

Title: **“THE NEW ARCHITECTURE OF THE CONTEMPORARY TOURISM INDUSTRY”**

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SUMMARY

Questions about international tourism and about the advantageous positioning on a globalised market are currently being faced not only by companies, but also by national, regional and world institutions, along with the states themselves. Recent analyses situate such questions at the confluence between the global economy, ideology, circulation and consumerism. The talk about globalisation includes the tourism industry, too, but without seriously questioning what it presupposes, what it implies, and how the international and local tourism can be influenced by an increasingly global and competitive economic environment, more and more dominated by permanently innovative information technologies.

The intensified competition on the tourism market, due especially to the multiplication of the global touristic products over the last two decades, makes indispensable nowadays the conception of a more coherent market approach, at the level of both operators and touristic destinations. Conquering the market presupposes a particular strategy, but also a considerable effort, which cannot remain the exclusive responsibility of individual operators and markets, or even of the state, regardless their roles.

Within this context, the task undertaken in the present dissertation is that of analysing certain defining elements of the current age, which mark the new architecture of the tourism industry. The main purpose is to determine the most appropriate strategic solutions for the efficient development of the touristic macro-destination called “Romania”. To this end, the analysis covers specific aspects of the world tourism market and a number of relevant concepts concerning the marketing and management of a touristic destination, together with the related economic and commercial policies. This is accompanied by a comparative analysis

of tourism policies in various countries, including Romania, with a focus on implementation and results.

For a better understanding of the touristic phenomenon and of the new requirements in the strategic management of businesses in the field, the analysis is structured at three levels: world (global), European and national (Romania). This structure serves to address the following *main question* guiding the research: which are the key elements of the most appropriate strategy apt to make Romania a competitive actor in the current architecture of the global tourism industry?

Thus, addressing this main question demands analysing the evolution of the tourism industry at the world, regional and country levels, as well as the study of the impact tourism has on economies and societies. We also deem necessary an evaluation of tourism policies in countries with tradition in the field, which have managed to attract large numbers of tourists from around the world. By studying global and European tendencies, this dissertation suggests ways in which those success stories should be correctly interpreted in the elaboration of a strategy apt to transform Romanian tourism into a product competitive on the world market.

Approaching a topic as complex as the touristic development of a macro-destination cannot be but multidisciplinary. In this sense, the analysis must take into account the matrix generated by the application of the functions of touristic marketing to each destination and product that the macro-destination consists of. Since the global tourist is nowadays the one who “dictates” directions of development, the analysis must start from the complex study of the touristic market (analysis and estimation) to identify the main segments of interest (target market/markets). To this must be added the elaboration of packages of touristic services, pricing, and the selection of the most efficient distribution channels.

Based on these considerations, we consider that the theme discussed here is important and timely. The academic approach aims at presenting the main tendencies currently manifested, on the one hand, at the level of tourism operators and of the major touristic destinations that are already successful due to coherent and efficient policies. The focus will be on the efficiency of strategies adopted by prominent touristic companies to address the tastes and preferences of a global consumer that is increasingly sophisticated and difficult to satisfy.

On the other hand, we shall analyse the modern tourist her/himself. Although usually attracted by, say, spectacular landscapes and famous vestiges of the past, s/he will choose, from a multitude of holidaying possibilities, that which offers relatively rapid access to the destination and a certain quality-price ratio that s/he considers advantageous. The element complicating significantly the producer-consumer relation in this field is nevertheless the fact that the contemporary tourist has fast access to multiple possibilities of information. This enhances competition while, at the same time, allowing for the rapid communication of dissatisfaction, with potentially devastating negative effects for the public image of the product.

The research strategy also demands clarifications concerning the main coordinates of the *analytical logic* in this dissertation, which is also reflected in the organisation of each chapter. Thus, the main working *hypothesis* is that turning Romanian tourism into a competitive product is conditioned by (1) a good understanding of global evolutions and (2) of the tendencies in the regional European tourism in this context and (3) by the elaboration accordingly of strategies, especially marketing strategies, contributing decisively to the development of Romanian tourism. Transforming the Romanian tourism into a competitive product through a coherent marketing strategy is therefore treated analytically as the *main dependent variable*, conditioned by the three aspects indicated above and treated as *independent variables*. The dissertation focuses on analysing and explicating the independent variables as to provide an answer to the main research question in the end. The content of the dissertation can now be detailed with greater precision, to also illustrate the reflection of the analytical logic in each chapter.

In the category of “global evolutions” are included major contemporary economic phenomena, their impact on states and regions, as well as on the global tourism industry. The dissertation also identifies within this context tendencies that can be evidenced in the tourism industry at the global level and their effects on the global economy. Concerning “the tendencies in the regional European tourism”, this refers to the European continent *qua* touristic region and to the Central and Eastern European subregions, both understood as making the spatial-economic context of Romanian tourism.

The last category, concerning directly the strategies deemed necessary for the development of Romanian tourism *per se*, is also inevitably the more complex. That is mainly

because it refers to initiatives which must be correlated with the particularities evidenced in the other two categories for the main research question to receive an answer as realistic and coherent as possible with respect to the European and global context. Beyond addressing the main research question, the analytical strategy is also designed to lead to a better understanding of the tourism industry in the world and in Europe. All these elements of the analytical logic on which the dissertation builds ensure the *internal validity* of the academic argument presented here.

The research is based on an inter- and multi-disciplinary approach demanded by the nature of the theme of research itself. This implies solid knowledge of marketing and management, while at the same time requiring information from other economic disciplines, such as general economics, international economic relations, and specialised statistics. Concerning now more precisely the *method of research*, the research employs numerous examples and case studies on the world and regional tourism market, combining rigorous theorisation with practical data. The evidence is gathered from the tourism field, treated as an important sector of world economy and, more specifically, from the European area, which is considered an undisputed leader in this field. The analysis then focuses on the touristic destination Romania and on the important role of tour operators as “fabricants” of the touristic product. From the methodological viewpoint, we resorted to a mixed analysis, comparing the performance of major tourism actors (companies) and touristic destinations in time and space. More details concerning the methods of research are provided in what follows.

The dissertation named **THE NEW ARCHITECTURE OF THE CONTEMPORARY TOURISM INDUSTRY** is structured in six chapters, inaugurated with a theorisation explaining the necessity of profound analysis for the study of strategies in tourism which have generated the current, complex architecture of this world industry. The first chapter (**THE ECONOMIC AND SOCIAL DIMENSIONS OF THE WORLD TOURISM PHENOMENON**) contains a quantitative and qualitative analysis of the touristic phenomenon at the global and regional levels, and of the recent evolutions on the touristic market. The research focuses there on the data provided by the United Nation’s forum for tourism, i.e. the World Tourism Organisation (UNWTO). The historical and theoretical considerations evidenced in the first chapter sketches the evolution of international tourism in quantitative and qualitative terms, more explicitly as reflected in the number of incoming tourists at the

global level and in the level of tourism-related expenditure forecasted at the beginning of the third millennium.

Tourism has seen in time an almost continuous growth, along with a diversification of destinations, products and consumers. The “classical” tourism markets have suffered important mutations, turning from national into international, so that today, with the unprecedented development of the internet and of the online reservations and information systems, we can talk about a global tourism market. For a complex quantitative analysis of the phenomenon we took as a starting point the UNWTO document titled *Tourism: Vision 2020*, which contains long-term evaluations and forecasts regarding the industry. For deeper analysis, we deemed necessary an evaluation of the relation between tourism and the economic development of a region, based on the academically validated perspective that no other economic activity implies and influences as many sectors as tourism. Globalisation and its effects on touristic fluxes, together with the factors that determine tourism development are also analysed in the first chapter.

In its first part, the chapter identifies the main elements constituting the world economic context and the evolution of the touristic phenomenon from a historical perspective. The negative impact of the 1929-1933 crisis is seen as repeated in 2008 when, under the nocive influence of the globalisation, unprecedented turbulences occurred in the world economy, which hit seriously the welfare of large categories of people. The effects were felt by potential tourists, too, who had to drastically reduce personal budgets for holidays and travel. Similarly to the 1929 crisis, the one in 2008 cast doubt on the fundamentals of capitalism and free-market economy, bringing more to light the importance of business ethics and of trust, which both make the economy work or, conversely, can make it collapse.

In a context that continues to be characterised by instability, the world economy must find the best solutions for a fresh restart, which is now envisioned in two major forms: the German model, based exclusively on austerity measures, and the American model, which proposes increased taxes for the rich, gradual fiscal adjustments, prudent reduction in governmental expenditures and strong financial inputs from the central bank. In both cases, it becomes essential for governments and companies to keep the pace of solid growth.

Globalisation manifests as a megatrend in tourism and this makes it necessary to explain its mechanisms. The Reports by the World Tourism and Travel Council (WTTC) and

other statistics from the UNWTO indicate what the tourism industry represented at the beginning of the new millennium: a major phenomenon turned into an industry contributing over 10 per cent of the world GDP and providing jobs to almost 200 million people around the world. We considered two main indicators as relevant for understanding the global dimension of the tourism phenomenon: the number of incoming foreign tourists/international incomings and the financial returns/expenditures. By analysing these indicators, we obtained a dynamic picture of domestic and international touristic circulation by regions and destinations.

The second chapter (THE CONTEXT OF MARKETING IN TOURISM) analyses the dimension, structure and dynamics of the touristic market. It identifies a number of particularities regarding the demand (focusing on tourism motivation and the typologies of consumers) and the supply (presenting the new products outlining the tourism markets in the more or less remote future).

In its current form, the tourism industry has promoted modern, novel and attractive products, some bizarre even, which have developed under the impact of real-life challenges, tour operators and agents working to recover investments and make profits. They are *professional tourism* (including that rewarding and motivating employers), *business tourism* (extended business conferences, with hundreds of attendees), *medical tourism* (emerging niche, based on the difference in prices for medical services around the world), *alternative tourism* (e.g. for quasi-religious individuals and groups), *creative tourism* (e.g. interactive seminars with local communities and informal educational experiments), *black tourism* (visits to battlefields, concentration camps, sites of genocides and other horrible crimes), and *space tourism* (currently an exclusivist niche).

The general features of the world market tourism are approached from the perspective of *marketing system*, in the absence of which no business can stay active on the market as an efficient actor. Starting from this need for marketing, manifest at any level of touristic production, an important section in the second chapter is dedicated to the *promotion* of the touristic product, in strong connection with its *fabrication*. The perspectives envisaged in professional studies for the 2020 horizon start from the performance of 2004, seen as a top year for world tourism due to the 11 per cent growth when compared to 2003. Then an evaluation of the impact of the crisis that started in 2008 on tourism follows, accompanied by

an analysis of the changes in tourist circulation determined by various negative and positive factors after 2008.

Globalisation, the multiplication of destinations and the new technologies led to an irreversible change in the global competition environment, giving a new dimension to the specific competition on the tourism market. On the other hand, difficulties in adaptation following external shocks, such as terrorist acts, are relevant for an explanation of how the image of a country, region or product is nowadays the most powerful instrument for promotion on the tourism market.

The development perspectives for 2020 according to the UNWTO and the megatendencies already manifest are also analysed in the second chapter. Concerning the European region, the most spectacular growth is forecasted for the Central and Eastern Europe. It is estimated that countries in this region will see, starting even in 2016, a doubling in the number of tourists compared to 1995. This suggests a major opportunity for developing the Romanian tourism, at the same time confirming the importance of the second independent variable indicated above, i.e. a better understanding of tendencies on the tourism market in the European region.

The orientation toward the market, which has become indispensable for any business or destination, is approached in depth in the third chapter (TOURISM, STRATEGY AND THE MARKET). We have considered necessary for our argument a strategic approach toward development and diversification processes concerning tourism products in connection with the geopolitical and economic realities. This justifies the presentation of a variety of relevant strategies, which are structured by certain criteria. Then, we have focused more on the analysis of the market strategy, considered the hard core of the market policy of tourism operators.

Thus, the organisation of the chapters is connected to the types of activities undertaken by tourism businesses: tour operators (the most important actors on the touring market), hotel managers, and airlines. Acting on an increasingly broader and fragmented market, tourism businesses have the option of specialisation, which is supposed to better meet the demand and contribute to a standardisation of the touristic product. The instability that has dominated the international environment, affected by recession over the last years, has made

decisions more difficult for actors, who now need solid justification for various options, strategies of development and product diversification.

In the third chapter we have also detailed the fundamental elements of strategies for the development and diversification of touristic services. We have made an inventory of the main types of strategies found in tourism practice over the last two decades and tried to identify especially the level they addressed, their overall purposes and results achieved. This is also to eliminate confusions regarding the generic use of the term “strategy” in various contexts. For example, we analyse strategies applied for the hotel management as touristic product in the case of the InterContinental Hotels Group (IHG). The IHG is world leader in its field and made an objective of growth in conditions of maximum efficiency, rigorously choosing places of investment in new hotels and, implicitly, the markets on which it operates.

The presentation of recent evolutions on the market of major tour operators evidenced a strategy of integration (detailed in the case of hotel chains) and the critical mass strategy. Many firms resort to this type of strategies with the aim of obtaining economies of scale and increase their competitiveness. However, the main problem for the strategic management in the field of services, especially tourism, continues to be achieving the firms’ competitive advantage. And the most important path to this achievement remains that of good quality services.

A special section is dedicated in this chapter to the concept of *touristic destination*. The section underlines the importance of this concept in our analysis and theorises it with the view in mind that the touristic destination represents the optimum level of integration for development plans that approach in a fragmented form only certain activities and/or economic actors, and not the overall aspects of a region with touristic potential. The major destinations of the world attract millions and even tens of millions of tourists annually also as an effect of a unitary, synergic approach, founded on strategic conceptions understood and supported by all sides involved: the business environment, the government and the local communities.

The concept of touristic destination is then analysed in depth in the fourth chapter (EUROPEAN TOURISM), where we have also explored the features of the main touristic destination of the world, that is, Europe. The analyses focuses there on the dimension and complexity of the touristic offer in the territorial space of the European Union, with an

evaluation of influential factors and of tendencies of development. These can constitute milestones for an optimal strategic vision for Romania, too.

The European tourism industry is facing increasing competition of destinations and services and the leisure time is more and more seen as a commodity. European tour operators and tourism agencies are in a process of consolidation: with medium-size operators being encroached by bigger ones, the market remains open to the products offered by the latter and by the smaller actors. The indivisible, time-sharing real estate sector is growing in importance since numerous properties are taken over by the largest tour operators that enter a particular market.

The year 2010 remained one of recovery in the world economy following the hardest times in recent history and for most touristic destinations in Europe a continuous and constant growth is anticipated. The most significant growth is expected in the Eastern Mediterranean sub-region: Cyprus, Turkey and Israel. According to estimates, these countries will see twofold growth compared with the European average. Countries in Central and Eastern Europe, too, are expected to enjoy consistent rates of growth as soon as they manage to diversify touristic products from cities to, especially, rural areas, where the comparative advantage is more and more evident. At the same time though, we considered relevant and thus undertook a comparison between the results of touristic activities in various countries in the region and Romania, which identified certain important details.

The European Council held in Lisbon in March 2000 established as a strategic objective the transformation of the European Union (EU) into the most competitive and dynamic economy in the world, apt to produce an increased number of jobs and more social cohesion over the next decade. Within this context, tourism was considered an essential sector of the European economy and the Lisbon Treaty recognised its importance while underlining the competence of the EU in the field. More concretely, the Union undertook a role complementary to that of the Member States by promoting the competitive capacity of businesses. In fact, the advantages of European integration for the tourism industry are numerous, especially for the countries in the Central and Eastern European region that are expected to benefit the most.

This is why we considered important to analyse, from this perspective, the domains in which the EU can intervene and present details of policies and instruments

employed in intervention, including the central aspect of EU funding. This can constitute an important source of financing for the Romanian tourism. All aspects related to the development of European tourism as objective of the EU offers a number of opportunities to Romanian tourism as well, and these must be included in a national strategy for development.

The predictable evolution of demographics in the EU is another element that impacts the prognosis concerning the touristic demand in the future. Additionally, the World Wide Web network (internet) is becoming more and more important as instrument for sales and promotion. On the basis of the most recent market studies at the EU level, we have sketched a full profile of the European tourist along two coordinates: sources of information and holiday preferences for the following year. These are key elements in market studies, which can efficiently orient the Romanian touristic offer/supply and can suggest directions for sectorial development based on a correct segmentation of the European market.

ROMANIA ON THE TOURISTIC MARKET is the title of the fifth chapter, in which we present the main coordinates of the domestic touristic supply. Following an analysis of the world and European context in the previous chapters, we can analyse in the fifth in detail the main features of the Romanian tourism industry. The focus is on the structural problems of this sector in Romania, which are systematically presented by categories. Based on these categories of problems, we then indicated the factors that can determine the development of tourism in Romania.

The evolution of Romanian tourism is marked by the five decades of centralised economic planning under the communist regime. As a result of this traumatising experience, Romania is still facing major macroeconomic imbalances, out-dated and uncompetitive production capabilities, low productivity and a deterioration of the natural environment. The transition to a free-market economy also proved long and difficult. The major problem in this context for the tourism industry was that the privatisation of assets from this field was made in the absence of the great operators on the international market, who would have had the experience and managerial capacity necessary for attracting funding for major investments.

The neighbouring countries – Bulgaria, Hungary, Croatia, or Slovakia – representing the competition, have been able to come up with advantageous tariffs. That is because the governments in those countries have had fiscal policies making the domestic touristic products cheaper on the external market and implemented long-term strategies of

development for tourism. In a context of economic crisis and an ever stronger competition between various touristic destinations and products, prices tend naturally to decrease. The data provided for August 2011 are useful for identifying the directions of development specific to Romania and the strategies that can be adopted for the country to become a touristic destination.

An entire section is allocated to arguing for the necessity of development policies and for sketching some directions of development for the Romanian touristic industry by segments of supply for which substantial comparative advantages can be identified. Is the growth in the number of foreign tourists a priority objective in this context or not? This is one of the aspects addressed in a critical discussion of specialized literature and practices observed nowadays in Romanian tourism.

On the basis of the analysis in the previous chapters, we were apt to reiterate market opportunities in relation with the world and European contexts, pointing also at the major development policies experienced in other countries and by major actors on the world and European tourism markets. We have then structured some potential directions of development, at the same time underlining the inevitable role played by the state. The entire argument followed the analytical logic explained in the introduction, according to which elaborating a successful strategy for the development of Romanian tourism depends on the good understanding of the world and Europe that Romania is a part of.

A coherent strategy apt to lead to a better performance of the Romanian tourism industry must build on the biunivoque relation between the state and that industry, and also focusing on attracting foreign investments. All these must be understood and conceived of in connection with a redefinition and promotion of Romanian touristic destinations, including the image of the touristic destination generically named “Romania”. The next chapter thus discusses inevitably a particular marketing strategy and all final proposals practically gravitate around it.

The sixth chapter (STRATEGY AND DEVELOPMENT) approaches the process of marketing planning and builds on a clear theorisation of the concepts of *destination management and marketing*. We have formulated a number of measures aiming to stimulate touristic activities on the basis of elements identified in the SWOT matrix of Romanian

tourism. Business and reunion/conference tourism proves to be one of the most promising niches on the market, with clearly identifiable advantages.

An increasingly important element for what market success means today is represented by the promotion of products, which includes complex operations presupposing decisions about the communication and promotion strategy, and about the organisation and monitoring of promotion campaigns. The particularities of the tourism services make it so that “the image” is the most important element promoting a destination, region, or country. In this sense, a special analysis is made of Romania’s touristic brand, which identifies a number of shortcomings and suggests possible corrections.

The analysis of successful cases demonstrates that the implementation of policies and plans apt to create and support a touristic destination presupposes long-term efforts and represents a responsibility which, being far beyond the capabilities of a tourism operator, is more the domain of cooperation between government and the private sector. We have identified a number of punctual solutions apt to ensure a better valuing of the natural and anthropic patrimony for each of the segments constituting what Romania can offer as touristic destination. We have also indicated those specific segments which deserve more attention, such as products from the category of professional and reunion/conference tourism. Promoting touristic destinations and products is nevertheless at least as important as developing them. Given the complexity of promoting touristic destinations and products, a special section analyses Romania’s touristic brand. Its target group is that of *discerning travelers*, i.e. those exploring travelers willing to experiment destinations such as Romania.

The seventh and last chapter (CONCLUSIONS AND PROPOSALS) groups together our own results following the testing through research of the working hypothesis formulated in the introduction. These conclusions round up the scientific content of the dissertation by pointing at the most relevant aspects evidenced by the analysis together with our observations, and by formulating proposals on the basis of the research undertaken here. The evolution of tourism in the world and in Europe has been and continues to be marked by major economic phenomena, which has become visible especially during the crisis that started toward the end of the previous decade. Despite all this, it has been noticed that the sector’s power of regeneration was above expectations and led, given the circumstances, to significant profits for the big companies and to the success of strong capital on the tourism market.

However, the background problems confronting Romania remain those regarding its past as a centrally planned economy for almost five decades under the communist regime. It was then that the private property and capital were abolished together with the associated reflexes of economic practice on a free market. Inevitably, therefore, this dissertation had to take these realities into account and approach them analytically, especially in the sections allocated to empirical analysis, together with the relevant experiences and practices from outside Romania.

As concerning the *external validity* of this dissertation, this is ensured by a vast bibliography that includes academic and non-academic sources. The data on which the analysis is based come from the specialised national and international practice and literature. We have studied a rich bibliography containing reference books on the academic study of tourism and of other related fields, and articles and studies from specialised academic journals published in Romania and abroad. Additionally, we have also studied documents and articles of specific legislation, encyclopedias, specialised dictionaries and a complex series of electronic sources, from official websites of national and international organisations to scientific works and official statistics found in electronic format.

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