

IMPACT OF SERVICE COMMERCE LIBERALIZATION ON THE ACTIVITY OF TOURISM AGENCIES

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Abstract

Throughout time practice has demonstrated that the performance and competitiveness of countries in certain fields of activity is mainly generated by the countries' ability to develop partnerships and strategic alliances based on free flow of goods, capital and people. Such a model, nevertheless this time on a much larger scale is the European Union itself, which has from its birth supported and promoted partnerships, free trade and common monetary policies via stimulation of investments of any type and in any segment of activity.

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Introduction

Consequently, this paper tackles a series of points of view that appear as a result of direct research in the field of tour operators and tourism agencies which are active on the Romanian market (and not only), a recently-integrated member of the European Union.

The main objective of opinion pole research was to determine the impact of service commerce liberalization on the the activity of tourism agencies.

When we refer to tourism, things are much more obvious, as tourism in its essence is definable as existing inter-state, inter-regionally, internationally.

What is interesting to find out in this context of free trade and competition based on collaboration is the point of view of entrepreneurs from the tourism industry, particularly that of suppliers and creators of tourism packages, who through the nature of their activity can define competitiveness and the impact of service commerce liberalization on economic performance at the most profound level.

In view of research of the activity of tourism agencies the collection of data through surveys was necessary, the approached issues aiming at: the place occupied by the tourism agency (from a hierarchical point of view) on the market of Romanian tourism agencies, the market on which the respective agency functions, which are the coordinating functions of the activity of that agency, the type of turism it practises, the perception the agency has on the degree of development of the national and

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international tourism market, the extent to which the image Romania has on the external market influences the volume of sales of the respective agency, the factors affecting the agency profile, the extent to which the profitability of the investigated agency is affected by the lack of a brand for Romania as a tourism destination, the customer categories the agency targets - from the point of view of their income, the elements that impact on tourism service quality, business partners, the existence of standardized quality certificates, the strategic guidelines adopted by agencies for the improvement of product quality, staff recruitment methods, the services included in the agency offer and the elements in that offer which are appealing to customers, employed advertising techniques, the skills the personnel should possess in order to attract customers, the size of tourism agencies in relation to the number of employees and the year they were set up.

The main objective of opinion pole research was to determine the impact of service commerce liberalization on the the activity of tourism agencies.

Thus, the first issue to be approached in this research referred to the analysis of agencies from the point of view of their size. To this question, 45,5% of the interrogated agencies declared themselves as small-size, followed according to the percentage by medium-size agencies (40,9%). The proportion of great corporations is small, only 13,6%. Small-size and medium-size agencies can stimulate competition and diminish the monopoly of great corporations, limiting price increase dictated by them. Moreover, they generate the greatest number of employment positions.

The markets on which tour operators and tourism agencies perform are also important. A significant fact is that more than a quarter of the agencies (27,3%) have declared that they perform on all markets. From the analysis undertaken 68,2% of the responding agencies perform on the international market. This is a positive aspect and it denotes high competitiveness of our tourism agencies, made possible due to effective management, capable of evaluating tourism nowadays with its necessities and requirements and to elaborate and implement strategies and plans that guarantee success on an increasingly internationalized market.

The coordinating functions of tourism activity was another aspect under analysis. Since the majority of answers (63,3%) referred to all five presented functions (of promotion, information, distribution, performance, creation), these answers have been distributed to each variant. The conclusion based on the results is that agencies perform a diverse range of tourism arrangements, the tourism product including not only the suppliers' services, but also the logistics of combining services taken up, with the agency's own services, which contributes to rendering a higher degree of originality to tourism products and implicitly greater satisfaction from the part of the customers purchasing those services.

As far as tourism forms, the agencies practise two or three types of tourism. The most practised forms are mass tourism (68,2%), business tourism (40,9%) and knowledge tourism (36,4%). Mass tourism was possible together with the development of technologies that allowed the transportation of a great number of

people in a short lapse of time to the sites of tourism interest, as well as with people's increasing interest in benefiting of leisure time. In order to transform Romania into a mass tourism destination like Turkey, Greece or Egypt, the unitary application of a long-term strategy is necessary. Nevertheless, Romania may, through investments in technology and the environment, offer tourism attractions at the Black Sea, for instance to attract niche tourism.

The stage the international tourism market is at represents an important matter as well. The majority of the respondents consider that the international market has reached the phase of maturity (31,8%) and the same number view it as stationary. Since demand has gained a progressively elastic trend, it presupposes a matching supply. The diversification of tourism services through the supply of a variety of tourism forms and activities is acute, for the following reasons: people grant an increasingly greater importance to the need to travel, the degree of consumer welfare has increased, and they grant a significant part of their budget to relaxation, knowledge and other purposes, the third reason being high competition on the market.

From the point of view of the degree of development of the tourism market in Romania, most of the interrogated agencies consider it as developing (63,6%). Romania is a tourism destination that offers unique tourism attractions and travel experiences, a destination with hospitable people and services comparable to those supplied in Western Europe countries. The promotion of tourism products may attract new segments of the market and/or determine the prolongation of the visit/holiday duration in Romania and implicitly the increase of revenue from tourism activities.

Also, the proportion of agencies which deem that the image of Romania on the external market does not affect the volume of sales has been of 18,2%. The difference of 81,8% is equally divided among agencies which consider that the image of Romania affects to a great extent the volume of sales and those which consider that it does so only to a small extent. From the studies performed by OMT, based on market information and analyses in countries generating great affluence of tourism flows in Europe, as well as inquiries among foreign tourists to Romania the conclusion is that Romania has a relatively limited offer, restricted to a few resorts, and within these to a few hotels, the services being inferior to those of competitor destinations such as Bulgaria, Turkey, Greece or Cyprus. Entertainment does not raise to the standards of other destinations, the technical-road infrastructure is unfit, and from the point of view of value for money, Romania is not an attractive tourism market.

Impossible to overlook is also the proportion of revenue, of outgoing, incoming, domestic tourism activities in the total amount of revenue. The conclusion based on the results is that the greatest proportion in tourism agencies revenue is held by outgoing (70%). Population in Romania prefers foreign tourism destinations due to quality services and accessible prices, to the detriment of Romanian ones.

Only 16,7% of tourism agencies consider incoming as a main source of revenue.

The most important factors directly impacting on the volume of sales, according to the answers given by interrogated agencies, the factors with major impact (68,2%) are the attractiveness of offers as far as price and content, the customization of offers to tourists' requirements and the quality of supplied services. In the past few years, due to a highly competitive environment, as well as the globalization of tourism services and technological progress, tourism agencies resort to more flexible offers, so that diversification of tourist services should set itself the goal of granting satisfaction to as many tourist segments as possible, by offering a large variety of prices, tourism forms and activities (Andreea Marin-Pantelescu, 2007, pp. 87-97)

Service diversity and quality are the main factors of competitiveness. Services supplied to customers have two components: a *quantitative* one – having mainly a material character, which can be evaluated on an objective basis – and a *qualitative* one – which cannot be objectively evaluated, but may play a crucial part in certain situations. The relationship the personnel has with the customer, personnel behaviour and attitude, its manner of dealing with things and its reactions represent essential criteria for the assessment of overall service quality, elements which generate customer satisfaction and content.

The influence that Romania's accession to the EU has had over the volume of sales cannot be denied. Thus, two thirds among the agencies (68,2%) consider that Romania's accession to the EU has greatly/hugely influenced the volume of sales. The influence of the accession has both advantages and disadvantages for Romanian tourism agencies. Among the advantages we may enumerate: Europe is the first destination in the world (it holds more than 60% of world tourism); a strong wish manifested by Europeans to discover tourism destinations in the Eastern countries; a greater consumer market, including tourists; rapid development of low-cost flights and their arrival in Romania; elimination of customs check – traffic fluidization-; the imminence of road, railway, airport infrastructure development, financed from European public funds and not ultimately competition development bearing positive effects on tourism consumers. Among the disadvantages we may enumerate: the material basis, consisting in hotels and restaurants, unprepared for competition with the neighbouring countries; insufficiently developed infrastructure (especially road infrastructure); high workforce taxes which determine migration of workforce to other markets and the lack of settlement of commercial etiquette among tourism hotels and agencies, a powerful hindrance in the correct functioning of the Romanian tourism market.

The inexistence of a Romanian brand as a tourism destination impacts on the agency's long-term profitability. Almost half of the agencies (45,4%) consider that the inexistence of a Romanian brand impacts heavily on profitability, whereas a third (36,4%) consider the impact as (very) low, and 18% as not impacting on profit at all.

What is obviously necessary is the creation of an image on both internal and external planes that would highlight the advantages of Romania as a tourism

destination and the image of its tourism brand. The Romanian tourism offer has not changed with time, thus becoming uncompetitive in relation with the exigencies of tourism demand and similar tourism products on the international market. The tourism hospitality structures and particularly the entertainment offer are obsolete, uncompetitive, tourism programmes and services are stereotypically tailored and of modest quality and the value for money is inconclusive. Consequently, the last 20 years have brought a continuous decrease of external tourism demand for Romania.

To the question about the impact of the inexistence of a general infrastructure on the promotion of Romanian tourism destinations, all the agencies have answered YES (100%). The intrinsic advantages of a place (the beauty and diversity of the view, climate factors, air etc.) are not sufficient to attract customers. An adapted and effective infrastructure is just as necessary. It is not only about airports, roads, railways and public services; tourism centres also need other types of infrastructure, especially in the field of culture, sports and shows.

As far as the main elements that influence the quality of tourism service supply (skilled personnel, maximum customization of services based on requirements, effective technical equipment, quality management implementation, the promotion of quality practices in the context of social sustainable development) are concerned, what is to be noticed is that 45,5% of the agencies have answered „all the above”, frequencies which have been added to each of the four answers, which means that they are aware of the factors influencing tourism service supply quality. The main aspects of the objective regarding the development of the tourism product aim at tourism development in the context of sustainability, i.e. having as a goal, in all objectives, programmes and development activities, the environmental protection and its improvement in tourist areas as well as the development of programmes and strategies for the built environment in conformity with the legislation on environmental protection, urbanisation and territory fitting out and that which is specific to tourism, whose purpose is environmental harmonization and optimization.

From the perspective of the partners on the tourism international market, a notable fact is the way agencies have two or three types of partners on this market. The collaboration of agents with partners on the external market is an advantage if we are to think of the quality of the supplied services. Tight collaboration with great tour operators is of significant importance, since besides the part they play as creators of tourism packages, they also stimulate tourism travel and tourism development. At the same time, there are specialized tour operators who orient their product offer on niche products and design tourism packages or services for more sophisticated customers, who generally have more significant incomes and who prefer original holidays or holidays that may be included in a certain thematic (Daniela Firoiu, 2008, pp. 188-189).

An important aspect in this paper is the one bearing on the percentage from the total turnover allocated by the agency to sales on the European and international

market. Almost half of the interrogated agencies have received more than 50% of their turnover from European and international tourism, relying on outgoing, which led to a shortage of (-115 million euro) of the balance of tourism services in 2008. In order to rebalance, tourism agencies must get involved mostly in promoting domestic tourism.

Upon being asked if they deem that ISO standard certification would be a necessity, 75% have given a positive answer. In order to generate and render quality, the tourism manager has to work in conformity with management international standards. Such a standardized management system means documentation (textbook, procedures, instructions, registration forms, plus legislation, applicable regulations and standards) as well as personnel which has clearly-appointed responsibilities and authority at both managerial and operational and functional levels.

As far as the types of certificates held by the main partners (service suppliers), the answers are the following: 36,3% of the tourism agencies have answered that their business partners do not have ISO certificates, this being detrimental to them.

(ISO 9000:2000 refers to fundamental concepts and defines technology used in the quality management system. ISO 9001:2000 comprises compulsory requirements for the quality management system in agreement with which the certification is being performed. ISO 14001 represents the environment management system and ISO 22000(HACCP) represents food safety management systems.)

If we were to take a look at strategic directions, the diversification of the offer and the promotion of „prototype services”, increase of tourism offer appeal through originality and novelty, the completion of a number of rural tourism products on the external market, the organisation of conferences, manifestations, assemblies adopted by agencies on a larger scale in view of improving product quality and implicitly increasing the volume of sales, what may appear of real interest is that the first two strategic directions are applied simultaneously by 25% of the agencies. Classical products from the tourism brochures and catalogues offered by tourism agencies are too standardized and out-of-date for the present-day customer preferences. (European Travel Commission, 2006, p. 6)

The certainty of the demand evolution towards other types of products, packages and tourism services must convince tourism agencies that the future involves customer-orientation, the creation of products tailored to the customer's wishes, leaving behind traditional methods of designing holiday packages for mass tourism. The continuous development, diversification and improvement of products qualitatively, as well as their postage on various distribution channels, either traditional or modern, must represent another domain of interest for intermediaries and creators of holiday packages, who will meet the expectations of customers who already possess tourism experience to a certain degree, as well as certain life standards, and their interests aim at the package quality and attractiveness. (Patricia Dodu, 2008, p. 67)

The state should support Romanian participation in fairs and exhibitions, conferences and other manifestations in the field, both technically and financially.

As far as „the advertising techniques most frequently used by the agency in the process of communicating with the clients”, the results/answers have been the following: the sum of answers (232%) shows that on average every agency uses at least two advertising techniques (2,3) in order to communicate with the clients. The most frequently used advertising technique in the process of communication of the tourism agency with the customers is via internet, this being a positive fact since they access it on a daily basis, followed by e-mail campaigns. Nowadays, the internet is considered a universal communication and marketing tool. The internet and the mail also represent means of market research, tourism agencies having the possibility to open forums in order to receive feedback from tourists.

In analysing the skills needed in the process of human resources recruitment and selection, these are: 50% of the respondent agencies have appreciated that all these abilities are taken into consideration, reason for which the respective frequencies have been distributed within each skill. Consequently, the conclusion is that agencies generally use at least three criteria (3,2) in the recruitment and selection process. Thus, the first two criteria/abilities are used by 72,7% simultaneously.

The relationship personnel-customer, personnel behaviour, their attitude, their way of acting and reacting represent essential criteria of assessing overall service quality, elements which generate customer satisfaction and contentment. On the other hand, overall effectiveness of the organisation depends to a great extent on the human resources, as through it the technical-material as well as financial bases are exploited, and which is at the same time the only one qualified to have initiatives, to achieve the company accommodation to market changes, to create value, in other words it is the „living” element of incommensurable value. Business performance depends greatly on the personality and skills of the individuals involved in its accomplishment, and among these, human personality leaves an imprint on every action, event, activity.

Consumers look for high quality and diversity packages at very low prices. The tourist does not buy because s/he has to, but because it brings him/her satisfaction and, consequently, s/he waits for quality products, qualitatively standardized, but also diversified and innovative.

As far as the age of the business, the majority of tourism agencies (40,9%) on the Romanian market are more than 10 years old, followed by those 1-2 years old (31,9%). Since most of the interrogated companies are more than 10 years old on the Romanian market, this suggests us that their business is solid.

To the above-mentioned analyses the following comment may be added: there is a strong connection, but one of relatively medium intensity, between the agency size and the influence of EU accession on the volume of sales.

A significant connection between the agency size and the targeted consumer categories (according to their income) has also become visible, as well as between

agency size and employed advertising techniques.

The higher the incomes the consumers are willing to allocate for their holidays, the more renowned the agency they pick in order to satisfy their increasingly sophisticated requirements. In fact this is the departure point of tourism agency managers in designing a holiday package. If the income of the potential customers is not high or does not exceed the average, then it is difficult for them to tailor a unique, innovative package. Also, tourism agency managers must take into account the status the consumer holds in society.

Regarding business tourism, the soliciting companies address great tourism agencies as well, due to the complexity of the tourism offer which, besides general tourism services, must contain specific services too, such as: strategic planning and event management, rental of conference spaces and venues, rental of audio-video equipment and necessary technical assistance, conference translators-interpreters, hostess, adjacent social programme organisation, production of customized objects and advertising means, printing of brochures, catalogues, portfolios and the volume of conference scientific papers.

The bigger a tourism agency is, the more substantial the marketing and promotion budget, so that tourism agencies will use all advertising techniques to promote the desired tourism products. Specialized fairs, exhibitions and presentation rooms represent an extremely effective marketing tool for tourism agencies, due to the specific way in which both the supply and demand for tourism products and services focuses, for a relatively short period of time, on providing significant promotion and sale opportunities.

At the level of tourism agencies, promotion is made by each organisation individually. However, because of the high costs it commands, a lot of agencies resort upon most occasions only to seasonal prospect, flyer or catalogue publishing for the presentation of the offers. There are only few tourism companies which resort to TV or radio commercials, even announcements in mainstream written publications are relatively reduced in numbers, also due to costs.

Conclusion

To conclude with, Romania's accession to the European Community has had a great impact on the volume of sales of medium and small size agencies, as the competitive environment created as a consequence has determined these companies to revise their offers from a qualitative point of view, to align their standards to the European ones and to implement quality management at all levels of activity.

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