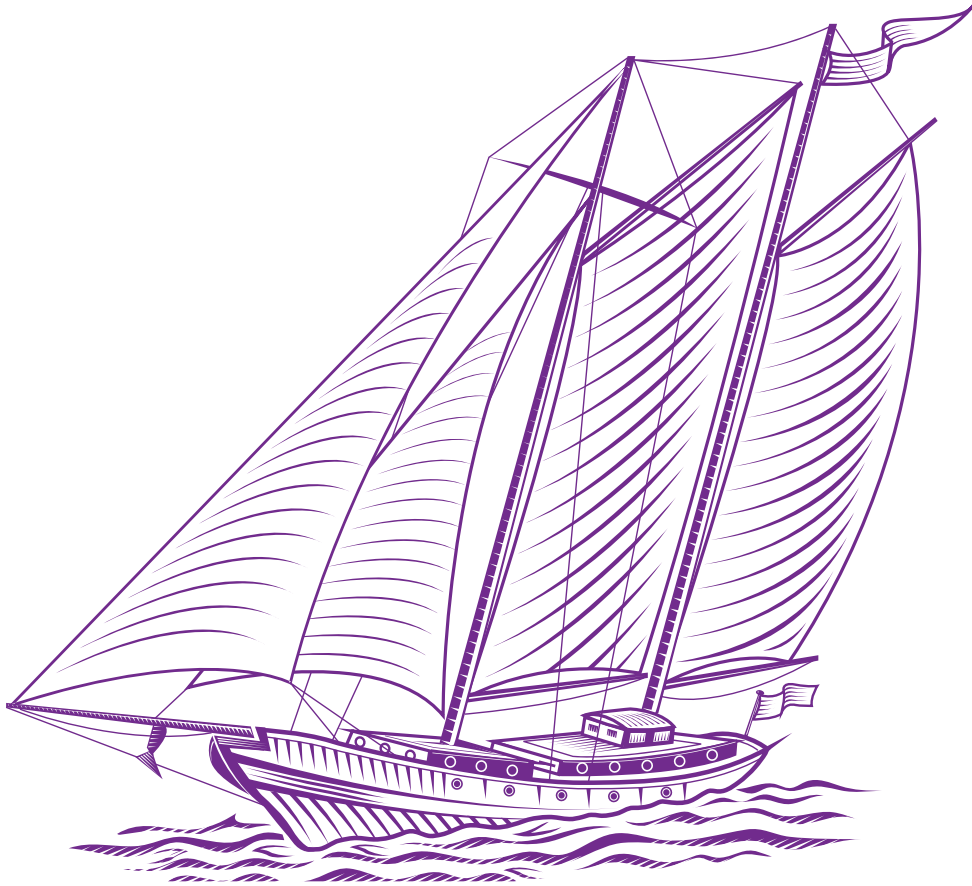




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## USE OF TOURISM DISTRIBUTION CHANNELS AND MARKETING SEGMENTATION STRATEGIES

VICKY KATSONI<sup>1</sup>, MARIA VENETSANOPOULOU<sup>2</sup>

**ABSTRACT.** Tourism destination organizations and individual businesses often find themselves making decisions concerning the development and distribution of their products, without having a full understanding of how the channel operators perceive and react to these strategic actions. If the proper distribution channels are developed, they can go a long way towards determining the patterns of destination use, penetrating target markets, and creating economic impact, as it is important to have an awareness of, and access to, effective distribution intermediaries. The specific objectives of this study were to compare the importance that international and domestic tourists attribute to various forms of information, both at tourism destinations and in the pre-trip context, and to carry out an analysis of their information sourcing behaviour, based on internal and external information sources, including the use of the Internet.

**Keywords:** *ICTs, tourism distribution channels, tourism policies*

**JEL Classification:** L83, M31

### 1. Introduction

Distribution channels are the paths by which tourism organizations carry out the communication and sales of their products and services. To varying degrees, all tourism product suppliers depend on these channels for the distribution of their products. Many destinations have also invested

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in Information and Communication Technologies (ICTs), in their quest for more efficient and effective ways of managing tourism demand and facing domestic and global competition (Sigala et al., 2004). Consumer behaviour, on the other hand, has attempted to explain the decision-making processes of consumers facing several alternatives or choices. While the tourism literature evidences that several factors influence travellers' behaviour in consuming tourism products (Lepp and Gibson, 2008; Hsu et al., 2009), to date, investigation into the determinants of tourism consumption remains inadequate in the literature; for example, the relative importance of the various information sources (ICT sources included) used by travellers has not yet been systematically analysed. Given the increasing importance of this particular market segment for destinations, additional research is needed to understand the behaviour of tourists in an attempt to bring further theoretical and practical contributions to this field of study (Ramkissoon et al., 2011). The present paper contributes to the study of information sourcing behaviour of travellers to Arcadia (Greece) and provides a basis for channel members, especially suppliers, to assess their distribution strategies.

## **2. Background literature**

### ***2.1. Tourist segmentation***

Market segmentation is a technique used to subdivide a heterogeneous market into homogeneous subgroups that can be distinguished by different variables, such as consumer needs, characteristics, or behaviour. The primary bases for segmentation include demography, geography, behaviour, lifestyle, personality, motivations (Cha et al., 1995; Madrigal and Kahle, 1994), benefits sought (Gitelson and Kerstetter, 1990), while some basic characteristics (e.g. demographic and behavioural) are sometimes criticized for their failure to adequately predict actual consumer behaviour (Andereck and Caldwell, 1994; Morrison et al., 1996; Prentice et al., 1998). In several major hospitality and tourism texts, the use of "multi-stage segmentation" (Middleton, 1994; Havitz and Dimanche, 1990) or a "combination" of multiple variables rather than just one has been recommended. A review of the literature indicates that

there is no single correct way to segment a market. Market segmentation is a valuable instrument in planning appropriate marketing strategies, and can assist in framing management thinking.

The purpose of the trip is recognized as one of the non-traditional segmentation bases closely associated with travel motivation, and has been approached from different perspectives in formulating marketing segmentation approaches. Examples of such studies include the interaction of trip purposes with activities (Hsieh et al, 1992; Morrison et al., 1994; Moscardo et al., 1996), interest (Sorensen, 1993; Wight, 1996), motivation (Cha et al., 1995; Wight, 1996), and opinion and value (Madrigal and Kahle, 1994). In using trip type as a key variable to segment the travel market, the inclusion of more trip-related characteristics in the analysis is highly recommended for a comprehensive understanding of the target segment from a consumer behaviour perspective (Sung et al, 2001). Such characteristics include length of stay and size of the travel party (Hsieh and O'Leary, 1993).

## ***2.2. Information search and distribution channels' usage***

Understanding how customers acquire information is important for marketing management decisions. This is especially true for travel and tourism products, which are delivered away from home, often in unknown places, inducing functional, financial, physical, psychological, and social risks. Travel products are mostly intangible personal service products, involving personal interactions between customers and service providers (Lovelock and Wright, 1999; Normann, 1996; Teare, 1992) and the consumption and production of tourism products always coincide, creating high personal involvement (Bieger and Laesser, 2002). According to the economics of information, these characteristics often lead to high personal investments of time, effort, and financial resources for customer decision making (Lambert, 1998).

Most distribution channels provide information for prospective tourists; bundle tourism products together; and also establish mechanisms that enable consumers to make, confirm and pay for reservations". These purposes and functions have received unequal attention from researchers examining the visitors' perspective, and relevant studies are often not set squarely in the literature on distribution channels (Kavoura,

2007). This is especially the case with questions of information search, in which a large discrete body of work has developed as one take of interest in consumer behaviour. A distinction of tourism distribution channels can be made between those which are direct and those which are indirect in character. *Direct channels* normally link suppliers and consumers without the aid of channel intermediaries. Such channels normally involve suppliers developing and maintaining direct information and sales contacts with consumers in specific target market areas. *Indirect distribution channels* (e.g. travel agents, tour operators and wholesalers) involve a wide range of organizations communicating and selling products to consumer markets on behalf of tourism suppliers and destinations (Gee et al, 1989; Michie and Sullivan, 1990). All of these channel operators have the potential to significantly influence the travel patterns and behaviour of specific travel markets.

There is no clear answer to the question which type of channel should best be used, and it is important for tourism suppliers and destination marketing organizations to understand the product preferences, the prior experiences, perceived risks, travel package price thresholds, use of unique or novel destinations, and market support needs of channel partners and their customers prior to forming their marketing strategy (Hsieh and O'Leary, 1993; Haukeland, 1995; Snepenger et al., 1990; Calantone and Mazanec, 1991).

The use of information sources has also been applied empirically as a segmentation variable. When employed as a descriptor to profile the behaviour of tourists who have been segmented on some other basis, information search has provided valuable insights for planning marketing strategies and targeting marketing communications (Moutinho, 1987). With increasing frequency, tourists have been directly segmented based on their search behaviour (Bieger and Laesser, 2004; Fodness and Murray, 1997; Um and Crompton, 1990; Baloglu, 1999; Crofts, 1998; Snepenger and Snepenger, 1993). With regard to information search behaviour research, three major theoretical streams can be identified (Schmidt and Spreng, 1996; Bieger and Laesser, 2004): namely, (a) the individual motivation approach; (b) the economic cost-benefit approach; and (c) the process approach.

*(a) The Psychological/Motivational/  
Individual Characteristics Approach*

Traditional perspectives of information search focus on functional needs, defined as motivated efforts directed at or contributing to, a purpose (Vogt and Fesenmaier, 1998). According to this approach, the search for information enables travellers to reduce the level of uncertainty and hence enhance the quality of a trip (Fodness and Murray, 1997; Teare, 1992). The psychological/ motivational approach can be linked to travel motivation theory, where a differentiation between a push and pull demand stimulation is stipulated (Cha et al., 1995). Typically, the consumer will prefer one source over another based on the perceived effectiveness of a particular information source. Implicit in the concept of source effectiveness is the notion that some types of sources are more influential than others in providing useful information with which to form pre-service encounter expectations (Hawkins et al., 1998).

Zins and Teichmann (2006) conducted a longitudinal study where they found that the credibility of information channels change from the pre-trip to the post-trip phase. Bieger and Laesser (2004) also investigated the differences in information channels before and after a trip decision is made. Consistent with the Zins and Teichmann (2006) study, the Bieger and Laesser (2004) study shows that the selection of the information channel differs significantly depending on type of trip, degree of packaging, and choice of destination. They also found that friends or, in the web context, other users are very important channels, as are guide books, regional and destination information brochures, and tourist boards (Bieger and Laesser, 2004).

In addition, Gursoy and MacLeary (2003) proposed a model of tourist information search behaviour that integrated internal and external search, cost of search, concepts of familiarity, expertise, and previous visits with the involvement and learning of the individual.

*(b) Economic Cost/Benefit Approach*

According to the cost/benefit approach, tourists' search for information and the use of information sources depends on the expected costs and benefits of the information sourcing alternative. In that regard, most traditional perspectives of information search are



embedded in processing theory and consumer behaviour models (Assael, 1984; Bettman, 1979), addressing issues such as the role of product knowledge (Hirschman and Wallendorf, 1982); uncertainty (Murray, 1991) either with regard to knowledge uncertainty or choice uncertainty; utility (Bettman and Sujan, 1987); and efficiency (Bettman, 1979). Costs within this framework are either generated on behalf of risk-limiting search costs or the assumption/acceptance of risk.

### *(c) Process Approach*

Recent studies have recognized that travel decision making is complex, involving multiple decisions including length of trip, primary destinations, companions, activities, attractions, accommodations, trip routes, food stops, and shopping places (Moutinho, 1987; Woodside and MacDonald, 1994). For multiple product decisions, travellers search for information and move back and forth between, the search and the decision-making stages. In addition, actual travel behaviour does not always follow plans (March and Woodside, 2005). Accordingly, in studying travel behaviour, researchers should consider interactions or intersections of multiple goals and decisions, information search as an ongoing process, and differences in planned and actual behaviors. The process approach focuses on the process of information search rather than on the action itself.

The Internet has intensified the complexity of the travel decision-making process, as it has become an important channel for travellers' information search (Gretzel et al., 2006; Gursoy and MacLeary, 2003; Pan and Fesenmaier, 2006; Xiang et al., 2008; Jun et al., 2007), creating an environment whereby online information providers such as tourist boards, hotel and resort websites, travel agents, bloggers and magazines actively compete for attention to attract searchers and ultimately, bookers. The Internet provides an opportunity for travel and tourism service providers to intermix traditional marketing channels (i.e. distribution, transaction, and communication), which were previously considered independent processes (Zins, 2009). A single interaction on the Internet can provide product information, a means for payment and product exchange, and distribution, whereas more traditional interaction frequently separates these functions (Jun et al., 2007). Particularly interesting studies have considered the use of online information sources relative

to more conventional ones. The application and extension of Information Technology (IT) in the tourism sector (Buhalis and Law, 2008; Buhalis and Zoge, 2007) has greatly favoured the dissemination of information about tourism destinations and their promotion, mainly through the World Wide Web, which some consider to be the ideal source for the distribution of such information. Nonetheless, a considerable part of the studies produced on the new IT deal with the possibilities that this IT can offer to market tourism destinations.

### **3. Research Method**

The present investigation was designed to further understand the tourism market in the province of Arcadia, Greece, over a period of 12 months, in order to eliminate seasonality. The survey, included Greek and foreign tourists in the region. Data were collected by using a four-page self-administered questionnaire primarily designed to gather information on the subjects' general motivations for travel. A total of 3500 questionnaires were given to tourists. Ultimately, 820 usable questionnaires were collected, which leads to the response rate of 23.43 per cent.

The survey data were coded and analysed using R, an open-source statistical package. A descriptive-statistical analysis was applied to the collected data to explore the overall sample profile. Chi-square tests were conducted to verify whether differences between the above mentioned two tourist sub-groups, as regards the particular characteristics of the population of tourists, are due to chance variation or reveal some statistically significant trend. Chi-squared tests were chosen for use in this exploratory investigation to aid in making an inference about the uniform distribution (or not) of the two sub-groups in relation to demographic variables, trip characteristics, selection of information sources for their journey, and their degree of satisfaction from the use of these information sources.

The overall goals of the present research was to combine research about information both at the tourism destinations and before the trip, question whether segmentation based on the information search behaviour is an appropriate way to develop marketing strategies and target marketing communications; and analyse the importance of

information at destinations from the tourists' perspective. The specific objectives of the study were to compare the importance that international and domestic tourists attribute to various forms of information, both at tourism destinations and in the pre-trip context, and make an analysis of their information sourcing behaviour, based on internal and external information sources, including the use of the Internet. This would provide a better understanding of how channels are used by different types of travellers in different types of travel situations, thus taking a dynamic situational perspective (Bieger and Laesser, 2002), combining characteristics of travellers with characteristics of trips. The hypotheses formulated states the following:

H1. The composition of the travel party has an effect on the way tourists seek information about their journey (trip-related, situational descriptor).

H2. The socio-demographic characteristics of the traveller (gender, age, education level, occupation, nationality) have an effect on the way tourists seek information about their trip.

## **4. Results**

### ***4.1 The travel party (H1)***

Table 1 displays the results from the comparison of the distribution of the population according to how the travel party is composed (out of the total population: 49 per cent travel with friends, 41.7 per cent with family, and 6.2 per cent on their own), with the distribution of sub-groups of the population according to the same criterion, i.e. the composition of the travel team/party. The sub-groups are determined by the use of the different sources of information displayed on Table 1. The results of the Chi-squared test reveal that statistically significant differences are observed only with regard to the 'Oral Information provided by retailer/agency' (source 3). Significant percentage of tourists who made use of this particular source travel with their family compared with their share in the total population.

**Table 1. Comparison between the sources of information and the composition of the travel company/team**

	<b>On your own</b>	<b>With friends</b>	<b>With family</b>	<b>Total</b>	<b>Chi-squared test</b>
Total Population	6.2%	49.0%	41.7%	820	
Information Brochures	4.6%	44.3%	48.9%	131	X-squared = 2.3649, df = 2, p-value = 0.3065
Hotel Listings	3.9%	51.0%	43.1%	51	X-squared = 0.4671, df = 2, p-value = 0.7917
Oral Information provided by retailer/agency	6.8%	29.6%	59.1%	44	<b>X-squared = 6.3642,</b> <b>df = 2,</b> <b>p-value = 0.0415</b>
Oral information provided by tourist information at the destination or from local tourist offices	0%	50.0%	43.8%	16	X-squared = 1.03, df = 2, p-value = 0.5975
Advertisements and articles in newspapers/magazines	5.4%	38.8%	51.2%	129	X-squared = 4.9285, df = 2, p-value = 0.08507
Travel guidebooks and travel magazines	4.0%	51.1%	42.8%	278	X-squared = 2.0926, df = 2, p-value = 0.3512
Radio and TV broadcasts	7.1%	44.7%	45.9%	170	X-squared = 1.2653, df = 2, p-value = 0.5312
Video,CDROM,DVD, Video-text	6.8%	31.8%	52.3%	44	X-squared = 3.7485, df = 2, p-value = 0.1535
INTERNET	5.1%	54.9%	37.0%	430	X-squared = 4.0599, df = 2, p-value = 0.1313

	<b>On your own</b>	<b>With friends</b>	<b>With family</b>	<b>Total</b>	<b>Chi-squared test</b>
Recommendation from friends & relatives	5.2%	49.8%	42.5%	442	X-squared = 0.5747, df = 2, p-value = 0.7503
Personal experience/ Knowledge	10.4%	45.1%	41.8%	131	X-squared = 4.2729, df = 2, p-value = 0.1181

Note: Significant differences ( $p < 0.05$ ) in mean scores printed in bold.

#### ***4.2. Socio-demographic characteristics (H2)***

In the following paragraphs we analyse the use of the different sources of information with regard to the socio-demographic characteristics of the participants for this survey, i.e. gender, age, education level, occupation and nationality. In the analysis, the results of which are presented in the following Tables 2, 3, 4 and 5, we have made comparisons between the distribution of the total population and that of sub-groups of the population. These sub-groups are created according to the use of the different sources of information. Statistically significant results (i.e.  $p\text{-value} < 0.05$ ) reveal that the characteristic under analysis is not independent of the use of the information sources.

##### *Gender*

The total population comprises 55.4 per cent women and 42.2 per cent men. This distribution pertains for sub-groups of the population (see Table 2), with the exception of the users of Source 5 (Advertisements and articles in newspapers/magazines), Source 6 (Travel guidebooks and travel magazines) and Source 7 (Radio and TV broadcasts). In these three sources we observe greater participation of women (above 65 per cent) compared to the total population.

### *Age*

In the total population, the age group between 25 and 34 years accounts for approximately one third (30.4 per cent) of the total population, while only a small proportion of the population are above 65 (3.9 per cent). This distribution pertains in most sub-groups (see Table 2), with the exception of Source 3 ('Oral Information provided by retailer/agency'), Source 4 ('Oral information provided by tourist information at destination or from local tourist offices') and Source 9 ('Internet'). In particular, for users of Source 3 we observe higher frequencies (27.3 per cent) in the ages above 55, compared with the total population (12.6 per cent) and accordingly frequencies in the younger ages are smaller. The situation is similar with users of Source 4, while the majority (63.3 per cent) of users of Source 9 are between 25 and 44 years' old, significantly above the corresponding frequencies for the total population.

### *Education*

40.5 per cent of all the participants of this survey have tertiary education. Second in frequency come those with secondary education (24.3 per cent), and third holders of postgraduate degrees (21.5 per cent). The results of Table 3 reveal that this distribution is similar for all sub-groups, with the exception of Source 4 ('Oral information provided by tourist information at the destination or from local tourist offices'), Source 8 ('Video, CD- Rom, DVD, Videotext') and Source 9 ('Internet').

In particular for users of Source 4, we observe that a significantly higher percentage of tourists (18.8 per cent) have primary education, while the corresponding percentage for the total population is considerably lower (3.7 per cent). For users of Source 8, we always see higher frequencies, compared with the total population, in the group who have secondary education (43.2 per cent compared to 24.3 per cent in the total population). Users of Source 8 who have tertiary education are considerably less (11.4 per cent compared to 40.5 per cent in the total population). Finally users of the Internet are mostly gathered in the categories 'Tertiary education' and 'Postgraduate studies' (71.2 per cent compared with 62 per cent in the total population).

### *Nationality*

The majority of the participants in this survey were Greeks (85.4 per cent) as opposed to 14.6 per cent foreigners. When comparing the total population with the sub-groups of users of the different sources of information significant differences were only observed for users of Source 7 ('Radio and TV broadcasts') and Source 8 ('Video, CD- Rom, DVD, Video-text'). (The results of **Table** Table 3). In particular, foreign users of Source 7 are significantly more (21.2 per cent) than foreigners in the total population (14.6 per cent). The same happens with users of Source 8, with even higher frequency of foreigners (45.5 per cent) in this group.

### *Occupation*

The most commonly reported occupations in order of frequency in the total population are: Scientific and free professional (27.7 per cent), Clerical worker (18 per cent), Administrative and Managerial worker (14.6 per cent) and Students (10 per cent). The results of the analysis reveal that the distribution of tourists according to their occupation is not significantly different in the various sub-groups when compared with their distribution in the total population, with the exception of Source 3 ('Oral Information provided by retailer/agency'), Source 5 ('Advertisements and articles in newspapers/ magazines'), and Source 8 ('Video, CD- Rom, DVD, Videotext'). In particular:

- the most common jobs among users of Source 3 are Administrative and Managerial workers (29.6 per cent), Scientific and free professionals (18.2 per cent), Pensioners (18.2 per cent) and Trade and sales workers (9.1 per cent);
- the most common jobs among users of Source 5 are Scientific and free professionals (30.2 per cent), Clerical workers (20.2 per cent), Students (11.6 per cent) and Housework (10.9 per cent);
- the most common jobs among users of Source 8 are Housework (20.5 per cent), Scientific and free professional (15.9 per cent), Craftsmen, workers, operators (15.9 per cent) and Students (15.9 per cent).

**Table 2: Chi-square analysis of socio-demographic characteristics for users of the different sources of information – Gender, Age**

	Gender			Age						Chi-squared test
	Men	Women	Chi-squared test	15-24	25-34	35-44	45-54	55-64	Πάνω από 65	
Total population	42.20%	55.40%		14.4%	30.4%	23.2%	17.4%	8.7%	3.9%	
Source 1	35.11%	61.83%	X-squared = 1.9405, df = 1, p-value = 0.1636	16.79%	22.14%	25.19%	17.56%	13.74%	3.05%	X-squared = 6.5593, df = 5, p-value = 0.2555
Source 2	37.25%	62.75%	X-squared = 0.48, df = 1, p-value = 0.4884	23.53%	19.61%	27.45%	17.65%	7.84%	1.96%	X-squared = 5.4417, df = 5, p-value = 0.3644
Source 3	47.73%	52.27%	X-squared = 0.1824, df = 1, p-value = 0.6693	18.18%	11.36%	15.91%	25%	13.64%	13.64%	<b>X-squared = 18.036, df = 5, p-value = 0.002902</b>
Source 4	31.25%	62.50%	X-squared = 0.2553, df = 1, p-value = 0.6133	6.25%	12.5%	31.25%	12.5%	18.75%	18.75%	<b>X-squared = 12.8597, df = 5, p-value = 0.02473</b>
Source 5	30.23%	68.22%	<b>X-squared = 6.592, df = 1, p-value = 0.01024</b>	11.63%	27.91%	27.91%	20.93%	6.2%	3.88%	X-squared = 3.4317, df = 5, p-value = 0.6337
Source 6	32.73%	65.47%	<b>X-squared = 7.886, df = 1, p-value = 0.004982</b>	12.59%	28.78%	25.54%	16.55%	8.99%	4.68%	X-squared = 1.5665, df = 5, p-value = 0.9053



	Gender					Age				
Source 7	33.53%	64.12%	<b>X-squared = 4.1323, df = 1, p-value = 0.04207</b>	15.29%	22.94%	27.65%	18.822%	9.41%	3.53%	X-squared = 4.2274, df = 5, p-value = 0.5172
Source 8	47.73%	47.73%	X-squared = 0.4904, df = 1, p-value = 0.4838	25%	13.64%	18.18%	27.27%	11.36%	2.27%	X-squared = 10.4696, df = 5, p-value = 0.06297
Source 9	44.19%	53.26%	X-squared = 0.409, df = 1, p-value = 0.5225	14.19%	36.98%	26.28%	15.81%	3.49%	1.4%	<b>X-squared = 22.1264, df = 5, p-value = 0.0004954</b>
Source 10	41.63%	56.79%	X-squared = 0.0689, df = 1, p-value = 0.793	12.22%	31.9%	24.66%	16.06%	8.82%	5.43%	X-squared = 3.2711, df = 5, p-value = 0.6583
Source 11	45.60%	51.10%	X-squared = 0.7432, df = 1, p-value = 0.3886	14.29%	26.92%	24.73%	19.78%	8.79%	3.85%	X-squared = 1.2034, df = 5, p-value = 0.9446

Note: Significant differences ( $p < 0.05$ ) in mean scores printed in bold.

**Table 3: Chi-square analysis of socio-demographic characteristics for users of the different sources of information**

**- Education level, Nationality**

	Education Level					Nationality			
	Pri- mary	Secondary/ high school	Terti- ary	Postgraduate Studies	Other	Chi-squared test	Greeks	Foreign- ers	Chi-squared test
Total population	3.7%	24.3%	40.5%	21.5%	6.8%		85.4%	14.6%	
Source 1	1.53%	30.53%	35.11%	19.85%	9.92%	X-squared = 5.7294, df = 4, p-value = 0.2203	83.2%	16.8%	X-squared = 0.2622, df = 1, p-value = 0.6086
Source 2	1.96%	39.22%	33.33%	17.65%	5.88%	X-squared = 5.5849, df = 4, p-value = 0.2324	80.4%	19.6%	X-squared = 0.5847, df = 1, p-value = 0.4445
Source 3	4.55%	20.45%	40.91%	25%	9.09%	X-squared = 0.82, df = 4, p-value = 0.9357	79.6%	20.5%	X-squared = 0.7027, df = 1, p-value = 0.4019
Source 4	18.75%	12.5%	31.25%	25%	6.25%	<b>X-squared = 10.6906, df = 4, p-value = 0.03027</b>	87.5%	12.5%	X-squared = 0.0139, df = 1, p-value = 0.906
Source 5	3.1%	24.81%	44.19%	21.71%	4.65%	X-squared = 1.2433, df = 4, p-value = 0.871	83.0%	17.1%	X-squared = 0.3405, df = 1, p-value = 0.5595
Source 6	2.52%	24.82%	48.2%	17.63%	3.96%	X-squared = 8.0167, df = 4, p-value = 0.09097	81.7%	18.4%	X-squared = 1.9017, df = 1, p-value = 0.1679

	Education Level					Nationality			
	Pri- mary	Secondary/ high school	Terti- ary	Postgraduate Studies	Other	Chi-squared test	Greeks	Foreign- ers	Chi-squared test
Source 7	4.12%	18.82%	45.29%	15.88%	11.76%	X-squared = 9.3049, df = 4, p-value = 0.05391	78.8%	21.2%	X-squared = <b>4.0607</b> , df = 1, p-value = <b>0.04389</b>
Source 8	4.55%	43.18%	11.36%	18.18%	18.18%	X-squared = <b>22.8263</b> , df = 4, p-value = <b>0.0001372</b>	54.6%	45.5%	X-squared = <b>26.9882</b> , df = 1, p-value = <b>2.047e-07</b>
Source 9	2.56%	19.77%	45.81%	25.35%	4.42%	X-squared = <b>9.9672</b> , df = 4, p-value = <b>0.04098</b>	82.1%	17.9%	X-squared = 2.036, df = 1, p-value = 0.1536
Source 10	2.94%	28.05%	44.57%	18.1%	4.52%	X-squared = 7.2209, df = 4, p-value = 0.1247	85.3%	14.7%	X-squared = 0.0024, df = 1, p-value = 0.9609
Source 11	5.49%	21.43%	38.46%	21.98%	8.79%	X-squared = 2.7372, df = 4, p-value = 0.6027	89.0%	11.0%	X-squared = 1.3571, df = 1, p-value = 0.2440

Note: Significant differences ( $p < 0.05$ ) in mean scores printed in bold.

**Table 4: Chi-square analysis of socio-demographic characteristics for users of the different sources of information – Occupation**

	Occupation										Chi-squared test
	Scientific, free professional, technical, etc.	Administrative/Managerial	Clerical & Sales	Trade & Sales	Farmer, fisherman, etc.	Craftman-worker, operator	Pen-sioner	House-work	Unemployed, looking for job	Student	
Total population	27.7%	14.6%	18%	7.1%	2%	4.9%	5.6%	4.6%	4.4%	10%	
Source 1	32.82%	8.4%	16.79%	7.63%	0.76%	3.82%	6.87%	3.82%	6.87%	10.69%	X-squared = 7.5712, df = 9, p-value = 0.5779
Source 2	25.49%	11.76%	19.61%	13.73%	0%	3.92%	1.96%	9.80%	0%	11.76%	X-squared = 10.6041, df = 9, p-value = 0.3038
Source 3	18.18%	29.55%	6.82%	9.09%	2.27%	0%	18.18%	2.27%	6.82%	6.82%	X-squared = 24.6377, df = 9, p-value = 0.003399
Source 4	12.5%	0%	18.75%	25%	0%	6.25%	12.5%	6.25%	0%	12.5%	X-squared = 13.6691, df = 9, p-value = 0.1346

Source 5	30.23%	8.53%	20.16%	4.65%	2.33%	0.78%	4.65%	10.85%	6.2%	11.63%	<b>X-squared = 17.9038, df = 9, p-value = 0.03631</b>
Source 6	29.5%	14.75%	16.55%	5.76%	1.08%	2.52%	6.83%	7.55%	5.04%	10.07%	X-squared = 8.6267, df = 9, p-value = 0.4724
Source 7	25.29%	13.53%	14.71%	4.71%	2.94%	10%	5.88%	4.71%	8.24%	9.41%	X-squared = 13.7054, df = 9, p-value = 0.1332
Source 8	15.91%	4.55%	6.82%	0.00%	9.09%	15.91%	6.82%	20.45%	2.27%	15.91%	<b>X-squared = 51.5289, df = 9, p-value = 5.549e-08</b>
Source 9	29.77%	17.44%	19.53%	6.51%	1.16%	3.49%	1.63%	4.65%	3.95%	10.7%	X-squared = 15.4161, df = 9, p-value = 0.08012
Source 10	28.05%	11.54%	21.04%	7.01%	2.26%	1.36%	7.24%	6.11%	4.3%	10.18%	X-squared = 15.7455, df = 9, p-value = 0.07239
Source 11	30.77%	17.03%	16.48%	3.3%	2.75%	4.95%	7.14%	4.4%	4.95%	7.69%	X-squared = 6.5691, df = 9, p-value = 0.6819

Note: Significant differences ( $p < 0.05$ ) in mean scores printed in bold.

## 5. Conclusions

This paper supports the view that developing alliances with well-positioned, knowledgeable distribution channels is especially important for the assessment of tourism policies. Hypothesis 1 which postulates “The composition of the traveller party has an effect on the way tourists seek information about their journey” is **not** verified by the results of our survey. The only exception is with regard to the ‘Oral Information provided by retailer/agency’, where a significantly higher percentage of tourists who made use of this particular source, travel with their family compared with their share in the total population. Thus, this trip-related, situational descriptor, i.e. the composition of the traveller party seems to have no effect on information search behaviour.

The present study agrees with other researchers that travellers usually rely on multiple information channels depending on, as postulated by Hypothesis 2, their socio-demographic characteristics (Katsoni, 2011). However, this hypothesis is only partially verified by the results of this analysis. It is important to note that women make greater use than men of information sources such as advertisements and articles in newspapers/magazines, travel guidebooks and travel magazines and radio and TV broadcasts. The analysis of education and age characteristics also shows the Internet to be a favoured source of information among travellers who have university/college education and postgraduate studies, irrespective of gender, and who are in the age group 25 to 44 years old. Travellers in Arcadia are mainly scientific and free professionals (27.7 per cent), Clerical workers (18 per cent), Administrative and Managerial workers (14.6 per cent) and Students (10 per cent), and this distribution of tourists according to their occupation applies to all sources of information, with the exception of “Oral Information provided by retailer/agency”, ‘Advertisements and articles in newspapers/magazines’ and ‘Video, CD- Rom, DVD, Videotext’. The analysis of the similarities and differences between international and domestic tourists regarding the importance of the information at destinations shows that correspondences exist between both groups on the order of use of the information source, with the exception of Radio and TV broadcasts’ and ‘Video, CD- Rom, DVD, Videotext’ which are slightly more preferred by foreign travellers.

The results of this study have important implications from the managerial perspective at the tourism destinations. This information can increase the economic impacts from travel and tourism at the destinations, and lead to the adoption of the necessary measures to reinforce the forms of information analysed in this study in order to attract the most suitable target market. The implementation of the forms of communication analysed requires the collaboration of diverse tourist agencies, and the creation of the Destination Management Systems (DMSs) or the Destination Management Organizations (DMO) to integrate all this information in a manner that meets the needs of the tourists.

A main limitation of this study is that the research does not cover all important aspects associated with the information available at destinations, such as the modification of the image conveyed by a flood of information at destinations and the economic effects of the information on the destinations. "Internet" also is considered as a homogeneous source of information, as it neglects the different types and sources of information a tourist can collect in the web, such as social networks, DMO's websites, etc. More research on all these topics is necessary to develop a more complete understanding of the information at tourism destinations.

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## CONTENT ANALYSIS OF HOTEL WEBSITES: CASE STUDY OF CROATIA

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**ABSTRACT.** In the competitive hotel industry the content of hotel websites has an important role in achieving and maintaining business success and profitability. The purpose of this study is to analyze the websites of a selected group of hotels (three, four and five star) by applying content analysis by six dimensions (contact information, information about facilities, reservations and the surrounding area, as well as communication with customers and web-site functionality) and 22 characteristics. The aims of this study are: (1) theoretically explore the term of content analysis, (2) evaluate hotel websites in Croatia by applying Content analysis, (3) present the results of the descriptive statistical analysis, (4) comparative analysis of ranks by dimensions. Content analysis was used to evaluate hotel website characteristics. The content model was obtained and modified from an extensive literature review (Baloglu and Pekcan, 2006; Chung and Law, 2003; Schmidt et al., 2008). In order to achieve the goal of obtaining a structured list of criteria, descriptive statistical analyses were performed. It is particularly noteworthy that 90% of all three hotel categories have their own website. The findings of the comparative analysis indicate that hotels primarily focus on “Facility & Contact Information”. Hotels are not enough focused on “Communication with Customers” which represents the main

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factor in their business. This study is particularly aimed at hotel managers and researchers wishing to use it as a foundation for the further development of their hotel websites' content.

**Keywords:** *content analysis, hotel websites, hotel industry, descriptive statistics, Croatia*

**JEL Classification:** L83, L81

## 1. Introduction

The hotel industry has been one of the fastest growing industry users of the Internet over the last few years (Elliott and Meng, 2011). With the rapid development of information and communication technology, Internet and the World Wide Web (WWW) have become an essential tool in business, which also has a major impact on the business world (Hongxiu et al., 2009).

The Internet is a significant sales and marketing distribution channel in the hotel industry. Hotels provide service and interact with customers through their website.

According to Schmidt et al. (2008), with the exception of large hotel chains, however, most hotel websites have a limited range of functions, such as promotion and point-of-sale. However, only a few of them are exploring other potentialities, such as a support tool for customer relationship management. Well-designed hotel websites with useful information and extra benefits available to customers can help increase sales volume and improve the reputation of a hotel. Some hotels have placed a lot of information on their websites but do not include relevant information or do not arrange the layout in an appropriate order. The outdated information may eventually be negative for the hotel's image (Chung and Law, 2003).

Hotels should develop a comprehensive measurement system for the service quality of their websites with particular emphasis on identifying its strengths and weaknesses. This study will analyze the website content of three, four and five-star hotels.

## 2 Theoretical Background

Content analysis is defined as a “research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying items or patterns (Hsieh and Shannon, 2005).

According to Berelson (1952) and Krippendorff (1980) content analysis can be defined in two ways: as a research technique for the objective, systematic and quantitative description of manifest contents of communication; and as the process of making replicable and valid references from the data to their contexts. As noted by Krippendorff (1980), this research method has four key advantages: it is unobtrusive, it is flexible (i.e. able to be applied unstructured material), it is context sensitive, and it is able to be applied to large amounts of data.

Furthermore, content analysis is an observational research method that is used to systematically evaluate the symbolic content of all forms of recorded communications (Kolbe and Burnett, 1991). It provides a scientific, objective, quantitative and generalizable description of the content. Moreover, content analysis can be performed on virtually any medium with verbal and/or visual content, such as printed material, radio and television programs, recorded meetings, movies, songs, etc. It has been extensively used in marketing and consumer behavior research (Kassarjian, 1977; Wheeler, 1988; Sayre, 1992; Guthrie and Abeysekera, 2006).

The basic technique of content analysis entails counting the number of times pre-defined categories of measurement appear in a given content. An effective content analysis should meet several requirements (Kassarjian, 1977; Guthrie and Abeysekera, 2006). First, a representative, randomly drawn sample should be selected. Second, the units of measurement, that is, the criteria of analysis must be clearly defined. These units can be specific, e.g. a word, phrase, theme, paragraph, symbols, pictures, tables, or simply the existence or nonexistence of some event or claim. Third, data categorization must be systematic. It must be clear that an item either belongs or does not belong to a particular category. Finally, statistical analysis and interpretation of data can be conducted.

Content analysis is a method of evaluating and analyzing websites based on its content (Young and Law, 2006.). Content is an important aspect in creating a hotel website. Therefore, the hotel website’s contents

and its presentation have become increasingly important. According to Hidayat (2011) hotel website design is a presentation of the contents which should be able to attract, inform and sell to customers during their online visit.

Extensive literature review shows that there are several studies that applied content analysis to evaluate hotel websites. (Table 1)

**Table 1. A review of hotel website evaluation studies from 1996 to 2012**

SECTOR	AUTHOR/S (year)	UNIT OF ANALYSIS
HOTEL WEBSITES	Murphy, Forrest, Wotring, and Brymer (1996)	Website content counting combined with practitioners' perspectives on e-commerce
	Gilbert et al. (1999)	Counting web features, combining with interviewing hotel senior marketing directors
	Morrison et al. (1999)	Counting and evaluation website performance
	Wöber et al. (2002)	Web content extraction, content analysis and data mining
	Wan (2002)	Content analysis of the three criteria by rating the performance
	Huang and Law (2003)	Content analysis
	Chung and Law (2003)	Content analysis combined with weighted established evaluation factors
	Law, Ho and Cheung (2004)	Content analysis from consumers perspective and comparison of the DMO website functionality performance between China and US
	Law (2005)	A fuzzy multi-criteria analysis model based on content analysis and user behavioral approach
	Bai et al. (2006)	Content analysis and website classification counting
Baloglu and Pekcan (2006)	Content analysis	

<b>SECTOR</b>	<b>AUTHOR/S (year)</b>	<b>UNIT OF ANALYSIS</b>
	Qi, Leung et al. (2008)	Evaluation of website performance by automatic process
	Schmidt, Cantalops, and Santos (2008)	Content analysis based on counting method, then adopted and exploratory factor analysis (EFA) to produce the final list of website characters
	Xiong et al. (2009)	Content analysis by frequency counting
	Musante, Bojani, and Zhang (2009)	Rating content items for each selected website
	Hsieh (2011)	Content analysis
	Hidayat (2011)	Content analysis
	Law and Chen (2012)	Content analysis

Source: Law, R., Qi, S. and D. Buhalis (2010), „Progress in tourism management: A review of website evaluation in tourism research“, *Tourism Management*, 31, pp. 297-313; Hidayat, I. (2011), “A Content Analysis of Indonesian Hotel Website”, UNLV Theses/Dissertations/Professional Papers/Capstones, University of Nevada, Las Vegas; Law, R., Chen, S., Z., Representation of Destination Cultural Factors on Hotel Websites: Content Analysis of Beijing Hotel Websites, *Asia Pacific Journal of Tourism Research*, Volume 17, Number 2, 1 April 2012 , pp. 210-229(20); Hsieh, Y.J. (2012), "Hotel companies' environmental policies and practices: a content analysis of their web pages", *Emerald* 24

Table 1 lists the related publications on hotel website evaluation studies. However, content analysis was applied in other tourism sectors, as well. According to Law, Qi, and Buhalis (2009), several website content analysis studies are based on restaurant websites, lodging websites, destination websites, attraction websites, destination marketing websites, national tourism organization websites, rural destination websites, etc.



### 3. Methodology and Results

In this study content analysis was adopted to evaluate websites of three, four and five star hotels in Croatia. The structured criteria list was developed with 6 dimensions and 25 criteria. The analyzed dimensions are: *Contact Information* (refers to facilities for direct communications between a hotel and its customers), *Facilities Information* (refers to the general description of the hotel property, and information about the facilities and services that are offered to the customers), *Reservation Information* (refers to the system for making online facilities/services reservations), *Surrounding Area Information* (refers to the information about the nearby environment), *Communication with Customers* (refers to facilities for indirect communication between hotels and their customers) and *Website Functionality* (refers to the content and ease of use of a website).

The selected dimensions and criteria were modified according to previous studies conducted in the hotel industry (Baloglu and Pekcan, 2006; Chung and Law, 2003; Schmidt et al., 2008). The relevance of the given criteria was assessed using a seven-point Likert-type scale, with the anchors 1 “lowest grade” and 7 “highest grade”.

The structured criteria list was prepared in the English language and additionally translated into the Croatian language. Data were collected during March and April of 2012 based on 58 three, four and five star hotels in Croatia. In the present study the authors performed a website content analysis based on dimensions and criteria. Data were analyzed using descriptive statistics and SPSS 12.0.

Hotel websites were chosen from a random selection of categorized hotels in Croatia published on the website of the Croatian National Tourist Board (2012).

The analysis was carried out on 58 three, four and five star hotels in Croatia which constitutes 13% of all 434 three, four and five star hotels that have websites. The sample includes 14 three star hotels (24%), 29 four star hotels (50%) and 15 five star hotels (26%).

Table 2 presents the results of the descriptive statistical analysis. The research results show that there is a difference in the website information content between three, four and five star hotels, whereby five star hotels have the highest total average score (5.31) and three star hotels the lowest (4.69).

**Table 2. Results of the content analysis**

<b>DIMENSION</b>	<b>CRITERIA</b>	<b>Average score ***</b>	<b>Average score ****</b>	<b>Average score *****</b>	<b>Total average score</b>
<b>Contact</b>	1. Address	6.36	6.27	6.82	6.44
<b>Informa- tion</b>	2. E-mail Address	6.56	6.44	6.68	6.54
	3. Telephone Number	6.49	6.68	6.84	6.67
	4. Contact Person	4.69	3.21	3.43	3.66
	5. Hotel Location Map	5.38	6.16	6.34	6.00
<b>Facilities Informa- tion</b>	6. Hotel Description	6.09	5.95	5.66	5.91
	7. Facilities and Service Description (restaurants, wellness, sport, facilities, meeting facilities etc.)	5.80	6.06	6.68	6.15
<b>Reserva- tion Infor- mation</b>	8. Room Description	5.56	5.98	6.41	5.98
	9. Hotel Photos	5.44	5.67	6.18	5.74
	10. Room Photos	5.80	5.65	6.05	5.79
	11. Price Information	5.58	5.79	5.30	5.61
	12. Online Reservation	6.38	6.52	6.84	6.56
	13. Availability Information	2.87	4.17	5.00	4.04
	14. Online Payment	2.93	3.86	5.36	4.01
	15. General Information about the Destination	5.02	5.48	6.00	5.49
	16. Surrounding Photos	4.56	4.62	5.07	4.72
	17. Accessibility (transport)	5.16	5.81	5.64	5.59
<b>Communi- cation with Customers</b>	18. Frequently asked questions (FAQ)	1.49	1.67	2.20	1.79
	19. Online Guest Book	1.56	1.79	2.09	1.81
	20. Newsletter	2.51	4.19	5.18	4.00
	21. Online Survey	1.80	1.48	1.48	1.56
<b>Website Function- ality</b>	22. Multilingual Site	5.16	5.31	5.80	5.39
	23. Site Map	4.84	5.09	5.32	5.08
	24. Search Function	3.98	4.60	4.52	4.42
	25. Ease of Download	5.31	5.32	5.77	5.44
<b>Total average score</b>		<b>4.69</b>	<b>4.95</b>	<b>5.31</b>	<b>4.98</b>

Source: Authors

The average score among the three star hotels ranged from 1.49 to 6.56. The lowest average scores were obtained by the criteria *Frequently Asked Questions* (1.49), *Online Guest Book* (1.56) and *Online Survey* (1.80), and the highest average scores among three star hotels were allocated to the criteria *E-mail Address* (6.56), *Telephone Number* (6.49) and *Online reservation* (6.38).

In the sample of four star hotels, the average score ranged from 1.48 to 6.52. Criteria *Online Survey* (1.48), *Frequently Asked Questions* (1.67) and *Online Guest Book* (1.79) received the lowest average score, while the criteria *Telephone Number* (6.68), *Online Reservation* (6.52) and *E-mail Address* (6.44) obtained the highest average score.

When it comes to five star hotels, the lowest average scores among this group of hotels were distributed to the following criteria: *Online Survey* (1.48), *Online Guest Book* (2.09) and *Frequently Asked Questions* (2.20), while the criteria *Online Reservation*, *Telephone Number* (6.84), *Address* (6.82) were evaluated with the highest average scores.

The five highest rated website criteria for all three hotel categories were *Telephone Number* (6.67), *Online Reservation* (6.56), *E-mail Address* (6.54), *Address* (6.44) and *Hotel Location* (6.00), while the five lowest rated website criteria for all three hotel categories were *Online Survey* (1.56), *Frequently Asked Questions* (1.79), *Online Guest Book* (1.81), *Contact Person* (3.66) and *Newsletter* (4.00).

Table 3 depicts the comparative analysis and ranks the criteria according to dimension as three, four and five star hotels.

A Comparative analysis of ranks according to dimension shows that the highest average scores among all hotel categories were achieved by the dimensions *Contact Information* and *Facilities Information*, while the dimension *Surrounding Area Information* is ranked third by all three hotel categories. The average scores for the dimension *Communication with Customers* range from 1.84 to 2.74. The dimension *Communication with Customers* obtained the lowest average score of all hotel categories. The total average score according to dimension among the three hotel categories range from 4.62 to 5.24. In conclusion, particular emphasis was given to five out of six dimensions, while little attention is given to *Communication with Customers*, which is not less important and should therefore not be neglected.

**Table 3. Comparative analysis of ranks by dimensions**

	<b>*** hotels</b>	<b>Rank</b>	<b>**** hotels</b>	<b>Rank</b>	<b>***** hotels</b>	<b>Rank</b>
1.	Contact Information	6.03	Facilities Information	5.91	Facilities Information	6.22
2.	Facilities Information	5.68	Contact Information	5.65	Contact Information	5.94
3.	Surrounding Area Information	4.91	Surrounding Area Information	5.30	Surrounding Area Information	5.57
4.	Web-site Functionality	4.82	Reservation Information	5.09	Reservation Information	5.63
5.	Reservation Information	4.44	Web-site Functionality	5.08	Web-site Functionality	5.35
6.	Communication with Customers	1.84	Communication with Customers	2.28	Communication with Customers	2.74
<b>TOTAL</b>		<b>4.62</b>	<b>-</b>	<b>4.89</b>	<b>-</b>	<b>5.24</b>

*Source:* Authors

#### **4. Conclusions**

The focus of this study was to investigate the characteristics of hotel websites and their implications for website effectiveness. Most of the published articles in hospitality literature are based on measuring the performance of hotel websites focused on the availability of features on the websites. This study can be of great use to hotel managers by providing directions on how to use content analysis to improve their own websites.

The findings show that hotels included in this study do not fully utilize the advantages of the Internet in order to effectively promote their products and services. Hotels should therefore pay more attention to the following issues: the search function, making online payments, the availability of information, newsletters, online surveys, and frequently asked questions. The results of the descriptive analysis suggest that hotel websites should improve their website content as well as the quality of information (total average score = 4.98).

In conclusion, based on the research results presented in this paper, the following suggestions for further research can be made. Firstly, the model should be extended to include additional dimensions

and criteria. Secondly, assess customers' perceptions of hotel websites. Thirdly, extend the research on other tourism related websites (e.g. restaurants, travel agencies, tourist information center, etc.). Finally, the results presented in this paper should be compared with similar studies carried out in Croatia and abroad.

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## AN INVESTIGATION OF INNOVATION PROCESS IN URBAN HOTELS: EVIDENCE FROM CLUJ-NAPOCA

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**ABSTRACT.** The fierce competition experienced in the global hospitality industry, more specifically the hotel sector, demand that businesses operate innovatively. As such, those who are employed in this sector should be able to keep and attract new customers by satisfying their increasingly sophisticated demands. The main objective of this study is to identify different approaches of the innovation process, especially product innovation and marketing innovation, adopted by urban hotels from Cluj-Napoca, Romania. The analysis has focused on what types of actions were primarily applied by hotels and with what effects. Further, the results of correlation analysis between marketing innovation activities and outcomes achieved by hotels are presented. The paper ends with a discussion of the results.

**Keywords:** *innovation process, urban hotels, behavior*

**JEL classification:** M10, L83

### 1. Introduction

Over the past decade, the term innovation has increasingly been used to describe the performance of tourism enterprises, destinations, and the tourism sector (Hjalager, 2002). Camisón and Monfort-Mir (2012)

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argue that the tourism industry has always been perceptive to adopt technological innovations for many purposes, from serving customers better, to marketing or product development. In fact, one could specify a number of innovations being adopted by the tourism enterprises when the history of tourism is analyzed. Rapid diffusion of information and communication technologies for the purpose of handling routine operational tasks, customer-relationship management, web tools for promotion and marketing, state of the art technologies and building environmentally efficient hotels are among such innovations being used in tourism for many years. Further, hospitality enterprises are among the first adopters of innovations, hence, innovations have become a strategic weapon for both successful chains and independent hospitality enterprises alike (Ottenbacher, Shaw and Lockwood, 2006). Indeed, innovative practices in the lodging industry are not only important for competitive success, but also to ensure that employees long to work in the industry (Enz and Siguaw, 2003). However, the diffusion of innovation among tourism enterprises is nonetheless characterized by a low propensity for the development of new products (Camisón and Monfort-Mir, 2012). This term is defined by Hassanien and Baum (2002) as the required levels of investment in hotel innovation programs which are extremely high.

Competition, involved and experienced in the hotel market forces hotels to renovate and/or innovate their operations and facilities. Better service means meeting the expanding needs of changing customers, further satisfying their needs, by winning their loyalty. Unfortunately, the approaches employed by the urban hotels for innovation purposes have not been studied in the case of Romania. Therefore, it is the intention of this paper to concentrate on the different approaches of the innovation process, especially product innovation and marketing innovation, adopted by urban hotels in Cluj-Napoca, Romania. The paper starts with a literature review focusing on the definition of innovation, types of innovation, successful innovations and the critical factors in the adoption of innovation. The next section of the paper relies on the findings of a survey of urban hotels in Cluj-Napoca to identify what types of innovations and actions were applied by hotels. The suggestions forthcoming are discussed in the conclusion.

## 2. Literature Review

According to Schumpeter, innovation is the creation of new possibilities for additional value added, taking into account not only the typical product/ process innovation of manufacturing but also market, organizational, and resource input innovation (Martínez-Ros and Orfila-Sintes, 2009). Crawford (1994: 472) defines innovation as “the act of creating a new product or process. This includes invention as well as the tasks required to bring about ideas and or implement concepts at the last stage. An innovation may have various degrees of novelty, from very little to highly discontinuous, but this should include at least some degree of innovation to the market not just to the firm.” Furthermore, this can incorporate an idea, practice, process, or product that transforms a new problem-solving idea into an application and is perceived as innovative by an individual or an organization (Rogers, 1983).

Hjalager (2002) distinguishes four types of innovations dealing with either the breaking up or deepening the relationships to clients or to the market and the abandonment or preservation of adaptations: regular innovations, niche innovations, architectural innovations, and revolutionary innovations. Regular innovations are realized with existing competencies and existing relationships; some examples are increased productivity, quality improvements or further staff training to operate more effectively. Niche innovations tend to challenge collaborative structures, but not basic competences and knowledge. Architectural innovations tend to change overall structures, and establish new rules that remodel the concept of tourism. Examples to this effect include the design of new events and attractions that demand reorganization, redefining the infrastructure, which responds to environmental regulations, or establishing centers of excellence. Finally, revolutionary innovations maintain external structures unchanged since they have a radical effect on competences. Diffusion of new technology, introduction of new methods, or attachment to the same markets with new methods are all linked with the mentioned innovations (Hjalager, 2002). Further, innovations can take place in one or a combination of the following five categories (Hjalager, 2002, 2010): Product innovation, process innovation, management innovation, managerial innovation, and institutional innovation.

Successful innovations do not happen by chance. The literature on the innovation in hotels determines differing factors for the success of innovation performance. Ottenbacher and Gnoth (2005) underlined nine factors that promote successful innovations specified by hotel managers: market selection; strategic human resources; training of employees; market responsiveness; empowerment; behavior-based evaluation; marketing synergy; employee commitment; and tangible quality. On the other hand, time pressure, heavy workload, evaluation, maintaining the status quo and organizational disinterest, all are barriers impeding creativity (Wong and Pang, 2003) and innovation in the hotel industry.

According to Ottenbacher and Shaw (2002) the most critical aspect of innovation in the hospitality sector is their employees. This means that when assessing the performance of new services, it is essential to include criteria covering employee management (Ottenbacher et al., 2006). Their study suggested that market engagement, process management, market responsiveness and empowerment predict new service development success within chain hotels. Further, while empowerment and market attractiveness were also related to new service development success in independent hotels, this was also linked to effective marketing communication, employee commitment, behavior based evaluation, training of employees and marketing strategy. As such, Martínez-Ros and Orfila-Sintes (2009) found that training plans positively affect innovation-related decisions and the extent of their implementation. Moreover, to achieve high service innovation performance, organizations first need to develop knowledge sharing behaviors plus a better team culture (Hu, Horng and Sun, 2009).

Chen (2011) determined that there is a positive association between service innovation culture and proactive personality and charged behavior. She concluded that these two specific characteristics positively impact innovation. Thus, it is essential to motivate employees to exhibit charged behaviors. Further, she suggested that hotel leaders able to clearly express a development vision may be better able to achieve employee commitment and satisfaction.

Orfila-Sintes and Mattsson (2009) test a model of innovation behavior in the hotel industry. Their study suggests that the hotel size indicated a positive effect on innovation decisions and additional services positively affect all types of innovation. They indicated that the quality-

based strategies would add value to customers stay, which will prompt innovation decisions in all dimensions. Further, the average customer travel motive, booking transactions and the type of accommodation/board they purchase are components which affect hotels' innovation. In a study of 1,000 travelers, the findings suggest that service innovation does matter when guests are selecting a hotel, with type of lodging having the largest impact on a customer's choice. In addition, service innovation is found to have a larger influence on choices made when guests stay in hotels at the lower end of the market rather than mid-range or up-scale hotels. Also, leisure travelers were found to be more influenced by innovative amenities (Victorino, Verma, Plaschka and Dev, 2005).

Regarding the size of the hotel, Pikkemaat and Peters (2006) also found that there is a significant positive correlation between the size of the hotels (measured in number of beds) and innovation degree: the larger the hotel the higher the innovation degree. Similarly, a positive correlation emerges between the quality of the hotel (measured as star classifications of the hotel) and the degree of innovation. Finally, entrepreneurs who offer differentiated products and services are more innovative in creating new customer value. As such, the findings of a study on 201 international hotels suggest that firms that are less market-oriented are less likely to consider innovation and such firms are likely to face declining performance (Agarwal, Erramilli and Dev, 2003). Environmental factors also play an important role in firms' innovative behavior.

### **3. Material and method**

The purpose of this paper is to investigate the innovation behavior of urban hotels in Cluj-Napoca, Romania. For this objective a quantitative study was employed and a survey research design was used. The research method also includes documents review, personal observations and analysis of official statistics. A face-to-face interview with structured questions and self-administrated questionnaire were employed with the front office managers, hotel managers or owners by using web-based data acquisition approach. From the entire lodging units in Cluj-Napoca, which accounted for almost 90 units, hotels were selected according to their financial potential for innovation when compared to other types of accommodation units. A representative group of 33 urban hotels were selected, which

represent 36% of total lodging units from Cluj-Napoca, and 21 hotels responded to the survey, which means a response rate of 63%. Visiting some units provided us with the opportunity to observe the surrounding and physical aspects of the hotels, which led us to make some assumptions. Some observations were also conducted by studying the promotional materials delivered by the hotels or the information presented on their websites.

The questionnaire was designed in 3 main areas: what types of innovations or improvements were implemented by hotels in the last four years (2009-2012); which information sources were used for these changes; and what types of effects and barriers of innovation were identified in the process of implementation. For a more comprehensive understanding of the hotels' behavior toward innovation we used the Hjalager (2002) approach of innovation process with different questions for 4 types of innovation: product, process, marketing and organizational innovation.

#### **4. Results and discussions**

In Cluj-Napoca there are 50 hotels located in the urban area, from which 3 units are subunits of international chain hotels and 2 are associates of a Romanian chain hotel. The 3 stars is the most crowded market segment which embodies 25 hotels (Table 1). An important aspect for this segment is their share in two equal sectors: budget hotels and business hotels. This orientation in the market determines also a large range of tariffs applied by hotels. From the analysis based on tariffs for standard double room for July 2012, all hotels of 3 stars classification, resulted in an average rate of 37 Euros and a relative range of 2.4. An average rate of 56 euros and a relative range of 3.2 are estimated for the 4 stars hotels. In this context, at least 7 hotels of 3 stars are in a direct competition with 13 hotels of 4 stars classification.

According to Jones (1996) both the nature and the scale of innovation vary according to the maturity of the marketplace. As such, firms in growth markets may be flourishing so rapidly that innovation is not a major factor. Firms in mature markets, however, according to Jones, where competition is high and margins are low, engage in innovation to gain competitive advantage or reduce costs. Just as

significant is the fact that marketing and managerial behaviors of hotels in differing geographies differ from each other. It is worth noting that the touristic demand for Cluj registered an important decrease due to the economic crisis of 2008. According to Toader, Vorzsak and Gut (2009) the tourism activity in the entire country presented a continuous decline, where the most affected segment was seen in the individual bookings when compared to business market. The situation is getting worse due to the high cost of building the property, the growing costs of labor and utilities (Cosma, Fleseriu, Morgovan and Bota, 2010), and the decreasing room rates.

**Table 1. Structure of the market and sample based on stars classification**

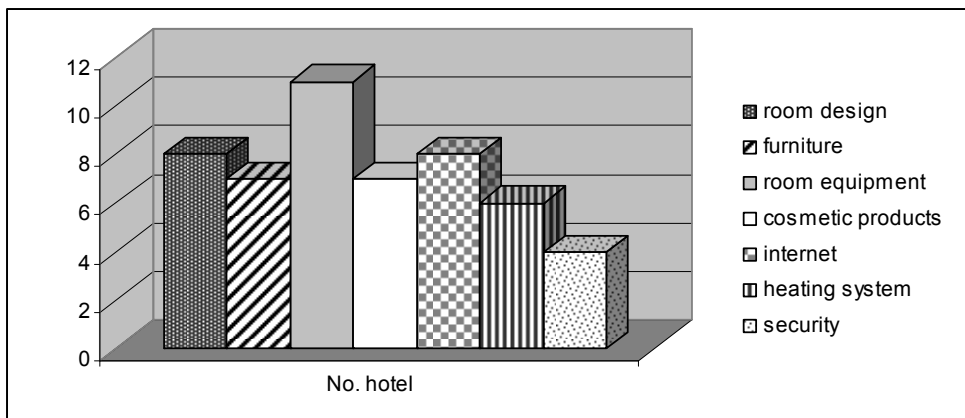
	Percentage of the hotels	Percentage for our sample
2 stars	5 (10%)	1 (5%)
3 stars	24 (50%)	11 (52%)
4 stars	18 (36%)	8 (38%)
5 stars	3 (4%)	1 (5%)
Total number of hotels	50	21 (100%)

47% of the respondents implemented some improvements in the hotel's services and 42% has introduced new services in their offerings, in the period of 2009 to 2012. This could be explained by the fact that almost 76% of the hotels were new or recently refurbished, that means they launched their activity after 2004. This result confirms that in a more dynamic and competitive market, with more demanding customers, hotels are forced to make changes in their offer in order to differentiate themselves and to obtain a higher performance of the business activity. Also, Cosma et al. (2010) reported that international chain hotels considered an opportunity to enter in the hotel market from secondary cities due to lack of quality services offered in these places, and Cluj was not an exception. However, it is encouraging to see that this trend has forced the independent hotels to invest or consider innovation in their operations for the purpose of maintaining their competitiveness.

Property renovation is considered an essential, if not the most important tool for product innovation in the hotel sector (Hassanien and Baum, 2002). If renovation is well planned and implemented, it can achieve product innovation, which leads to enhanced profitability, guest satisfaction, and possibly market leadership. In their study on Egyptian hotels, Hassanien and Baum (2002) found that Egyptian hotels were missing out on opportunities in the marketplace due to their informal renovation strategies. They conclude that the hotel owners do not fully realize the importance of renovation as an effective marketing tool, and its potential for attracting new markets.

From the product innovation perspective the majority of hotel managements interviewed has innovated their meeting, convention and event facilities and internet services. Meeting and banquet facilities have become an important offer by hotels in Cluj, due to the fact that the area itself has been an important business center and the demand for such services has increased rapidly in the last decade. In this sense, the most requested service for 7 hotels which fall mostly in 4 stars categories was the event organizations.

**Fig. 1. Innovations/improvements implemented at the hotel's room**



Regarding the innovations or improvements implemented at the hotels' room level shows that room equipment such as mini-bar, TV, CD player, cable TV, room's design and internet devices are the most innovated

area in Cluj hotels (Figure 1). Further, analysis of the hotel web sites shows that all hotels offer internet and WIFI services. There is a clear reaction of hotels toward implementation of technological improvement into their services. This is related to the idea that these new technical devices will determine an improvement of the hotels' service quality. In terms of technological growth rate, it could be argued that this is an expected attitude toward maintaining a standard for the hotels' services. Such room devices are followed by room design and internet facilities (both in 8 hotels).

The most common process innovation adopted by the Cluj hotels is the innovation in the reservation process. The more common example of innovation mentioned by 11 hotels from the sample was implementation of on-line reservation system. This is highly significant due to the positive attitude of the hoteliers towards information and communication technologies. According to a study by Rus (2009), hotels from Cluj used information systems in their daily operations, but the use of these technologies in management decision support was found to be lacking when the research was conducted. Only a few areas of the hotels have integrated hotel solutions connected to the rest of the independent systems installed. Innovation in on-line reservation system can be connected with if managers change their perceptive toward information systems which would include benefits in their efficiency. Also, this can be explained by the customer pressure who has been in the forefront to adapt to internet and on-line shopping and payment systems (Tutunea, 2009).

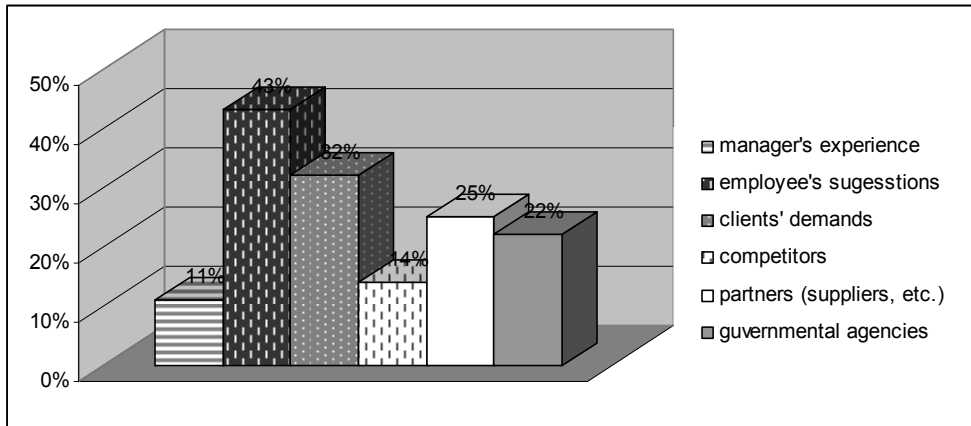
An interesting result related to process innovation is that the main source for providing solutions in this sector is the suggestions made by hotels' employees (Figure 2). This result reflects a high interest from the employees to increase and improve their work activity and their tasks, to improve the quality standards for the hotel's services, good skills and experience in their work activity and a desire to gain efficiency and professionalism.

In marketing activity, hotels focused more on using new sales channels and new ways of advertising and promotion techniques. Due to a qualitative approach of hotels' responses, it could be said that in general, through new distribution channels, were mentioned new travel agencies' online platforms and global distribution systems. Use of social



media was the most important type of innovation in advertising. The basic motivation behind these innovations was to increase customer loyalty stated by 13 hotels.

**Fig. 2. Main sources for process innovations**



On the basis of the study findings our aim was to verify if there is a relationship between marketing innovations and different types of outcomes of innovation process. The correlation analysis resulted in that hotels' notoriety is determined largely by innovations in design and hotel decoration, implementation of new ways of advertising and promotion techniques and introduction of new pricing methods (Table 2).

Another important aspect is the positive correlation between innovations in advertising and promotion methods and the number of loyal customers. That means that hotels should focus more on diversifying and implementing new advertising and promotion methods if they intend to obtain a higher number of loyal customers. If we took into consideration the classification category in our research, results show that 3 stars hotels implemented in a larger marketing innovations when compared with other units. The results once again strengthened the idea that aggressive competition determined a growth of innovation activity of 3 stars hotels.

**Table.2. Pearson Correlation coefficient for marketing innovations and outcomes of innovation process**

Marketing innovation		Design	Advertis- ing	Distribution channels	Methods of establishing price
Effects of innovation	Increasing number of clients	.248	-.056	.234	.248
	Growing number of loyal customers	.122	.517*	.155	.122
	Company became known (notoriety)	.500*	.335	.062	.517*
	Classification requirements	.417	.556**	.283	.611**
	Expansion into new markets shares	.194	.258	.208	-.032

\*  $p < 0.05$ ; \*\*  $p < 0.01$

## 5. Conclusion

This study intended to investigate innovation behavior of urban hotels in the case of Cluj-Napoca, Romania. It is seen that the urban hotels mostly innovate for being competitive in their marketplace. Moreover, the results confirm the idea that in a more dynamic and competitive market with more demanding customers, hotels are increasingly forced to alter their offerings and services in order to differentiate themselves and to obtain a higher performance of the business. International chain hotels launching in the market have also indirectly pressurized the independent urban hotels to innovate or in a way to invest in their facilities in order to be competitive rather than relying on their competitive edge. Study findings show that the hotels in Cluj generally innovate in:

- room equipment, room design and the internet
- reservation process (on-line reservation and payment methods)
- distribution channels and advertising,

in order to increase service quality in an attempt to better serve their customers and gain their loyalty. The hotels indicated that the most important results from these innovations and improvements are: increase in the number of loyal customers and the positive notoriety in the market which give the opportunity for hotels to obtain a competitive advantage in the market.

Needless to say that technology has become an important tool in the production and distribution of services. Apart from the technologies that contribute to the daily operation in the urban hotels, the use of information technologies has a number of advantages such as that information is shared and disseminated to larger audience; knowledge is produced at lower costs; the constraints of distance and geography are overcome and development of distribution channels (Shanker, 2008). As such, increasingly urban hotels invest in their technological infrastructure. This is related to the idea that these new technological products and processes would determine an improvement of the hotels' service quality. Study findings also indicate that the hotels in Cluj are innovating their technological infrastructure. On-line reservation systems, in-room applications are among the most common innovations conducted by the hotels. Further, the use of information systems for daily operations is gaining popularity in Cluj hotels. However, not all technologies are suitable for all. As such, creativity becomes more crucial for the success of information technologies, otherwise, hotels face with the danger of being lost in the on-line networks.

The driving force for decision to innovate or renovate seems to be the push by the market. Nowadays tourists or the "new tourists" as formulated by Poon (1993) are much more experienced, more demanding, more educated, have changed lifestyles and values. They are also ready to adapt new technologies, and expect businesses to consider new technologies in service production and delivery. Further, it is seen that suggestions made by the hotel employees in Cluj are the main source for providing solutions to existing problems in the service delivery. This finding is coherent with the Ottenbacher and associates' (2006) study suggesting that empowerment of the employees predicts new service development success within hotels. Therefore, it would be wise for managers of the hotels to empower their employees, foster their creativeness for better adaptation of innovation strategies and yielding desired outcomes.

As in the case of many other research studies, the current study has some theoretical and methodological limitations. First, the research was carried out in Cluj, Romania and therefore the findings are culturally bound and likely to have limited application to other countries. Second, due to time, finance and other limitations, the study was carried on a limited sample which inhibits the use of further statistical analysis.

Finally, the research was carried out at the varying managerial levels. The authors think that investigating the owners of the hotels would result in a more comprehensive understanding of the urban hotels in Cluj. Therefore, it is expected that this study will stimulate further research on innovation behavior of independent hotels. Further research may focus on exploring the role of hotel owners in innovation decisions. Similarly, comparative studies could be conducted in order to reveal the relation between innovation and the desired outcomes. Understanding whether the innovation in the eyes of the managers is accurately an innovation in the eyes of the customers may also expand our understanding on the customer side of the equation.

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## **TOURISM IN THE REGIONAL DEVELOPMENT PERSPECTIVE: *ROMANIAN BACKGROUND***

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**ABSTRACT.** Efficiency is generally defined as the extent to which resources or effort is employed in order to achieve a certain purpose or objective. As per an economic perspective, this term may also mean a minimum quantity of supplies which can generate a maximum result. But can we talk about efficiency and economic growth from the tourism perspective? This study aims to present tourism in the context of regional development policies as a main factor of reducing economic difference between territories and consequently generating growth. We aim to answer some questions, like it is tourism a priority for Romania's regional development and how tourism development are included in regional development policies and strategies. Also, we try to find out how to explain sluggishness Romanian tourism to other countries in the region in terms of regional development strategies and policies. This work is part of a larger study in which we will continue with interviews with policy makers, administration of a questionnaire online contracting organizations, presentation of descriptive case studies.

**Keywords:** economic growth, regional development, regional policy, tourism.

**JEL Classification:** L83, R50

### **Introduction**

The economic growth may be considered as the sum of the changes that can occur in an economy in a certain period of time. This result is characterized by the following factors: gross quantitative indicators of

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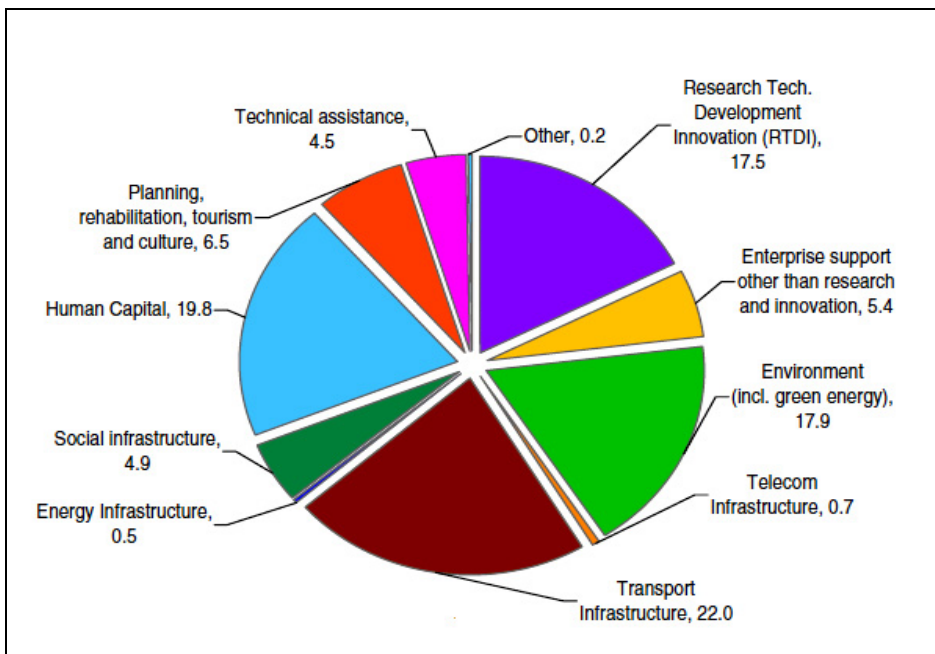
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any analyzed period, structural and qualitative developments of the national economy and surrounding environment. All these changes may present a real economic growth and a consequent progress. The latter represents a long term improvement, where a country may enable economic performances and well being status as a consequence of economic development. In this context, another subject raised the interest of many authors (Armstrong and Taylor, 2000; Shankar and Anwar, 2003; Pavlos, Liouka and Young, 2009; Capello and Nijkamp, 2009; Mohl and Hagen, 2010): *regional development*. This is a relative new concept that seeks to impel and diversify economic activities, to stimulate investments in the private sector, and to have a major contribution to reducing unemployment. Another objective is to improve social welfare. *Regional development* may be considered as all the sustainable changes accompanying the growth or the sustained increase of an indicator of size, over a given period, at regional level. *Regional policy*, by definition, includes all activities that significantly affect the growth and development of a region. The main objective of this policy, according with OECD approach, is to promote growth (OECD, 2005). We can notice that growth is not the only objective of regional policy - equity, cohesion or sustainability etc. are commonly found, one relevant example is European Union regional or cohesion policy. The World Bank's Report - "*World Development Report on spatial disparities and development policy*" highlights that *regional policy* must focus on addressing regional growth and development disparities, and the fact that regional imbalance, regional concentration, spatial agglomeration may benefit national growth (World Bank, 2009; Martin, 2008). The EU *regional policy* revolve around the *regional diversity* in the EU, addressing significant development disparities between the European regions and targeting *economic, social and territorial cohesion*. Moreover, the actual "place-based approach" of EU cohesion policy "going beyond 'one-size-fits-all' policies towards an approach that gives regions the ability to design and the means to deliver policies that meet their needs" (European Commission, 2010:XI). EU regional policy is based upon the principle of financial solidarity, which stipulates retribution of one part of the European budget (based upon the contribution of the Member States) to regions based on their level of economic development (measured by GDP per capita), financial support is directed mainly to 'less' developed regions (Convergence regions, eligible under the 'convergence' objective, with GDP per capita higher than 75% of the Union average), but also to Transition regions and Competitiveness regions. EU regional policy actions

upon the eloquent domains for development like SMEs, transportation, education, gender equality, tourism and other relevant fields, more oriented recently to combine different fields in order to achieve sustainable economic and social development (for example, investment in transport infrastructure with support for businesses and human capital development) (European Commission, 2010:XI).

In the context of the economic crisis, the European Commission reported that this situation hit EU regions specialized in manufacturing, in particular (European Commission, 2010 b:3). The Fifth report on economic,



**Figure 1. Cohesion Policy spending by main theme, 2007-2013 % of total planned expenditure.**

Source: European Commission, DG for Regional Policy (2010) Investing in Europe's Future – Fifth report on economic, social and territorial cohesion. *Report from the Commission* [online], [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/reports/cohesion5/pdf/5cr\\_part1\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion5/pdf/5cr_part1_en.pdf), p.3

social and territorial cohesion shows that the highest increases in unemployment were in regions highly dependent on construction; regions specialized in financial and business services, most of them capital city



regions or metropolitan regions, have been affected to an average extent, whilst regions specialized in tourism, most of them with a GDP per head below the EU average, have not yet been affected significantly (European Commission, 2010:3). On the other hand, the same report shows that ‘more rapid recovery is projected to occur in industrial regions specialized in manufacturing and those with a large share of financial and business services, while those more dependent on tourism, construction and public administration are projected to recover more slowly’ (European Commission, 2010:3). In 2011, in EU, one region in three has an unemployment rate above 10%; regions growing unemployment tend to have lower levels of economic growth and higher levels of poverty (European Commission, 2011:32).

Research on economic policies aimed directly tourism, there have been on Tunisia (Poirier, 1995), post-communist Estonia (Jaakson, 1996). The cost/benefit ratio between perceived or real economic gain and environmental/ social consequences is difficult to gauge, although implementing more balanced tourism strategies may diminish the latter problem (Poirier, 1995).

Andrew (1997) explores the contribution made by accommodation-centered tourism in the UK periphery. These lessons from Cornwall may be summarized as follows: (a) Development, as defined by an improvement in the condition of the region’s residents, by concentrating on tourism with its accommodation-centered bias may not be an optimal strategy. (b) Tourism has a significant role in the generation of external balances. Concentrating on external balances can, however, simply result in a trade-off between that balance and the course of the development process. (c) Concentrating on tourism may produce a negative impact on indigenous industries (Andrew, 1997). Alipour and Kilic (2003) explore and analyze the structure of the tourism sector in the Turkish Republic of North Cyprus. It identifies the principal institutions and organizations responsible for development and planning in this sector. Research revealed that tourism was becoming a lucrative sector after Independence in the 1960s, and was catching up with other Mediterranean destinations in terms of growth and development (Alipour, Kilic, 2003). Rosentraub and Joo (2008) try to respond to answer - Do investments in tourism create jobs and generate regional economic growth?

Our goal is to understand why although tourism is generally considered as a major source for economic growth and represents one of the fast-developing sectors in Europe, advance so slowly in Romanian context. As methodological guidelines are: analysis of regional development policies and strategies and secondary data research investigating the National Development Plan, Master Plan, POR and how tourism development can be found as a priority, information and lists of beneficiaries of tourism development projects by program ROP (ROP) for the North West. The introductory part will present some theoretical delimitation for the concepts presented in this study with reference to the European Union context. The second section presents SWOT Analysis of Romanian tourism. A more particularized perspective about Romanian background at national and regional level is presented in the following two sections. The third section presents a study case about portfolio of projects in the field of tourism of the North-West Region of Romania. The conclusive section will resume the main ideas on the tourism perspective for economic growth in the Romania Background.

## 2. Romanian tourism: SWOT Analysis

A critical review of the actual state of Romanian tourism can be reviewed thorough a SWOT perspective.

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<p><i>Geography</i></p> <ul style="list-style-type: none"> <li>■ The biodiversity of the Danube Delta which is a Reservation of the Biosphere included in the World Heritage of UNESCO;</li> <li>■ the diversity of the National Parks and the natural protected areas which includes forests, lakes, unpolluted rivers;</li> </ul>	<p><i>Geography</i></p> <ul style="list-style-type: none"> <li>■ The industrial pollution;</li> <li>■ Inactive industrial units who provide a negative visual impact; c) the pollution of the Black Sea, Danube Delta and rivers.</li> </ul>

<p><i>Culture and the cultural patrimony</i></p> <ul style="list-style-type: none"> <li>■ Medieval fortresses and villages which are keeping alive the traditional way of living where tourists can discover and enjoy the Romanian traditions. E.g.: villages for Maramures;</li> <li>■ Musical and artistic festivals both classical and modern like: George Enescu, Cerbul de Aur;</li> <li>■ Legends like Dracula.</li> </ul> <p><i>Human resources</i></p> <ul style="list-style-type: none"> <li>■ Romanians are warm and hearty people, renowned for their hospitality to foreigners, famous for their respect and good will toward their guests and visitors;</li> <li>■ Young population with linguistic abilities which represents a big asset for the tourism human resources.</li> </ul>	<p><i>Culture and the cultural patrimony</i></p> <ul style="list-style-type: none"> <li>■ Numerous monuments and buildings are in an advance degradation state;</li> <li>■ Infrastructure, transport and communication: un-finalized trans-European roads, reduced number of highways.</li> </ul> <p><i>Human resources</i></p> <ul style="list-style-type: none"> <li>■ Low incomes and the hard working conditions play an important role in the work force migration from the hotel industry;</li> <li>■ Poor professional qualification in the hotel sector which does not comply with the employers needs;</li> <li>■ Few opportunities to develop a specialized carrier in the tourism industry opposite to the definition of a professional service - an art or a performance offered by a qualified experienced individual (normally a university graduate) accountable to a third party which has a code of ethics, and is consequently subject to high-quality control levels (Lapierre, Filiatrault and Perrien, 1996: 91).</li> </ul> <p><i>Legal framework</i></p> <ul style="list-style-type: none"> <li>■ Poor incentives and support mechanism for the investors in the tourism industry;</li> <li>■ Exaggerated taxes make local investors in tourism to pay 14 central taxes and 3 local ones, as a conse-</li> </ul>
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<p><i>Marketing</i></p> <ul style="list-style-type: none"> <li>■ Very important advertising program outside Romania: ads, mass-media, fairs (a new initiative of Ministry of Tourism – “Explore the Carpathian Garden”);</li> <li>■ Well-known brands: Dracula and Transylvania.</li> <li>■ Master Plan developed by the Regional Development and Tourism Ministry for the following period: 2007-2026. This act is considered as a strategic framework in order to sustain tourism development in a close relationship with the incoming structural funds from the European Union.</li> <li>■ Initiatives of promoting Romanian’s image abroad have been made by the Tourism Ministry also in the EDEN project. This is the acronym for the European Destinations for Excellence - a project promoting sustainable tourism development models across the European Union. The project is based on national competitions that take place every year and result in the selection of a tourist “destination of excellence” for each participating country.</li> <li>■ In the earlier competitions, Romania had the following assigned EDEN destinations: Horezu for the theme ‘Intangible cultural legacy’ (in 2008) and Apuseni Natural Park for the theme ‘Tourism and protected sites’ (in 2009).</li> </ul>	<p>quence the number of black market guest houses is growing;</p> <p><i>Marketing</i></p> <ul style="list-style-type: none"> <li>■ Romania’s image is not a strong, positive one for foreign tourists;</li> <li>■ insufficient marketing research in a context of necessity for tourism development;</li> <li>■ Poor collaboration between the public and private sectors on marketing matters.</li> </ul>
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<b>Opportunities</b>	<b>Threats</b>
<p data-bbox="164 267 464 296"><i>The geopolitical position</i></p> <ul style="list-style-type: none"> <li data-bbox="164 338 613 535">■ Romania is located at the cross-roads of the most important trade routes of the continent: midway between the northern and southern Europe, and on the road linking Western Europe to Asia.</li> <li data-bbox="164 542 613 738">■ This advantage can be developed in terms of transit tourism, but also in terms of relaxation tourism due to the relatively small distances between Romania and the western countries;</li> <li data-bbox="164 746 613 1011">■ Romania is a member of the European Union and NATO. By being a member of the EU, Romania has access to multiple programs and funds for tourism development (e.g.: the National Strategy of Tourism developed under to logo of the Carpathian Garden).</li> </ul>	<ul style="list-style-type: none"> <li data-bbox="645 338 1074 402">■ Local competitors like Greece, Hungary, Turkey, Bulgaria;</li> <li data-bbox="645 409 1121 535">■ Global economical crisis: tourism is especially vulnerable to economic uncertainty and volatility for a simple reason;</li> <li data-bbox="645 542 1115 738">■ In short, to medium term there is almost certain to be a trend of travellers spending less on travel. Those tourism and hospitality businesses which can adapt to service travellers on a tighter budget will do well;</li> <li data-bbox="645 746 1099 915">■ The increase of the oil price: the tourism will be affected as the Air carriers are suffering because oil is the second largest expense for most airlines (after labour).</li> </ul>

*Source:* Authors elaboration after Tourism - Studies and strategies (2012) available at Ministry of Regional Development and Tourism website, [online], <http://www.mdrl.ro/index.php?p=4402>.

### **3. Romanian Tourism in the regional development perspective**

The regional issues can be identified for the first time in post-communist Romanian strategic planning in 1995, in the strategy for preparing Romania's accession to the European Union, which accompanied Romania's official request of joining the European Union, submitted in June 1995 (Constantin, 2006:50). In 1998, in order to assure the legal frame necessary for the proper functioning of regional development policy, it was introduced the Law nr.151/1998 regarding regional development, that establishes the objectives, institutional frame, competencies and specific instruments in order to be able to fulfil the stra-

tegic plans at regional level. Also through this law were created, through the free association of counties, 8 development regions, configured as statistical units of level NUTS II - standard unit with an average size of 13,000 square kilometres and a population of approximately 2.5 million inhabitants, but not invested with high decision capacity at territorial level. The institutional framework, objectives, competences and instruments specific to Romanian regional development policy is established by the Law nr.315/2004. The programming documents of the regional development policy at national level are based on a main document, called the National Development Plan (PND), which contains the strategic priorities of development, at regional, local and sectorial level, for a given period of time. The statements of the Strategic National Framework of Reference are implemented through 7 Sectorial and Regional Operational Programmes (OP), which, in accordance to the Strategic National Framework of Reference, are financed through the Convergence objective of the regional development policy of EU, to which there are added 8 Programs of territorial cooperation with other states that are financed through the objective European Territorial Cooperation.

*Tourism development* was including as a priority axis or as a measure for intervention in Sectorial and Regional Operational Programmes. *Sustainable development and tourism endorsement* is one of the Regional Operational Program Priority Axis (Priority Axis 5), and *Encouragement of tourism activities* is a measure from Axis 3: Quality of life in rural areas and diversification of the rural economy of National Rural Development Programme. Also, there are measures for *tourism development* in Programs of territorial cooperation.

*Development of regional and local tourism* is one of the Romanian's regional development policy major priorities, being considered by the National Development Plan (NDP), a sub-priority of one of the six national development priorities for 2007-2013: Diminishing development disparities between country regions. Through this sub-priority, the specific objective is: "the capitalization of the tourist and cultural potential of the regions and increasing the contributions of these fields to the regions development, through the rehabilitation, by 2015, of 200 tourist and cultural sites and increasing tourism revenues by 1.25 %" (Government of Romania, 2005:337). The interventions are investments in tourism infrastructure rehabilitation and development; devel-

oping eco-tourism, spas, and cultural and historic tourism and alternative forms of tourism, including niche tourism; designing national parks and other protected areas for tourists access; developing of traditional tourism areas like historical centers in cities with significant tourism potential and tourism traditional resorts of special importance, with the aim to capitalize the existing tourism development potential at regional/local level, including cultural and environmental assets (Government of Romania, 2005:342-343). The National Development Plan (NDP) considers that *capitalization of natural and cultural assets specific to every development region*, as tourism attractions, could convert areas with low economic competitiveness in attractive areas for investors and could contribute to the diversification of opportunities at local level, especially in marginal areas which are economically and socially disadvantaged. Stimulating entrepreneurship in regional and rural tourism, in particular by encouraging family associations and micro-enterprises, is strongly encouraged by the National Development Plan (NDP) as an opportunity to job creation (Government of Romania, 2005).

Romanian touristic potential, based upon a cultural and unique legacy of the landscape, is still under-evaluated and under-exploited. Over half of Romania's surface has tourism potential, a quarter of Romania's surface is considered a tourism paradise, and a third has certain potential (Oanta and Sindico, 2009: 8). Even restructuring the traditional industry of tourism would mean major private investments; traditional industry of tourism can contribute substantially to economic growth and job creation. Moreover, the potential of alternative tourism (cultural, fishing, hunting tourism etc.), especially rural tourism, and its multiplication effects over regional and local economies (a solution to hidden unemployment in subsistence agriculture, to reduction of emigration from rural areas, to diversify the economy through the cultural exchange which developed between urban and rural areas, and by adding new value to rural life) are under-evaluated, even neglected. The case of under-development of rural tourism is surprising if we note that Romania is still a largely rural country. The percentage of rural population still reached 45% of the total (National Institute of Statistics, 2010), a strikingly high level that clearly differentiates Romania from the rest of the European Union (24%) and suggests the survival of a lively sys-

tem of villages and small towns that continues to play a major role in the socio-economic and cultural life of the country (Iorio and Corsale, 2010: 152).

It is somewhat of a paradox the fact that, after 20 years, Romania has still a long way to go until bringing the tourism sector to the same level as the countries in the European Union. The lack of a clearly formulated investment plan in this area led Romania to the loss of potential tourists in the favor of the neighboring countries, which have found better ways to encourage and sustain the tourism development programs, as well as attracting foreign investments. While her neighbors keep on offering more competitive prices and various attractive special offers, and struggle to develop new ways of attracting tourists, Romania is still struggling to solve problems generated by unfair exploitation of state's resources and resorts, after the fall of the communist regime. Such problems were accentuated by a defective management and a severe lack of coherence in the state's policies in this matter; the result after 20 years of democracy? Romania is falling more and more behind its neighbors, at least as tourism is concerned.

To compensate for the absence of an overall policy guidance and direction of the tourism sector, the Romanian Government contracted the World Tourism Organization for creation of a National Tourism Development Master Plan 2007 - 2026 as "umbrella policy" that includes various plans and strategies so that optimize the contribution of the tourism sector to the national economy in the long term, including an action program for 2007-2013 in connection with EU funds - structural funds and agricultural and rural development funds (World Tourism Organization, 2007).

As far as we are concerned, we advocate for boosting policies, strategies, tourism development projects not only nationally but also regionally, because according with Galdini, in the case of tourism development, regional level is the most appropriate level for ensuring the necessary operational convergence between national and local communities, between public - private stakeholders, with concern of sustainability aspects (Galdini, 2005).



#### **4. Case Case: Projects portfolio for tourism of North-West Region, Romania**

According with North-West Agency of Regional Development, there are two categories of projects portofolio for tourism sector at regional level: portfolio of priority projects on the North-West Region in Tourism under Sectoral Programming Document 2007-2013 Tourism, and portfolio of North-West projects financed under Regional Operational Programme (ROP) - Priority Axis 5: Sustainable development and tourism endorsement (RDA North-West, 2012).

According with RDA North-West data (2012), the first category - *Portfolio of priority projects on the North-West Region in Tourism under Sectoral Programming Document 2007-2013 Tourism* - includes a total of 142 proposals Tourism Strategy, other than those proposed for funding from the Regional Operational Programme (ROP) in order to establish project portfolio for 2007-2013 for each of the priorities. Estimated funding sources are supported on one side of EU Structural Funds (ERDF) directed by ROP and Sectoral Operational Programmes, the National Rural Development Plan through the national budget and grant projects and other programs, county and local budgets as well as private sources of companies and other stakeholders in tourism (RDA North-West, 2012).

According with RDA North-West data (2012), there are 10 projects that form the portfolio, only in the field of modernization and development of tourist infrastructure, practically - transport infrastructure, although the general objectives of the Tourism Strategy concerns much more fields: natural, history and culture heritage, modernization and development of tourist infrastructure, business support by improving tourism services and facilities provided to support and promote the development of tourism, promote the region's tourism brand, tourism niche. According with RDA North-West data (2012), the list of projects that form this portfolio can be found below:

1. Express road Petea (Vaja) - Satu Mare - Baia Mare – Zalău;
2. Electrification, doubling and upgrading of railway Diocese Bihar - Cluj-Napoca – Teiuş for speeds of 160 km / h;
3. Train suspended wit monorail in Cluj-Napoca: T1 Manastur – Marasti;

4. The bypass roads system of Cluj-Napoca;
5. Development of Cluj-Napoca International Airport;
6. Fast road Satu Mare – Patna;
7. Fast road Baia Mare – Sighet;
8. Highway Oradea – Arad;
9. Electrification and modernization of railway Satu Mare - Dej - Cluj top speed of 120 km / h;
10. Fast road Bistrita - Reghin - Targu Mures.

The second category - *Portfolio of North-West projects financed under ROP - Priority Axis 5: Sustainable development and tourism endorsement* includes three measures: *Restoration and cultural heritage, development and related infrastructure* (at the end of 2011, 1 project was completed and 6 projects were in implementation, worth 20 million Euro grant, with pre-financing payments and refundable nearly 10 million), *Creation, development, modernization of tourism infrastructure for sustainable development of natural resources to improve the quality of tourism services* (at the end of 2011, 7 projects were in implementation covering almost all regional allocation, requesting a grant of nearly 30 million, no project was completed in 2011) and *Promotion of tourism and creating the necessary infrastructure to increase Romania's attractiveness as a tourist destination* (implemented directly by the Ministry of Regional Development and Tourism - the implementing body at national level) (RDA North-West, 2012).

According with RDA North-West data (2012), there are 13 projects that form the portfolio, covering a wider range of tourism development areas: modernization and development of tourist infrastructure, business, developing cultural and historic tourism, curative and thermal tourism, winter tourism, niche tourism According with RDA North-West data (2012), projects that form the portfolio can be found below:

- 1 Modernization of infrastructure for access to spas Felix and 1 Mai – Bihor County Council and Sanmartin Local Council;
- 2 Revitalization of Oradea Stronghold to introduce in the touristic circuit - Oradea Local Council;
- 3 Curative and thermal tourism development - Sangeorz Bai - Turda - Sangeroz Bai Local Council and Turda Local Council;

- 4 Modernization of access in the tourist zone Rachitele-Prislop-IC Ponor - Cluj County Council;
- 5 Winter Tourism in Apuseni - Cluj County Council and Bihor County Council;
- 6 Castles circuit Rascruci, Bontida Cluj - Recovery of historical, cultural and natural heritage - Cluj County Council;
- 7 Investments in resort Ocna Sugatag - Ocna Sugatag Local Council;
- 8 "Gutin" - Maramures County Council;
- 9 "Mocanita" - Maramures County Council and Viseu de Sus Local Council;
- 10 Medieval fairs from Northern Transylvania circuit - Satu Mare County Council;
- 11 Highlighting the wooden churches of Maramures, Salaj, Bihor, Satu Mare heritage - Maramures County Council, Salaj County Council, Bihor County Council and Satu Mare County Council;
- 12 Development of infrastructure and access roads in the tourist zone Luna Ses - Negresti-Oas Local Council;
- 13 Roman camps and Dacian fortresses circuit in North-West of Transylvania (Porolissum, Buciumi, Potaissa, Simleu Silvaniei) - Salaj County Council.

## **5. Conclusions**

Romania is still struggling to solve problems generated by unfair exploitation of state's resources and resorts, after the fall of the communist regime. Such problems have been accentuated by a defective management and a severe lack of coherence in the state's policies in this matter; the result being that Romania is falling more and more behind its neighbors, at least as tourism is concerned. The Romanian touristic services are still labeled as being of poor, doubtful or unacceptable quality - a situation which prevents all efforts for promoting the Romanian touristic product - both in the country and abroad - from having the expected results, furthermore there is an acute lack of operative training of the tourism staff. The main difference between Romania and its competitors is that the latter have known a constant, linear growth in the tourism industry, without any major obstacles in their development, while in Romania, the tourism policies led by the government

have had more negative effects, than positive ones, on the overall development; this is best reflected when we look at Romania's strategy of attracting "low cost" tourism which is supposed to attract low and medium-waged employees people from Bulgaria, Ukraine, and Republic of Moldavia, but highly unlikely to boost the revenues to the state budget from tourism any time soon. Looking at Romanian tourism SWOT analysis and at the study case presented, we advocate for boosting policies, strategies, tourism development projects not only nationally but also regionally, because there are more flexible structures and best practices are more quickly assimilated at regional level. According that infrastructure issues must be resolved first, the study case presented highlights more creativity and adaptability to national and European priorities in the design of projects for tourism development at regional and local level and we advocate for perseverance and consistency of effort in this direction.

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## THE USE OF INTERNET TOOLS BY TOURISM SMES: A CASE STUDY

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**ABSTRACT.** The aim of this paper is to emphasize the role of internet for small and medium-sized enterprises (SMEs) operating in the hospitality industry. First, some brief considerations are made on the growing importance of the internet for travel sales on the European market. Online marketing offers various opportunities, but also several risks to hospitality businesses. The case study developed on a B&B situated in Predeal, called “Casa Bradul”, tries to illustrate the importance of a robust online presence. The website of the B&B and the methods of online promotion are analysed in detail, revealing positive features as well as shortcomings. The paper ends with some conclusions concerning the online activity of Casa Bradul B&B and offers a few measures for improving its online position.

**Keywords:** *tourism, SMEs, internet, online promotion*

**JEL Classification:** L83

### Introduction

Tourism is one of the fast-growing sectors of the European Union (EU) economy. It is also undergoing important changes, as the interests of more and more customers shift towards the online environment. Tourists give up increasingly traditional offers of airlines, tourism agencies and tour-operators, turning to better prices and more flexible services available for travel arrangements bought on the internet.

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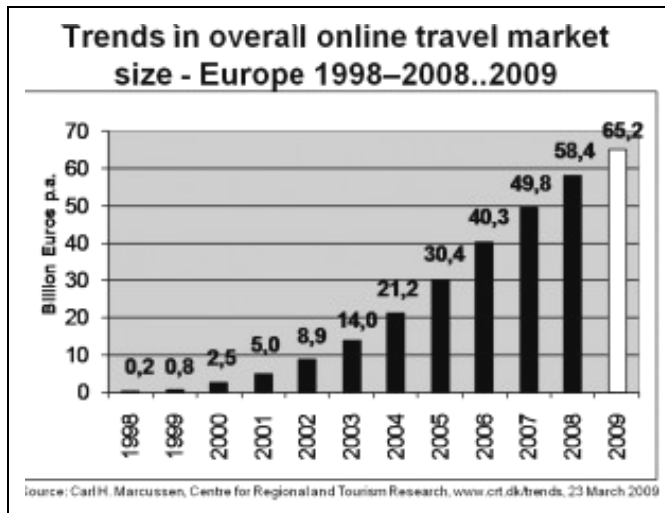
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Online sales have displayed a growing trend on the European tourism market in recent years, reaching 58.4 EUR bn. in 2008 (see figure 1). Their share out of the total tourism market has increased from 0.1% in 1998, to 7.7% in 2004 and a spectacular 25.7% in 2009 (Marcussen, 2009).

In 2008, according to TRM Europe (2010), the bestselling online services were: flights (54%), followed by accommodation (19.5%), packages (15%), train travel (7.5%), and rent-a-car (4%).



**Fig. 1. Online travel sales (EUR bn.)**

Source: Marcussen, 2009

### **Online marketing as a means of promoting a B&B**

Romanian small and medium-sized enterprises (SMEs) still lag behind their European counterparts in terms of online presence. A study developed on a large sample of approximately 1,400 SMEs showed that 81.9% do have computers, 64.2% have access to the internet, but only 28% own a website, and a rather large share of 15.5% do not engage in online activities of any kind (CNIPMMR, 2005).

After entering the EU, a significant chunk of Romanian tourism SMEs confronts the challenge of failure, especially due to insufficient use of modern technology.

In many respects, the major impediments to the adoption of the internet by tourism SMEs appears to be the confusion caused by the abundance of information concerning e-commerce, internet marketing, online promotion and the plethora of solutions currently available, as well as issues related to new technologies, the initial financial burden, the structural nature of the market and problems with content and design (Băltescu, 2009).

The internet is often viewed by SMEs as a sophisticated means of promotion. Instead, it offers a lot of resources for promoting services on an international scale or addressing the appropriate target. Web directories, free advertisement websites, forums, blogs and other tools compose an intense media campaign with very low costs. These can create at least an online identity for the respective SME.

The registration of a SME in the database of the network of Euro-InfoCentres could also help it make its offer easily known at European level and initiate contractual and cooperative relationships with other SMEs (Marinescu, 2007).

In the case of a small accommodation facility such as a B&B, online promotion is one of the least expensive and most efficient ways to become known. The advantage consists in convenient access for the customer to a complete presentation of the services offered, such as description, images, films, and even online booking possibilities.

**Table 1.** Opportunities and risks of online marketing

<b>Opportunities</b>	<b>Risks</b>
Growing number of households with access to PC and internet	Negative reaction of potential customers to e-mail marketing campaigns
Access of the firm to internal and external information resources (databases)	Worsening of public attitude towards online marketing activities by the firms
Growing number of customers as a consequence of online bookings on the B&B's website	Lack of interest of customers to access the website of the B&B, preferring to contact a tourism agency
Increasing number of foreign tourists due to accessing the website or viewing online advertising.	Higher financial effort needed to promote the B&B online in an adequate manner on a long-term basis

*Source:* The authors

A pre-condition to start promoting a business on the internet is to build an efficient, relevant and up-to-date website and register the B&B in tourism portals.

The website is considered the cornerstone of any marketing action on the internet. The first step of a tourism firm that wants to use the internet is to create an online presence, which in turn, represents the key point for communicating with customers (Baltescu, 2010).

Usually, the website of a B&B should comprise at least 4-5 pages to present the services offered, photogalleries of the building and the surroundings, accommodation prices and an interactive contact form.

The case study for this paper has been developed on a B&B situated in Predeal, a mountain resort in Romania, called "Casa Bradul" (engl. "Fir house"), opened in 2003 and classified at 3 stars. The B&B is well-positioned for those who want to enjoy trekking or skiing or just want to have a walk in the centre of the resort. The B&B features double rooms with private bath, TV, fridge, and wireless.

Customers can also rent ski and snowboard equipment during the winter, and for those who want to take beginner or advanced ski and snowboard lessons, the B&B offers a certified instructor.

The case comprises a detailed analysis of the website and the internet tools used to promote it in the online environment.

### **Website analysis and online promotion methods for "Casa Bradul" B&B**

The webpage *www.CasaBradul.ro* is structured in the following subsections: Home, Prices, Winter Camps, Photogallery, Ski Rental, Reservations, Special Offers and Contact (*www.CasaBradul.ro*).

The creation of the website *www.CasaBradul.ro* invalidates one of the most circulated myths in the Romanian web design market, i.e. one needs powerful programs such as *Adobe Dreamweaver* (for the code and the assembly) and *Adobe Photoshop* (for image editing) to create a site.

Fortunately, things don't have to be like this. A website, as any other product, must have an estimated investment and return on investment. If the business of an SME needs a simple website, which is informative, easy to navigate, attractive, and without special effects, than it makes no sense using a large amount of money to license the programs

mentioned above. There are 4 formats that can easily lead to successful website creation: *.html* for the pages themselves (*html editor*); *.jpg*, *.gif* for the images (*image editor*), and *.js* for the scripts (*JavaScript editor*).

The following methods and programs used for the creation of the "Casa Bradul" website are analysed in detail.

**HTML editor.** *Dreamweaver* is an html editor of "what you see is what you get" type, as there is no need to write an html code. There are less well-known programs such as *Microsoft Frontpage* or *Adobe GoLive*, that include various "ready-made" code parts and useful tools, helping to finish even massive projects in a fast manner.

Alongside the visual editors, there are also simple html editors, in which the web designer builds the website on the basis of his knowledge of the (X)HTML code. Thus, any web designer can reach the same results as when using *Dreamweaver*. For the creation of the website *www.CasaBradul.ro*, three editors have been used: *Ace HTML*, *1st Page*, and *HTML-Kit*.

**Image editor.** Beyond doubt, the best solution to substitute a powerful program such as *Adobe Photoshop* is *GIMP*. *GIMP* is an open-source image editor that enables users access the majority of classic functions from a similar program. With *GIMP* one can make advanced processing of images and animations. It also displays an important collection of special effects and features an option of image maps. Although it has been developed initially for Linux users, *GIMP* functions alright under Windows, given that the user has preinstalled *GTK+ Runtime Environment*.

**JavaScript applications.** *JavaScript* is a programming language based on the concept of prototypes. It is used especially for introducing functions in web pages. It is also well-known for usage in building websites, but it is also helpful for access to embedded objects in other applications.

Concerning the methods of online booking available, "Casa Bradul" B&B doesn't feature an integrated online reservation system on the website, but uses online reservation services featured in specialized sites.

According to the owner, around 65 per cent of tourists who book their stay via such a specialized site use *www.booking.com*, another 25 per cent use *www.turistinfo.ro*, while the remaining 10% usually rely on *www.expedia.com* and *www.hostelworld.com* (Interview with Mr. Oltean, Owner of Casa Bradul, 2011).

Next we will turn to the main methods for online promotion that can be used for a B&B website. These methods are analyzed in detail.

1. **Optimization for search engines.** This represents the intervention in the source code with the aim of developing and focusing on keywords that are relevant for the area of the website, so as to receive top entries in the results of searches on the internet and thus, more viewers. The optimization of the website generates a constant traffic of target viewers from search engines on longer timeframes.

Search engines such as Google, Yahoo, and Bing, etc. situated in a constant competition, use their own methods for indexing a website. Some search engines concentrate upon the content of the site; others read meta tags where they find information about the site, but most of the search engines use a combination between the content of the page, meta tags, the popularity of the link, etc. to determine the importance and the position of the site in their listings.

The results of search engines speak for themselves. If a company can position its own website among the results on the first page, then the particular website has already demonstrated the professionalism and the efficacy of the optimization carried through.

The phases of optimization are:

➤ **Functioning of the site:** This implies the elimination of errors to be found in the source code. These errors may impede search engines to index a site correctly or to index the whole site. By optimizing the functioning of the site, this will be easier and more often indexed by “spider” programs of search engines, so that the generated listings can be more often updated. In the case of “Casa Bradul”, an optimization check performed through <http://validator.w3.org>, has revealed 28 errors in the syntax of the website. Thus, problems may appear when search engines try to index the relevant webpage.

➤ **Optimization of key words:** This is the most important phase, as key words are essential for a successful webpage. Key words cannot be chosen randomly, they have to be sought after carefully so as to be significant for the domain of the website. Optimization of key words consists in analysis and detailed research, which, if correctly entered within the text of the page and the source code, will generate higher traffic. The website „Casa Bradul” uses several important key words

which are helpful for searches, but there is space for improvement in this direction. There is too little text on the mainpage and automatically the number of key words used is limited as well.

- Creation and optimization of meta tags: These offer information about a website, such as a description, the author, key words, the language used, etc. In the past, meta tags were in high demand, as search engines were geared towards them. With the rapid development of engines, meta tags lost much of their importance, and some are even ignored. Nevertheless, optimization of meta tags generates additional quality content for indexing. In our case, the following meta tags have been used: "*Content-Type*", "*description*", and "*keywords*".

- Title page optimization: This represents one of the most important elements in a web page, generating additional target viewers, interested in what the website has to sell, offer, present, etc. For „Casa Bradul” B&B the following title page has been used: `<title>Pensiunea Casa Bradul – Accomodation B&B villa hotel Predeal</title>`. This title uses important and relevant key words, which are searched for. Its length is healthy, concluding that the title was well-chosen and is adequately built.

- Text optimization: This phase consists in introducing special tags in the source code, so that certain words or even phrases become more important than the rest of the text. A rearrangement of the text to fit the page better can also be performed. From this point of view, the „Casa Bradul” website is not well optimized. There are no special tags, such as „alt” (describing the content of an image, or „h1”, „h2”, „h3” tags (indicating titles and subtitles of a section in a webpage). Moreover, the important key words appearing in the website have not been written bold.

- Link optimization: This may include introducing links or withdrawing some from the page. Links, which connect the pages, are some of the most important elements in the process of optimization. In our case, links exist towards each page of the site, generating a structure that permits the visitor to reach each part of the website in every moment. The lower part of the website features links to partner sites.

**2. Registration of the website in search directories and search engines.** After a website has been previously optimized for search engines, it must be registered in web directories and search engines so that it can be afterwards indexed by these. Web directories comprise links to

wepages that are grouped in a directory, usually uploaded in an individual manner by the webmaster. The websites presented inside are usually registered by their owners.

Thus, any website gets a certain rank, according to search words or search engine. This is done usually in the largest and most widely used search engines, such as google.com, yahoo.com, and bing.com. The inclusion in already established web directories helps generating a relatively small but well-selected traffic towards the website and a better indexing.

The best-known Romanian web directories are: SmartNetBook, ClickLink and Looker. These are sometimes more helpful than international directories, as they target Romanian websites, and search engines give them preference in regional searches. The majority of web directories offer the possibility of paid registration, guaranteeing in exchange the maximum number of days in which the website appears in the directory and in some cases a favourable positioning in the list of websites.

The „Casa Bradul” website is included and appears in all three major search engines (Google, Yahoo, and Bing), but is listed in a single important directory (SmartNetBook). Only some specific accommodation websites feature the link to the B&B's website ([www.predeal-turism.ro](http://www.predeal-turism.ro), [www.turistinfo.ro](http://www.turistinfo.ro), [www.onext.ro](http://www.onext.ro)).

**3. Promotion through social media.** The development of social networks has opened up new horizons for promotion. Thanks to social media people spend more time verifying the flow of data received and updating their own profiles. Social networks are web applications which enable more persons to share various informations between them. Facebook, Twitter, LinkedIn and Youtube are examples of web applications meant to gather users into specific groups with the aim of interacting between them. Social networks became more and more popular as users wanted to benefit from the advantage of communicating, staying close or exchanging knowledge and information with their peers.

Facebook is the largest social network that enables a relationship between customers and companies. Using short messages, users can be updated on changes, offers, news or special events organized by the firm in real time. Posting of films and photos or creating small contests helps generate more buzz for customers.

The „Casa Bradul” B&B has a Facebook page in which pictures and information about the location and building itself are posted. Periodically, special offers and announcements are added on the wall.

4. **Promotion through link campaigns.** The link campaign is an online marketing method but also a way to optimize search engines. A firm seeking to increase the number of visitors on its webpage may ask strategic partners, professional organizations, suppliers or consumers to add links from their own websites towards its webpage. A typical link campaign implies reciprocal links to and from the websites participating in the campaign.

5. **Promotion through banners.** The banner is the most visible, most used, most annoying and most controversial, but at the same time most efficient instrument of online marketing. It is positioned on certain webpages with the aim of attracting more and more users to the website it wants to advertise.

6. **Promotion through pay-per-click campaigns.** Advertising of pay-per-click (PPC) type is a specific marketing technique for search engines. It displays a high return on investment, designing a payment method for online advertising according to the hits received by the link included in the list of paid links. The consistent advantage offered by this method of promotion lies in the fact that payment follows results, meaning that only hits are paid, i.e. visitors directed effectively towards the website.

7. **Promotion through e-mail marketing.** The e-mail represents the most efficient tool for gaining the loyalty of customers. An e-mail marketing campaign offers the huge opportunity to present the desired message in a constant manner and with an extremely low cost, to a group of people interested in the products or services of a company.

The final four methods of online promotion have not been used in the case of the B&B „Casa Bradul”, due to lack of knowledge and lack of time on part of the owners.



## Conclusions

The internet has reshaped the tourism industry in a comprehensive manner. There is hardly a business that can escape its influence. Instead of treating it just like a means of promotion or a distribution channel, companies active in the hospitality sector should use it to build competitive advantages.

The case study has focused on a small B&B in Predeal called “Casa Bradul”, whose owners understood the importance of being represented online. Thus, a website has been created and registered in various online tourism portals. Although the intention was to attract lots of customers from the internet, the analysis shows that the website and online promotion display some weaknesses, which hinder meeting the target.

The B&B has no integrated online reservation system, but uses specialized websites for this. Although it features in the main three search engines, the site *www.CasaBradul.ro* is not registered in enough directories, and there are few links leading to it from other sites.

For an optimized presence in search engines, new key words should be added in the main page; adequate key words should be added on each page, tags like „alt” and „h1” should be used; and key words should be written bold.

A pay-per-click campaign could be useful to attract more viewers to the website. The easiest way would be to use Google Adwords, in order to display advertisements within the results pages generated by Google. Also, promotion through a link campaign or a banner campaign is highly recommended to generate more traffic.

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## ENTREPRENEURIAL AND DEVELOPMENTAL DYNAMIC OF WINE TOURISM: A CASE STUDY

ELECTRA PITOSKA<sup>1</sup>

**ABSTRACT.** Wine-tourism is an important resource of income when it comes to organized wine producing countries. Wine-tourism in Greece emerged and developed only during the last twenty years and it's far from being a well-organized industry.

The foundation of the "Wine producers' Association of the Macedonian Vineyard" in November 1993 has played a decisive role in the introduction of Winetourism in Greece. They made important decisions and created an innovatory for Greek standards collective project that would reform and pre-empt any progress in wine-related activities. They established common goals and effectively addressed the challenges of the international market. They created and they suggest specific routes that go through the most picturesque points of a winery zone. Nowadays, 37 members of the Association suggest 41 wineries open to visitors in 8 routes.

In March of 2012 a research with questionnaires was realized in order to record the contribution of Wine tourism in the local development of a peripheral area. The study took place in the region of Naoussa which is a part of the "Wine Routes of Naoussa" and has 11 wineries.

Certain conclusions can be extracted by the analysis of the answers concerning the contribution of Wine tourism in the local Wine industry, the local community and the touristic businesses. Conclusions can also be drawn for the contribution of the "Wine Roads of Northern Greece" in local entrepreneurship.

**Keywords:** *Wine tourism, local development, networking, Naoussa-Greece*

**JEL Classification:** R0, O18

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## 1. Introduction: the wine tourism

The wine tourism as a discrete field of research is inchoate, yet there has been rapid development in this field since the mid 1990s. Wine tourism is a form of agricultural tourism and both are parts of alternative touristic industry. Tourist industry aims to expand the touristic period and better utilize the natural resources of a region/country in order to reinforce the local economy (Logothetis, 1999).

Wine tourism is an area of growing interest because of its potential to contribute to regional development and employment at times of rural restructuring, particularly through the development of inter and intra industry networks (Hall & Macionis, 1998). There have been numerous definitions ascribed to Wine tourism in the international literature (Peters 1997, Johnson 1997, Camborne 1999). The most common definitions of Wine tourism are highly connected to visitors' motives and experiences (Hall & Macionis, 1998) and can be summarized as such: "Visits to vineyards, wineries, events/festivals and wine exhibitions. In this context, wine tasting and experiencing a wine region are the main reasons Wine tourism is affected".

The definitions that focus on the consumer are of great importance, since it is primarily the consumer that defines the product "Wine tourism". There are actually three dimensions that frame Wine tourism: the wineries, the tourist agents (that represent wine regions) and consumers. According to that, wine tourism is a) a form of consumerist conduct, b) a strategy through which the wine destinations communicate and promote their tempting products, in relation to their wine and image and c) a marketing opportunity for wineries that is associated with public's education and selling wine (Getz, 2000).

There are various benefits from wine tourism that positively affect the professionals from industries, wine and tourism and also the local communities and economies. However, these benefits are not widely appreciated. There are many wine regions internationally where the wineries are sceptical about differentiating their wine product through tourism and thus the relationship between wine and tourism is not particularly recognized (Hall & Macionis, 1998). These circumstances are changeable if the benefits from wine tourism become comprehended, because "people change their viewpoints under the light of new information or data" (Piperopoulos 1996, pg.125).

## 2. Wine tourism in areas of Greece

Wine tourism is an important resource of income when it comes to organized wine producing countries such as France, Germany, Spain, Italy, U.S.A, Argentina, Chile, Australia and New Zealand. In these countries enjoying wine is a significant part of culture and daily life.

Viniculture, as well as the production and consumption of wine in Greece, is directly connected to the history and tradition of the Greek people. The wine producing areas cover the biggest part of the semi-mountainous and insular parts of the country and the most archaeological monuments and natural beauties of the country are surrounded by vineyards. Vineyards along with olive plantations are present everywhere and compose the gentle and beautiful Mediterranean scenery. However, the development of Wine tourism in Greece has started in the decade of 1990 (Velissariou et al., 2009) and it's far from being a well-organized industry.

The foundation of the "Wine producers' Association of the Macedonian Vineyard" with the trade name "Wine Roads of Northern Greece" in November 1993 by 15 wine producers has played a decisive role in the introduction of Winetourism in Greece. They made important decisions and created an innovatory for Greek standards collective project that would reform and pre-empt any progress in wine-related activities. They established common goals and effectively addressed the challenges of the international market. They created and they suggest specific routes that go through the most picturesque points of a winery zone.

Nowadays, 37 members of the Association suggest 41 wineries open to visitors in 8 routes. The agenda also includes notable restaurants, taverns, inns and hotels, traditional products stores and places that offer alternative activities. All there businesses are members of the Wine Roads of Northern Greece and have been evaluated according to specific qualitative criteria and are thus distinguished by a special seal of approval. One of the suggested routes is "The Wine Route of Naoussa" which geographically is the most central route among the Wine Roads of Northern Greece.

### **3. The empirical research**

#### ***3.1 The methodology***

In March 2012, an empirical research was carried out in order to point out the contribution of wine tourism to local development. As the field of the study the area is the Municipality of Naousa, where there are 11 vineyards, hotels, restaurants, offices for alternative activities etc. This region is the main part of the Wine Routes in Northern Greece, which is called "The Wine Route of Naousa".

The study was conducted by questionnaires filled during personal interviews. The questionnaires were structured on four units and they included closed and open-ended questions. The first unit includes data for the interviewee and his/her business. The second unit documents the benefits of local wine businesses from wine tourism by asking 10 questions. The third unit evaluates the benefits of the local communities and economies from wine tourism by asking 10 questions. The fourth unit records the entrepreneurial profile of the area, explores how wine tourism affects economic profits and evaluates the contribution of wine tourism to the development of Wine Roads in Northern Greece. All businesses are members of the Wine Roads in Northern Greece. 11 questionnaires were completed.

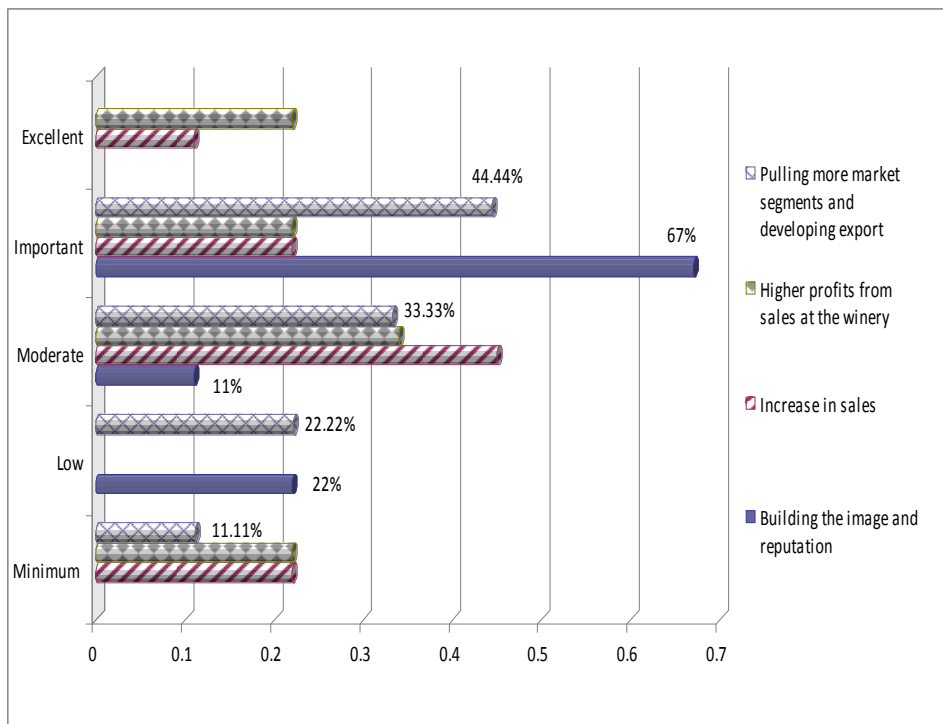
#### ***3.2 The research findings***

The representatives from the wine producing enterprises that participated in the research are mainly from 31 to 40 years old (45%) and from 41 to 50 years old (33%). The majority of them are college graduates (78%) and 11% of them have postgraduate degrees. Their working experience in the specific field varies: 34% of the participants have 1-5 years of working experience. The same percentage has been working in the wine producing industry from 16 to 20 years. 32% of the responders counts 6-15 years of working experience. Their years of experience prove a satisfactory level of knowledge and a certain dynamic.

All of them (100%) believe that the basis for the organization and development of Wine tourism is the conversion of old wineries to visitable and the establishment of new ones.

The wine industries of the area have been promoted by the development of Wine tourism and by their accession to the Wine Routes of Northern Greece. To be more specific, it has been concluded that there is an important benefit for the wineries as far as the building of their image and reputation is concerned (67%). The answers show a moderate benefit for the increase of sales (45%). The affect of Wine tourism on the increase of profits from sales at the wineries are assessed to be moderate (34%), important (22%) and very important (22%). When it comes to the attraction of more market segments and the development of export activity, the benefit for the wineries is considered to be important (44%). The data is presented in the following graph:

**Graph 1: Benefits of the wineries**



The positive impact of Wine tourism on the consumers' education and direct communication with them appears to be moderate (56%). 34% of the representatives answered that the benefit for the ability to



taste new wines is important and another 34% answered that it is of moderate importance. The rest of the representatives (32%) consider that their wineries have not been benefited on the aspect. The development of Wine tourism has importantly affected (34%) the wineries when it comes to the protection of the credibility of their brand name and the improvement of cooperations in the wine business. Furthermore, Wine tourism plays an important role for the establishment of cooperations between wineries and other associations. 44% of the participants assess this benefit important and 34% moderate.

The development of Wine tourism has a beneficial impact on the local economy, as well. According to the answers, the local economy is importantly supported by Wine tourism as far as the development of a unique "destination image" and reputation is concerned (56%). 45% of the participants consider that Wine tourism moderately helps the local economy to develop and diversify by better utilizing its natural resources.

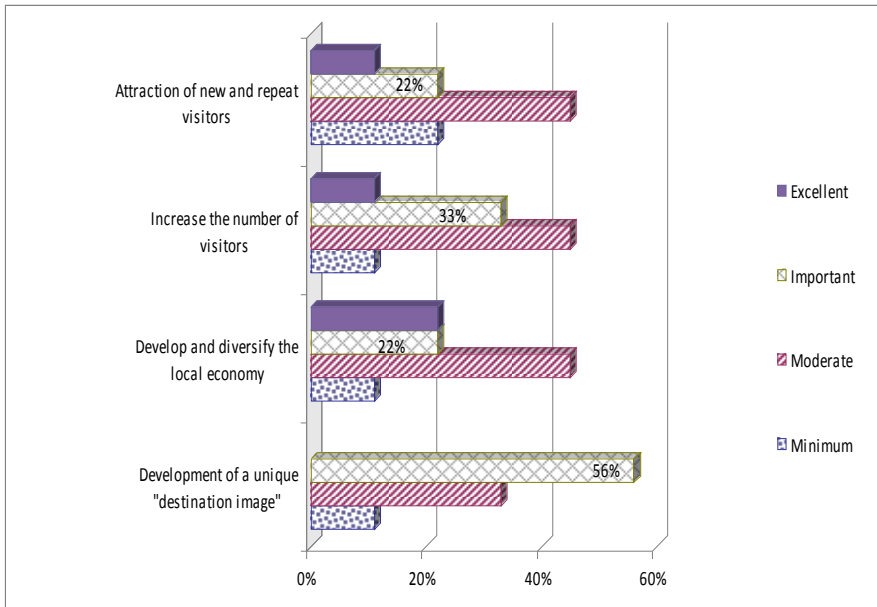
Almost half of the wineries (45%) believe that there is a moderate benefit on the increase of the number of visitors and the attraction of new stable visitors. 33% of respondents stated that the number of visitors increased importantly and 22% of them answered that they attracted new and stable visitors due to wine tourism.

The research records an important benefit on the expansion of the touristic period (44%) and a moderate benefit on the establishment of new businesses (44%). The representatives of the wineries believe that even more businesses would have been established if it wasn't for the economic crisis.

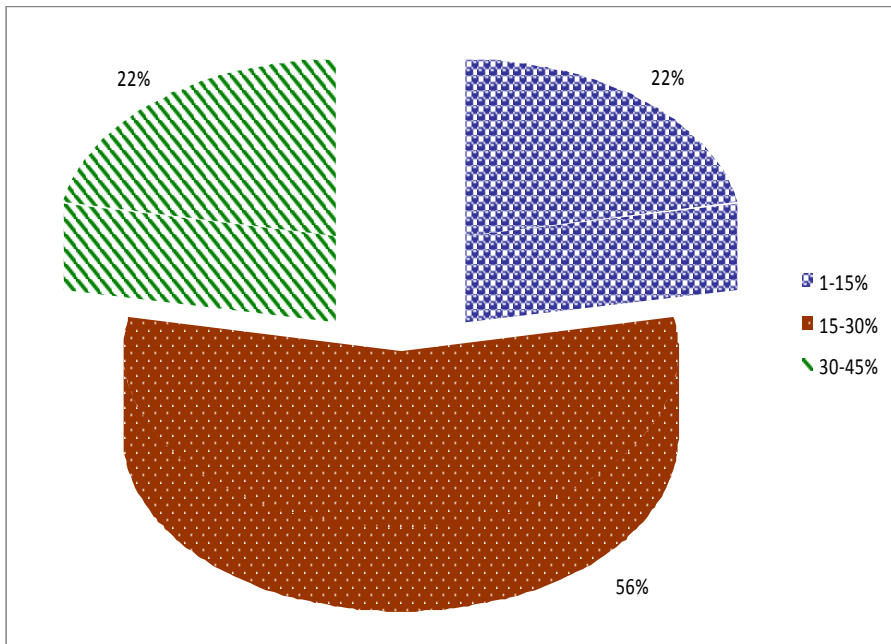
The local community was affected by the activities of Wine tourism. There is a moderate affect (34%) on the development of communication, on the expansion of relationships and knowledge and on the change of mentality. The impact is even stringer when it comes to the enhancement of the pride of the people for their area (45%). The impact of Wine tourism on the local community is also important for the attraction of new investments, increase of entrepreneurship and employment according to 22% of the responders. 45% of them, however, consider this impact of moderate importance.

Wine tourism created the prerequisites for the introduction of new products and services in the area (45%).

**Graph 2: Benefits for local economy**



**Graph 3: Level of participation in turnover**



According to the 45% of the participants, Wine tourism plays an important role in the development of the part of the Wine Routes of Northern Greece. 22% of them consider its role extremely important.

The majority of the participants answered that the contribution of Wine tourism to the total turnover of the local enterprises is from 15 to 30%. The rest of the representatives assess this contribution from 1 to 15% and from 30 to 45% of their total turnover.

Wine tourism has positively affected the relations between the wine producing enterprises and made their bond stronger. 67% of the participants argue that there is no local competition between the enterprises and only 33% feel that there is competition between same enterprises.

## **Conclusions**

The development of Wine tourism and the accession of the wineries into a web benefit the wine producing industries of the area. The positive impact concerns: the building of an image and a reputation, the increase of sales, the higher profits from sales at the wineries, the consumers' education and the direct communication with them, the possibility to taste new wines that appear in the market, the protection of the credibility of the brand name, the attraction of bigger parts of the market and the development of exports, the improvement of cooperation between the wine industries and finally the establishment of new cooperations with other associations.

The development of Wine tourism has a positive impact on the local economy as well. The local economy is benefited when it comes to the establishment of a unique and positive "destination image" and reputation, the development and diversification of the local economy by better utilizing its natural resources, the increase of the number of visitors and the attraction of new stable tourists in the area, the expansion of the touristic period and the creation of new enterprises.

The local community is also benefited by the activities of Wine tourism. The positive impact of Wine tourism concerns: the development of communication, the expansion of relations and knowledge of the local people, the change of their mentality and the enhancement of their pride for their region.

In addition, the development of Wine tourism creates the prerequisites for new investments, raises the entrepreneurship and employment and introduces new products and services in the market.

The wine producing industry and the local economy need and organized web of Wine tourism in order to develop. The participation of the enterprises in a Wine touristic cluster enhances cooperation and reduces the local competition.

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