THE IMPACT OF COVID-19 ON ROMANIAN TOURISM.
AN EXPLORATIVE CASE STUDY ON PRAHOVA COUNTY, ROMANIA

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Please cite this article as:

DOI: 10.24818/EA/2021/56/196

Article History
Received: 14 September 2020
Revised: 29 October 2020
Accepted: 30 November 2020

Abstract
Europe stands first in the world ranking of tourist destinations. Tourism is at the heart of a huge business ecosystem that contributes substantially to prosperity and job creation in all Member States of the European Union. The COVID-19 epidemic puts the EU tourism industry under unprecedented pressure. It has led to the suspension of most domestic and international travel, causing a significant reduction in revenue and creating liquidity problems for all tour operators. Both travellers and businesses face uncertain prospects. The goals of this research focused on the main directions: 1) to assess the main concerns for the tourism industry in Romania in the autumn of 2020 and 2) to identify immediate measures to support the Romanian tourism sector. A questionnaire was applied to acquire the viewpoints of the sixteen representatives of eleven prestigious hotels in the mountain region of Valea Prahovei in Romania. The outcomes show their considerations on lifting travel restrictions, restoring traveller confidence and rethinking the Romanian tourism sector for the future.

Keywords: tourism industry, hotel industry, Romania, COVID-19 pandemic.

JEL Classification: Z32; L83; R11

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Introduction

The COVID-19 pandemic has had a meaningful influence on the tourism industry as a result of travel restrictions together with a collapse in demand from the part of potential tourists. The travel businesses have been greatly hit by the spread of COVID-19, because a lot of states have instituted travel constraints trying to keep the spread under control, which lead to a stop of a whole sector (BBC, 2020; Brouder, 2020; Gössling, Scott and Hall, 2020). The United Nations World Tourism Organization appraised at the end of June 2020 that international tourist arrivals around the globe could sink by a third in 2020, triggering an inherent financial harm of around 40 billion$ (UNWTO, 2020a). BBC also revealed that in multiple areas of the world, organised trips decayed by 90% (BBC, 2020). This would lead to a transformation of tourism, especially in a COVID-19 setting which triggers the question if the tourism sector will be able to recover or if this might be the “end of tourism” as we know it or a “re-discovery” of tourism (Brouder, 2018; Brouder, 2020; Niewiadomski, 2020). Divergent and one-sided travel boundaries happened locally and plenty tourist sites of visitation across the globe, like museums, amusement parks, and sports venues stopped operating (Kliger and Silberzweig, 2020; The New York Times, 2020). Reflecting on these recent facts, the research questions of this article were the following:

- What are the implications of the COVID-19 crisis on the tourism sector for Romania?
- What are the recommendations of the interviewed experts for the stakeholders of the tourism industry in order to avert the worst effects and facilitate recovery?

1. Literature review

1.1. The downturn of tourism under COVID-19 at international level

The state of facts in September 2020 was that COVID-19 infected more than 10 million citizens and provoked the death of 500,000 people globally (WHO, 2020a). On a worldwide level, the spread does not display signs of slowing down and consequently, the vast majority of states have locked their frontiers for foreign arrivals. The UN World Tourism Organization communicated in August 2020 that 100 per cent of global destinations implemented travel constraints and limitations, with international tourism becoming almost entirely interrupted, and domestic tourism severely diminished because of lockdown stipulations enforced in countless countries. Despite the fact that a few destinations have begun gradually to open up, a large number of travellers are still hesitant in coming back to international travel or can no longer meet the expenses given the economic critical situation (UNWTO, 2020b).

Tourism is one of the quickest expanding economic areas and is a notable catalyst for economic progress. In 2018 tourism receipts amounted to $1,480 billion, an increase by 4.4 per cent, while tourism exports accounted for seven per cent of global trade in goods and services (UNWTO, 2020c). In the same time tourism is a dominant source of jobs on a global status, with a big share of the jobs being handled by women (54 per cent), which substantially larger than in most other industries, and also by young workers, making the sector as an inclusive one. There is also a meaningful quantity of indirect work engagement in construction and infrastructure development, along with providing food, drink and souvenirs to tourists (Glaser-Segura, Nistoreanu and Dincă, 2017; Vo, Chovancova and Tri, 2019).
A major problem within this current context is that in this industry many workers have direct contact with tourists for example in travel agencies, airlines, ships, hotels, restaurants, shopping centres and various tourist attractions and it is commonly concurred that COVID-19 is easily transmissible (even though the fatality scale is small by contrast with previous pandemics and its fatalities are being very often encountered at aged people and those with a precarious medical history).

To illustrate the potential impact of the decline in the tourism sector, three scenarios were simulated by the United Nations Conference on Trade and Development and described in table no.1. The scenarios, Moderate (optimistic), Intermediate and Dramatic (pessimistic), vary in the length of international tourism absence. The scenario Intermediate is closest to the assessment of the UNWTO (2020b) that international tourist numbers could fall by 60 to 80 per cent in 2020 and with a reduction by 66 per cent of tourism expenditure (UNCTAD, 2020).

Table no. 1. Potential impact of the decline in the tourism sector – three scenarios from UNCTAD

<table>
<thead>
<tr>
<th>Scenario type</th>
<th>Characterisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
<td>1/3 of annual inbound tourism spending is eliminated in every country</td>
</tr>
<tr>
<td></td>
<td>This corresponds with 4 months impasse/ cessation of international tourism</td>
</tr>
<tr>
<td></td>
<td>or a 80% fall for 5 months</td>
</tr>
<tr>
<td>Intermediate</td>
<td>2/3 of annual inbound tourism spending is eliminated in every country</td>
</tr>
<tr>
<td></td>
<td>This corresponds with 8 months impasse/ cessation of international tourism</td>
</tr>
<tr>
<td></td>
<td>or a 80% fall for 10 months</td>
</tr>
<tr>
<td>Dramatic</td>
<td>All annual inbound tourism spending is eliminated in every country</td>
</tr>
<tr>
<td></td>
<td>This corresponds with 12 months impasse/ cessation of international tourism</td>
</tr>
</tbody>
</table>


1.2. The problematic context for Romanian tourism under COVID-19

The tourism industry is, by definition, one of the most vulnerable industries when it comes to threats related to an economic, military or medical crisis. COVID-19 has produced dramatic effects for the tourism industry, and Romanian businesses have not been bypassed. Romanian tourism agencies reported that this year their businesses dropped by 80-90% compared to previous years (Biz, 2020).

An important NGO within the Romanian tourism industry (the Alliance for Tourism) stated that even though the contribution of tourism within the GDP for Romania suffered a severe shrinkage in 2020, with the appropriate measures this shortcoming could be surpassed by 2025 (Incoming Romania, 2020) (Figure no. 1).

The measures set by the members within this NGO for tourism revival are: Supporting and prioritizing the tourism sector within the national economy, digitization and implementing new technologies in tourism, sustainability and development of sustainable tourism, highlighting Romania’s competitive advantages through smart promotion, tourism development by encouraging public and private investments, supporting participatory tourism through the use of public-private partnerships, reducing tax evasion in tourism and administrative efficiency, and the forecast for the contribution of tourism within the Romanian GDP if these measures are implemented can be seen above within figure no.1.
2. Research methodology

The aims of this research pursued two paths: 1) to identify the potential effects of the tourism challenging period for Romania and 2) to examine what can the stakeholders from the Romanian tourism industry do to mitigate the tough effects of lack of international tourism during and after the COVID-19 pandemic.

These two aims of the paper were fulfilled by developing a qualitative research, the most applicable technique for this topic, as qualitative research seeks to avoid making generalizations or grand claims, and is often characterized by a high level of reflectivity and sensitivity to power relations and ambiguity (Bregnholm Ren, 2016).

Within the specific methods of qualitative research, semi-structured interviews were applied for this particular study. Semi-structured interviews are frequently put into practice for qualitative research and are a regular qualitative data source in health services’ research. This approach usually involves a dialogue between researcher and participant, overseen by adaptable interview standards and expanded by follow-up questions, inquiries and comments. This arrangement permits the researcher to gather open-ended data, to examine participant thoughts, impressions and beliefs about a specific subject and to delve profoundly into personal and at times sensitive matters (DeJonckheere and Vaughn, 2019).

Considering that our goal was to comprehend how the tourism particularly in Romania is and will be shaped by COVID-19, we took into account that this method of the semi-structured interviews was the most favorable. We had the chance to meet and interview sixteen representatives of eleven renowned hotels from four tourism resorts within the Prahova County in Romania: Sinaia (six participants from four hotels), Bușteni (four participants from three hotels), Azuga (three participants from two hotels) and Sălișc Prahova (three participants from two hotels) and we gathered their ideas and know-how on how the Romanian tourism can survive the COVID-19 pandemic and eventually be relaunched. The Prahova Valley was chosen for the case study as it is one of the areas with the highest tourist potential in the country owning some of the best tourism facilities in Romania.
Relying on the study’s research questions and on the objectives of this qualitative research, we designed an interview agenda which emphasized the changes within the tourism sector in Romania and its future challenges. For this particular research, four open questions were crafted for the interviews so that the problems examined could be shaped: the state and the provocations within the tourism area in Romania. These interviews with experts from the hotel industry are suitable because they can offer a multilayered, deep apprehension and perception into the turn of events from the Romanian tourism field.

Therefore, the interview guide was built pivoting on some notable topics: how can Romanian tourism, struck hard by the COVID-19 pandemic, come back to normal and how could this “new normal” look like and be sustained by the stakeholders involved.

The specialists who took part in our research by answering at the questions from the interview guide (table no. 2) constitute an assembly of value of sixteen experts from managerial staff of eleven hotels with history and tradition from four resorts of big importance for the Romanian tourism.

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>What are the most important effects of the COVID-19 pandemic in the field of tourism in Romania?</td>
</tr>
<tr>
<td>2.</td>
<td>What changes have the businesses you are connected with suffered within the summer of 2020 (hotels, tourism agencies) in terms of indicators, personnel, working points/units?</td>
</tr>
<tr>
<td>3.</td>
<td>How do you estimate that the consumption habits of tourists visiting Romania (foreign and Romanians) will change in terms of tourism services following the COVID-19 pandemic?</td>
</tr>
<tr>
<td>4.</td>
<td>What measures do you think could be the most effective from the government and state institutions for the field of tourism to help your business and the industry as a whole?</td>
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</table>

All the experts who were included hold a more than twenty years’ experience not only in the hotel industry but also within the tourism area as a whole, having tight connections with important actors in the sector on both national and local levels such as: the National Authority for Tourism (ANT), found under the subordination of the Ministry for Economy, the National Association for Tourism Agencies (ANAT) along with national and local tourism promotion offices, airline, transport and rent-a-car companies, restaurants, online booking systems, insurance companies, educational institutions, and other associations with activity in tourism. Therefore all our sixteen participants in the study offered relevant and significant input in order to tailor wider and extensive clarifications at the questions which were addressed to them; also, because the study was very close related to the COVID-19 pandemic all data was collected in June 2020.

3. Findings and discussions

The results divulge the opinions of the sixteen experts included in the study about the current situation and the immediate impact that COVID-19 has on the tourism businesses, be it travel agencies, HoReCa (hospitality industry) owners, tourism institutions or event organization companies. Their answers are also gathered in short version within table no. 3 two pages later in this paper.
With the help of our first question in the interview guide, the objective was to find out what are the consequences of the COVID-19 pandemic for the Romanian tourism. All the answers coming from the respondents centred around the idea that the global tourism industry has been devastated by the COVID-19 pandemic, with hundreds of billion $ in export losses in the first five months of the year and more than a hundred million jobs at risk. When taking the discussion at national level, some points of view were expressed by more than 80% of the respondents for example that after several weeks of lockdown, taken to curb the spread of the COVID-19 pandemic, Europe is gradually easing quarantine measures, trying to return to normal. Obviously, to a different normal, to a normality that, at least for a while, for a few months or even more, will be marked by the current pandemic and the crisis it has generated in the whole world. Tourism is one of the sectors hardest hit by the crisis – with a lower or higher share of GDP, varying from country to country. 70% of the respondents recognised that they were all in the phase in which, on the eve of the summer season (as mentioned the interviews were taken in June 2020), all the states of the world (Romania included naturally) were trying to relaunch their tourism, elaborating, cautiously, strategies capable of saving millions of jobs and offering optimal conditions, in terms of safety, to those eager for holidays. 10 out of our 16 respondents mentioned that all their partners from airlines to tour agencies offered the possibility to the clients to change travel dates or receive travel vouchers valid for one or two years. Five respondents brought into discussion the cultural events within tourism resorts – a major attraction for tourists in general and the fact that all cultural events have so far been cancelled, rescheduled or moved in open air spaces. Prestigious summer theatre festivals fell victim to the pandemic and took place in 2020 either in an online form either in open air (but with some limitations compared to proper closed theatre halls). As a conclusion the future for the tourism industry will not be easy for both tourists and tourism services’ providers and the holidays will be completely different in 2020 compared with previous years and even two-three years ahead.

Focusing on the second question addressed to our participants, which underlined the modifications that have the businesses with which the respondents are connected, suffered within the summer of 2020 (hotels, tourism agencies) in terms of indicators, personnel, working points/units, it was evident that the tourism industry is, by definition, one of the most vulnerable industries when it comes to threats related to an economic, military or medical crisis. 14 respondents admitted that COVID-19 has produced dramatic effects for the tourism industry, and their business and those of their partners have not been bypassed, in April and May 2020 being recorded a drop between 75-90%, 10 respondents specified that some high-capacity accommodation units and numerous restaurants with no outdoor space have ceased operations (for example Hotel Caraiman from Sinaia part of the Palace-Caraiman complex was shut down in the summer of 2020 only the Palace Hotel being active). Regarding the employees within the hotels, the respondents recognised that around 30% of them were sent to technical unemployment as the number of tourists did not demand such a high number of staff. Some of the respondents (nine) also had information about the situation of the employees of their partners (travel agencies and companies operating in the tourism field) that in their case in the summer of 2020 they have chosen to resort to measures such as online working/working from home, salary reductions and unfortunately they were forced to send some of the staff to technical unemployment. Within this question it was the first time when it was noticed that opinions were divided regarding the expenses with personnel as some respondents stated that 2020 was the moment when they decided to stop all investments in technology and to direct them to employee assistance and to sales, while another part of the respondents were adamant in stating their decision to focus their advertising on online promotion campaigns which demanded some investment.
The participants were also given a third question in the interview centring on their estimation about the consumption habits of tourists coming to Romania: will they change in terms of tourism services following the COVID-19 pandemic? Thirteen of the respondents mentioned that the most dangerous thing that the potential tourists could feel is the fear of traveling to areas other than comfort and they believed that tourists will think very carefully about the future if they dare to travel because it will take a long time for the world to gain confidence in traveling; twelve respondents stated that tourism is necessary not only in terms of economic activity, but for human beings in general who miss relaxation - especially after a period that has seriously tested the psyche. Tourism can be the way to recharge batteries and overcome these difficult moments. Ten respondents think that the most searched forms of tourism in 2020 will be those of family or individual tourism and that people will look for destinations that are not very crowded, for green, sustainable destinations, they will focus more on ecotourism and above all for secure tourism. The key criteria in choosing this year's holiday destination will be first and foremost: health, non-congested areas, quality, ecotourism, with holiday homes and apartments, guesthouses and smaller hotels preferred. There could be also within the next years an increasing interest for isolated tourism: Danube Delta, some parts of Transylvania, Bucovina, Maramureș which could be important assets that Romania must take advantage of in this period.

When tackling the measures that could be the most effective from the government and state institutions for the field of tourism to help the businesses and the industry as a whole (the focus of the fourth interview question), the considerations coming from the respondents were substantial and included the following insights: supporting the tourism workforce after the end of the state of alert by prolonging the technical unemployment for the units / activities that cannot be resumed on June 15, 2020, until the activities can be restarted; conferring grants to tourism enterprises affected by COVID-19, as well as granting of subsidized working capital loans and / or investment loans to SMEs and large tourism companies; immediate payment of arrears to tourism companies (sick leave, VAT, overdue bills); reduction of local taxes, proportional to the period in which the tourist units were closed and postponement of these obligations until the end of the year, without penalties (taxes and tax on buildings, taxes and tax on land, taxes on promotion and advertising, taxes and taxes on means transport); establishment and approval of health safety standards approved by industry, MoH and MEEMA applicable in the units of the tourism industry in order to significantly reduce the risks of infection with COVID-19 virus, during vacation / travel in Romania; partial or full support, by the state, of the additional costs generated by the additional hygienic-sanitary measures that will have to be taken by the accommodation, food, treatment, etc. units in order to resume the activity (sanitation, additional materials and equipment, etc.); stimulating the tourist circulation by granting, in the shortest possible time, holiday vouchers related to 2020 and maintaining them for the next years as well.

Table no. 3. Assembly of the answers at the four questions addressed to the interviewed tourism experts

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mention the most relevant effects of the COVID-19 pandemic for the</td>
<td>* the global tourism industry is in severe decline because of the Covid-19 pandemic with important financial losses and jobs at risk</td>
</tr>
<tr>
<td>field of tourism in Romania</td>
<td>* around the world all stakeholders involved within the tourism industry are trying to relaunch their businesses and find “a new normal”</td>
</tr>
</tbody>
</table>

202 Amfiteatru Economic
Questions | Answers
--- | ---
2. Point out the changes that the businesses you are connected with suffered within the summer of 2020 in terms of indicators, personnel, working points/units | *in the first half of 2020 the respondents’ businesses and those of their partners within the tourism field recorded a drop of 75-90%*  *the respondents admitted that they had to take measures as sending their employees in technical unemployment, shutting down units and focus on online working.*  *half of the respondents targeted investments into digitalisation*
3. Appraise how the consumption habits of tourists coming to Romania will change in terms of tourism services following the COVID-19 pandemic | *according to our respondents the COVID-19 pandemic will shift tourists’ preferences towards secure or known destinations, most likely local (within their respective country) destinations*  *there is also anticipated an increase in the interest for individual or even isolated tourism and also green, sustainable tourism*
4. Describe the measures to be taken by the government and state institutions for the field of tourism to help your business and the industry as a whole in Romania | *according grants to tourism companies affected by COVID-19*  *immediate payment of arrears to tourism companies*  *partial or full support, by the state, of the additional costs generated by the additional hygienic-sanitary measures that will have to be taken by the accommodation, food, treatment, etc. units*  *reducing bureaucracy by digitizing operational processes for tourism stakeholders*

Source: arrangement of data obtained within the discussions with the interviewed specialists

Many respondents noted that red tape is a major issue for the tourism stakeholders therefore reducing bureaucracy by digitizing hotel operational processes could be bring significant results while adaptation of labour legislation for seasonal work, remote work and simplification of labour force reporting are also important measures to be taken in order to develop more efficient tourism activities.

Conclusions

Among the most affected sectors of the economy by the crisis caused by COVID-19 in Romania are tourism, HoReCa, passenger transport and event organization. Many Romanian businesses within these economic areas developed in the period of March-June 2020 serious cash flow problems, and the risk of layoffs, insolvencies and bankruptcies increased significantly, creating waterfall effects that affect not only the businesses themselves, but also connected industries and all tourists as well.

The main objectives of this study were to clarify the ongoing difficulties faced by the tourism industry in terms of the effects of the COVID-19 pandemic and what measures could be implemented in order to improve the trend within the industry. A qualitative study has been developed including interviews (direct or mostly per email) based on a questionnaire with sixteen representatives from eleven renowned hotels from four tourism resorts within the Prahova County in Romania.

When addressing the first research question of the study, regarding the implications of the COVID-19 crisis on the tourism sector for Romania, based on the interviews with the sixteen representatives of the eleven hotels, we reckoned that the period of March-June 2020, the COVID-19 crisis has taken a financial toll on tourism businesses, entrepreneurs and workforce in Romania. The pandemic is putting the Romanian tourism ecosystem
under unprecedented pressure and as result of travel and other restrictions, Romanian tourism reached a gradual halt during the first two quarters of 2020. The opinions of our respondents estimated the decline of their businesses to be from 70% to 90%, depending on the length of the health crisis and on the pace of recovery. They also stated that revenue losses for other stakeholders within their network is of around 80% for tour operators and travel agencies, 70% for long-distance rail and around 95% for cruises and airlines. The effects are most severe for small companies: lacking liquidity and facing uncertainty, they struggle to stay afloat, access funding and maintain their employees and talent and therefore they all need urgent action and emergency funding to bridge the period until tourism flows will come back.

With regard to the second research question of the study which referred the recommendations of the interviewed experts for the stakeholders of the tourism industry in order to avert the worst effects and facilitate recovery, we can underline that the summer of 2020 and the following months will not be lost completely for the vibrant Romanian tourism ecosystem, but they will all be dominated by a cautious attitude from all parts involved. The tourism services’ providers themselves should focus more on family tourism, individual tourism, health safety, non-congested areas, quality, sustainability and ecotourism. However all the respondents agreed that the Romanian tourism system needs a reset backed by the public institutions in the sector. In order to rearrange the entire field of tourism, several generic lines of action are needed: increasing administrative efficiency, promotion investment for tourism, labour and education, digitalization and innovation, sustainability in tourism, but also actions specifically aimed at the main sectors of tourism: accommodation structures, restaurants, recreation facilities, tour operators and agencies, tourism guides, related services and tourist transport.

This made us conclude that tourism in Romania one major bet lost in 2020 and needs a rapid and complex revival supported by not only tourism owners, operators and employees, but also by tourists, suppliers, politicians and officials.

References


