

## SWOT Analysis of the Romanian Tourism Market Component of the Marketing Plan

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### Abstract

*Managing the marketing-related activity is all about the context assessment in which a company finds itself at a given time. The marketing specialist will perform a detailed analysis, i.e. a SWOT Analysis, through which he can pinpoint the company's strong points in correlation with the favourable opportunities that may be generated in the company's environment at a given time, and to weigh these assets and opportunities compared to the weaknesses and threats that may occur and create hazards in the company's activity. The company has to keep track of all the elements mentioned above by using a thoroughly executed study and to unearth its opportunities and advantages, but also threats and weaknesses and act accordingly in his upcoming marketing-related activities. This paper's objective is to perform a SWOT analysis in regard with the Romanian tourism market. The Romanian tourist market has great potential, but it is insufficiently valorified.*

**Key words:** SWOT analysis, tourism market, marketing plan

**J.E.L. classification:** A1

### 1. Introduction

The marketing strategies developed by the management structures are an important component in the elaboration and substantiation of the marketing plan. Materialized in forecasts, they establish the action lines of each enterprise, the effectiveness of the interface with the over-systems to which it belongs, the extent to which they maintain and amplify the busy market segment, the profitability gained often depending on their contribution.

In the marketing plan, marketing strategies are the core of the strategic management process and contain some defining features: they are based on an appreciable amount of aggregate information, they are subordinated to the objectives set, they are interchangeable with objectives, they define the major directions in which the enterprise concentrates its activity in the future and does not mark the beginning of its transposition into fact, they are the basis for the elaboration of strategic plans, require the existence of the strategic feed-back in order to obtain the competitive advantage. They target the market strategy according to its specificity and the strategies corresponding to the elements of the marketing mix: product, price, distribution and promotion.

For the SWOT analysis of the Romanian tourism market, we start from the premise that Romania is a country with a considerable experience in tourism and travel, but which needs to adapt as quickly as possible to the requirements of the 21<sup>st</sup> century. Whether urban or rural, mountainous or seaside, all tourist destinations are facing the same trends: an increasingly competitive market, increasingly demanding and exigent consumers, a sustained effort to put into practice a balanced development.

## 2. SWOT Analysis of the Romanian Tourism Market Component of the Marketing Plan

The adoption of strategic marketing decisions is based on a broad process of analysis and assessment of the company's business environment, its competitiveness and its ability to successfully meet the challenges and changes brought about by the company's external and internal environment which is achieved through marketing audit. *The synthesis of the marketing audit program* that highlights as a priority an enterprise analysis and which covers all dimensions of its business as well as all its specialized areas is the *SWOT analysis*. *SWOT analysis is a marketing plan approach* that allows a diagnosis to be made of the past and present state of the enterprise or of its functional domains as well as of its relationships to the micro and macro environment. In order to formulate the strategies of an enterprise, this will be achieved by presenting both strengths and weaknesses, as well as by analyzing the region's own resources and external circumstances that may affect favourably and unfavourably the achievement of the proposed goals. As a commonly used method SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), namely the analysis of strengths, weaknesses, opportunities and risks or threats of an enterprise, is based on six levels of analysis: legal, technical, commercial, management, human and financial resources. The SWOT name, which comes from English, represents the initials of the following words:

Strengths  
Weaknesses  
Opportunities  
Threats

When the enterprise owns a portfolio of activities or products, the SWOT analysis should be tailored to each activity or product. The SWOT analysis steps are:

1. Defining activities
2. Analyzing the external environment of the opportunities and constraints of the period,
3. Identifying the key factors of success
4. Assessing the company's internal capabilities, strengths and weaknesses.

"Ensuring success requires the touristic operator to identify differentiation elements that support the advantage in market competition, defining entities as losers and winners. Each market or industry has its own key success factors. Their correct identification plays a particularly important role, enabling companies to define their market strategy according to the relevant benchmarks of the sector in which they operate" (Petcu M., David-Sobolevschi I., *Demers Matricial de Poziționare Strategică a Entităților în Industria Ospitalității (Matrix Approach of Strategic Positioning in the Hospitality Industry)*, Revista Economie Teoretică și Aplicată, Supplement, May 2009, ISSN 1841-8678, p.137).

The marketing audit conclusions are summarized in a table of four quadrants containing the positive and negative characteristics of the analyzed enterprise and differentiating it from competing firms. *The strengths* that can be mentioned relate to the company's experience in distributing its products, the leading position in the target market, the variety and coverage of the target market, the development of an efficient marketing compartment and all other distinctive features or skills that the company holds compared to competing companies and ensuring it an advantage in the competitive environment.

*Weaknesses* are the company's weak areas that determine its location at a lower performance level in the competitive environment. We can mention: the decrease of the market share, the unfavourable image of the products on the target market, an inefficient and unorganized marketing policy, a mismanagement of the company's management with numerous hierarchical levels, the fluctuation of the human resources.

The synthesis of the marketing audit also captures the favourable aspects in the form of *opportunities*, of the positive factors from the external environment. The company can set a new strategy or reconsider its existing strategy for the profitable exploitation of opportunities.

*Threats* are the dangers of the external environment that the enterprise may face, represented by situations or events that will adversely affect the possibility of achieving the set objectives. Performing SWOT analysis is a strategic, flexible, and easy-to-use tool. It is the starting point that an enterprise or a project team uses to formulate action directions appropriate to the company's

situation and its relationships with the competitive environment. Its purpose is to enable a marketing plan to develop the strengths of the enterprise, to exploit the opportunities while finding solutions to eliminate or correct weaknesses issues, taking into account the marketing micro and macro-environment that threaten and condition the activity of the enterprise.

The tourism and travel industry has a great influence on countries, regions and, of course, on destinations. The size of tourism at national level has an economic, social, cultural and environmental influence on tourist destinations, and this influence may be positive or negative. The economic impact of tourism, following the conclusions highlighted in the research literature, demonstrates that not only tourism expenditure has direct effects on businesses from which tourists purchase products, but there are also indirect effects on businesses that supply goods within the tourism industry (Cooper C., Fletcher J., Fyall A., Gilbert D., Wanhill S., *Tourism: Principles and Practice*, Editura: FT Prentice Hall, capitoulul 5, 2005). This literature focuses on the value of production resulting from tourism spending, and is often summed up by the use of multipliers showing the impact on the dollar spent. These multipliers tend to be diminished when we analyze a local impact compared to regional or national impacts (Wanhill S., *The Measurement of Tourism Income Multipliers*, Tourism Management, 1994, pg.281-283).

The evolution of Romanian tourism must be guided by an appropriate national strategy that would make Romania an attractive international tourist destination. In order to understand the measures to be taken in the future for the recovery of tourism in Romania, it is necessary, among other things, to analyze the current situation and to draw the positive and negative characteristics that characterize the domestic tourism market.

Table no.1 Strengths, Weaknesses, Opportunities and Threats of Tourism in Romania

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• favourable geographic location at the intersection of the large Euro-Asian transport routes, opening to the Black Sea;</li> <li>• the existence of tourist culture and the possibility of developing all forms of tourism due to the diversity of the harmoniously distributed tourist potential;</li> <li>• the presence on the Romanian tourism market of world-famous hotel chains (Mariott, Hilton, HolidayInn, Best Western) guaranteeing the quality of services offered to tourists;</li> <li>• National Tourism Development Program ("Skiing in the Carpathians", "Ski area Predeal-Azuga", "Wine Road") and social programs ("Country holidays", "The seaside for all") initiated by the national tourism authority;</li> <li>• Possession of patents and / or technologies that give the tourism enterprises a competitive character;</li> <li>• Increasing tourist loyalty towards some of the products / services offered.</li> </ul>	<ul style="list-style-type: none"> <li>• the shady increase in the number of accommodation places in the tourist reception facilities;</li> <li>• the constantly low average index of use of the accommodation capacity, around 34.5%;</li> <li>• insufficiently developed and non-modernized tourism base (the large share of old accommodation structures);</li> <li>• shortcomings in the training of the workforce specialized in tourism;</li> <li>• poorly developed telecommunication networks;</li> <li>• the existence of an inadequate infrastructure, physically or morally worn off;</li> <li>• lack of cooperation between economic operators operating in tourism;</li> <li>• the quality level and the low degree of diversification of tourist services (emphasis is placed on accommodation and food);</li> <li>• reduced contribution of the tourism sector to GDP formation (below 3%);</li> <li>• very low investments in tourism of the total investments in the economy below 2%;</li> <li>• lack of an effective marketing policy;</li> <li>• insufficient tourist information and promotion (especially on the Internet);</li> <li>• the seasonal character of the mountain and seaside tourist market;</li> <li>• inappropriate cost strategies compared to the quality of the products offered;</li> <li>• poverty of the population;</li> <li>• competition of resorts in Bulgaria, Turkey, Greece;</li> <li>• significant deviations of the competitiveness and quality of tourism services, the consequences of this policy being manifested today by changing tourists'</li> </ul>

	<p>preferences to tourist destinations outside the borders;</p> <ul style="list-style-type: none"> <li>• unfriendly business environment for foreign investors;</li> <li>• lack of a good management policy at all levels;</li> <li>• the instability of the governmental institutional framework with a role and attributions in the elaboration of the tourism policy and strategy</li> </ul>
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OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• tourism development by attracting structural funds from the European Union, allowing the support and financing of projects in this field;</li> <li>• freedom of movement of persons, services, goods, capital;</li> <li>• the single Euro currency, which has brought and will bring great benefits to tourism by simplicity (the tourist will have with him/her a single currency), transparency (the tourist will be familiar with the purchasing power of the currency), saving time and commissions;</li> <li>• recognition on the domestic and international tourism market as a result of Romania's accession to the European Union; thus, it is estimated that the number of foreign EU tourists visiting Romania will increase but not spectacularly; this increase rather joins the general trend in the European tourism industry;</li> <li>• elaboration and implementation of tourism development strategy by NTA; (several priorities of the strategy: creating and promoting the national tourist brand, developing a national network of Tourist Information and Promotion Centres);</li> <li>• ongoing projects - support for future tourist activity: highways, rail transport modernization, sea transport terminal for tourists, etc .;</li> <li>• attracting investors, especially foreign, with management input. Concession of land on advantageous conditions to investors, including for the setting up of new resorts.</li> <li>• providing tax incentives for new investments, depending on the size of investment in tourism enterprises;</li> <li>• diversification of tourists' pricing according to comfort and season in order to promote tourism for young people, for low-income tourists, for schoolchildren;</li> <li>• tourist attractions by diversifying tourism with packages up to personalization and taking into account the entire national potential;</li> <li>• interactive museums; interactive craft workshops; small industrial workshops that work on the tourist's command: glassware, ceramics, metal engraving, goblins.</li> </ul>	<ul style="list-style-type: none"> <li>• Migration of the highly skilled labour force and tourism to the European Union, especially due to the very low salaries paid in Romania, compared to the external offer;</li> <li>• entering the competition as a holiday destination with the new member states of the European Union; thus the quality of the products / services offered will become a decisive factor in the choice of a destination or operator by the tourist;</li> <li>• degradation of the natural environment through different types of pollution;</li> <li>• unattractive environment for foreign investors due to the fiscal policy of the state;</li> <li>• migration of Romanian tourists. Exit from European tourism flows;</li> <li>• deepening of the effects of the economic and financial crisis at national and international level;</li> <li>• changes in the preferences, needs, tastes of tourists;</li> <li>• entering of new competitors on the tourist market;</li> <li>• increasing competition pressure;</li> <li>• vulnerability to business environment fluctuations;</li> <li>• labour productivity within the tourism activity is strongly influenced by factors such as: the tourist attractiveness of the tourist area - the size and intensity of tourist flows - climatic conditions - conjunctural factors</li> <li>• enterprises that are located in low-attractiveness resorts will experience lower performance and will have to pursue an aggressive investment policy; terrorist acts, regional wars and other types of crisis situations;</li> <li>• expansion of viruses, which have had and still have devastating effects.</li> </ul>

Source: Author's own data processing

Romanian tourism has a valuable and diversified natural potential, but which suffers in some areas, due to pollution, the poor implementation of environmental legislation. Also, the existence of a rich cultural heritage is overshadowed by the state of degradation of many historical buildings and monuments. The insufficient involvement of the state in the development and promotion of cultural objectives, the lack of support for local traditions and folklore are some other shortcomings. Given that tourism involves first of all the movement of persons from the area of residence to the area in which they will benefit from tourism services, infrastructure, in particular the transport and communications one, plays an essential role. From this point of view, Romania faces many problems related to poor road quality, lack of motorways, ring roads around some localities, limited access for disabled people to many hotels and tourist attraction points, etc.

As far as the human resource is concerned, Romania is a country with welcoming, communicative people and traditional hospitality, yet with a poor awareness of the importance of tourism for the economy, with a lack of professional training in the territory with a massive migration of the workforce in the hotel industry.

The legal framework and organization have numerous shortcomings, starting with the rules for granting tourism authorizations, which require a review in order to meet current market requirements, the lack of integrated city / resort tourism development plans, the lack of incentives and support mechanisms for investors, and ending with the implementation of current legislation which is often inadequate.

Even with the expansion of the tourism promotion and tourist information network of the National Authority for Tourism abroad and the extensive program of tourism promotion abroad, Romania still faces great marketing difficulties. Thus, it is worth mentioning: the lack of a strong positive image of Romania abroad as a tourist destination, the insufficient market research, the uncoordinated network of tourist information centres in Romania, the insufficient use of IT means and Internet for information, marketing and reservation.

In a world that is undergoing change, it would be totally unreasonable to rely solely on the initial analysis or even on the analyses carried out in certain periods. The analysis system must offer the possibility of making alternative forecasts of future events. Thus, in an uncertain environment where the risk is present, we cannot know the future accurately, no matter how advanced the forecasting techniques are. The environmental analysis process must be an integral part of the enterprise's overall decision-making system.

### 3. Conclusions

The SWOT analysis reflects a "delicate" situation in which Romania finds itself currently. There are a lot of weaknesses faced by tourism, but also a number of important opportunities related primarily to Romania's recent integration into the European Union.

The analysis can be used to increase strengths, correct and diminish weaknesses, eliminate threats and capitalize on opportunities through rigorous strategic planning.

Therefore, we suggest rapid investments in infrastructure and in the promotional activities regarding cultural tourism, ecotourism, business tourism and i wouldn't stop here, because Romania has an infinite greater potential.

### 4. References

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