ROMANIAN TRAVEL AND TOURISM INDUSTRY: CHALLENGES AND POSSIBLE SOLUTIONS

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Abstract
The Romanian travel and tourism industry currently faces the consequences of over two decades of inefficient public sector management, doubled by an ineffective and insufficient infrastructure (transport, accommodation, etc.) and an unprepared business environment. The paper analyses the current status of the tourism industry in Romania versus other CEE countries, showing several improvement opportunities and missing the great potential for development. Taking into consideration the international trends that generate global growth in the industry, the paper also examines the influence of mobile devices (smartphones, tablets, etc.) and new economy models (sharing/collaborative/peer-to-peer) on consumer behaviour and the way companies do business, generating or adopting new business models. The authors propose change management as an effective management tool for Romanian managers in closing the gap between Romanian travel and tourism companies and those in other CEE countries following the main international trends.

Keywords
change management, travel and tourism, ICT, mobile devices, new business models

JEL Classification
M10, O30, R11, L83

1. Introduction

The travel and tourism sector is one of the few recession-free industries in the world, being one of the main driving forces of the global economy, and representing approx. 11% of the international market in 2013; its direct contribution to the global GDP reached 2,155.4 Bn. USD, up by 4.8% from the previous year, and preliminary estimates indicate an additional 3.5% growth in 2014 (WTTC, 2014; WTTC, 2015). The continuing success of the industry, considering that 2014 was the 5th consecutive year of growth, has determined an increased attention from both private companies and public authorities (national and regional). In fact, the current success stories in the industry are a consequence of public policies and private initiatives initiated years or even decades before. The significant growth potential of the travel and tourism industry is further supported and driven by the similarly fast-paced and, to some extent, unpredictable ICT sector. The paper aims to describe briefly the international context of travel and tourism under the influence of and facilitated by the most

recent ICT developments, such as the now ubiquitous mobile devices and their increasingly better educated users, and the new business models – peer-to-peer, collaborative/sharing – that sidestep the established, but ultimately increasingly unsustainable models.

In this volatile and difficult to predict environment for travel and tourism companies, the authors consider that the specific approach of change management can provide the framework for an efficient and comprehensive management that can ensure new successful and sustainable businesses. Taking into consideration these main trends of the global travel and tourism, the authors also aim to present the current status of the industry in Romania versus other CEE countries, discussing the necessity of change management in Romanian travel and tourism companies, as well as possible solutions.

2. International trends in tourism business models

One of the most visible trends of the travel and tourism industry in the past few years has been the continuous adjustment of business models, driven by two competing forces: fast-developing technology (mainly ICT) and fast-adapting consumer behaviour. The application of ICT in tourism industry and the digitalization of all processes and tourism value chains is known as *e-tourism* (Buhalis & Jun, 2011*)*. All companies, in every element of this value chain, aim to use the advantages offered by ICT to improve interaction and build relationships with customers, facilitate searching and booking/reservations, payments, as well as to improve the efficiency of their own activity by raising productivity, improving business management and processes, promoting products and services, advertising, etc.

Industry reports monitoring ICT & online activity and their impact on e-tourism show a dramatic change from year to year. From blogs, social media and online communities, up to the most recent innovations (big data, mobile devices, peer-to-peer & sharing economy, wearable technology), e-tourism is a growing market that is yet to reach maturity. Further growth in the e-tourism sector is expected to be generated by new technologies that allow for a more sophisticated interaction with customers, that turn more and more to mobile devices and demand personalized services in real time, share opinions regarding travel experiences, and share resources and services (Euromonitor International, 2014).

2.1. Mobile devices based business models

„Mobile isn't a trend, it is everywhere" (Ali et al., 2015). This report identified 14 main trends in the travel and tourism industry in 2014, the first one being the growing presence of the „silent traveller", or the consumer of travel and tourism services comfortable using online and mobile tools, preferring to independently navigate, plan and organize each step of his journey, from booking flights, cars and accommodation, to checking in on flights, checking in and out of hotels, paying online, finding restaurants and entertainment with the best access, reviewing locations and services, and altogether streamlining their travel experience. The most recent stage in mobile devices development is represented by wearable technologies, or electronic devices as personal accessories and even pieces of clothing, a market estimated to more than double between 2013 and 2018, from 3.26 Bn. USD to 8.3 Bn. USD. Even though wearable technologies are in the early stages – Google Glass and Apple Watch have only recently been launched – they are already included in the strategic plans of travel and tourism companies. For example, the American company Expedia, leading travel agency in 2013 started developing specific software for Google Glass before the product was launched (Bremner, 2014).

2.2. Sharing/peer-to-peer economy based business models

Sharing economy or collaborative economy/consumption usually refers to a socio-economic system based on the availability of people to share assets and resources (goods and services). This economic system is not new, but has received attention and has generated increased confidence in the past few decades with the evolution of the Internet, as an accessible medium and tool in sharing creative input and output, space, access, information, etc. The Internet also provides a platform for developing communities and networks consisting of people with similar interests and approach to the consumption of goods and services, as well as the ownership of resources.

According to a Nielsen survey carried out in 60 countries in 2013, 68% of respondents were willing to share their own assets, while 66% were willing to share other people's assets (Statista, 2015). In Europe, the results were below the global average, with 54% and 44% respectively, and only slightly higher than the results for North America (52% and 43%). The Asia Pacific region scored the highest results, with 78% of respondents willing to share their own assets/homes, and 81% willing to share other people's assets.

Social media and online communities facilitate the sharing and distribution of information and reviews regarding travel and tourism services, providers, and destinations, to such an extent that these elements have become an integral part of the travelling experience. In this context, the best known peer-to-peer review websites, such as TripAdvisor with a net income of approx. 226 Mn. USD in 2014 (Statista, 2015), have become a platform for users and tourism service consumers to provide a wide variety of information (reviews, observations, comments, recommendations, etc.) publicly available for other users, as well as service providers. Users have the possibility to exchange valuable information, shaping each other's choices and experiences. Also, the platform provides the opportunity for responses from service providers, facilitating communication with customers before and well after services are delivered. Participating in this form of communication proves to be essential for service providers, by increasing customer confidence as well as visibility.

The core element of this exchange of information in a non-formal environment – improved communication between consumers and service providers – can turn into a stepping stone towards a more collaborative business model. So much so, that the UNWTO published a proposal in 2014 encouraging the integration of online guest reviews in the hotel classification system. Recognizing that the current classification system ignores customers' expectations and input and takes into consideration only the existing assets of hotels, the UNWTO is set to develop this analysis further building on encouraging preliminary results and provide a comprehensive integrated system in the next years (UNWTO, 2014).

3. Tourism industry in Romania

During its pre-accession period and since becoming a full member of the European Union in 2007, Romania aimed to improve economic and social performance and close the gap between its economy and that of the EU. However, Romania hasn't performed well during the economic crisis that hit the global market in 2008. Its GDP/capita dropped in 2009 by 14.9% from the previous year, to 5,900 EUR/capita, then grew slowly but steadily, until 2013, to reach 7,200 EUR/capita (up by 4.3% from 2008). This modest growth is far behind other CEE countries with a similar post-communist history, but much better results in 2013, such as: Czech Republic (15,000 EUR/capita), Croatia and Hungary (10,200 EUR/capita), Poland (10,300 EUR/capita). Only Bulgaria fell behind Romania, with 5,600 EUR/capita, as well as other non-EU countries in the region: Moldavia (1,723 EUR/capita) and Ukraine (3,032 EUR/capita). Turkey, on the other hand, performed better than Romania, and reported 8,227 EUR/capita in 2013. A forecast of the International Monetary Fund (2015)

for the next 5 years, based on current conditions, shows an upward trend, with Romania expected to reach 10,516 EUR/capita until 2018 (up by 46% from 2013). Other CEE countries are also expected to improve their economic results, but with a slower overall growth: Czech Republic (+11%), Poland (+36%), Croatia (+23%), and Turkey (+18.6%).

Most of the CEE countries have taken advantage of their geographical location (accessibility), as well as natural, historical and cultural assets, making travel and tourism a national priority. The best example is Croatia, with a total contribution of 27.8% to the national GDP, a total number of 62,026 tourist establishments, while ensuring a 53.2% net occupancy of bed-places. Croatia attracted 2,576 tourist arrivals per 1,000 inhabitants, the highest in CEE, and three times the EU-28 average of 853 tourist arrivals per 1,000 inhabitants (Table no. 1).

Table no. 1. General travel and tourism indicators in CEE countries in 2013.

Country	T&T total contribution to GDP [%]	T&T direct contribution to employment [%]	T&T capital investment in total investment [%]	No. of tourist arrivals per 1,000 inhabitants	No. of establishments	Net occupancy rate of bed-places [%]	Average expenditure per trip [EUR]
BG	13.3	3.4	6.6	949	2,953	39.5	138.5
CR	27.8	13.3	10.3	2,576	62,026	53.2	240
CZ	8.4	5.0	4.5	856	9,970	34.8	126.97
GR	16.3	8.9	13.7	1,620	33,986	45.2	305.47
HU	10.6	5.8	3.9	1,079	4,000	33.5	126.45
PL	5.3	2.2	3.4	411	9,775	33.7	N/A
RO	5.1	2.4	7.3	397	5,344	29.5	105.67
EU28	9.0	4.1	4.7	853	-	-	-

Source: UNWTO. 2015. *World Tourism Barometer*, Vol. 13, Jan. 2015 [pdf]. Madrid: United Nations World Tourism Organization. Available at <http://mkt.unwto.org/barometer>. [Accessed 16 March 2015]; Eurostat. 2015. *Country data* [online]. Luxembourg: Eurostat. Available at http://ec.europa.eu/eurostat. [Accessed 23March 2015].

Romania's travel and tourism indicators register the lowest values in the region, the industry's total contribution to the national GDP reaching only 5.1% in 2013 (while Bulgaria's reached 13.3%), and its direct contribution to employment, only 2.4% (compared to Greece 8.9% and Croatia 13.3%). Also, Romania registered the lowest net occupancy rate (29.5%) and the lowest number of tourist arrivals per 1,000 inhabitants (397), less than half of the EU-28 average (UNWTO, 2014).

The inefficiency of the Romanian travel and tourism industry has consistently generated poor results over the past 25 years, pointing towards fundamental – strategic and structural – issues. Briefly, among the main factors limiting the evolution of the tourism industry in Romania are:

1. *Infrastructure*. An outdated, insufficient and ineffective national infrastructure limits or even prohibits access to any tourist destination within the country, even though their potential is high.
2. *Business environment*. The travel and tourism business environment is fragmented due to a lack of vision and of a common strategy of the private tourism players, as well as unprepared, due to a lack of necessary skills (such as marketing, strategic management, etc.). Consequently, during 2008-2013 the number of companies in this sector that became insolvent registered an average annual growth of 12% (NTRO, 2014).

3. *Public policies*. Even though successive governments have declared travel and tourism a national priority in the past 25 years, the fundamental inadequacy, inflexibility and inefficiency of the public system doesn't allow for quick, original and competent responses to the changing landscape of the global market, leading Romania the least advanced tourist destination in CEE.

Closing the gap between Romania and CEE, as well as other countries with successful travel and tourism industries, is a long-term endeavour that requires both vision and clear methodologies and tools. Some of the elements identified by the authors with regard to possible and efficient improvement of the Romanian travel and tourism industry are:

1. *Online environment*. Transitioning towards the online environment (online marketing, online reservations/payments, etc.) is not only in line with the global trends described previously, but can also capitalize on existing local resources in the ICT sector: skills and infrastructure. Also, the lower cost of doing business predominantly online can prove an advantage in this economy.
2. *Tourism clusters*. Creating clusters of travel and tourism service providers can help improve the strength and visibility of its members, as well as increase their impact on public policies regarding tourism. Finding a common voice at local, regional or even national level may provide the necessary leverage to determine public authorities to actively support the sector by improving the infrastructure or the business environment (for example, by reducing VAT for tourism services).
3. *Niche markets/services*. Focusing on successful niche markets/services can improve efficiency and help establish a clear vision for the sector and improve strategies. For example, the global health and wellness tourism segment generated approx. 15% of all domestic and international tourism expenditure in 2013.

4. Change management in Romanian tourism

Taking into consideration the international context of the travel and tourism industry – significant overall growth potential, industry trends shaped by ICT developments and consumer behaviour, as well as the national economic environment – inefficient infrastructure, business environment, and public policies, that translate into poor results compared to the neighbouring CEE countries, the Romanian travel and tourism sector is in high need of a new approach. A top-down analysis of the industry, from government institutions and private sector national/regional associations, to local public authorities and individual companies, shows a general deficiency in approaching and managing the inherent changes generated by global trends and circumstances.

The literature in the field of organizational change management, spanning several decades, provides a wide variety of theories and models, along with specific methodologies and tools: from the early three-stage models proposed by Lewin, followed by Schein, and then by Lippitt, Watson & Westley, in the 50s and 60s, to the more sophisticated models of Hershey & Blanchard, 7s model developed by McKinsey, Burke & Litwin, Chin & Benne, Bullock & Batten, Beckhard & Harris, and the more recent holistic models proposed by William Bridges, Peter Senge or Linda & Dean Anderson (Cameron & Green, 2009; Senge, 1990; Anderson & Anderson, 2001).

Taking into consideration the specifics of the Romanian economic and business circumstances, a local tourism company looking to launch a change project should approach this initiative by following several steps, based on the Prosci-ADKAR three-stage methodology that allows integration with project management, as described in Table no. 2.

Table no. 2. Applying the Prosci-ADKAR methodology for a specific change initiative (ex: *transition of a classic travel agency to predominantly online activity*)

Change management model stages	Specific actions necessary for implementing the change initiative	Main resources / assets / requirements	Estimated timeline
Phase 1. *Preparing for change*			
Defining a change management strategy: assessing the size and nature of the change; assessing the organization affected by the change and conducting employee readiness assessments; developing a change management strategy	• establishing the main elements of the change and providing a clear description of the estimated results (ex: 80% of all activity of travel agency XYZ should take place online, including booking, communication with customers and suppliers, payments) • benchmarking the change initiative against available case studies and research in the field (other national/international travel agencies with similar online activity) • establishing an internal methodology and tools for evaluating the level of readiness of employees, management and organization • integrating the change description and results of the readiness tests into a change management strategy for supporting the organization and its people towards a predominantly online activity	• skilled management team, capable of developing and communicating a comprehensive strategy • change management consultant (internal or external) • industry research and benchmarking reports for online travel agencies • know-how regarding international/national trends and specific requirements for steering a travel agency towards a new stage (predominantly online activity)	3 months
Preparing the change management team: assessing team competencies in change management; preparing the change management team; acquiring change management resources	• establishing a framework of skills and competencies in the field of change management necessary for the company's transition towards online activity • carrying out an initial evaluation of people involved in the change (management, employees) • planning and implementing a training programme for developing change management skills and competencies	• appropriate knowledge on the key skills and information needed • detailed job descriptions for team members (management and employees), including extended skills for change management	2 months
Developing a sponsorship model: identifying necessary project sponsors; assessing sponsor positions and competencies; developing the sponsor model and preparing sponsors to manage the change	• developing a framework (needs analysis) for the sponsorship structure and model necessary to support the change initiative, sponsors' profiles and skills • establishing an internal sponsorship model adapted to the specific needs of the change initiative (ex: leaders with good IT know-how and enthusiastic about new online activity and positioning) • involving sponsors in the change and generating commitment and interest among them to best support and lead the change initiative	• good understanding of the company's leadership model and availability and commitment of individuals to act as change sponsors • clear description of the general company strategy • managers / team leaders with good knowledge of the new IT tools and trends in tourism	2 months
Phase 2. *Managing change*			
Developing change management plans: communications plan, sponsor roadmap, coaching plan, training plan, resistance management plans	• developing a framework of particular plans that support the overall achievement of the change initiative goals: communication, sponsorship, coaching and training, resistance management • communicating the general action plan to management and employees and involving them in establishing goals, milestones and timeframe	• good understanding of change and project management interaction • change management consultant with a good understanding of the company's culture, as well as the specific activity of an online travel agency	1 month
Taking action and implementing change management plans;	• implementing all particular plans according to internal specifications, including: developing the necessary skill set for a successful activity of an online travel agency, developing and implementing the IT system necessary to support the online travel agency, establishing partnerships with new suppliers/clients in the field, adapting the marketing and advertising plans specific to online activity, etc. • monitoring the implementation of plans against existing benchmark reports and continuously changing industry landscape	• clear marketing and advertising strategies adapted to online activity • IT know-how adapted to travel agencies' online model • financial resources for the necessary investments and operational costs • more attention from all employees (changing overlap between 2 models)	6-12 months

Change management model stages	Specific actions necessary for implementing the change initiative	Main resources / assets / requirements	Estimated timeline
Phase 3. *Reinforcing change*			
Collecting and analysing feedback: gathering employee feedback, auditing compliance with new processes, systems and roles, analysing change management effectiveness	• establishing a feedback system adapted to the agency's internal procedures and culture, collecting views and opinions on the current change initiative from management, sponsorship and employees • establishing (or integrating into an existing system) an internal audit process tailored for the change initiative specifics and auditing the (partial) transition of the travel agency towards the online activity	• internal audit and feedback system with a high level of accuracy • good change management reporting system • increased attention from management and sponsors	permanent – until new target stage
Diagnosing gaps and managing resistance: identifying root causes and pockets of resistance, developing corrective action plans, enabling sponsors and coaches to manage resistance;	• establishing a framework for analysing, describing internal gaps in change process implementation and the corresponding corrective steps/actions • establishing a framework for identifying and managing possible resistance from management and/or employees regarding the travel agency's new online activity (ex: unfamiliar/unsure about online work specifics, perception of job loss, unclear about new internal procedures, etc.)	• existing (or newly established) internal mechanism for correcting errors and closing the gap between actual results and initial objectives • existing (or newly established) mechanism for managing managers'/employees' resistance to change	permanent – until new target stage
Implementing corrective action and celebrating successes: implementing corrective actions, celebrating early successes, conducting after-action reviews.	• implementing corrective actions and plans aimed to match change results to initial objectives, as much as possible, and taking into consideration variations in the evolution of global and Romanian travel and tourism industry • establishing a framework for rewarding people's contribution to the successful transition of the company towards online • evaluating the implementation of the change initiative (lessons learned) • establishing a framework for reinforcing change results	• current and in-depth know-how regarding the travel and tourism industry and the new IT in tourism trends • existing (or newly established) procedures / mechanisms / organizational culture of integrating new results in the day-to-day activity	permanent – until new target stage

5. Conclusions

The global travel and tourism industry, with five years of continuous growth, including 2014, still shows great potential for development, as well as for further growth. One of the main factors influencing the evolution of this industry on a global level is the fast, and most of the time unpredictable, advances of the ICT sector. The present paper aims to examine the intersection of these two sectors, by looking at the way ICT influences the transformation of travel and tourism business models. Two main international trends are presented: the growing presence of mobile devices (such as smartphones, tablets, etc.) and the emergence of new economy models (sharing/collaborative/peer-to-peer), and the way they shape consumer behaviour, in turn changing the way companies do business.

Romanian travel and tourism industry, by comparison with the other CEE countries, shows the poorest results in the region due to ineffective infrastructure, unprepared business environment and unsupportive public policies. Closing the gap between Romania and the other CEE countries in the travel and tourism sector is a complex and long-term endeavour, and the paper proposes a few initiatives based on their successful impact on a global scale: transitioning towards the online environment in order to take advantage of the current technology advances and new consumer behaviour, creating tourism clusters in order to boost the strength and visibility of companies, and approach niche markets and/or services aiming to improve efficiency. As main tool in closing the gap between Romania and other countries with successful travel and tourism industries, the change management approach is proposed, as an efficient and effective management tool. A general example is presented: the transition of a classic travel agency towards a predominantly online activity, based on the well-known Prosci-ADKAR model.

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