

# Tourism Industry Going Down

A study recently done by the consultancy firm PricewaterhouseCoopers (PwC) reveals a significant 16 percent drop in Romania's tourism sector in the past four years. The report further suggests that the nation's hospitality as well as the leisure sectors returns plummeted to €1.5 billion in 2011, with smaller numbers of foreign tourists the main reason for the drop.



According to PwC foreign tourists used up €750 million vacationing in Romania in the year 2008. On the other hand in 2011 the numbers had gone down by about 150 million to €600 million which is equivalent to staggering 20% drop in earnings.

The study reveals that a comparable trend has been observed in the whole region but notes that Poland Slovakia as well as Romania are the major countries affected by the aftershocks of the economic crisis. According to the report fewer Romanians were reported to go on vacation abroad. However domestic tourists spent more within the country resulting in a steady increase in local tourism spending. The recession witnessed around the world resulted in a reduction in disposable income forcing consumers to cut down on luxuries with most choosing to forego spending on vacations and partying.

The report indicates that the sector most hit by the change in consumer behavior in the country were holidaying destinations outside the country. According to Andrei Crebu the manager of PwC in Romania domestic tourists reduced their spending by more than 30 %, from €460 million in 2008 to €310 million in 2011.



Notwithstanding the macroeconomic factors in play the tourism industry is still to a great extent performing below par, if the performance was to be awarded with a grade then an F would be the grade with further remarks suggesting and forecasting an even poorer performance unless something drastic was done. Hugely contrasting the performances of its neighbors, the report says that the tourism sector results in 1.4 %of Romania's GDP whereas Bulgaria and Hungary have 3.6 and 4 percent of GDP

respectively being accounted for by tourism.

Mr. Andre Crebu adds: "Despite the fact that Romania's tourism industry has a huge potential for success a number of impediments such as lack of adequate transport and accommodation facilities get in the way of its growth. Furthermore, the industry does not have enough professionals in the hospitality industry such as maids and chefs, something attributed to the fact that most of the professionals with such skills opt to work outside the country, with the professional high schools failing to provide the resources needed".



Occupancy in Romania's hotels is very poor and the rates are among the least well occupied in Europe with only a paltry 26 % of hotels in Bucharest reporting more than 62% occupancy rate. Other reports suggest the percentages could drop further due to lower demand as well as an upsurge in competition.

Andre Crebu suggests that Romanian tourism should "clean up its act". Crebu also agrees with the sentiments of other pundits by suggesting trading on tourism underdevelopment as a plus and calling upon industry players to look into the potential in eco/adventure tourism.

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