

Tourism Demand - Primary Factor of the Tourism Services Market

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Abstract

The demand for tourism services is essential and defining in the tourism services market, because the tourism motivations that underlie the formation of demand for tourism services determine the tourism supply and, consequently, the production of tourism services.

The demand for tourism services is the primary factor determining tourism activity for transportation services, accommodation services, restaurant services, leisure services, as well as for travel agencies that organize tourism service packages.

This paper focuses on the demand for tourism services as a primary factor in the tourism services market and analyzes the factors that determine it.

Key words: tourist demand, tourist market, tourist services

J.E.L. classification: L80, L83

1. Introduction

In order to penetrate the tourism services market, tourism service providers must first consider the demand for tourism services, starting from the needs of tourists, needs that express tourism motivations and generate the forms in which tourism manifests itself.

The demand for tourism services is influenced by numerous economic, social, legislative, political, and health factors, which makes it complex, diversified, and heterogeneous, with numerous implications for suppliers in this market.

2. Theoretical background

Tourism demand is defined by the number of tourists and can be either actual or potential. (Medlik, 1993, p.45). In other words, under the influence of certain factors, such as tourist service prices, disposable income, and free time, demand can become real, effective demand, and the number of tourists can increase. Effective demand is more than just the wanting of something, but is defined as demand backed by cash (Tribe, 1999, p.47). This statement suggests that the effective or solvent demand for tourism services is what is transformed into tourism consumption and generates tourism production.

The factors that determine a traveller's choice of destination and accommodation will depend on the purpose of the trip (Foster, 1985, p.33). From this, it can be seen that the demand for tourism services for a particular destination is formed on the basis of the tourist motivations that determine a person to travel and consume the purchased tourism services. The motivation of the individual person to travel is produced not so much by an innate impulse, but develops primarily under the influence of the social environment, from which every individual draws his norms (Krippendorff, 1987,p.17).

Although tourist motivation has an individual, personal character, it is influenced by the social, cultural and economic environment in which a person lives, and consequently the demand for tourist services is shaped by the action of these factors. The choice of any destination is also a consequence of tourists' increasing awareness of travel opportunities resulting from improved educational provision and modern mass media interest in foreign countries, their natural features and cultural traditions (Laws, 1991, p.16). These factors determine the demand for tourist services

at the international level and consequently the development of the world tourist market. Segmentation of tourists into specific categories with homogeneous desires will become more and more important for regional tourism organizations and the tourism industry at large (Heath *et al*, 1992, p.92).

Depending on the number and size of market segments, either a concentrated strategy is adopted by which the same tourism product is offered, or a differentiated strategy by which tourism services are differentiated according to the characteristics of demand. (Stancioiu, 20024, p.54). In other words, although tourist motivations are heterogeneous, which gives tourist demand a diversified, complex, and heterogeneous character, in the tourist market, tourist service providers seek to homogenize tourist demand in order to standardize tourist services and increase the degree of satisfaction of tourist demand, implicitly increasing the efficiency of tourist services.

The demand for tourism services is determined by a number of factors that tourism service providers must take into account, namely: tourist income, the price of tourism services, the price of goods and public services, tourism regulations, natural, demographic, social, cultural, religious, and psychological factors, leisure time, tourism motivations, competition and value for money, seasonality, and state intervention in the tourism market to stimulate demand for tourism services for different forms of tourism.

3. Research methodology

The analysis of demand for tourism services primarily involves a conceptual approach, as the tourism services market has certain characteristics that distinguish it from the demand for tangible products.

At the same time, analyzing it requires studying the factors that determine it, with statistical analysis being the main method for identifying the trends and causes that have determined demand in the Romanian tourism services market.

4. Findings

In Romania, demand for tourism services has evolved differently depending on the types of tourism practiced and the tourist destinations. Although the tourism services market in Romania is a market in which competition must be free, it is a highly regulated market with the aim of protecting tourism consumers but also facilitating state intervention in order to develop domestic tourism by stimulating demand for tourism services and, consequently, tourism consumption.

While demand for tourist services is highly elastic, changing according to price, disposable income, and available time, the tourist offer is rigid because it depends on natural resources, the technical and material basis of tourism, and the facilities and services offered by providers in the tourist market. In addition, for different forms of tourism (e.g., seaside tourism or white tourism), due to the pronounced seasonality, tourism service providers act as if they were a monopoly, charging very high prices for the services they offer, prices that are not related to quality or cost structure, but to obtaining high profits in a short period of time.

Because, in many situations, for different forms of tourism and in different tourist destinations, the quality-price ratio is not commensurate with the services required, this leads to a high degree of dissatisfaction and, consequently, to the redirection of tourist flows to other tourist destinations, especially to tourist destinations outside Romania.

Seasonality is one of the main factors influencing the demand for tourism services. It can be caused by natural factors related to climate, or by the periodicity of events such as festivals. Seasonality can also be determined by regulations regarding the duration of leisure time (leaves, vacations, public holidays), with positive or negative implications for the demand for tourism services. Thus, in Romania, the restructuring of the school year by granting modular vacations distributed throughout the school year has led to an increase in demand for tourism services throughout the year and a reduction in congestion during the season, in the case of snow tourism, thus enabling tourism service providers to make the most efficient use of accommodation capacity and related services.

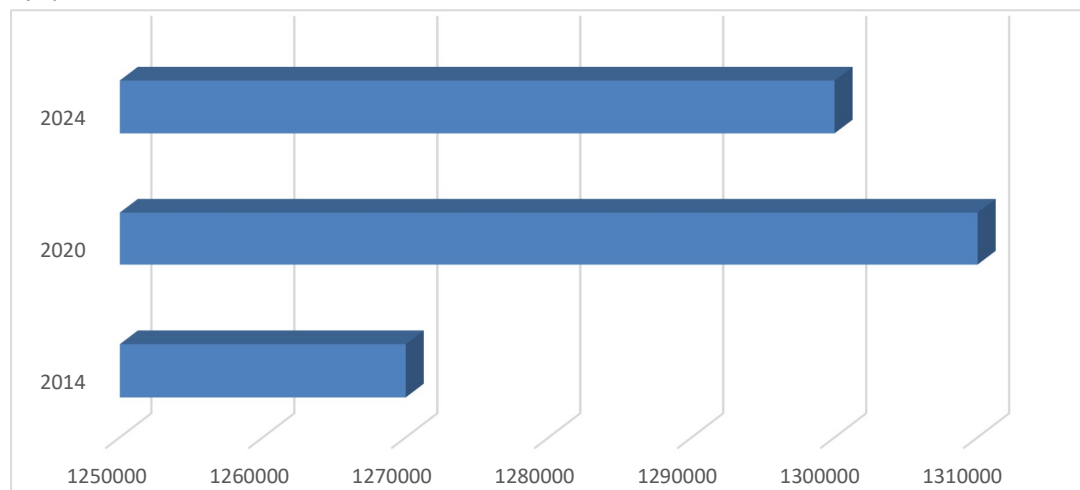
In Romania, tourist demand has also been influenced by other factors, among which economic factors have had a particular impact on the tourist market, primarily on the demand for tourist services, but also on tourist service providers.

An important role in increasing the demand for tourism services in Romania was played by state intervention in the tourism market to directly stimulate demand for tourism services and, in this way, tourism service providers.

This intervention in the demand for tourism services was achieved by offering holiday vouchers. Holiday vouchers are sums of money granted from the state budget to employees in the public sector. These sums were initially granted in the form of vouchers with the value printed on them, and were later granted electronically using a card. These vouchers were introduced in 2009 as a result of the economic and financial crisis that affected the purchasing power of employees and, consequently, the hospitality industry in Romania. The granting of holiday vouchers is a real example of state intervention in the tourism market, a market which, although it should be subject to the competitive rules of the market economy, is a highly regulated market and, in such situations, functions artificially, because once the economic and financial crisis passed, the state has continued to grant holiday vouchers instead of investing the respective amounts in general infrastructure or in tourism infrastructure owned by the state and offering tourist services at reduced prices, which would protect tourists with low incomes.

This intervention by the state in the tourism market is highlighted by the number of public sector employees who have benefited from holiday vouchers since 2009 (see Figure 1).

Figure no. 1. Evolution of the number of employees in the public sector in Romania, between 2014 and 2024



Source: (www.insse.ro; Financial Newspaper, <https://www.zf.ro>)

Analysis of the data in Figure 1 indicates the following aspects:

- The number of employees in the public sector in Romania is high, which requires considerable funding from the state budget.
- While in 2014 the number of these employees was 1,270,000, in 2020 it increased to 1,310,000, representing a 3.2% increase
- In 2024, there were around 1,300,000 employees in the public sector, which is still a high number. Even though it decreased by 10,000 employees in 2024 compared to 2020 as a result of the COVID crisis, it is still 30,000 employees higher in 2024 than in 2014.
- The analysis of this data is very important because it highlights the state's intervention on the demand for tourism services in Romania, with beneficial implications for tourism service providers in terms of revenue. Thus, the granting of holiday vouchers to 1.3 million public sector employees has led to an increase in the number of tourists in Romania, and implicitly in the amounts collected by service providers in the tourism market. The amounts allocated from the state budget in the form of holiday vouchers can be used both for the purchase of services taken separately by the tourist,

i.e. for transport services, accommodation services, catering services, leisure and entertainment services, provided that at least one night's accommodation is purchased, or they can be used to purchase a package of tourist services from a travel agency, but only for the purchase and consumption of these tourist services on the Romanian domestic market.

The granting of holiday vouchers to public sector employees in Romania, as a means of state intervention in the Romanian domestic market, has, in my personal opinion, generated certain advantages and disadvantages.

Advantages generated by granting holiday vouchers in Romania:

- Increasing demand for tourism services by using funds allocated from the state budget to public sector employees

- An annual increase in the number of tourists by at least 1.3 million people, or a doubling, perhaps even tripling of this number if we consider that the beneficiaries of holiday vouchers traveled with their families

- Limiting the negative effects of the economic and financial crisis of 2009-2011, due to the decline in the purchasing power of the population as a result of rising prices and falling incomes, the granting of these holiday vouchers being a way of satisfying tourist motivations in times of crisis

- Creating the possibility for people employed in the public sector to enjoy a holiday, given that during the economic and financial crisis of 2009, public sector salaries were cut by 25% and accompanied by a decline in purchasing power, which drastically reduced the income available to satisfy tourist motivations. Under these circumstances, the granting of holiday vouchers was seen as compensation for the reduction in income in order to increase tourist demand.

- The granting of these holiday vouchers was initiated as a measure that would not lead to an increase in inflation, by providing a means of payment for tourist services rather than directly granting sums of money that could be spent on other goods outside the tourist market rather than on tourist services such as transport, accommodation, meals, and leisure activities. In this way, both the demand for tourist services and the supply of tourist services on the Romanian domestic market were supported, thus protecting and developing domestic tourism

- Supporting tourism service providers in the Romanian hospitality industry by stimulating tourist demand and thus triggering tourism production and consumption

- Protecting the domestic tourism market in Romania, as the amounts granted in the form of holiday vouchers could and can only be used for domestic tourism and not for international tourism

- Ensuring a degree of security in terms of revenue for domestic tourism providers and intermediaries, regardless of the form of tourism practiced

- Preventing a reduction in tourism employment and, implicitly, an increase in unemployment as a result of reduced demand for tourism services

- Ensuring a constant level of occupancy for providers in the hospitality sector as a result of the annual granting of holiday vouchers

- Spending part of a person's or family's own income in addition to the amount granted by the state in the form of holiday vouchers, for transportation services, meals, leisure activities, visiting tourist attractions, amounts of money that take the form of income for tourism service providers in Romania, which represents an injection of money into the domestic tourism market from the population's savings, to the benefit of providers of domestic tourism in Romania.

Disadvantages of granting holiday vouchers in Romania:

- The use of holiday vouchers since 2009 to stimulate demand for tourism services has had a negative effect on tourists as consumers, whether or not they are beneficiaries of holiday vouchers, namely an increase in the prices of accommodation and related services, with prices doubling in a very short time and then continuing to rise for these tourist services, as well as for tourist service packages offered by travel agencies. As such, what was initially considered to have a positive effect on tourists has in fact had a negative impact on consumers of tourist services and only a positive impact on tourism providers in terms of revenue generated

- The need to allocate part of a person's or family's own income, in addition to the amount granted by the state in the form of holiday vouchers, because this amount is insufficient for a family to spend a holiday, as the cost of tourist services requires a much higher amount than that

given in the form of a tourist voucher.

- Granting long-term holiday vouchers is not beneficial for tourists, tourism providers, the tourism market as a whole, or the state budget.
- By granting holiday vouchers, the demand for tourism services is negatively affected because, although in the short term it generates an increase in demand for tourism services, in reality it represents an artificial increase in demand, by transferring significant amounts of money from the state budget to the budgets of tourism service providers, without these providers making any effort to attract these amounts by stimulating tourism demand
- Tourists' dependence on domestic tourism, because the amounts granted in the form of holiday vouchers can only be used for domestic tourism. Under these conditions, tourists lose the opportunity to spend a vacation in a tourist destination other than Romania, especially when they need to supplement the amount with their own income, because the amount granted in the form of a holiday voucher is insufficient to spend a vacation in decent conditions.
- It creates a feeling of discrimination among employees in the private sector, who do not receive holiday vouchers from the state budget but who contribute to state revenues by paying taxes and fees.
- It limits tourists' freedom of choice and forces them to consume tourism services within a certain period of time and in a certain area, which puts pressure on individuals to obtain tourist status and use their holiday vouchers under threat of losing the amount in question.
- The granting of holiday vouchers generates a hidden form of social tourism and transforms public sector employees into social welfare recipients in terms of tourism, with a major psychological impact on tourist behaviour, by reducing their self-confidence as subjects of tourism based on holiday vouchers, a form of social tourism that has become mass tourism.
- Decreased free competition between tourism service providers on the Romanian domestic market and reduced interest in improving the quality of services offered and investing in technical and material resources as a result of the certainty of constant annual revenue from tourists benefiting from holiday vouchers
- Decreased interest among service providers in diversifying their service offerings, improving value for money, and finding strategies to attract both domestic and international tourists. This is due to the security enjoyed by tourism service providers and intermediaries through the annual guarantee of the number of tourists benefiting from the amounts allocated from the state budget in the form of holiday vouchers.
- The psychological impact on tourism service providers by creating the idea that we are not in a market economy where suppliers must make every effort to attract tourist flows and that the state is obliged to ensure them a secure level of income by granting these holiday vouchers. This creates the idea that the lack of these funds from the state budget will lead to a collapse in the hospitality industry, which is not true, because providers must find strategies to attract tourists and adapt their profits to the costs incurred, rather than maximising profits in a very short time by charging high rates under the umbrella of holiday vouchers.
- The lack of interest on the part of service providers in providing quality services to tourists benefiting from holiday vouchers and the discriminatory treatment to which these tourists are subjected compared to international tourists or tourists who pay for tourist services out of their own pockets. Thus, in many cases, tourists who pay with holiday vouchers are treated inappropriately, often humiliated by the lack of professionalism of tourist service providers, due to the idea that regardless of the quality of the tourist service, these tourists have no choice but to spend this money, and providers thus have a guaranteed income regardless of their behavior towards tourists. These tourists are treated as if they are receiving these services from providers as charity, with their status as welfare recipients in tourism thus having a huge negative impact on them
- Holiday vouchers have led to dual professional behavior on the part of service providers in terms of tourism, which profoundly affects the free functioning of the tourism market
- Although state intervention in the tourism market through the provision of holiday vouchers is beneficial in the short term, in the long term such intervention is not beneficial as it generates more negative than positive effects. The respective amounts can be invested in the real economy by creating general infrastructure, modernising resorts and treatment facilities so that tourists can

benefit from low-cost, high-quality services and can purchase the tourist services they want with the income obtained from their work, either on the domestic or foreign market, according to their own tourist motivations, when they want and where they want, and not forced and constrained to consume the amounts allocated by the state through holiday vouchers.

5. Conclusion

The demand for tourism services is a key factor in the tourism market. It is determined by numerous economic, social, cultural, political, religious, legislative, and natural factors that can influence it positively or negatively. Although demand for tourism services is the primary factor in the tourism market, tourism supply should not be left behind, but should meet tourism demand in order to satisfy it as efficiently as possible.

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