

FORECASTING IN TOURISM - IMPORTANT COMPONENT OF THE PLANNING PROCESS

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ABSTRACT

Forecasting is a very complex concept which is to meet people's curiosity about the systematic knowledge of the future. Forecast predicts probable development of processes and phenomena from the achievements of the previous period, the trends outlined and taking into account changes expected to occur.

The purpose of the paper is to capture the importance of interest made in macroeconomic forecasts that focus on aspects of tourism demand and some aspects of supply.

Keywords: globalization, production, strategies, relationship, transition

JEL Classification: L83, L88, O18, P25, R11

1. Introduction

Forecasting is a subject that fascinates many people who are interested in the economics of tourism. Estimates of future demand at destination level are very important in managing and planning tourism development and the necessary investment. However, forecasting in the tourism sector is not an easy job.

The tourism economists have developed forecasting models to predict travel demand for every major global market and particular traveller segments. More important, these models have established proven track records for accuracy. The reason is straightforward and the models are firmly-rooted in the economic fundamentals of origin markets along with the changing dynamics of the tourism industry and traveller preferences.

2. A general view on forecasting international tourism

In the process of planning, forecasting occurs in step "detailed research and analysis" and the stage of "synthetic" is expressed when the estimated amount that is intended to reach through the plan.

Tourism forecasting methodology includes all methods used in the forecasting process. This methodology must be scientific because it can only obtain useful results. Despite its important role, the activity of forecasting tourism does not enjoy

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unanimous recognition of its importance in the planning process and in formulating macroeconomic policies. This is because first, most short-term forecasts are made and therefore can not be a support for strategic planning and forecasting methodology on the other hand tourism is less developed than other economic sectors.

Under the name "Tourism 2020", WTO established a long-term forecast of tourism demand in making an assessment of its development until 2020. It is a quantitative forecast covering 25 years (taking the base year 1995) and decomposes the flow in the 6 areas worldwide travel destination: Europe, Americas, East Asia and Pacific, Africa, Middle East and South Asia. Despite the fact that tourism development in recent years has been irregular, UNWTO maintains this long-term vision, based on experience that periods of strong growth (1995, 1996, and 2000) are followed by periods when growth is slower, but the general trend remains almost unchanged.



Fig. 1 Forecasting on tourism development OMT 2020

WTO forecast for 2020 (fig. 1) provides a number of arrivals 1.56 billion, of which 1.2 billion will be intraregional and 0.4 billion travel long distances. Analyzing the total number of arrivals by region shows that the most important areas are receiving be: Europe - 717 million tourists, East Asia and Pacific - 397 million tourists, Americas - 282 million tourists, followed by Africa, Middle East and South Asia. Growth rates of around 5% per year, more than the world average of 4.1% will be recorded in Asia, Middle East and Africa. Europe and America is already highly developed regions in terms of travel to experience growth rates below the global average. Europe will have the highest percentage of arrivals, even if it will fall from 60% in 1995 to around 46% in 2020. International long-distance travel will grow at an average annual rate of 5.4% and intraregional flows in an average of 3.8%. Therefore, if intraregional travel in 1995 accounted for 82% of total international long-distance and 12%, in 2020 the percentages will be 76% to 24%.

When creating a virtual tourism strategy, a clear distinction should be made between the virtual market of products sales and the virtual market of services sales. Within the typical virtual markets, one may work by means of selling products (such as books, flowers, metals, officialdom etc) and with two types of participants: suppliers and customers. The tourism products available within the virtual commerce are, mostly, products intended for current use. Beside the suppliers and the customers within the virtual tourism markets that sell such kind of products, one may also emphasize the presence of some societies that assure support, such as the banks or the companies responsible for delivery.

With new technology, communication and operational costs are reduced and flexibility, interactivity, efficiency, productivity and competitiveness are enhanced. Information technology have been responsible for leading the shift from product-orientated tourism organizations, to more flexible and responsive market-orientated tourism operation, where success depends on sensing and responding to rapidly changing customer needs. We can identify three basic types of networks used in tourism industry:

1. internet facilitates the interactivity of the enterprise and individuals with the entire range of external world through multimedia representations;
2. intranet are closed, secured or 'fire walled' networks within organizations, which harness the needs of internal business users, by using a single controlled, user-friendly interface to demonstrate all company data;
3. extranet utilize the same principle with external computer networks to enhance the interactivity and transparency between organizations and trusted partners.

This development facilitated (Internet and World Wide Web) an unprecedented opportunity for distribution of multimedia information and interactivity between principals and consumers. However, the information available on the Internet has introduced new practices is anticipated that the virtual home and enterprise will emerge. It also empowers the consumer through the provision of tailor-made products which meet their individual needs, so bridging the gap between the consumer and destination in a flexible and interactive way.

The Internet can also strengthen the marketing and communication functions of remote, peripheral and insular destinations, as well as small and medium-sized tourism enterprises, by enabling direct communication with prospective customers. Hence the Internet provides unprecedented and affordable opportunities for the global representation and marketing for both large and small tourism suppliers. Practical it provides unique opportunities for multimedia offer which is address the new consumer of tourism and resolved the follows issues:

1. increase security of transmissions;
2. ensure credibility and accountability of information;
3. secure intellectual property and copyright issues;
4. enhance bandwidth and reduce speed limitations;

5. reduce user confusion and dissatisfaction;
6. provide adequately trained specialists;
7. develop equal access for smaller and larger partners;
8. establish pricing structures for distribution of information and reservations;
9. enhance the standardization of information and reservation procedures.

While the growth in the number of Americans planning trips online has remained relatively stable, there has been strong growth in online travel booking. Indeed, four in ten (41%) online travelers are booking or making travel reservations online. This may include booking an airline ticket, hotel room, rental car or package tour online. Nearly all of those who make travel reservations online say they made reservations for pleasure, vacation, or personal purposes. About three in ten say they made reservations for business or convention purposes.

Other specialists present the following paradigm shifts: from traditional advertising to interactive marketing; and from developing and managing one way information flows in electronic commerce to the tourism industry.

As the Internet increasingly becomes the standard tool for travel planning, travel agencies can use the Internet opportunities not only for promotion, but also for new purposes, such as collecting and researching information and gaining access to new business partners, suppliers, and services. At the same time, the Internet is primarily used as a source of information and product & price comparison instrument, especially in Europe. Not all individuals visiting travel websites also book online, while others, from the very beginning, prefer the personal contact either face to face, or via phone or e-mail.

Use of the Internet by travelers to plan and book their trips continues to grow at a rapid rate. In the United States, according to the Travel Industry Association, more than 75 million online travelers used the Internet in 2009 to get information on destinations or to check prices and schedules. From 2006 to June 2009, online booking showed a remarkable double-digit growth for four consecutive years, with a spectacular 58% growth in 2006, followed by a 25% growth in 2007. While growth of the online travelers market has slowed, the number of online travelers who actually use the Internet to plan trips has remained relatively stable. A majority (67%) of online travelers say they consult the Internet to get information on destinations or to check prices or schedules.

For Romania, the World Tourism and Travel Council has made a forecast for the period 2007-2016 in the "tourism development strategy" that provides average rates of growth for the tourism industry:

- 7.4% contribution to GDP, above average in the EU is 2.4% and the world which is 3.2%;
- 1.7% in terms of jobs in the tourism industry, top EU average is 1.5 % and lower global average which is 1.8%;
- 7.9% for tourism and travel demand and higher EU average of 3.5% and the average global is 4.2%;

- 8.5% tourism receiving higher EU average of 4.3% and world average of 4.9%;
- 6.2% on capital investment, higher EU average of 4.2% and 4.6% global average.

According to these data Romania ranks 174 countries examined in 4 of the growth rates of long-term demand. To these will help improve Romania's image because of NATO and EU accession in 2007. In 2016 states that tourism and travel industry will achieve USD 6.2 billion, reaching a contribution of 2.4% of GDP. Number of people employed in tourism in 2016 will be 315 000 people, i.e. 3.83% of total employment

Also, the Tourism Forecasting Committee (TFC) was established following the Tourism White Paper's initiative to form Tourism Australia (TA). Like its predecessor the Tourism Forecasting Council, the TFC remains an independent body charged with providing present and potential tourism investors, industry and government with consensus forecasts of activity across international domestic and outbound tourism sectors. The resources to run the TFC are provided by Tourism Research Australia (TRA).

According with Tourism White Paper's after several years of strong growth, world economic growth fell to a below trend rate of 3.2% in 2008, featuring a sharp fall in activity in the second half of the year. In the last release of Forecast (in December 2008), the International Monetary Fund (IMF) forecast for world economic growth in 2009 had fallen from trend growth (or around 4.0%), to about half that rate (2.2%). Since then, the world macroeconomic outlook for 2009 has deteriorated, and the rate of decline has been dramatic. In its April 2009 statement, the IMF forecast a contraction in the world economy of 1.3% in 2009, with a return to modest growth of 1.9% in 2010. Further, unemployment is rising sharply in most western economies and is forecast to remain high for some years. Unemployment levels will be a major factor influencing the timing and strength of global recovery.

Forecasts for tourism activity in 2009 for Australia's other inbound markets have been downgraded substantially, including New Zealand, Japan, the United States, the United Kingdom, Germany, Singapore, Malaysia, South Korea and Hong Kong. The largest downward revisions to the 2009 forecast are for Japan (now forecast to decline by 6.6% in 2009) and Singapore (-7.0%).

So, International tourism will continue to face substantial challenges in 2009 and 2010, as only a slow recovery is expected from the current world economic recession. Tourism is directly influenced by economic recessions as discretionary spending is reduced while savings rates are increased in line with low consumer (and business) confidence.

As reported by the United Nations World Tourism Organisation (UNWTO Barometer, January 2009), international tourism increased strongly in the first half of last year (up 5%), but fell by 1% in the second half of 2008 as most of the world's leading economies contracted because of the global financial crisis. Most of the

decrease in arrivals in the second half of the year was reported in Asia and Europe (both down 3%), while growth continued in the Americas, (up 1%), Africa (up 4%) and the Middle East (up 5%). For the same period, international visitor arrivals to Australia decreased by 1.5%.

4. Conclusion

Tourism forecasting has been of great interest to both academics and practitioners for the following reasons. Firstly, the success of many businesses depends largely or totally on the state of tourism demand, and ultimate management failure is quite often due to the failure to meet the market demand.

Therefore, accurate forecasts of tourism demand are essential for efficient planning by tourism-related businesses, particularly given the perishable nature of the tourism product. Secondly, tourism investment, especially investment in destination infrastructures requires long-term financial commitments and the sunk costs can be very high if the investment projects fail to fulfil their designed capacities. As a result, the prediction of long-term demand for tourism related infrastructures often forms an important part of the investment project appraisals. Thirdly, government macroeconomic policies largely depend on the relative importance of individual sectors within a destination. Hence, accurate forecasts of demand in the tourism sector of the economy will help the destination governments in formulating and implementing appropriate medium to long term tourism strategies.

Last but not least, the demand for tourism in a particular destination is one of the key factors that determine the destination's competitiveness; therefore accurate assessment of future tourism demand in the destination will help the destination to position itself on the world market in order to compete with its competing destinations.

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IS EVA AN IMPORTANT FORECASTING TOOL FOR KNOWLEDGE-BASED ORGANIZATIONS IN ECONOMIC CRISES TIME?

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Abstract

Nowadays we may observe that all the economies are passing through financial and economic crisis. How can move from high economic growth in the crisis? Here is a question that sits on many lips. In European Union recession is spreading, not to mention the U.S., where the financial crisis is feeling more acute.

Keywords: forecasting, economic value added, cash flow

JEL Classification: M41, M21, G01

1. Introduction – what happen, way and what can we do in a crisis time?

The world is in financial turmoil. Anyone who has watched the evening news or read the press in the last few weeks is aware of this fact, and it affects everyone. All this happens when the world is facing a serious economic and financial world crisis. In countries that have adopted and where operate relationships based on liberal principles of organizing society, where market economy has been proclaimed a priority for economic development, hundreds of millions of people have become hostages of the banking system, of financial-lending policies and of securities market. Bank deposits, securities - all people savings accumulated for the welfare and future plans - are now in danger.

The effects of financial crisis, which converts every day in a large economic crisis, is spreading with amazing speed, over-and across international markets. Lately economic crisis shown on the world market can be seen in Romania. So both, macroeconomic and the microeconomic level can feel the economic crisis effects. Global economic crisis is rising every day, and Romania starts to feel more and more the economic recession, to which the great economists of the world fail to find the antidote. We can see, on the one hand, the companies that contracted loans for development and for other needs will wake up with inability to pay back these loans, concomitantly with the impossibility of payment of suppliers, especially for those who have to pay in foreign currency.

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