

## CASE STUDY AT THE "OVIDIU" PENSION ABOUT TOURISM AND / OR AGROTOURISM'S ECONOMY AND MARKETING IN "VÂRTOP-ARIEȘENI" AREA IN APUSENI MOUNTAINS

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### Abstract

When we talk about the economy we inevitably think about profit. Desideratum is valid for tourism and agrotourism activity. To illustrate this we used a case study that I conducted at the "Ovidiu" pension from Vârtop - Arieșeni area in Apuseni Mountains. "Ovidiu" pension was built in 2007, and in January 2008 began to receive tourists. Construction is built on four levels and comprises 9 rooms with a capacity of 18 places. The pension's owner chose the Vârtop - Arieșeni because he knew its tourism and agrotourism potential, being born and living near this extremely beautiful area. Vârtop- Arieșeni area has a wide-range of attractions to facilitate tourism and agrotourism development. So, are worth remembering: Groapa Ruginoasă, Cetățile Ponorului, Vârciorog Fall, Piatra Grăitoare, Sfânta Treime Falls, Vârtop Glacier, Glacier Scărișoara and many others. In terms of geography, settlements in this area are located at altitudes high enough, the Arieșeni village having in center an altitude of 825m, with households at altitudes up to 1250m. Wonderful scenery and numerous touristical objectives have made that this area to be visited by many tourists in summer and in winter. Following the study, we identified the number of tourists who visited the pension from 2008 to date, the expenses that the pension had in the same period and the incomes realised. Performing their activity based on the latest management principles and assuming the risks inherent in the market economy, the owner has obtained good results so far, resulting in profit in the whole period of operation of the pension.

**Key words:** case study, incomes, expenses, profit.

Obtaining profit is the purpose of any activity in a market economy. Desideratum is valid for tourism and agrotourism activity. To illustrate this we used a case study, the subject of this study being Ovidiu pension in Vârtop.

Chosen example is a unit that was created specifically for this purpose and has become the employer's own funds, who appealed to a bank loan.

Ovid Pension was built in 2007 and includes:

- unfinished basement;
- first floor, which includes a living room with kitchen that has a capacity of 36 seats equipped with stove, refrigerator, microwave, crockery, cutlery, glasses etc.; also on this level there is a room endowed with bathroom, a hall and a service bathroom
- the second floor, comprising four rooms, each endowed with bathroom and TV, three of them having also a balcony;
- third floor, which includes also four rooms with bathroom and television, of which three have balconies.

In total the pension is composed of nine rooms with a capacity of 18 places.

The basement is built of reinforced concrete, level at which is now working with financing from own funds obtained from company profit in two years (2008-2009). This level will include a catering unit - Cellar, consisting of two rooms, a lounge and a kitchen with all utilities.

Pension's walls are made of BCA with reinforced concrete structure with resistance to natural disasters. The exterior is covered with decorative plaster and wooden balconies. The roof is of wood, with covering of metal tile.

Hallways, bathrooms, living room are fully tiled and covered with tiles. Bedrooms have wooden parquet flooring (beech and oak).



Figure 1 Ovidiu Guest House

## MATERIAL AND METHOD

To make this work I made a research trip to the place, where I chatted with the owner of the guesthouse, who, based on daily records (on objectives and activities), expeditious or vitals analysis, he provided the data required to complete the study. Owner holding a strict record of all expenditures and revenues, it was easy to determine the profitability of the enterprise. Also, to make this work I appealed to the most recent bibliographic sources in the domain.

## RESULTS AND DISCUSSIONS

In this paperwork we will analyze the financial results for the period 2008 to April 2010. We will appreciate the final result bringing face to face the expenditure, on one hand, and revenues on the other side.

Benefitting of a strict record of expenses and income that the pension's owner seeks, it was easy to follow and analyze the effectiveness of the manager.

At the expenditure indicator we have included all amounts used for various purposes, which we grouped as follows:

- Labor expenditure
- Electricity expenditure
- Heat expenditure
- Expenditure for maintenance and pension's cleaning
- Expenditure for modernization
- Expenditure for food supply

- Expenditure for procurement of various materials and objects necessary for proper functioning, in general, of the pension
- Credits.

Please note that the expenditure is taken daily, targets and activities and a monthly, quarterly, half yearly and annual tests are expeditious and that serve the managerial background. The structure of expenditures, the highest share occupied it in labor costs and loans (tab. 1, fig.2).

We can see that the expenditures has not changed too much in the years studied.

In the volume of expenditures the largest share have the labor costs - 39.2%, followed by the expenditure with the loan - 27,2%, the electric and thermal energy - 11,9%, food supply - 11,4%, other expenditures - 10,3%.

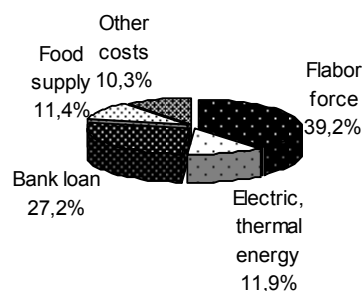


Figure 2 Total expenditure structure, average 2008-2009 (%)

Source: Processed data from the records of the Ovidiu pension from Vârtop locality

Table 1

Total expenditure structure

Expenditure type	Years					
	2008		2009		January - April 2010	
	Total lei	%%	Total lei	%	Total lei	%
Labor force	43200	8	43200	40	14400	45
Electric energy	8400	7	7800	7	2600	8
Thermal energy	5000	5	5000	5	1667	5
Maintenance and cleaning	7200	6	6600	6	2200	7
Food supply	14400	3	10800	10	-	-
Consumables	4800	4	4200	4	1400	4
Credits	30000	7	30000	28	10000	31
Total	113000	100	107600	100	32267	100

Source: Processed data from the records of the Ovidiu pension from Vârtop locality

Table 2

Income volume and structure

Source	Years					
	2008		2009		January - April 2010	
	Total lei	%	Total lei	%	Total lei	%
Tourists accommodation	234306	89	195768	90	57600	100
Tourists meal	28800	11	21600	10	-	-
Total	263106	100	217368	100	57600	100

Source: Processed data from the records of the Ovidiu pension from Vârtop locality

Income from catering accounted for only 10-11%, which expresses the fact that the meal is done only on request and for groups. Most percent 89-90% comes from the accommodation of tourists.

**Pension’s capitalization**

The profit, in essence, is calculated as the difference between revenue and expenses. Using profits has in view economic increase and

development. The same goal was pursued by the Ovidiu pension owner.

Performing their activity based on the latest management principles and assuming the risks inherent in the market economy, the owner has obtained good results so far, resulting in the profit over the period of the pension’s operation (tab. 3, fig.3.).

Table 3

**Profit of Ovidiu Pension, realized during the period 2008-2010**

Years	2008	2009	January - April 2010
Total expenditure – lei	113000	107600	32267
Total income – lei	263106	217368	57600
Gross profit	150106	109768	25333
Gross profit rate - %	132,84	102,02	78,51

Source: Processed data from the records of the Ovidiu pension from Vârtop locality

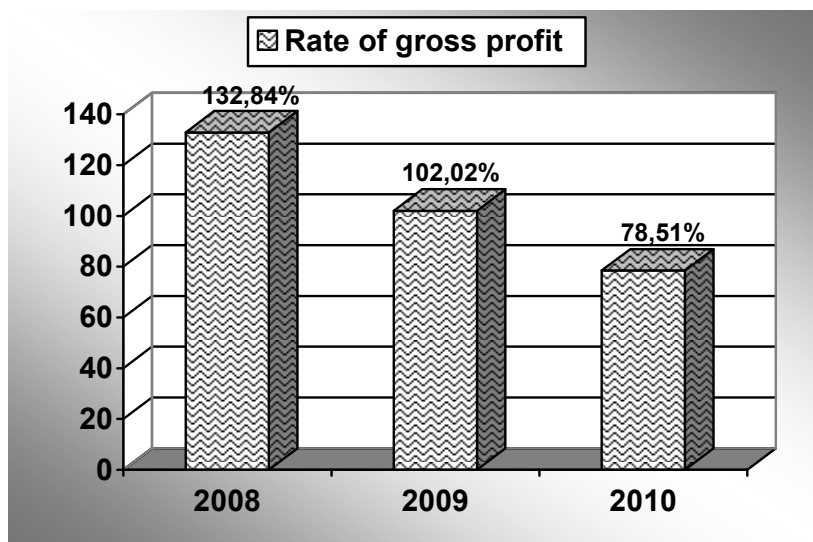


Figure 3 The profit rate at Ovidiu Pension during the period 2008-2010 (%)  
Source: Processed data from the records of the Ovidiu pension from Vârtop locality

**CONCLUSIONS**

The main conclusion that comes off this work is that throughout the entire analyzed period, pension gets profit, less encouraging is that the profit obtained in 2009 is lower than that obtained in 2008. 2008 was the best year economically in both national and at the guesthouse studied, registering a significant growth. Unfortunately 2009 was not as rich’ the economic crisis is feeling at the Ovidiu pension too. The beginning of 2010 is even weaker, the owner resorting to tariff reductions, and in April concludes a contract with a company that has placed the workers to work in the area studied for a period of four months, offering accommodation at a rate of 60 lei / room, the pension is 90% occupied during this period.

The higher revenue was achieved in 2008 in the amount of 263,106 lei, and in 2009 revenues recorded were worth 217,368 lei, 45,738 lei less than last year as a decrease of tourists’ number

Total expenditure in 2008 amounted to 113,000 lei, in 2009 were slightly lower - 107,600 lei, and in the first four months of 2010, their value was 32267lei.

From the profits made in 2008-2009, the owner currently invests in the basement: building a wine cellar consists of two rooms, lobby and also there will be a kitchen on this level. The investment amounts to 20 000 lei and consists in finishing, clad in stone, insulation, plastering, painting.

Also, the owner takes into account external developments to be carried out in the coming months and consist in building a terrace, a

children's playground, benches and a filigorie. Spending on outdoor facilities amount to 15 000 lei. So the total investment amounts to a value of 35,000 lei.

Pension's employer manifest optimism and believes that may be an example for other entrepreneurs who wish to expand tourism and agrotourism activity in Romania, with the condition to be stimulated and protected by appropriate legislation.

From the study case realised comes off the general conclusion that practicing tourism and agrotourism in the study may provide an important source of income. At the same time, we need to start a knowledge activity of pension and the area by potential tourists (area, access possibilities, transport, accommodation, meals, prices, skiing nearby, organizing trips to sights, etc. ), so that eventually the pension to create loyal customers who come to the hostel every year or season.

Promotion actions should be a permanent concern of the hostels's owners in the area studied.

Also, the quality of touristic services must be a key element of the tourist and agrotourist offer.

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