

Alina-Petronela HALLER
Romanian Academy Branch of Iasi – ICES „Gh. Zane” – Romania
PhD Scientific Researcher III

Theoretical
article

**TOURISM INDUSTRY
DEVELOPMENT IN THE
EMERGING ECONOMIES OF
CENTRAL AND EASTERN
EUROPE (HUNGARY,
BULGARIA, ROMANIA)**

Keywords

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Abstract

Emerging Economies from Central and Eastern Europe take steps to ensure growth through tourism. Although they do not have the cultural, historical and artistic potential of the most famous tourist destinations, these economies promote forms of tourism for which they have suitable conditions. For example, Hungary is famous for health tourism, Bulgaria has made progress in terms of coastal tourism and Romania tries to make known the rural area although it has all conditions for practicing a wide diversified range of tourism forms. In this paper we present statistics showing how the tourism industry looks for three Central and Eastern European countries and we do a brief comparative analysis.

Introduction

Growth is the main objective of any economy, regardless of the group of development it belongs to. Growth involves progress, the only condition that results should be correctly distributed, so that the quantitative input is transposed in development, especially in its inclusive, sustainable and environmental form.

Tourism is the third great global industry, after the oil and the car one, which record substantial growth [Furqan A. et al., 2010], and consequently the emergent countries focus on it, while traditional tourist countries try to maintain or even raise the market share.

The paper is a comparative analysis of some statistic indicators specific to tourist activities. The main sources of the indicators are the OECD Tourism Trends and Policies 2016 Report (OECD, 2016, Paris: OECD Publishing) and WTTC reports (World Travel&Tourism Council). The statistics indicators measured as values are expressed in different currencies according to their source. In the OECD report, they are given in Euro, while in the WTTC reports the reference currency is the American Dollar.

The analysis, an inductive, deductive, quantitative, qualitative and comparative one at the same time, refers to the tourist activity in three emergent European states. They aim to obtain high rates of economic growth, following the example of the ones with a developed touristic sector.

Our case study takes into consideration three emergent countries in Central and Eastern Europe, Hungary, Bulgaria and Romania. As for the emergent states, our focus is Romania. Naturally, we compare the results obtained in tourism with the ones of the neighbouring countries. We chose Hungary and Bulgaria, Romania's neighbours and, at the same time, countries whose rhythm, from an economic standpoint, compare to Romania's one.

We will refer, along the paper, to the total, direct, indirect and induced, contribution of tourism. By direct contribution we understand the impact of tourism activities upon the accommodation units, transportation means, entertainment activities, sights, restaurant and catering industry, cultural activities and sports. By indirect contribution we understand the influence of tourism upon investments in tourism, governmental expenditure in tourist activities, acquisitions from providers. By the induced contribution, tourism influences the system of public alimentation, the relaxation and entertainment activities, the textile industry, the activities for the maintenance of buildings, parks, streets, etc. The total contribution sums up the direct, indirect and induced dimensions, and reflects upon the GDP and the labour market. Tourism is the most intensive activity in terms of labour among the non-agricultural ones. The impact of tourism on the labour market is

increasingly important due to the fact that it also supports the non-qualified and semi-qualified persons [Ashley C. et al, 2007].

1. Hungary

The direct contribution of tourism to GDP was, in 2014, 3.9% of the GDP (Euro 4.4 billions) [OECD, 2016]. A direct rise with 6.5% is estimated for 2015, and for the period 2015-2025 one with 4.9% of the GDP [WTTC, 2015]. The total contribution of tourism to the GDP was of 10.3% in 2014. For 2015 a quite significant reduction is estimated, to only 5%, so that in 2025 a percentage of 12% of the GDP to be reached [WTTC, 2015].

The tourism activity supported by the total contribution, in 2014, 415,500 workplaces (9.8% of the labour force) [WTTC, 2015]. In 2015, the estimations show a contribution of tourism on the labour market of 4.4% (434,000 workplaces) and in 2025 of 12.7%.

The incomes from tourism represented, in 2014, 5.6% of the total incomes from exportation. For 2015, a rise is estimated with 10.0%, and in 2025 incomes from tourism will get to 6.4% of the total exportations.

Hungary was visited in 2014 by more than 9.6 million tourists who spent about 24.4 million nights in the accommodation areas on the territory of the country, which represents a rise, compared to 2013, with 8.5% in the case of the number of visitors and with 6.3% in the case of the total number of nights.

In 2014 the main markets of tourists for Hungary were Germany, Austria, Russia, Great Britain and Italy. If a slight decrease of the number of tourists coming from Germany (-1,1%), Austria (-4%) and Russia (-0,7%) was recorded compared to the previous year, in the case of the tourists coming from the USA and the Czech Republic the number rose significantly, with 12.4%, which means that Hungary managed to get new markets.

Internal tourism recorded, in its turn, an important rise. In 2014, 5 million local tourists, 11.6% more than in 2013, benefited from 12 million nights of overnight stays, 9.9% less than the previous year, in the tourist spaces of the country.

Among Hungary's tourist development objectives, there is also the improvement of competitiveness by development of quality products, the supporting of new workplaces in tourism, the consolidation of tourist-oriented institutions, the promotion of the country on new markets, the strengthening of the principles related to sustainability and environment, and the consolidation of Hungary's tourist profile. Other targets are the elimination of seasonality, the augmentation of the degree of accessibility, the rise of supply for some quality products, the protection of cultural heritage, raising the level of education of the people involved in tourism, promoting some destinations as a priority.

Table No. 1.
Tourist Activity – Hungary (Thousand Tourists/millions forints)

	2010	2011	2012	2013	2014
Arrivals					
Totals, from which:	13362	13620	14878	14836	17253
tourists	8181	8643	8607	9034	10158
visitors	5181	4976	6271	4803	7095
The Main Markets Issuing Tourists					
Germany	2088	2084	2201	1832	1898
Slovakia	361	367	436	639	1024
Austria	891	894	942	793	976
Romania	535	686	591	589	758
Czech Republic	248	304	320	494	748
Revenues from tourism					
Revenues	13809 25	14428 43	13854 13	14932 95	17423 98

Source: OECD, 2016, *OECD Tourism Trends and Policies 2016*, Paris: OECD Publishing, p. 190

The main forms of tourism promoted by Hungary are the business, the cultural, the health, the viticulture and the beauty ones [Lupson S.], but the most popular one is the health segment.

Health tourism is, in Hungary, one of the most powerful sub-sectors of the tourist industry, enjoyed by both the foreigners and the locals. Hungary is the fifth world destination in the hierarchy of health tourism, after Japan, Island, Italy and France, the main attractive points being the thermal and geothermal waters [HITA, 2014]. The spa services and the thermal and geothermal waters renowned for their mineral composition, made famous all over the world a series of destinations situated in the west of the country [Michalkó G., Rátz T., 2010].

2. Bulgaria

The direct contribution of tourism to the GDP was, in 2014, 3.7%. For 2015, a reduction of the percentage to 2% of the GDP is estimated, while in 2025 it should reach 3.9% [WTTC, 2015].

The total contribution of tourism (direct, indirect and induced) to GDP was 13.1% in 2014. The estimations show for 2015 a reduction to 3.7%, and for 2025 to 12.9% [WTTC, 2015].

Bulgaria was visited in 2014 by 7.3 million foreign tourists, besides the ones in transit, the equivalent of a 6% rise compared to 2013. Most of the tourists

came from the EU countries (60.6%), especially Greece, Romania, and Germany.

In 2014, Bulgaria got incomes from tourism up to EURO 3.1 billion, 1.9% more than in 2013.

The direct contribution of tourism in 2014 supported 103,000 workplaces (3.4% out of the total number). By total contribution again it is estimated that the number of workplaces supported by tourism will augment with 0.9%, and in 2025, 43% of the total labour force will be ensured by means of tourism. If the indirect and induced impact is added, tourism supports 12.1% of the labour force in Bulgaria (362,000 work places), for 2015 is estimated a stagnation, and in 2025 it will support 9.6% of the total amount of workplaces.

The main priorities of the Bulgarian authorities regarding tourist activities concern the improvement of the quality of national tourist products, the effectiveness of the activity of consumer protection, the development of sustainable tourism, the diversification of tourist products and the reduction of regional disparities by creating strong local brands for different tourism forms, the acquiring of an important place for Bulgaria as a tourist destination in Central and Eastern Europe.

Table No. 2.
Tourist Activity – Bulgaria (Thousand Tourists/millions USD)

	2010	2011	2012	2013	2014
Arrivals					
Totals, from which:	837 4	871 3	886 7	919 2	940 9
tourists	604 7	632 8	654 1	689 7	731 1
visitors	232 7	238 5	232 6	229 4	209 8
The Main Markets Issuing Tourists					
Greece	101 8	112 1	108 7	935	103 2
Romania	144 5	144 9	146 8	941	947
Germany	853	837	785	683	714
The Russian Federation	390	470	610	682	656
Macedonia	410	440	424	397	408
Revenues from tourism					
Revenues	403 6	455 4	420 2	463 1	-

Source: OECD, 2016, *OECD Tourism Trends and Policies 2016*, Paris: OECD Publishing, p. 313

The main objective aimed at by the measures of economic policies consists in augmenting tourist competition and effectiveness by the conservation and optimization of natural and anthropological resources according to the principles of sustainable development [Vaklinov Emil, 2012].

Bulgaria has made significant progress as far as the development of the tourist sector is concerned. 80% of the tourist activity is concentrated on the Black Sea side [Madanoglu M.], thus getting a mainly seasonal dimension, a disadvantage that is eventually reflected upon: incomes, flows of tourists, accommodation capacities (under-utilized in the extra-season, or possibly unutilized), labour market. Yet, Bulgaria has overrun Romania and took over some of the market share of the latter, the quality of products being clearly higher and prices being accessible.

Bulgaria's position between two countries with a developed tourist industry, Greece and Turkey, is both an advantage and a disadvantage. The disadvantage is represented by the incapacity to compete with the two countries. Both of them offer diversified tourist products and count on attractiveness factors that Bulgaria doesn't have. The advantage is the tourists' possibility to stay on the country's territory more than the transit to Greece or Turkey presupposes.

Bulgaria managed to capitalize the potential of the Black Sea coast, starting from the example of those countries where coastal tourism is developed, especially Turkey.

3. Romania

In Romania's case, direct contribution to GDP from tourism was, in 2014, 1.6%. For 2015, a percentage of 2.6% is estimated, while it should decrease to 1.6% in 2025 [WTTC, 2015]. Adding to that the indirect and induced contribution, tourism had a rate of 4.8% of the GDP in 2014. Estimations show a reduction of the total contribution for 2015 to 4.5% of the GDP and a raise to 5.1% in 2025 [WTTC, 2015].

Romania was visited in 2014 by 8.4 million tourists, representing an increase of 5.3% compared to 2013. 1.9 million tourists were accommodated on the territory of the country, 11.5% more than the previous year, spending on the territory of the country 3.8 million nights, i.e. 8.3% more than in 2013. Most of the tourists came from Germany, Hungary, Italy and France.

Domestic tourism in general plays sometimes a more important part than the external one. 86% of the global tourist activity is domestic [Skanavis C., Sakellari M., 2011]. The Romanian tourists stayed overnight in accommodation units on the territory of the country for 15.8 million nights, that is 3.2% less than the previous year.

In 2014, Romania obtained incomes from tourism amounting to \$ 2.2 billion, representing a 7.9% increase compared to 2013. Tourism contributed with 2.5% to the incomes, a raise of the percentage to 7.2% being estimated for 2015, while in 2025 it should decrease to only 2.6% [WTTC, 2015].

Tourism sustained by direct contribution, in 2014, 2.4% of the total number of workplaces that is

205,000. For 2015, an increase of only 0.6% is estimated, and for 2025 one of 2.5%. By total contribution, tourism supported 467,500 workplaces (5.5%). For 2015, estimations show a raise to 480,000 workplaces (2.7%), and in 2025 5.9% of the labour market would be supported by the tourist industry [WTTC, 2015].

The main document presenting the measures of economic policies for the development of tourism is the National Tourism Development Master Plan for Romania 2007-26. This includes strategic measures (the application of best practices coming from experiences of other countries, decentralization of actions, promotion of products for which there are competitive advantages), cooperation between ministers (of Education, of Health, of Foreign Affairs, of Labour, of Family and Social Protection), legislative and institutional measures (adoption of new rulings for the development of tourism, education and training, public-private partnership, development of a network of centers for tourist information, the extension of the system of collection and analysis of statistic data and market studies), tax measures (tax exemptions for certain investments in tourism, such as new facilities – spa tourism and accommodation units, in order to get ecological certifications – ecolabels, VAT reduction for tourist packages and food products from 24% to 9% – by government emergency Ordinance in 2014).

The main challenge is the improvement of the country image and brand, by means of promotional activities. Romania focuses on the promotion of six major forms of tourism: beauty and health tourism (relaxation, treatments, organic food, plastic surgery), cultural tourism (different routes, historical sights), rural tourism (vacations in small accommodation units in the rural environment, farms, ecotourism), active tourism (cycling, trips, hiking, horse riding), tourism in nature (trips in natural environment and parks, contemplation of fauna and flora), city breaks (weekends in the big cities). Romania committed itself to develop sustainable tourist products. The tourist activity is divided in two major groups of tourist activities: conventional and new forms [Spilani I., Vayanni H., 2003]. Romania should direct itself towards the second group, as it has quite enough advantages. As responsibilities to the environment augment, the demand also augments for destinations in the emergent states with a high natural potential [UNCTAD, 2010], where activities from the second group are developed.

Table No. 3.
Tourist Activity – Romania (Thousand Tourists/millions USD)

	2010	2011	2012	2013	2014
Arrivals					
Totals, from which:	7498	7611	7937	8019	8442
tourists	1343	1515	1653	1715	1912
visitors	-	-	-	-	-
The Main Markets Issuing Tourists					
Germany	185	207	230	229	234
Ungary	76	86	90	99	217
Italy	145	172	182	182	185
France	99	109	118	119	124
USA	84	86	90	92	113
Revenues from tourism					
Revenues	1631	2018	1901	2048	2211

Source: OECD, 2016, *OECD Tourism Trends and Policies 2016*, Paris: OECD Publishing, p. 373

The emergent states are especially targeted by Europeans, open to new experiences, to meeting new cultures and different landscapes for accessible prices. The emergent states have to adapt themselves to the dynamics of the demand. The raise of the consumers' exigencies stimulates the conception of new products, the modification of the existing ones and the reduction of their cycle of life [László A., Zsuzsa D.-G.]. The tendency is to personalize the products specific to mass tourism.

Table No. 4.
The Main Markets Issuing Tourists

Hungary	Bulgaria	Romania
Germany	Greece	Germany
Slovakia	Romania	Hungary
Austria	Germany	Italy
Romania	The Russian Federation	France
Czech Republic	Macedonia	USA

Source: OECD, 2016, *OECD Tourism Trends and Policies 2016*, Paris: OECD Publishing, pp. 171-373

In the case of the three states we analyzed, we notice the presence of Germany among the main five tourist-providing countries. The Germans are predisposed to visit new places, whether traditionally tourist ones or not.

The English prefer popular destinations, not being among those who prefer emergent countries. The Italians visit countries with a touristic tradition, but Romania too, though we cannot find among their preferences the other two analyzed emergent economies, just like the French.

Surprisingly, the Americans directed their attention towards an emergent country, Romania, but this did

not mean that they did not visit established destinations in Europe, like France, Spain, Italy or Greece.

We notice the tourists' tendency to direct themselves towards destinations in their immediate proximity or to those where they have easy road connections or direct air connections. Neighbourhood comes along with the advantages of low costs, an important aspect in choosing the tourist destination. An important part is played by the popularity of the targeted destinations and free circulation.

The emergent countries attract an increasingly higher number of tourists, but much lower to the one specific to the developed countries in Europe, with a developed tourist sector. Hungary managed to attract the highest number of tourists, followed by Bulgaria and Romania. Hungary was visited by a number of tourists 7,844 higher than Bulgaria, and 8,811 higher than Romania. The latter was visited by less than half of the number of tourists who preferred Hungary in 2014. Unfortunately, a comparison with Bulgaria is not an advantageous one either. A number with 967 thousand tourists more than those who opted for Romania spent their vacations in Bulgaria.

The emergent countries do not enjoy the popularity of the European ones, even if they have a rich culture, outstanding personalities, thermal waters, special landscapes and other attractiveness factors. As long as in the general culture of the potential tourists there are no elements of cultural and national specificity of the emergent countries, the probability to opt for unknown destinations in developing countries is relatively reduced, starting also from the premises that the provided tourist products were of low quality. Under these circumstances, the emergent states need a strategy of complex tourist development, of tourist products for attractive prices and of high quality, to which other facilities are added, such as a good transportation infrastructure, high visibility/promotion, well-marked tourist routes and sights and an adequate promotion, so that the potential tourists become interested in them.

The image that the tourists take with them when they leave some place they visited is quite important. They will be instruments of positive or negative promotion. Before choosing a destination, there is a stage of information: searching for the destination, getting informed about the transportation facilities, accommodation facilities, catering facilities and sights, and getting in contact with persons who had visited the chosen destination [ENAT, 2007].

In the OECD Tourism Trends and Policies 2016 report, the indicators of income until 2013 are available, but they are expressed in different currencies. For Hungary, the incomes are given in

the national currency, forints, and for Romania and Bulgaria in dollars.

In 2013, Bulgaria got incomes from tourism amounting to USD 4.631 million, while Romania attracted less than a half, amounting to only USD 248 million. Bulgaria developed and promoted coastal tourism in such a way that Romania not only did not manage to compete, but it also turned into a tourist-provider. Many Romanians preferred the Bulgarian seaside for a variety of reasons. The main factor of tourist attractiveness is the relation price-quality and the introduction of the all-inclusive system, which had not existed on the Romanian coast until recently. Presently, Romania practices the all-inclusive system at a low scale and at high prices, making the tourists opt for the Bulgarian products. The small distance also plays a part in the Romanians' decision to spend their vacations on the Bulgarian coasts, where besides the all-inclusive products, they can also find modern conditions of a higher quality than what the Romanian seaside provides.

Another important aspect is Bulgaria's geographical position. The fact that it is a transit country towards Greece and Turkey (*Greece* and *Turkey* are countries with a developed tradition in tourism. This activity holds, in both cases, an important share in GDP, of 3.5% (2013), and 4.3% respectively (2014). In Greece, tourism created in 2013 9.1% of the total number of workplaces; Turkey is a quite special case – in the period 2002-2014 the number of foreign tourists who visited the country increased with 210%, and the incomes from tourism rose in the period 2003-2014 with 145%. Once it discovered its huge tourist potential, Turkey managed to capitalize it in a very short while and with significant benefits. Just like in the case of Greece, France Italy and Spain, Turkey attracts with culture, arts, history, tradition, religion (in a mainly Muslim society we can find Christian vestiges), architecture, gastronomy, coasts and landscape (for instance, Cappadocia, Pamukkale, unique in the world), being a mixture of ancient, medieval and modern elements, a mix of cultures and religions, a country on two continents, equally wide, diverse and attractive. Over the latest years, Turkey has successfully joined the market of health tourism demonstrating a big flexibility and a high capacity to adapt to current needs and conditions) brings forward a gain both in term of incomes and of number of tourists. Although another destination is aimed at, many persons decide to stay for a longer period on the territory of the country. This way, a transit changes into a tourist opportunity.

The incomes from tourism vary from one country to the other. They depend upon the level of prices. In Hungary, Bulgaria and Romania, the prices are much lower than in the European countries developed from a tourist point of view. Not being established destinations, most of the foreign

tourists come from the neighboring countries; consequently, practicing too high prices would be a mistake, as the products address persons with relatively low incomes.

The emergent countries are now in the situation of attracting clients who are very much aware of their rights and demonstrate a critical attitude towards the quality and price of the products they acquire [UNCTAD, 2010].

Conclusions

Tourism is an activity that keeps on developing, due to, among other things, economic liberalization, free circulation of persons, better and cheaper transportation, and people's wish to find out new things.

We have analyzed statistic indicators describing the touristic activity of three emergent European countries, whose economic growth mainly depends on the evolution of tourism. The emergent states look for the comparative advantages, ways and forms that they could promote, especially on the external market, in order to attract a number of tourists as big as possible, and to increase incomes from tourism, as well as the indirect and induced economic outcomes.

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