

# The Impact of Travel Agencies on the Demand for Tourism Services

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## Abstract

*The demand for tourism services is essential in the tourism market because it expresses tourists' needs and motivations for a particular form of tourism. It can be expressed either directly by tourists or through travel agencies.*

*The travel agency determines the demand for tourism services when it acts as an intermediary in the tourism services market and interposes itself between tourism service providers and the final consumer of tourism services. Travel agencies thus provide tourists with packages of tourist services that satisfy their tourist preferences.*

*In Romania, demand for tourist services is expressed either in the form of travel on one's own account or in the form of tourist service packages offered to tourists by travel agencies.*

*The aim of this paper is to analyse the demand for tourism services under the impact of travel agencies in Romania.*

**Key words:** travel agency, tourist demand, tourist services

**J.E.L. classification:** L80, L83

## 1. Introduction

The demand for tourism services can manifest itself on the tourism market in two forms: for each individual service (transport services, accommodation services, catering services, leisure services, entertainment services, treatment services) or for all tourism services integrated in a tourism arrangement and offered by the travel agency.

Of course, the demand for tourist services is the essential element on which the supply of tourist services made available to tourists by direct service providers or travel agencies is based.

However, a large proportion of tourist services, which take the form of tourist trips that include transport, accommodation, food and various forms of leisure, are provided on a self-employed basis, i.e. tourists do not use intermediaries in the tourism sector but purchase and organise tourist services themselves. This is very important because tourist demand bypasses tourism intermediaries and goes directly to tourism service providers.

## 2. Theoretical background

Tourist demand is made up of all the people who wish to travel outside their own residence for reasons other than to perform remunerated activities at the destination (Snak *et al*, 2001, p.158; Cristureanu, C., 1992, p. 106). In other words, tourist demand is the expression of the tourist motivations that tourists have as consumers of tourist services, which they purchase from the tourist market, either on their own or through travel agencies.

The tourist demand presents some features (Cristureanu, C., 1992, p. 106):

- It has a dynamic character
- It has a accentuated and rigid seasonality
- It is diversified, heterogeneous and flexible in motivation
- It is concentrated in economically developed countries

These characteristics are essential in the analysis of the demand for tourism services, as they

determine the strategies used by tourism service providers as well as travel agencies acting as intermediaries in the tourism market. Thus, if the demand for tourist services is characterised by a high seasonality, service providers may resort to low tariffs and the granting of freebies and facilities when demand is low so as to increase tourist consumption.

In the *Lexicon of Tourism Terms*, tourist demand is defined as "all persons who regularly travel outside their own residence for reasons other than the performance of remunerated activities at the place of destination", (Stanciulescu *et al*, 2002, p.47).

We note that tourism demand comes from tourists whether they are national or international, so their number is essential in reflecting the dimensions of tourism demand and at the same time tourism motivation has a determining role in defining and analyzing tourism demand.

Tourism consumption is very important because it is the expression of the actual tourism demand and it depends on the income level of consumers as tourists as well as on the prices of tourism services offered by providers (Minciu, R., 2001, p.135).

### 3. Research methodology

Tourism demand and the factors that determine it are essential elements for a tourism market such as Romania's. Therefore, the analysis of the demand for tourism services can be carried out using survey-type methods or by own methods using statistical data.

Thus, descriptive methods are used, as well as analytical methods for highlighting the evolution of tourism demand in Romania, from the point of view of tourism demand carried out by tourism agencies in Romania, and analysis by the main motivation under which tourism demand is manifested and which is materialized in tourist trips.

### 4. Findings

In Romania, tourism demand materializes in tourism consumption, which is materialized in the number of tourists who purchase tourism packages for domestic or international tourism.

*Table no. 1. Incoming activity of travel agencies in Romania in 2019-2021*

Year	Tour-operating agencies	Retail travel agencies
2019	104861	1229
2020	9175	653
2021	9449	799

*Sources:* (National Institute of Statistics, 2022)

In this sense, an important role is played by travel agencies, which act as intermediaries in the tourism market and play a major role in carrying out tourism actions at national or international level.

Thus, as far as incoming activity is concerned (see Table 1), the following aspects can be observed:

- In the case of travel agencies with organisational activity (tour operating travel agencies) the number of foreign tourists visiting Romania decreased from 104 861 to 9449, which represents a decrease of more than 90% in 2021 compared to 2019.
- The same downward trend was recorded for retail agencies, from 1229 to 799, i.e. a decrease of 34.9%
- These decreases reflect the sharp decline in demand for tourism services, especially for those offered by tour operators, i.e. demand for all-inclusive package holidays.
- The major cause of these drastic declines in tourism demand, reflected in the number of foreign tourists visiting Romania, is the Covid 19 pandemic.
- Data analysis indicates a peak decrease in 2020 and then an increase in the number of foreign tourists due to the partial removal of restrictions imposed by the health crisis.

As far as the outgoing activity of Romanian travel agencies is concerned, the evolution of tourist demand can be seen in the number of Romanian tourists going to foreign tourist destinations (see Table 2).

*Table no. 2 Outgoing activity of travel agencies in Romania in 2019-2021*

<b>Year</b>	<b>Tour-operating agencies</b>	<b>Retail travel agencies</b>
2019	1007298	117680
2020	276922	52652
2021	681916	64097

Sources: (National Institute of Statistics, 2022)

So:

- In 2021 compared to 2019, the number of tourists who purchased package holidays to go abroad decreased from 1007298 to 681916, i.e. by 32%
- In the case of retail travel agencies, the number of Romanian tourists who went abroad decreased by 45% in 2021 compared to 2019, so the same decreasing trend was registered for the tourist demand for foreign tourist destinations
- In 2020 compared to 2019, there was the biggest decrease in tourist demand, by 72% for tour operators and 55% for retail agencies. This is also where the largest decrease was seen in tourism demand expressed in the form of tour arrangements offered by tour operating agencies.
- The analysis of tourism demand in terms of incoming and outgoing tourism flows reflects the drastic decreases recorded in the number of foreign tourists visiting Romania in 2021-2019, especially in the case of demand for tourism services offered by tour-operating agencies, tourism services in the form of package tours, i.e. integrated tourism services.

Tourism demand in Romania was strongly influenced by the demand for domestic tourism (see Table 3).

*Table no.3 Domestic tourism activity of travel agencies in Romania in 2019-2021*

<b>Year</b>	<b>Tour-operating agencies</b>	<b>Retail travel agencies</b>
2019	1064115	231340
2020	521475	39464
2021	793858	58085

Sources: (National Institute of Statistics, 2022)

Thus, the analysis of the data in this table for the period 2019-2021 in Romania provides the following information:

- 2019 saw the highest demand for both tour operating and retail travel agencies
- In 2020, the greatest reduction in the number of tourists was recorded for package services offered by tour operators and tourist services offered by retail agencies (51% and 82.9% respectively)
- Although in 2021 compared to 2020 there was an increase in the demand for tourist services, as evidenced by the number of tourists who purchased tourist services from retail agencies (by 52% and 47% respectively), the number of tourists in 2021 compared to 2019 was still 25.4% lower for tour operators and 74% lower for retail agencies.
- Also in the case of domestic tourism, it was found that tour operators played the main role in satisfying tourist demand for organised tourism.

These decreases are due, as in the case of international tourism, to Covid-related restrictions, but also to economic instability. From this we deduce the role that travel agencies play in satisfying tourist demand at both national and international level, since by offering all-inclusive tourist arrangements tourists benefit from all the services they have requested according to their tourist motivations.

Comparing the data in Table 2 with those in Table 3, it can be seen that the departures of Romanian tourists abroad have very high values, close to the number of tourists who have expressed their demand for domestic tourism. The high values of the departures of Romanian tourists to foreign tourist destinations indicate a low degree of satisfaction of the tourist demand on the domestic tourist market of Romania, which increases the proportions of tourism imports into Romania.

An important role in studying the demand for tourism services is played by the analysis of the tourism demand of Romanian residents, which is reflected in the number of tourist trips made by them (see Table 4).

Table no.4 Number of trips by main reason for travel in 2019-2021 in Romania

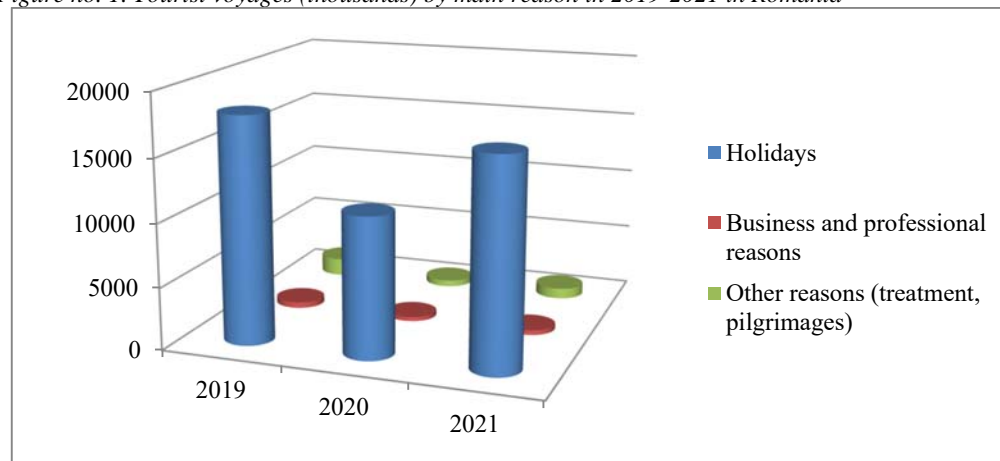
Reason for travel	Tourist travels (thousands)					
	2019		2020		2021	
	Number	%	Number	%	Number	%
Holidays	18063	90.3	11212	92.8	16619	93
Business and professional reasons	471	2.4	341	2.8	391	2.2
Other reasons (treatment, pilgrimages)	1440	7.3	515	4.4	851	4.8
TOTAL	19975	100	12069	100	17861	100

Sources: (National Institute of Statistics, 2022)

Analyzing the data in Table 4, we find the following aspects regarding the number of tourist travels in Romania in 2019-2021:

- In 2020 compared to 2019 the number of tourist travels decreased overall by 39.5% and in 2021 compared to 2019 by 10.5%, which means an increase but not enough to reach the values recorded in 2019 before the health crisis
- Reduced health restrictions have led to a revival in tourist travel, i.e. tourism demand, generating a 47% increase in 2021 compared to 2020
- The reason for travel is an important element influencing tourism demand as follows (see Table 4 and Figure 1)
- The main reason behind tourist travel was holidays, as tourist demand for holidays accounted for more than 90% of total travel between 2019 and 2021, with tourist demand for holidays increasing from 90.3% in 2019 to 93% in 2021
- Demand for treatment services and pilgrimages held second place in total travel (between 7.3% in 2019 and 4.8% in 2021), while demand for business tourism was around 2%

Figure no. 1. Tourist voyages (thousands) by main reason in 2019-2021 in Romania



Source: Table no.4, National Institute of Statistics, [www.insse.ro](http://www.insse.ro)

The trends in tourism demand, as reflected in the number of tourists and their trips to Romania, have been determined by occasional factors such as the health crisis caused by the COVID 19 pandemic, but also by economic factors such as: high prices of tourist services which make them unattractive to tourists, low quality of tourist services, lower purchasing power caused by inflation, poor promotion at commercial and institutional level, low confidence of potential tourists as carriers of tourism demand towards certain travel agents. All this has had the effect of increasing the segment of tourism demand that falls into the sphere of self-consumption or tourism on its own account.

In order to stimulate tourist demand in Romania, especially from the point of view of tourism concerning the inflow of foreign tourists in Romania, it is necessary to achieve an optimal ratio between the quality and prices of tourist services offered, because it is not enough to have natural and man-made tourist attractions that cannot be sufficiently developed both from the point of view of domestic and international tourist demand.

## 5. Conclusions

Tourism demand plays an important role in Romania's tourism market because it is the essential element from which service providers must start, whether they are direct service providers or intermediaries, such as travel agencies.

For Romania, domestic tourism remains the main element under which tourism demand manifests itself with holidays as the main reason for travelling.

Although travel agencies play an important role in the manifestation of tourism demand, it should not be overlooked that a large part of tourism demand bypasses travel agencies and takes the form of unorganised tourism, i.e. tourism on its own, often in the form of self-consumption.

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