

## THE INFORMATION AND COMMUNICATION TECHNOLOGY – IMPACT ON THE HOSPITALITY INDUSTRY IN ROMANIA

**Daniela FIROIU**

Romanian-American University, Bucharest, Romania

[danafiroiu@yahoo.com](mailto:danafiroiu@yahoo.com)

**Adina-Gabriela CROITORU**

TotallyH – Total Hospitality Services, Bucharest, Romania

[adina\\_gc@yahoo.com](mailto:adina_gc@yahoo.com)

### Abstract

*In the context of an increasingly dynamic society, globalization has become one of the key issues, causing important changes in the evolution of all economic sectors and especially in the development of the tourism industry, an industry that depends heavily on the free movement of people and unhindered access to information. Although the implications of the globalization phenomenon on tourism are extremely diverse and profound, sometimes difficult to commensurate, the evolution of the information and communication technology is currently outlining the main directions of the global economy through the accelerated pace of innovation. The hospitality industry requires a high level of adaptability to the demands of the tourist market, and the information and communication technology represents an efficient tool for increasing the degree of correlation between tourist supply and clients' demands, thus turning into a real progress bond. Improving the efficiency of this sector's activity becomes one of the primary issues on an increasingly dynamic global market, the changes regarding the distribution channel, the marketing services and the customer relationship management representing the key elements in this respect. In this context, the hotel market in Romania acquires new dimensions, its performance depending on the strong influence that the implementation of the newest informational technologies has on it, determining important changes at both the management and the operational level.*

**Key words:** *hospitality industry; information and communication technology; performance*

**JEL Classification:** *L83, M15, O33*

### I. INTRODUCTION

In a continuously changing global society, the information and communication technology evolution has been, over time, a key factor to economic development. This radically transformed the worldwide tourism industry, offering new development perspectives, especially in terms of increasing organizational competitiveness. For the hospitality industry in particular, the Internet contributes significantly to the distribution on the widest possible scale of information regarding the offered products and services, but also to facilitate their merchandising process. According to a Google report, in 2013, the Internet accounted for 80% of the tourists as the main source of information when planning a holiday, online sources also presenting the highest degree of confidence for them. This preference comes from the fact that the Internet enormously facilitates the information process; thus, when tourists turn to an online travel agency, 43% of them already know exactly where they will travel and what services they will choose.<sup>2</sup>

The sharp expansion of Social Media transforms the tourist experience even more, the interaction between hotels and tourists becoming more and more accentuated. Social Media channels deliver information about tourists' consumption behavior, which leads to a better correlation of the supply to market requirements. In addition to that, Social Media represents the newest marketing tool, promotion thus made being often considered as very effective due to the rapid spread of information in the online environment through „word-of-mouth“. Currently, the average penetration rate of Social Media in developed countries is of approximately 44%, while in emerging states it reaches 29%.<sup>3</sup>

<sup>2</sup> *Google Report: The 2013 Traveler*, noiembrie 2013, pp. 10-13

<sup>3</sup> [http://www.eyefortravel.com/sites/default/files/rsz\\_2travel\\_social\\_media\\_%26\\_mobile\\_infographic\\_v4x.jpg](http://www.eyefortravel.com/sites/default/files/rsz_2travel_social_media_%26_mobile_infographic_v4x.jpg)

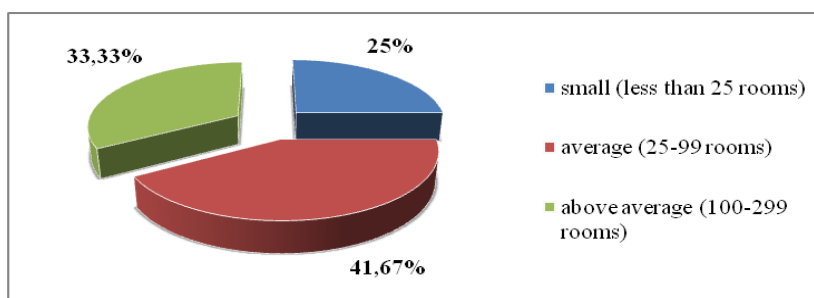
Now, however, emphasis increasingly drops on the mobile segment, which is booming thanks to the growing number of smartphone users. In the context of transformations taking place in the global society, changing living standards and the rapid expansion of the mobile telephony segment both in terms of coverage and especially in terms of the development of smartphones, mobile applications become more and more widespread in all areas. In 2013, 20% of total sales in the tourism industry were due to the mobile segment.<sup>4</sup>

**II. MATERIAL AND METHOD**

In the context of increasingly accelerated technological progress, the success of a more and more significant number of worldwide companies depends to a great extent on the implementation of the information and communication technology. For the hotel industry, where performance broadly means attaining the highest possible level of satisfaction for customer requirements, this becomes a desideratum, turning into a real tool for offering new dimensions to the tourist experience. The hotel market in Romania, which is currently expanding seriously, meets new development perspectives due to the implementation of the information and communication technology, mainly with the aim of increasing the managerial and operational activity's efficiency. The information and communication technology implementation in the hospitality industry in Romania can be dimensioned starting from a study regarding the existing relationship between this and the performance of hotel units in the current economic context.

The study was conducted among the most important hotel units in the country and consisted of a questionnaire regarding the use of the information and communication technology for the managerial and operational activity and its impact on obtained performance.

Units included in the study are both independent hotels (58.33%) and hotels that are part of a hotel group (41.67%). 40% of hotel units included in the second category conduct their business under a management agreement, the percentage of hotels operating under a franchise agreement being identical. The remaining 20% of the units affiliated to a hotel group are owned by it, the obtained results confirming the existing global preference for operating hotels under management or franchise agreements. With regard to hotel units' structure by size, this is proportional, as shown in the following figure:



**Figure 1 – Hotels' structure by size**

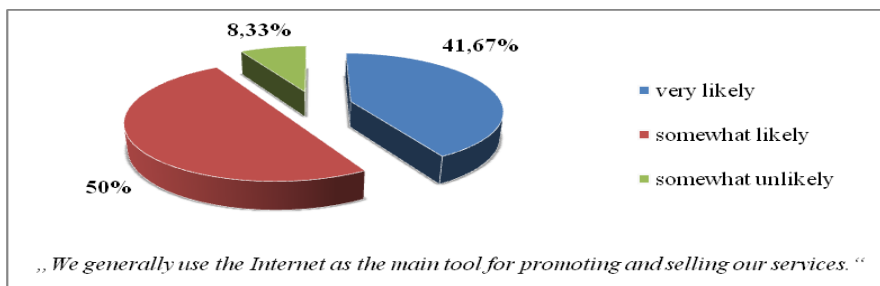
The study takes into consideration units classified according to current regulations at two stars (16.67%), three stars (25%), four stars (33.33%) and five stars respectively (25%). Out of these, 58.82% mainly address to the business clientele, while the remaining 41.18% aim individual, leisure clients as target segment.

**III. RESULTS AND DISCUSSIONS**

The global spread of the Internet represented an important step in the radical transformation of the tourist experience, and the information and communication technology progress has significantly contributed to improving the quality of services, but also to increasing the competitiveness of companies in this economic sector. The use of the Internet has revolutionized the hospitality industry, primarily through the distribution channels, e-commerce having a major effect on the way reservations are made. The conducted study reveals that for most of the hotel units in Romania, the Internet is the most popular form of communication with clients when it comes to offered services, approximately 92% of respondents saying that the statement “We generally use the Internet as the main tool for promoting and selling our services.” fits them to a large and very large extent. The result is not at all surprising, given that the use of the Internet brings major benefits both for hotel units, through

<sup>4</sup> [http://www.eyefortravel.com/sites/default/files/rsz\\_2travel\\_social\\_media\\_%26\\_mobile\\_infographic\\_v4x.jpg](http://www.eyefortravel.com/sites/default/files/rsz_2travel_social_media_%26_mobile_infographic_v4x.jpg)

reducing marketing costs, and also for clients, who thus have the opportunity to inform and even make reservations easy and fast, without having to resort to the help of intermediaries.

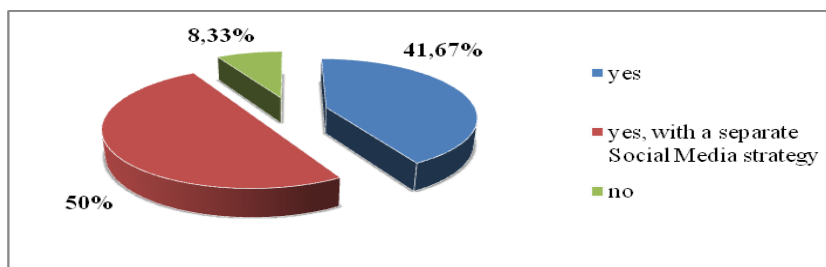


**Figure 2 – The use of Internet as the main tool for promoting and selling hotel services**

The use of the Internet has brought along new products and services, new ways of managing the tourism activity and businesses in the area and, even today, determines a continuous optimization of the acquisition and tourism services’ promotion processes. Selling tourism services increasingly moves in the online environment, this fact having a strong impact on obtained performances. Thus, in Romania, for more than 90% of the hotel units included in the study, the business volume has positively modified with the implementation and the expansion of the information and communication technology at the market communication activities level.

According to the conducted survey, the most important distribution channel for the hospitality industry is represented by the online travel agencies (OTAs). However, Romanian hoteliers say that classic travel agencies fall on the second place in the ranking of distribution channels by the number of generated reservations, followed only then by other online tools, such as the official websites of hotels, Social Media channels and mobile applications. These results can be justified by the fact that many of the hotel units in Romania do not allow making reservations on their websites and they do not have dedicated mobile applications. In terms of customer relationships, most respondents claim that the information and communication technology contributes directly and appropriately to increasing their loyalty, the more that it can now be discussed about a more and more high-tech global society.

Globally, at the level of the year 2011, it was estimated that more than 50% of leisure trips and more than 40% of business travels are booked online.<sup>5</sup> Thus, a key issue in terms of achieving performance in the tourism industry and beyond is promoting offered products and services, as numerous tools can currently be used in order to optimize this activity. The conducted study reveals that, for the hotel market in Romania, e-mail marketing is the most important, followed by search engine marketing and only then by classic marketing, as a sign that the marketing activity in the online environment is becoming more and more efficient. For this reason, it is not surprising that hotel units define online marketing strategies as part of their development strategies. Approximately 42% of respondents say that they already have an online marketing strategy, while another 50% claim that, in addition to this, they have a separate strategy regarding Social Media channels, which become more and more popular in recent years.



**Figure 3 – The existence of an online marketing strategy**

In a global society where the spread of the Internet is increasingly growing, online marketing becomes extremely important for hotel units, which can thus address to very different and diverse segments of consumers, without geographical distances, the main barrier in this case, to represent an impediment. For this reason, the awareness over the importance of an online marketing strategy entails the allocation of a more significant proportion of the marketing budget for this purpose. Thus, the conducted study shows that approximately 58% of

<sup>5</sup> WTTC Travel & Tourism 2011, p. 22

considered hotels allocate between 10% and 50% of their entire marketing budget to the online marketing segment.

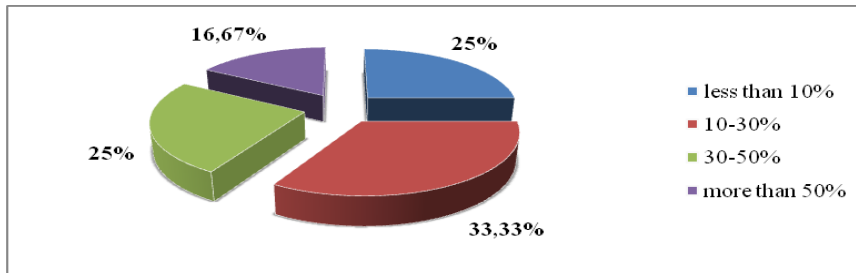


Figure 4 – The proportion of the hotel’s marketing budget allocated to the online marketing segment

Social Media, an increasingly used concept, currently constitutes a major opportunity for the hospitality industry, successfully contributing to developing marketing campaigns. Social Media provides essential information regarding the consumption behavior of tourists, but also regarding their requirements and expectations. Whether information is obtained through specialized review websites, through blogs, through forums or even through social networks, all these become a real marketing tool designed to help companies adapt their supply to the market requirements, so that tourism products and services match the needs of a much larger number of tourist segments. Obtaining information through tracking tourists’ online activity (for example, comments on review websites or tourism blog posts) can help improve existing services or even developing new ones which are either responding to a need not covered on the market, or bringing significant competitive advantages by improving quality. With regard to the use of Social Media for promoting services in the hotel industry in Romania, the situation is as follows:

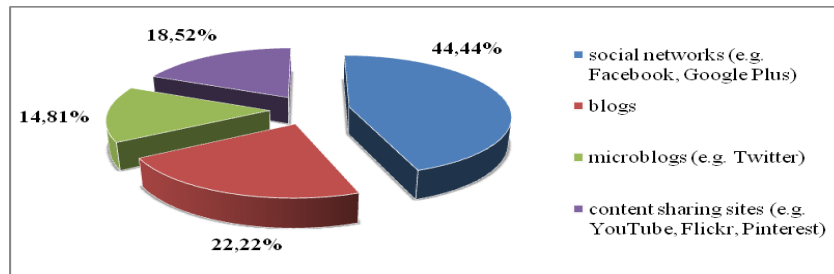


Figure 5 – The use of Social Media channels for marketing purposes

75% of respondents believe that their Social Media presence has greatly contributed to improving offered services, but also communication with clients. Out of Social Media channels, social networks (e.g.: Facebook, Google Plus) and microblogs (e.g.: Twitter) are the most frequently used, as they prove to be really helpful in terms of interaction between hotel units’ management and clients. An increasing frequency of posts on these channels significantly contributes to increasing hotels’ brand awareness, and also customer loyalty through maintaining regular contact with them and promoting new products and services. Thus, in Romania, the study shows that 58.33% of hotel units post several times a month, while 25% of them post even daily, thus trying to maximize the benefits of using Social Media channels.

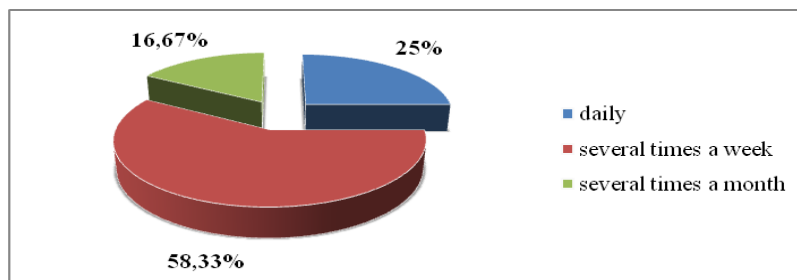


Figure 6 – Posting frequency on social networks and microblogs

On an increasingly competitive market, communication with clients becomes a desideratum, offering clear indications on customers' requirements and demands and, implicitly, on ways of attracting them and increasing their loyalty. Clients' feedback turns into a real tool to achieve performance, allowing hotel units to adapt their offer to market demands, so that this can become as attractive as possible, but also to correct possible mistakes regarding offered services. Thus, results of the conducted study are justified, showing that 83.33% of surveyed hoteliers consider the existence of a feedback section within their own website as being very important, the rest of them considering this as rather important. Besides, for 66.67% of the hotel units included in the study, the information and communication technology contributes to a large and very large extent even to remedying and/or solving the issues and deficiencies identified by customers.

According to the results of the conducted study, out of the information and communication technology tools, Romanian hoteliers believe that the greatest contribution in terms of improving customer relationships through obtaining their feedback lies into specialized review websites (e.g.: TripAdvisor, Yelp), followed by social networks and dedicated mobile applications. Microblogs and blogs, but also media content sharing websites (e.g.: YouTube, Flickr, Pinterest) have the lowest intake in this regard.

Obviously, the absence of hotel units from the online environment is currently unconceivable, and main issues taken into consideration in this respect were ranked by respondents according to their importance regarding the company's visibility as follows: the existence of a feedback section within their own website, the promotion of special offers and the interaction with customers (including the management of eventual complaints), systematic information updates, the organization of online contests, with prizes.

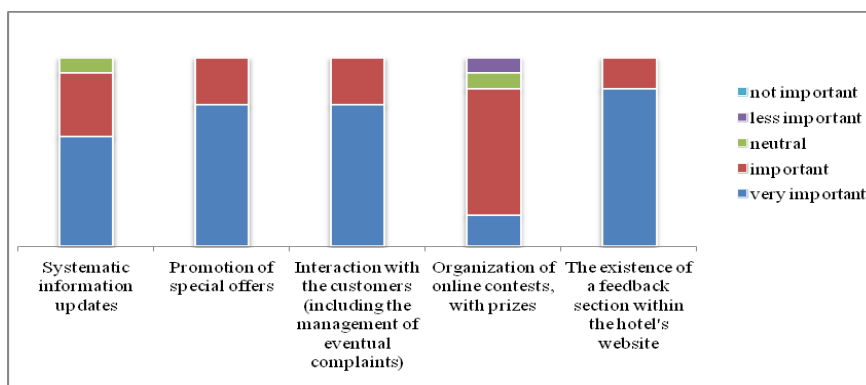


Figure 7 – Key aspects regarding a hotel's presence in the online environment

At present, the mobile segment offers new opportunities for companies in the tourism industry, thanks to the growing rate of smartphones and tablets use. Following this, according to a recent study, globally, 65% of surveyed companies allocate 25% of the marketing budget to the mobile distribution marketing strategy, 20% of tourism companies rely on mobile telephony for direct sales, while 25% of them use mobile telephony as a tool for increasing brand awareness.<sup>6</sup> According to the latest statistics, tourists not only prefer to purchase travel products and services through mobile devices, but, in addition, they choose to use dedicated mobile applications more often than mobile versions of the websites. Thus, for companies in the tourism industry and especially for the hospitality industry, developing mobile applications not only represents an effective way to increase sales volume, but also a way to create ties with customers, who mainly appreciate the fact that these applications provide personalized experiences (by storing personal data, preferences etc.). However, the market in Romania seems to be still insufficiently developed in this regard, most of the hotels included in the study (66.67%) not having a dedicated mobile application.

#### IV. CONCLUSIONS

In the context of globalization, the information and communication technology encourages global socio-economic development and represents a prerequisite for balancing the level of information existing on the market and for achieving high performance through created interconnections and, implicitly, through the exchange of value. Success depends not only on the simple implementation of the latest technologies, but also on the existence of the proper framework (the most important role in this respect lies within the intellectual capital)

<sup>6</sup> <http://events.eyefortravel.com/social-media-mobile-report/index.asp>

and on their correct application, according to the companies' characteristics, so as to capitalize strong points and that the achieved competitive advantage be as high as possible.

The hospitality industry, for which communication with clients is essential, currently follows the directions imposed by the development of the information and communication technology, this turning into the key element to achieving the highest possible performances. On the Romanian market, a significantly growing number of hoteliers realize the importance of this aspect, thus already taking into consideration the defining of an online marketing strategy, alongside the allocation of an increasingly important budget for promoting offered services in the virtual environment or even the development of dedicated mobile applications, in response to the latest trends existing globally. In addition, it becomes more and more obvious that achieving the highest possible level of performance in this area is almost impossible without a careful customer relationship management, which can be done more efficiently by using the tools provided by the information technology. Consequently, the existing relationship between the implementation of the information and communication technology and an accentuated and sustainable development of the hospitality industry in Romania is a direct one, with strong implications on the entire national economy and, why not, even on the global one.

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