During the entire period, Romania's population reduced by 1,425,146 inhabitants.
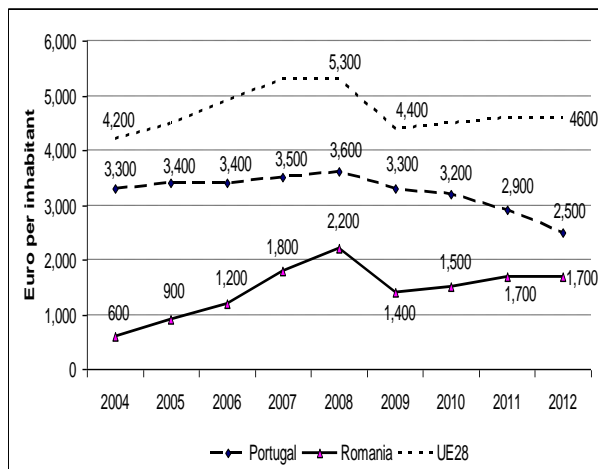

Source: Own construction, based on http://epp.eurostat.ec.europa.eu
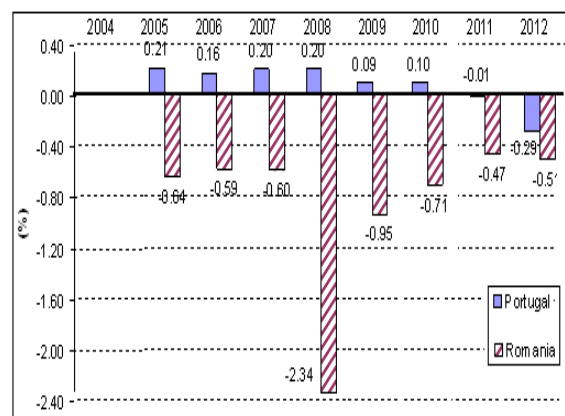
Figure 1 – Evolutions of demographic rates

Some differences are manifested in terms the evolution of GDP per capita, in the two countries. As can be seen from Figure 2, in Portugal, he rose slowly

in the period before the economic crisis from 3300 euro in 2004 to 3.600 euro in 2008 (an increase of 9.1%) followed by a decrease, pretty pronounced, so that in 2012 the GDP per capita was 800 euro below the value recorded in 2004.

Source: Own construction, based on http://epp.eurostat.ec.europa.eu

Figure 2 – Evolution of GDP per capita

In Romania, the period of growth 2004 2008 had significant implications for GDP per capita, which increases by 3.66 times. Economic crisis caused in 2009 reducing it by 50% compared to 2008. After 2009 the GDP per capita begins to raise reaching in 2012, to 1700 euro but being 2.71 times lower than the EU27 average.

II. PORTUGAL AND ROMANIA TOURIST DESTINATIONS

Until now, tourism in Portugal has reached a top position as compared to the other economic sectors: it accounts directly for 5.7% and in total 15.9% of the GDP, employs 330,000 people, and contributes for 17.8% to the total exports of goods and services, as a result of about 40 million overnight stays in the country (in 2012, WTTC, 2013). In the early 2010s, the country was consolidated as one of the world's finest tourism destinations, based on its rich heritage, nice landscapes, warm hospitality and modern infrastructure and equipment (Costa & Vieira, 2014).

Indeed, the country has received world's recognition and awarded with a number of prizes: in 2012 and in 2013 Portugal was awarded the best European golf destination and the Algarve as 'Europe's best sun-sea-sand destination'; Porto as the best European destination in 2014; and the Douro Valley as one of the must-see destinations in 2014 on the Fodor's Go List. TAP, the Portuguese airline and a number of hotels, wineries and wine tourism operators all around the country have also gained a number of prizes over the last years. In accordance with the

Travel & Tourism Competitiveness Report of the World Economic Forum, Portugal occupies the impressive 20th position in The Travel & Tourism Competitiveness Index in 2013 among the 140 countries analysed (Romania is the 68th).

However, differentiation is a major challenge in the Mediterranean region, where destinations with similar characteristics strive to establish a unique image on the holiday tourism market distinguishable from their competitors. Their stereotypical 'sun and sea' product is largely interchangeable by the foreign tourist not least due to the competitive prices (Kastenholz, Davis & Paul, 1999).

In order to address this issue, the recent tourism development strategy of Portugal focuses primarily on product and market diversification (PENT 2013-2015). Exclusive funds to stimulate several niche markets such as cultural tourism, golf tourism, residential tourism, nautical tourism, religious tourism, and wellness tourism were created. In addition to the principal inbound markets of the country (The United Kingdom, Spain, Germany, France and Brazil), new emerging markets (Russia, Poland) and new diversification markets (Scandinavia, Ireland, Italy, the USA) have been identified and targeted.

Romania, with an area of 238,391 km^2 and a population of 20,095,996 people (January 1, 2012) is the largest country in Southeast Europe, occupying third place after Germany and Poland, having great anthropogenic and natural resources.

In Romania "there are located a third of the natural water springs in Europe, reported that there are 117 such places in the country with different therapeutic factors (water, sewage, gas, etc.) as a resource base for many resorts. In this context, it has been set up 29 resorts of national importance and other 32 of local importance. They represent a major resource for tourism, for rest and treatment", and also "there are over 670 museums and over 6600 monuments of national importance, 30 cultural and religious monuments included in UNESCO World Heritage List" (Gogonea R.M. & Zaharia M., 2014).

In Romania, „the social-economic national development strategy on medium term regards tourism as a priority sector, being considered that it is capable of contributing with an important weight in Romania's launching and economic straight" (Gogonea R.M., 2009). Before the economic crises, the tourism development process was favored by the economic developments from Romania and European and American countries, the growth of the leisure time, and the increase of the individual's incomes.

The main tourist destinations in Romania are: Black Sea seaside, the spa complexes, the mountains, Danube Delta, country residences, and a lot of historical and modern localities. In the last decade, the greatest share of foreign tourists is registered in Country Residence Towns. This proportion increased from 29.41% in 2000, to 33.22% in 2011. Also a

significant increase of arrivals share of foreign tourist in the establishments of touristic reception with functions of touristic accommodation from Romania have been recorded in the Danube Delta

On the other hand, as an important sector to support the Romanian economy in recovery, Răbonțu & Vasilescu, highlight fact, that natural tourism potential of Romania "is not the only element used to solve this premise of economic recovery, and there are other issues to be considered, still not resolved (like infrastructure), even if they are obvious and extremely important for tourism development so as to hold up the economy" (Răbonțu C.I & Vasilescu M. , 2012)

Also the develop of the accommodation capacity in Romania "might have higher achievement if they had promoted a policy favorable to the Government, a climate conducive to business-offering investment incentives marketing and promoting sustained and effective, but also policies that comply with the environment and local culture" (Babucea A.G. & Bălăcescu A., 2012).
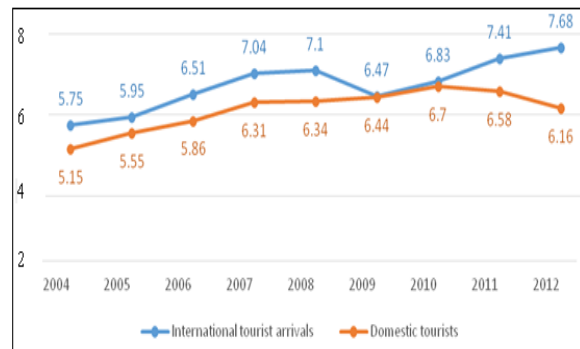
III. TRENDS IN INTERNATIONAL TOURIST ARRIVALS

It was in the middle of 1960s, with the expansion of mass tourism in the world and the opening of the second international airport in Faro that growing numbers of tourists started to flock to the principal tourism region, the Algarve, boosting a new and modern tourism industry in Portugal (Costa & Vieira, 2014). The rapid expansion of tourism between 1950 and 1970 can be illustrated by the fact that tourism expanded in Portugal by 4,297% whereas in the world increased by 556%, and a similar situation is also observed in terms of receipts, which in Portugal increased by 1,572% whereas the world's tourism receipts rose by 752% (Costa, 1996).

Tourism has been growing steadily ever since, with the only exception the drop from 7.1 million tourists in 2008 to 6.47 million tourists by 2009 as a result from the global economic decline (See Figure 1). This drop was equal to 8.9%, which was accompanied by a slight growth in domestic tourist numbers (1.6%), all together resulting in 3.9% of drop in overall visitor numbers.

The number of domestic tourists have been very close to the number of international tourists during the past decade, though always a little smaller. Only between 2009 and 2010 by the considerable drop in international tourist numbers the values become almost equal. Since 2010, as it is shown on Figure 3, the scissor has been widening: in 2012 international tourists outnumbered with the largest ever 1.5 million the number of domestic tourists.
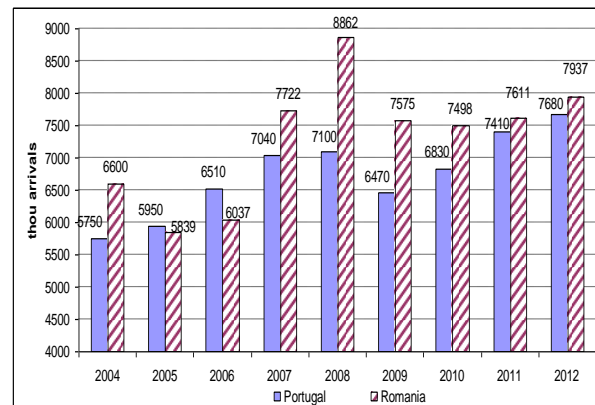
Source: Own construction, based on Turismo de Portugal, 2013

Figure 3 – International tourist arrivals and domestic tourists in Portugal (million, 2004-2012)

Also, the growth in domestic tourist numbers have been slower between 2004 and 2012: 1 million (from 5.15 to 6.16) while the number of international tourists have grown by 2 million during the same period (from 5.75 to 7.68). This means that the overall visitor numbers have grown from 10.9 million in 2004 to 13.8 million by 2012.

Although, in terms of territorial area, Romania ahead of Portugal over 2.5 times and has a great tourism potential, the number of foreign visitors arrivals in Romania exceeds at least arrivals in Portugal (Figure 4). In the period under review, the Romania 65,681,000 arrivals have been registered, of foreign visitors (an average of 7,297,889 arrivals per year), and in Portugal have been registered 60,740,000 arrivals (an average of 6,748,889 arrivals per year).

Own construction, based on Turismo de Portugal, 2013 and https://statistici.insse.ro

Figure 4 – Arrivals of foreign visitors in Portugal and Romania

There are, however, differences between flow intensities of the annual arrivals. Thus, in Portugal, the trend of arrivals (AR_P) was approximately linear ($R^2 = 0.7504$, $MultipleR = 0.86626$) with an average annual growth of 202 838 arrivals:

$$AR_P(t) = 202.83 \cdot t + 5734.7 \qquad (1)$$

Also taking into account that for the model (1) $SemnificanceF = 0.0025 < \alpha = 0.05$, with a probability of 95% ($\alpha = 0.05$), the hypothesis of linearity is accepted. Both coefficients of the model (1) are statistically significant ($P\_value < 0.05$), the confidence interval for the average annual growth of arrivals per 100 inhabitants being. $[98.286, 307.38]$

In Romania, the evolution of foreign visitors arrivals differ significantly from linearity, for a 95% ($R^2 = 0.4038$, $MultipleR = 0.635434$ and $SignificanceF = 0.0659 > \alpha = 0.05$). The hypothesis of the linearity may be accepted with a probability of 90%. Practically, such a development, with significant changes from one year to another can have a negative impact on tourism infrastructure as well as personnel employed in this industry.

Given the differences between the two countries both in terms of territorial area and the number of population, for better comparability, Figure 5 shows the evolutions of the foreign visitors arrivals per 100 inhabitants.

Own construction, based on Turismo de Portugal, 2013 and https://statistici.insse.ro
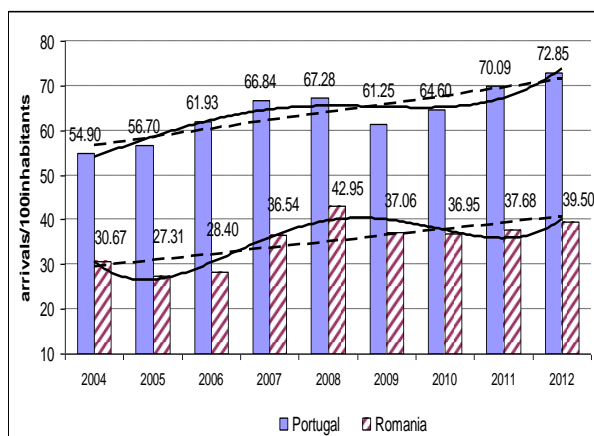
Figure 5 – Evolution of arrivals per 100 inhabitants in Portugal and Romania

As can be seen (Figure 5), from the point of view of the numerical values, the results differ significantly, to those shown in Figure 4. While in Portugal the number of foreign visitors arrivals per 100 inhabitants (AHI_P) evolves from a minimum of 54.9 arrivals in 2004, and a maximum of 72.85 arrivals in 2012, in Rumania the flow of foreign visitors per 100 inhabitants (AHI_{RO}) is 2 times lower, evolving between a minimum of 27.31 arrivals in 2005, and a maximum of 42.95 arrivals in 2008.

The forms of evolution of indicators, AHI_P and AHI_{RO} (Figure 5) confirm the issues presented in Figure 4. For Portugal in the case of indicator AHI_P, with a probability of 95% the linearity hypothesis is accepted ($R^2 = 0.736248$, $MultipleR = 0.858049$).

Moreover because $SemnificanceF = 0.003 < \alpha = 0.05$ the model:

$$ANI_P(t) = 1.8616 \cdot t + 56.6 \qquad (2)$$

is statistically valid, the confidence interval for the average annual increase in the number of foreign tourist arrivals per 100 inhabitants being $[0.86579, 2.857509]$.

The hypothesis of linearity of the evolution of the number of foreign tourist arrivals per 100 inhabitants in Romania (AHI_{RO}) may be accepted ($SemnificanceF = 0.026112 < \alpha = 0.05$), but with some reserves ($R^2 = 0.53023$). As can be seen from Figure 5 although the evolution of AHI_{RO} is increasing, the fluctuations around it are significant, the oscillation period being approximately 5.5 years. For AHI_{RO} evolution, in the analyzed period, was identified two models:

$$AHI_{RO}(t) = 0.0974 \cdot t^4 - 2.002 \cdot t^3 + 13.593 \cdot t^2 - 32,424 \cdot t + 51.457 \qquad (3)$$

$$AHI_{RO}(t) = 29.6 + 1.4 \cdot t + 3.4 \cdot \cos\left(\frac{\pi}{2} + \frac{2 \cdot \pi}{5.5} \cdot t\right) \qquad (4)$$

From the tests carried out it resulted that both the polynomial model (3) and model (4), which highlights both the linear component and the one oscillating, with a period of 5.5 years, provides a good approximation of AHI_{RO} evolution in the analyzed period.

Regarding the characteristics of the AHI_P oscillation, shown in Figure 5, it has relatively small amplitude and the period is approximately equal to the analyzed time interval.

IV. TRENDS IN INTERVAL TOURIST OVERNIGHTS

The overnight stays have been steadily growing during the past decade, from 34.1 million in 2004 to almost 40 million in 2012. With this number Portugal was ranked 8th in overnight stays among the 27 EU countries. However, as it can be seen from Figure 6, this growth was more accentuated in international guest nights which grew by 4 million, whereas domestic guest nights grew by a little more than a million in the same period. Also, the global economic crisis impacted the international overnight stays which reduced by 3 million from 2008 to 2009. The number of domestic overnight stays remained intact and even grew by 200.000 guest nights in the same year. Currently, the numbers of international overnight stays are growing whereas domestic overnight stays are decreasing, each by one million from 2011 to 2012.
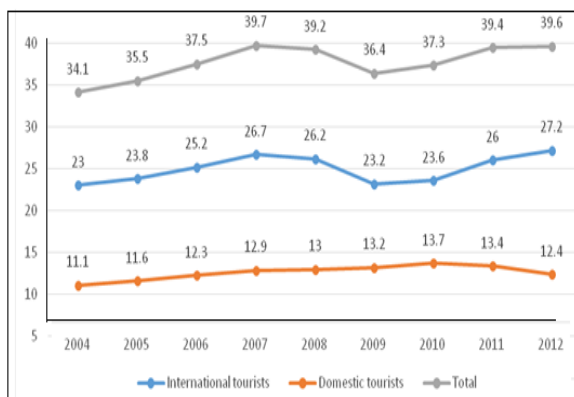
Source: Own construction, based on Turismo de Portugal, 2013

Figure 6 – International and domestic overnight stays in Portugal (million, 2004-2012)

Traditionally, the five principal source markets of inbound tourism in Portugal are the United Kingdom (UK), Germany, Spain, the Netherlands and France. The UK has always occupied the first position, currently almost 24% share of international overnight stays (Figure 7). Germany traditionally occupied the 2nd, and Spain the 3rd position, currently with 13.5% and 11.2%, respectively. In the 4th position there is The Netherlands, and in the 5th, France, with the exception of 2012 when these countries changed position (France is the 4th with 8.2% and The Netherlands is the 5th with 7.8%).
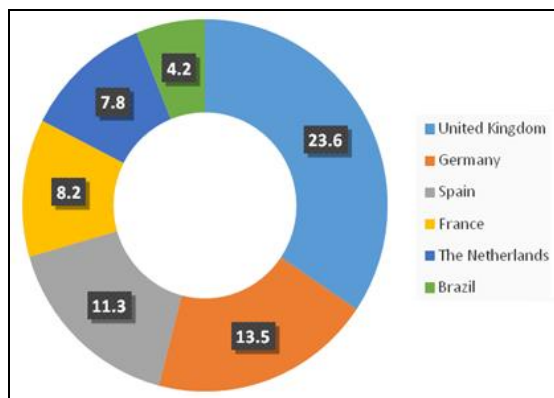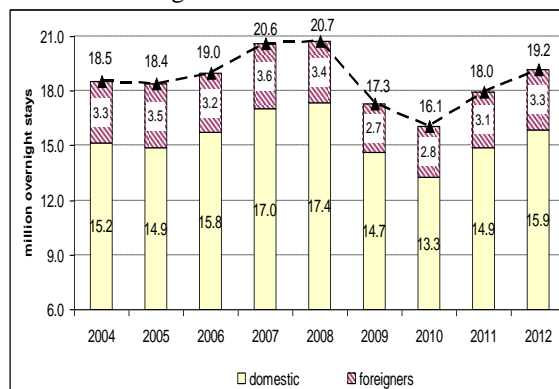

Source: Own construction, based on Turismo de Portugal, 2013

Figure 7 – International overnight stays by country of origin (%, 2012)

The new emerging market for Portugal is Brazil, which was only in the 14th position in 2004, but currently occupies the 6th with 4.2%. Despite having only a small share of inbound tourism, Poland and Russia are also rapidly growing and therefore potentially important markets for Portugal. Poland went from the 21st to the 15th position and Russia from the 19th to the 11th, from 2004 to 2012.

It should also be pointed out that in Romania, the number of overnight stays of foreigners in the establishments of touristic reception with functions of touristic accommodation is less than the number of

arrivals of foreign visitors.

Source: Own construction, based on
https://statistici.insse.ro

Figure 8 – Evolution of overnight stays in the establishments of touristic reception with functions of touristic accommodation from Romania

For example, in 2012 were recorded 7.397 million arrivals of foreign visitors and a total of only 3,292 overnight stays of foreigners in the establishments of touristic reception with functions of touristic accommodation from Romania. In conclusion, over 50% of foreign visitors either have spent more than a day in Romania or have lived at friends or their relatives or have not been registered.

The above conclusion is reinforced by the fact that, for example, in 2012, from the 7.743 million arrivals of foreign visitors in Romania, by origin countries of the EU which came into Romania 53% (3.96 million) were Hungarian citizens (33 %, about 2.46 million) and Bulgarians (20%, approximately 1.5 million).

However, taking into account that the total overnight stays in the establishments of touristic reception with functions of touristic accommodation in Romania, Romanian visitor numbers is 4 times higher than foreign ones required strong measures of promote tourism offer both in Europe and on the other continents.

V. CONCLUSIONS

The EU enlargement, which in 2013 reached 28 member states after accession of Croatia, the free movement of persons and of the labour force are elements that favour the development of tourism. Under these conditions have benefited all states with recognized traditions in tourism development, and who strongly supports the tourism industry both directly and indirectly through the development of necessary infrastructure.

Thus, Portugal occupies the impressive 20th position in The Travel & Tourism Competitiveness Index 2013 among the 140 countries analyzed while Romania is the 68th. Recognition of Portugal, as an important tourist destination has resulted in significant

flows of tourists, the number of foreign tourists who visited Portugal amounting to 70% of its population. From this point of view, Romania is well below 50%.

In terms of international overnight stays, in Portugal, it is 2 times higher than domestic overnight stays. From this point of view in Romania there is still much to do. Share of overnight stays of foreigners in the establishments of touristic reception with functions of touristic accommodation is below 20% of the total overnight stays. Gap compared to Portugal, is significant. In Portugal in 2012 there were 27.2 million international overnight stays while in Romania the number was only 3.297 million (8.25 times less).

Considering the tourism potential, very little highlighted in Romania as well as the important role that tourism can play in formation of GDP and sustainable development of the 8 development regions are required strong measures in order to promote tourism supply both in Europe and in the other Continents. At the same time it is required the development of infrastructure in which the multimedia, communication technologies and informatics systems have very important roles. 'The tourism is an intangible product, it exists only as information in the moment when it is sold and it can be evaluated only after the purchasing decision. (Condratov I., Hapenciuc C.V., 2012, p.60).

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