

## AGRITOURISM, A CONSTANT CHALLENGE FOR THE ROMANIAN TOURISM

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*The constantly growing number of travel destinations and the enhanced quality of existing ones put great pressure on those responsible for a given destination to find better ways to compete in the tourism marketplace and to do so in a sustainable manner. Consequently, a necessary first step in achieving this goal would be to better understand those forces and success factors that determine the competitiveness of major tourism destinations. Success factors of a specific destination can then be enhanced if applied to a specific tourism product that could achieve sustainable growth over the longer term. The objective of this paper is to present an analysis on Romania's competitiveness as a tourism destination, based on Porter's diamond model. Throughout the analysis, we focus on the most competitive export products in the industry and their prospects for future growth. As the investigation reveals that opportunities exist for rural tourism in Romania, and due to the special relevance of agritourism in our country, where the transformation of rural space is accelerated by the process of integration into the European Union, we further channel the competitiveness assessment on this specific tourism product. We find that agritourism allows for a diversification of components of rural economies, which would otherwise be condemned to disappear, entailing high human and economic costs. It also allows to maintain, to protect and even to enhance our heritage and patrimony. We conclude that agritourism can make a valuable contribution to rural economies, and provide several potential benefits. A sustainable development of agritourism is likely to generate: job retention and creation, farm support, landscape conservation, support to rural arts and crafts, nature conservation, environmental improvements, and enhanced role of local communities.*

**Keywords:** destination competitiveness, competitive advantage, Porter's diamond, agritourism, Romania, success factors, benefits.

Tourism has become a fiercely competitive business for destinations the world over. Competitive advantage is no longer natural, but increasingly man-made; as such, it is not simply the stock of natural resources of Romania that will determine its share on the tourism market, but rather how these resources are managed and integrated with other competences and activities to create a competitive advantage.

The competitiveness of Romania as a tourism destination has been insufficiently analyzed and the limited results have not been used so far for the design of an efficient economic tourism policy. Therefore, Romanian tourism can be considered potentially stronger in non-produced attractiveness than in its management's capability to add value.

The aim of this paper is to present an analysis on the competitiveness of Romania as a tourist destination, with a focus on agritourism. To this end, the article is constructed as follows: in the first part, the concept of destination competitiveness is briefly examined, by systematizing key issues of the complex analysis on destination competitiveness; subsequently, the paper sets out in detail the methodological framework for assessing tourism destination competitiveness; the empirical results of Romania's tourism competitiveness analysis are further revealed, with an emphasis on agritourism. The article concludes by stressing that agritourism can make a valuable contribution to rural economies, and provide several potential benefits.

## MATERIAL AND METHOD

The discussion on tourism competitiveness in the general literature has tended to stress competitive advantage (resulting from value-added activities by firms and organizations), while de-emphasizing comparative advantage [3]. For a tourism destination, comparative advantage would relate to inherited or endowed resources such as climate, scenery, flora and fauna, while competitive advantage would relate to a destination's ability to use these resources over the long-term, such as quality of management, skills of workers, service levels, and government policy [1]. The importance of these two pillars of destination competitiveness will be shortly discussed.

*Comparative advantages* concern a destination's factor endowments, both naturally occurring, as well as created. They are close to primary tourism supply (natural, cultural and social attractiveness) and can never be reproduced with the same attractiveness. Porter [9], Crouch and Ritchie [1], and Hill [8] identify five broad categories of endowments: human resources, physical resources, knowledge resources, capital resources and infrastructure. In a tourism context, it seems appropriate to add historical and cultural resources, as an additional resource strategy and to expand the infrastructure category to include tourism superstructure [1]. Crouch and Ritchie [1] argue that a country's natural resources are an important source of comparative advantage in tourism.

Where comparative advantages constitute resources available to a destination, *competitive advantages* relate to a destination's ability to use these resources effectively over the long-term [6], [11].

The most detailed work undertaken by tourism researchers on overall tourism competitiveness is that by Crouch and Ritchie [1], [2], who claim that in absolute terms the most competitive destination is the one that brings about the greatest success, that is, the most well-being for its residents, on a sustainable basis. This view is supported by Hassen [7], who defines destination competitiveness as "the destination's ability to create and integrate value added products that sustain its resources, while maintaining market position relative to its competitors".

The systematic model of destination competitiveness proposed by Crouch and Ritchie [1] points out that it is necessary to investigate and understand the relationships of interplay among the determinants of competitiveness.

The national competitiveness model and its four determinants, proposed by Porter [9], can be used as a fundamental source for explaining the determinants of destination competitiveness [10]. These determinants are factor conditions (e.g. skilled labor, infrastructures), demand conditions (e.g. basic tourism services), related and supporting industries, and firm strategy, structure and competition.

Porter's "national diamond" [9] addresses competition in terms of the determinants of national advantage, in particular industries or industry segments. Whereas the five forces model could be applied at the level of the organization in the tourism industry, the national diamond model suggests the fundamental structure of competition among national tourism industries; that is, the nation as a tourism destination.

According to various authors, for example, Crouch and Ritchie [1] and Grant [5], *Porter's diamond model is the best model for evaluating competitive advantage at a national level*. Therefore, we will use the components of Porter's Diamond to analyze and discuss the competitiveness of Romania as a tourism destination.

## RESULTS AND DISCUSSIONS

### Diamond analysis of Romania as a tourism destination

#### a. Results of the empirical research

We are presenting below an analysis of the potential comparative and competitive advantages that Romanian tourism may have, using Michael Porter's Diamond Analysis Model.

**Factor Conditions:** varied geography - Romania has a temperate climate and a diversified landscape. It also has seaside resorts on the Black Sea coast, and the most important wildlife reserve in Europe (the Danube Delta); varied tourist products - natural health spas and mineral waters are abundant. Romania also benefits from cultural vestiges (from Greek and Roman ruins to Saxon-built medieval towns in Transylvania or the famous painted monasteries of Northern Moldova); cheap labor - wages are lower than in many parts of Europe; worn-out infrastructure – Romanian infrastructure was built mainly in the 1960s-'70s and was targeted for mass tourism; in the late 1990s, investment was targeted for improving the existing infrastructure and for building new facilities; few outlets for development of high-skilled labor - only two institutes of tourism currently exist and there are not significant numbers of world-class graduates; positive cultural attitude toward tourism – Romanians have a strong, cultural tradition of hospitality that can be easily transferred into the tourism industry with proper training.

**Demand Conditions:** large population base - having a larger population means greater chance for use of facilities by domestic groups; low domestic demand/low purchasing power - generally more competitive industries for export have higher domestic demand, which forces them to constantly innovate in order to be competitive; falling demand for seaside resorts - due to the dramatic drop in domestic purchasing power during the economic transition period, domestic demand for tourism has fallen drastically, particularly hitting the resorts targeting the lower end of the market; low but increasing sophistication of domestic demand

– domestic tourists are increasingly traveling abroad and are now more likely to demand a higher quality and customer service in their home country.

**Strategy and Structures:** delayed privatization - government policy regarding privatization has hampered the competitiveness of the industry; low competition among industry players - there is some competition among the tier 3-4 star hotels and little among the pensions. Nationwide, accommodation facilities are scattered and those that are not in the same locale do not compete directly with each other; medium competition regionally - the higher the competition in the region, the more likely that Romanian firms will have to upgrade their abilities to stay competitive; focus on low-end market, which is not as attractive to foreign tourists; weak, but improving promotion – while creating a competitive market position is vital to the long-term success of a destination, Romanian government is only recently taking more sophisticated measures to market Romania as a valued destination; weak management and marketing skills - industry management and work skills are below world standard.

**Related and Supporting Industries:** lacking critical mass of capable local suppliers - the Romanian distribution and promotion networks are weak within the country; few clusters - there is little coordination or clustering among tour operators, except through the vehicles of business tourism organizations; IT industry support – the strong Romanian IT industry can be an asset when automating the reservation systems and online marketing of tourism firms.

#### **b. Discussion of the results. Success factors of the Romanian agritourism**

As the analysis suggests, overall, Romania's tourism market has the potential to be competitive; however, large improvements in many parts of the industry would be needed in order to accomplish this. The conversion of traditional Romanian tourism products (mass tourism – sun & beach and skiing) into more potentially competitive products (countryside, wine and culinary, eco, cultural and heritage tourism) and, at the same time, the improvement of the actual infrastructure base should be the two axes of the product strategy of the tourism industry. The improved tourism products will be designed by developing the traditional ones, such as rural tourism and agritourism.

Rural tourism and agritourism are potentially competitive alternative tourism activities that will continue to develop in rural areas, due to some *general success factors* that emerged from our research, like the unique landscapes, large semi-natural areas, the hospitality of rural inhabitants, tradition conservation and the diversity of rural tourist resources.

The value of the agritourism products could be enhanced with gastronomic, wine or handicraft attractions. Such an initiative would require partnerships and industrial links in each main region, in order to develop and promote each destination and community, as well as co-operation among stakeholders on a chain of projects with shared information (cluster relationships).

One of the characteristics of a large part of rural areas in Romania is their mono-functional economic structure – the dominance of agriculture in the regional

economy and the underdevelopment of the services sector. The features of the greater part of Romania's rural areas are: low dynamics of development; high rate of registered and hidden unemployment; both technical and social infrastructure underdevelopment; low incomes of their inhabitants resulting from decrease in the profitability of agricultural production; strong dependence on social assistance of the government; negative balance of migration; low level of education and the lack of entrepreneurial skills of rural inhabitants.

There is an urgent need of overcoming the above-mentioned problems through both social and economic activation of rural areas in Romania. One of the functions which can be introduced to some rural areas in Romania is tourism. The *critical success factors* identified during our research that would enable the development of agritourism are: natural and heritage attractions; low level of industrialization of rural areas; low population density; high environmental quality; private ownership in the Romanian agriculture; the agrarian structure of the farms.

### **Potential benefits of agritourism. Conclusions and implications**

Although the agritourism market in Romania is at the beginning of its development, and its products are still of an incomplete character, this form of tourism is quickly developing.

The expansion of agritourism in Romania may lead to both social and economic activation of rural areas. Agritourism may generate additional income for the rural population and – through the tax system – may also generate income to communal budgets. This form of tourism can become an important element of the multifunctional development of rural areas. Some of the benefits of agritourism for local communities include providing additional demand for local agricultural products, making use of housing resources, starting the investment process, stabilizing the seasonal fluctuations in the standards of living. Furthermore, the development of agritourism may determine the reduction of unemployment, mainly as a result of local services development. This, in turn, leads to the diversification of the local labor market and – as a result of multiplication effects - to economic activation of a particular area. The impact of agritourism on local infrastructure improvement is also highly important.

Moreover, the development of agritourism results in stimulating entrepreneurship. Conducting economic activities in the tourism sector inclines people to acquire new qualifications and skills, leads to an improvement in the status of farmers, to demographic stabilization of rural areas, to assuming new social roles, to higher social position of women, as well as to the integration of local communities.

Tourists may also benefit from taking part in agritourism activities. In Romania, the agritourism offer is often cheaper in comparison with other types of accommodation.

Positive social effects are also of great importance - agritourism enables urban inhabitants to relieve themselves from the feeling of social alienation. It also

creates the possibility of inter-human integration, both with the local community and within tourists' families.

In this paper, we analyzed the competitiveness of Romania as a tourism destination, with an emphasis on agritourism. Following the reference literature, we established four main groups of variables. On the basis of obtained empirical results, we revealed attributes and success factors that can stimulate the development of agritourism in Romania. We found that agritourism allows for a diversification of the components of rural economies, constituting a real alternative for the inhabitants of some Romanian rural areas and thus making a valuable contribution to rural economies.

This research represents only one single step in the analysis of Romania's competitiveness as a tourism destination, as well as of Romania's agritourism market. There is a need to explore in more detail the importance of different attributes and success factors of the Romanian agritourism market competitiveness, in order to convert the challenge of agritourism into a valid opportunity for Romania and improve Romania's competitive position as a tourism destination.

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