Innovation – a useful tool in the rural tourism in Romania

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Abstract

The tourism industry, especially rural tourism, is largely dominated by small and medium sized enterprises (SMEs) and is often considered less innovative than other industries. The aim of the paper is to give a picture of the innovativeness in the Romanian rural tourism industry. The study analyses product/service and marketing innovation implemented in rural tourism companies. The definitions and the types of innovation considered in the present study are those used in the Community Innovation Survey, conducted by Eurostat. In order to survive in an increasingly competitive and global environment, tourism companies, especially the small ones, must differentiate from the competitors using innovation tools. Innovation in tourism must be seen as a permanent, global and dynamic process.

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The focus on the topic of innovation in tourism increased in the last years. Several authors classified the types of innovation in: product innovation - new products, process of innovation - new method of production, market innovation - the exploitation of new markets, organizational or management innovation - new ways to organize business, and institutional innovation - a framework within which people interact (Fagerberg, J., Mowery, D. C. et. al., 2005) (Hjalager, A. M. 1997) (Hjalager, A. M. 2010).

The aim of the paper is to give a picture of innovation level and awareness of the importance of innovation for businesses in Romanian rural tourism industry. The definitions and the types of innovation considered in the present study are those used in the Community Innovation Survey, conducted by EuroStat. The Community Innovation Survey (CIS) is a survey conducted every 4 years by EU member states to measure the progress in the area of innovation. For the Community Innovation Survey (Organisation for Economic Co-operation and Development, Statistical Office of the European Community 2005):

- The innovation of a tourism product means to bring on the market a new or a significantly improved product. The tourism product (new or improved) must be new to the company but it does not need to be new to the tourism sector.
- The innovation of a process means to introduce a new or a significantly improved process, distribution method or support activity for the tourism products. The innovation (new or improved) must be new to the company but it does not need to be new to the tourism sector.
- The organizational innovation is the implementation of new or significant changes into the company structure or the management methods, which should be used to improve the company’s efficiency.
- The marketing innovation means the implementation of new or significantly improved product design, placement, or promoting. Another goal is to increase the appeal of the tourism products or to enter on new markets.

A main area of change and innovation in tourism concerns the use of information and communication technologies (ICT). The production and the marketing for tourism products are different compared with those from industrial products. The tourism product is a complex of tangible and intangible components: accommodation; transport; food and beverages; recreation and entertainment. For Middleton and Clarke the tourism product is the complete experience of a tourist starting with leaving from home until the time of returning at home (Middleton, V.T.C. and Clarke, J. 2001). Given the intangibility of tourism products, Weiermair said that the tourist may feel uncertain about the quality of the services. Because of this intangibility, tourism products can be enhanced through adding also sensations (design, fragrance, light, colour, emotional attachment etc.). As a result of such product changes, the emotional value of the “tourism experience” will be enhanced (Weiermair, K. 2004). In order to survive in an increasingly competitive and global environment, companies involved in the tourism sector, especially the small ones must differentiate from the competitors using innovation tools. It can be state that in the future it will be important to create a rewarding tourism experience through innovation and product development instead of offering singular tourism elements. Bartaletti said that the new holiday forms, which are offering experience, will be the main motive for the holiday decision (Bartaletti, F. 1998). Innovation in tourism must be seen as a permanent, global and dynamic process.

The review of the literature also indicates that the innovative ability increases with the size of a company. The majority of the rural tourism companies are small ones (Rønningen, M. 2010). The tourism industry from Romania, especially the rural tourism industry is largely dominated by small and medium sized enterprises (SME’s) and is often considered to be less innovative than manufacturing industry (Toader, V. 2011). The starting point of this investigation was the situation of the rural tourism in Romania. In 2011 in Romania were 1210 agro-tourist boarding houses, representing 24% from all Romanian accommodation establishments.
Regarding the accommodation capacity, the agro-tourist boarding houses had 20,683 beds representing 7.42% of total (Turismul României, Breviar Statistic 2012). The study took into consideration for the analysis one of the most active regions in Romanian rural tourism – the historical Maramureș. The rural tourism had a successful development in this area, thanks to the existence of traditional spiritual values, which were kept over the years (Negrușa, A. L. and Gică, O. A. 2008). This paper analyses the product and the marketing innovation used in the Romanian rural tourism.

2. Research Methodology

The present study makes an analysis regarding the main differentiation elements used by rural guesthouses situated in the historical Maramureș. The analysis is focusing on the innovation activity performed by them during 2009-2011. This period was chosen for this study to examine whether the innovation activity suffered as a result of the economic crisis experienced in Romania, or on the contrary, the crisis was considered a tool to survive or even expand the operations in such adverse times. For the investigations, the authors used exploratory and descriptive research, obtaining secondary data through statistical and published studies but also through web sites analysis and primary data through survey; conducting personal interviews based on questionnaires.

Using the data from the travel agencies located in Sighetu Marmăției, in the historical Maramureș were identified 68 rural guesthouses. A representative group of 40 accommodation establishments were selected and 100% responded to the study; those represent 58.82% of total.

The personal interview was based on a questionnaire, which was developed and used in order to identify the current situation of the rural guesthouses, but also to see the product / service and marketing innovation processes, which were developed and their effects. The questionnaire had three parts. The first one contained questions in order to identify information about the current situation of the guesthouses. The second part contained information about the innovation activity developed in the period 2009-2011, about its effects but also about the obstacles that stood in the way of innovation. The third part contained the identification data about the guesthouses and their owners.

3. Results and discussions

The historical Maramureș contains Valea Izei, from the source until the confluence with Tisa. This area can be compared with a wonderland, full of tradition, culture and warmth, where the traditional crafts, the traditional clothes and the folk art are kept whit holiness and carried from generation to generation. It also includes woodcarving, textiles, ceramics, masks, traditional costumes, hats and traditional ornaments, local mythology but also winter and spring habits or familial habits (Pop, C., Cosma, S. and Panait, L. 2003). All this elements make the historical Maramureș a special place and also attract a large number of tourists, who enjoy the village life and stories told by the fireside. The rural accommodation from Maramureș is built with wood and has specific elements from this area. It combines perfect traditional with modern elements. All the guesthouse components have elements that define the village from Maramureș Country, elements of life in the countryside.

The present study revealed that there are some services that all analysed guesthouses are offering: traditional food, breakfast, parking place, special place for the kids, TV, entertainment and local products. The leased offered services are sauna, fitness, sports fields and facilities for treatment, because the cost is too high to build or to buy the necessary equipment. Prioritizing the services based on customer preferences indicates a combination between relaxation, comfort, food and cleanliness. On the first place, among the most desired services is the traditional food followed by calm and music evenings. What the tourists do not want are services such as TV, Internet and often the possibility to grill. The answers are different, based on the location of the accommodation establishments. On the guesthouses from Ocna Șugatag for example, is a need to have a pool and a Jacuzzi, but
for other guesthouses, which are in the village is important to have fresh air, because the guests just want to relax. The reasons, way tourists are visiting the historical Maramureş, are shown in Fig. 1.

The most important segment of customers, which are accommodated into the analysed guesthouses are the families, which are spending their vacation in this area (at least 3 nights), representing 40% from the total. The families spending the weekend in this area represent 37%. The people how are passing through the area have the lowest percentage (10%).

In terms of age, the study showed that the majority of the tourists, which are visiting the historical Maramureş are mature people (92.5%); the elderly represent 7.5% and the young people are completely missing. This aspect can be explained in correlation with the main purpose of the visit, which is determining the rural tourism practice. The residence areas for the Romanian tourists, which are staying at the analysed guesthouses are Ilfov (40%), Constanţa (20%) and Timiş (10%). In the other extreme are countries such as Cluj, Braşov and Mureş. A possible explanation is that the people, who are living in Transilvania, make different choices regarding the rural tourism and choose destinations closer to their residence.

From the total number of clients, 65% are Romanian tourists and 35% are foreign tourists. The average length of stay is shown in Fig. 2a and 2b.
The tourists are spending on average 62.75 lei (around 14 Euro) for the accommodation and 43.30 lei (around 10 Euro) for the food. Regarding the customer loyalty, in 62.5% of the cases the persons are repeating the visit and 37.5% are coming just once. These figures are very encouraging in terms of future potential demand. Analysing the booking methods, the tourism agencies have 30%, followed by the reservations made through the guesthouse website (20% from all situations). However, the highest percentage represents the direct recommendations, made by those who were at least one time to the guesthouse (40% of total).

Among the distinctive elements compared with the competition, the most important are the atmosphere but also the architecture and the design elements. On the other extreme are situated the colours (Table 1).

Table 1. Distinctive elements of guesthouses

| Elements                        | Percentage |
|---------------------------------|------------|
| Brand                           | 4.35%      |
| Logo/Symbols                    | 8.33%      |
| Colors                          | 3.57%      |
| Atmosphere                      | 45.23%     |
| Architectural and design elements| 42.85%     |
| **TOTAL**                       | **100%**   |

The owners consider the locations for the guesthouses in 67% as good, 23% as average and 10% consider them as a disadvantage. 70% of respondents said that they are using the cost-based method to fix the prices. They think this is the right method. 15% are using equally the two methods: the method based on the demand and the method based on the competition. A high percentage (81.81%) from all those who are working at the analysed guesthouses, have a specialized training in tourism and 62.5% attended training courses in the years 2009-2011. The main innovation activities of product or service developed by the guesthouses between 2009 and 2011 are shown in Fig. 3. 32.83% from the guesthouses improved some services or goods and a few have introduced new services (8.95%) or new goods (16.41%). Those who did not had products or services innovation activities, motivated either by the lack of funds for the investment, or because they recently started the business. Many
owners would have wanted to introduce new services or goods, but they preferred to improve the old ones. The argument was that the financial crises brought an obvious degrease of the tourists and because of that it will be impossible to recover the investments in a reasonable period of time.

![Chart showing product and service innovation into the guesthouses]

Fig. 3. Product and service innovation into the guesthouses

The main information sources used by the owners, about the product and service innovation are diversified. The most innovation ideas came from experiences and personal concerns (61.8%), followed by the needs and the observations of the guests (18%), which are guided by the phrase "our client - our master". Many, however, are inspired by the "neighbour" competitor (15%) and 5% are taking into consideration the suggestions made by their employees. No one mentioned sources as business partners or local public institutions that are supervising the activity in this domain (local authorities, The Inspectorate for Health Police and preventive Medicine „Sanepid“, Consumer Protection Office etc.). About the marketing innovation, the study shows that 52% of the respondents have introduced or improved a promotion technique for the product. This high percentage was possible because in Sighetu Marmăției a new local television and a new radio station were set up. Those two supported the promotion of rural tourism. 20% of respondents used new sales and distribution channels for the tourism product and only 8% made significant changes in the aesthetic design or the packaging. Instead, 20% from the guesthouses did not make changes. Introduction of new pricing method was not applied in any of the questioned guesthouses (Fig. 4). The majority of all changes, made for the marketing innovation, came from personal experiences and concerns (56%), followed by the inspiration from competition (30%); 9% from the ideas came through observations or the needs and 5% from employees. Also, in this case are missing the advices from the local public institutions, which are supervising the activity in this field, or the business partners. Other sources were also not identified. Regarding the expenditure for the innovation activities in the period 2009-2011, those vary according to the investment starting from 100 Euro for an advertising campaign at TV to 300,000 Euro for a Spa Center in Ocna Șugatag (for the Guesthouse Stâna).
Regarding the motivation of managers to invest in innovation, 75% are pursuing the growth of profit, or the
dnumber of clients and an increasing number of loyal customers. The positive effects of innovation were not left
waiting. 42.5% of respondents considered that they became more known and 5% were able to increase their
service capacity. The study revealed that because of the innovation activity, 37.5% of the guesthouses managed
to penetrate new markets and could significantly reduce the negative impact on the environment by using
biodegradable products (Rusu, T., P.I.Moraru and M.L. Soptereana 2012). Other innovation effects were not
identified. From those investments was not provided any increased security for employees and customers.

The main obstacles for the innovation are perceived as being: the lack of financial resources and the high
costs of innovation (30%), followed by the impossibility to obtain credits and to access the European funds
(19%). The lack of demand for innovative tourism products and the seasonal demand for tourist services
represents just 1% from all obstacles, which leads to the conclusion that these indicators almost do not impede
the innovation action. The lack of qualified personnel, the insufficient knowledge about the market, the
impossibility to find partners for innovation or the lack of necessary technology are not considered by the sample
impediments to innovate in the guesthouses from the historical Maramureș. In most of the cases, those exist and
even help to the innovation process.

The third part of the analysis was dedicated to the identification data about the business, but also about the
owners and their entrepreneurial spirit. Taking into account the National Classification System, from 40
guesthouses, 25% have 2 daisies and 75% have 3 daisies. Regarding the opening year of the guesthouses, 60%
opened after 2006, 30% between 2000 and 2005; the rest of 10% entered on the market before 2000.

In regards to the turnover into the last three years (2009-2011), the analysis showed that in average, in 2010
has been a decrease with 10% compared with 2009 and in 2011 the turnover did increase with 5% compared with
2010. This was possible thanks to the loyal clients, which are coming each year to the same guesthouses. The
owners were questioned about the main reason for starting this business. The results are synthesized in the Fig. 5.
At „Other reasons (please specify)” a person answered he did choose to develop this business because of the
failure in another businesses. 68% from de respondents did not have experience in the tourism field before they
started this activity and they learned while they performed the work, gaining experience along the way. The rest
(32%) made specialized courses or they did work in tourism before they started this business. 50% from the
owners are between 30 and 45 years old and the other half are between 46 and 60 years old. It is equality between males and females.

![Reasons for starting the business](image)

**Fig. 5. Reasons for starting the business**

### 4. Conclusions

The analysis, made on the rural guesthouses from the historical Maramureș, brings in front new and interesting aspects. Rural tourism started a development process in Romania after 2006. If in 2005 in Romania were just 956 guesthouses, in 2006 the number reached 1259 (Turismul României, Breviar Statistic 2007). A contribution to this figure has also historical Maramureș were the majority of the guesthouses opened after 2006. The main reason for starting the business was that owners had a property in this area. The majority of analysed guesthouses have three daisies. Both Romanian and foreign tourists come in historical Maramureș to relax and to eat traditional food. In this respect, two elements come to complete the offer: atmosphere and design elements. Because of the length of staying additional services are required: interaction with local population, local traditions and habits etc.

The owners of those guesthouses are aware that they need always to innovate. They already made some steps in this direction. Between 2009-2001, they brought improvements in the products and in the services they offered. The majority did take also into account the marketing innovation through various promotional methods and new distribution channels to stimulate the demand. The reasons of increasing the innovation were especially a profit growth on short term, but also the growth of customer number and their loyalty on medium and long term. Although everyone wanted to improve their services, some obstacles appeared in front of innovation such as the lack of financial resources and highly innovation costs. In 2011 there was an improvement in the turnover of the guesthouses from the historical Maramureș compared with 2010, which shows that innovation activities used to differentiate led to better results. The owners perceived the innovation process as a vehicle for stimulating the differentiation variables, especially the product, services, personal and image. The innovation process was also responsible for improving the economical results and helped to increase the demand. Even if for the rural tourism from the historical Maramureș the innovation process is present, there is enough space for improvement and development. For sustainable results, innovation must be perceived as a permanent, global and dynamic process.
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