THEINNOVATION PROCESS IN SME'S IN ROMANIA

Gabriela Boldureanu, PhD, Researcher, Department for Interdisciplinary Research in Social Sciences andHumanities, "Al. Ioan Cuza" University of Iași

Abstract: In the actual context of the new economy based upon a knowledge-based society, innovation is one of the key factors ensuring the success of the organization, the increase in productivity, efficiency and effectiveness.

The European Commission initiative "Innovation Union" is a "flagship" initiative in the Europe 2020 strategy and defines a strategic approach to innovation which should be a priority for Europe, for our country and for those who lead organizations.

In Romania, the innovations, the process, the marketing of a product and its organizational aspect - according to the official data from the National Institute of Statistics - showed a decline during the 2010-2012 period compared to the period 2008-2010. This paper will provide a descriptive statistical analysis of the innovation phenomenon in the European Union and Romania, with a view to seeking solutions to re-launch the innovative process in Romania.

Keywords: ***innovation, performance, entrepreneurship, organizations, SME's.***

Introduction

Innovation is one of the core factors of the new economy. In order to rapidly adapt to changes companies must be able to predict new trends in order to set up new businesses, and winning new competitive advantages. This can be achieved through innovation.

Nowadays entrepreneurs must adapt to an increasingly complex and dynamic environment both nationally and globally. The term "global innovation race" was used to highlight the competitive pressure that forces companies to accelerate their rate of innovation in products, services, business models to keep pace with other competitors (Gay, 2014).

In Romania, the innovative process is in decline (INS 2014) as we understand from the data and information provided by the European Commission and displayed in the *InnovationUnion Dashboard* as well as by the National Institute of Statistics in the work *Innovation in the enterprises of the business field during 2010-2012.*

Based upon these resources, the present study highlights the particular situation of innovation in the Romanian SMEs with a view to identifying solutions for the recovery of the innovative process.

Literature review

„*Innovation is the ability of individuals, companies and whole nations to continuously create their desired future*" said John Kao his work „Innovation Nation", 2007. (quoted in Zeng 2010).

Innovation was first described by Joseph Schumpeter (1934), who, in his work "The Theory of Economic Development" defined innovation through five manifestations (Vyas 2009):

1. Creation of new products or significant enhancements of existing products;

2. The use of new industrial processes;
3. New market openings or other new inputs;
4. The development of new sources of raw materials;
5. New forms of business organization.

An innovative company is the company which has implemented an innovation in a certain period of time and the innovative activities are those activities which have a scientific, technological, organizational, financial and commercial feature and which are oriented towards the implementation of innovations. Certain innovative activities integrate novelty while others are only ancillary activities which are necessary for the implementation of innovations (Rânea, Filipoiu, Hadăr, Marin and Badea 2012).

The innovative activities which impact upon the company performances (Atalay, Anafarta and Sarvan 2013) are described in the OSLO Manual (OECD and EUROSTAT 2005). These are very diverse depending on their nature within a company:

- *Product innovation*: the introduction of a new product or service significantly improved in terms of technical, materials and software specifications;
- *Process innovation*: the implementation of a new manufacturing method, of new or improved technologies (key changes in techniques, equipments and/or software);
- *Marketing innovation*: refers to the implementation of a new marketing method involving significant changes in product or packaging design, in product promotion or pricing methods;
- *Organizational innovation*: designates new organizational, management practices in the field of human resources impacting a company's effectiveness and efficiency.

The relationship between innovation and company performance has been extensively studied by researchers (Sorenson and Stuart 2000; Peters 2009; Ortega-Argiles and Moreno 2006; Wei and Liu, 2006; Hall 2005; Boldureanu 2013): innovation can lead to an increase in sales by offering products which through the features they display they can better satisfy their customers' needs; innovation can lead to a reduction in specific consumption and production costs; innovation can bring about a better organization of internal processes that shorten production time and reduces operational risks and so on. (Pîslaru, Păun and Pele 2012).

The main problem identified in the innovation activity is the difficulty in of quantifying the innovation effects because of the long time needed to convert knowledge into economic value, substantial costs and uncertainty that characterizes each stage of the innovation process. (Rao 2008, 633-648 quoted in Petrariu, Bumbac and Ciobanu 2013).

Material and methods

This study is the result of a process of induction and deduction, investigation and critical and comparative interpretation of numerous studies carried out at national and international levels upon the researched topic. In the analysis of the innovative process within the Romanian SMEs studies based upon national and international databases were utilized.

Results and discussions

The performance of the innovation system in the European Union are shown in the Innovation Union Dashboard (CE 2014)represented by eight dimensions and 25 indicators and the member states are classified in four groups on the basis of their average performance in innovation, namely:

1. *Innovation leaders*, whose innovation performance is well above the EU average: Denmark, Finland, Germany and Sweden;
2. *Innovation followers* with innovation performance above the EU average or close to it: Austria, Belgium, Cyprus, Estonia, France, Ireland, Luxembourg, The Nederlands, Slovenia and Great Britain;
3. *Moderate innovators* whose performance in innovation are below the EU average: Croatia, the Czech Republic, Greece, Hungary, Italy, Lithuania, Malta, Poland, Portugal, Slovakia, Spain;
4. *modest innovators* whose performance in innovation is well below the EU average: Bulgaria, Latvia and Romania.

This classification highlights a truth, namely a competitive nation depends on the industry's ability to innovate and upgrade (Porter 1990). In certain countries a series of staff training plans were implemented in order to transfer knowledge, creativity and innovation from companies nationwide (Tan 2015).

We cannot state the same thing about Romania which, according to the above classification, ranks among the modest innovators.

According to the data provided by the National Institute of Statistics (INS 2014), In Romania the product, process, marketing and organizational innovation declined during 2010-2012 as compared to the period 2008-2010:

- Only 4 out of 10 large enterprises and 2 out of 10 middle and small enterprises (IMM) have implemented a new or significantly improved product, process, organizational or marketing method;
- The service sector recorded a lower number of innovations;
- The large enterprises are twice more innovative than the middle and small enterprises. During 2010-2012, the large enterprises with over 250 employees were more innovative then the small and middle enterprises with 10-249 employees;
- 40.1% of the large enterprises were innovative while only 19.8% of the small and middle enterprises were innovative. Compared to the previous 2008-2010 period, the share of large enterprises decreased by 16.3% from 56.4% during 2008-2010 to 40.1% during 2010-2012;
- The same downward trend was also manifested among middle and small enterprises when during 2008-2010 from a 29.7% share of innovative SMEs a share of only 19.8% was reached with a decrease of 9.9%.

The statistical[1] survey results (INS 2014, 3-7) indicate that the share of innovative enterprises in total enterprises by type of innovation (regardless of the other types of innovations), during 2010-2012 is 20.7%. Of these, most have implemented organizational

[1] The data source is a research conducted by INS România on a number of 16.190 enterprises. Of all these enterprises, 9119 enterprises which represented the scope in terms of innovation statistics were selected.

methods – 14.1%, followed by the innovative enterprises which implemented marketing methods – 13.8%. The share of process innovative enterprises is 4.6% while the share of the product innovative enterprises is only 3.4%.

Table 1. The share of innovative enterprises in total enterprises by type of innovation (regardless of the other types of innovation), during 2010-2012

No.	Innovative enterprises by type of innovation	Share (%)
1	Innovative enterprises	20.7
2.	Product innovative enterprises	3.4
3	Process innovative enterprises	4.6
4.	Organizational method enterprises	14.1
5.	Marketing method innovative enterprises	13.8

Source: INS,*Innovation in the business field enterprises during 2010-2012, page 3*

In terms of territorial innovation, during 2010-2012, the most innovative enterprises were located in the Eastern part of Romania, namely the South-East Region 36.5% and 32.2% for the North-East Region. The Central Region followed with a share of innovative enterprises of 21.2%, South-West Oltenia – 19.8% and the Bucuresti- Ilfov Region – 18.5%. The remaining regions displayed lower shares, between 12-14%.

Table 2. Innovation in the territorial field

No.	Development region	Innovative enterprises/types of innovations (%)			
		Innovative	Only with product/process innovations	Only with organizational and/or marketing innovations	With product and/or process innovations and with organization and/or marketing innovations
1	North-West	12.0	0.3	8.9	2.8
2	Center	21.2	2.8	14.2	4.2
3	North-East	32.2	1.1	25.8	5.3
4	South-East	36.5	6.1	18.5	11.9
5	South Muntenia	17.3	1.4	11.7	4.2
6	Bucuresti-Ilfov	18.5	2.0	12.6	4.0
7	South-West Oltenia	19.8	0.4	18.4	1.0
8	West	14.4	0.9	12.0	1.5

Source: INS,*Innovation in the business field enterprises during 2010-2012, page 6*

Of these, the most numerous innovative enterprises which implemented product and/or process innovations are located in the South-East Region (6.1%) and in the North-East Region the largest share comprises enterprises which implemented organization and/or marketing innovations (25.8%). The largest share of product and/or process innovative enterprises and the organizational and/or marketing innovative enterprises is to be found in the South-East Region.

Concerning the innovative small and middle enterprises, according to the research conducted by the National Institute of Statistics (INS 2014, 6) we have found that:

-the most numerous innovative SMEs were located in the South-East Region 36.1% and the North-East Region 31.7%;

- the region with the fewest innovative SMEs (11.4%) was the North-West Region;

-the South-East Region recorded the highest number of product innovative SMEs - 6.5%, and process innovative SMEs – 16.0% and organization innovative SMEsc – 26.8%;

- the North-East Region has recorded the highest number of marketing innovative SMEs – 22.2%;

- a share of 0.4% of the South-East and North-East SMEs had issued new products on the market and 1.5% of the South-East Region SMEs had issued new products only for enterprises.

A different analysis deals with the share of the innovative enterprises involved in cooperation, by size classes, activities and partners during 2010-2012.

Table 3. The share of innovative enterprises involved in cooperation, by size classes, activities and partners during 2010-2012

No.	Type of partner	Enterprises				Activities	
		Total	Small	Middle	Large	Industry	Services
1	Any type of cooperation	7.4	5.7	6.9	22.5	9.0	5.1
2	Other enterprises within the group	2.0	0.8	2.3	11.7	2.5	1.4
3	Providers of equipments, materials, components or software	5.3	4.2	4.3	18.0	6.9	3.1
4	Public customers or buyers	3.5	2.2	4.0	12.3	4.0	2.8
5	Private customers or buyers	-	-	0.1	-	-	-
6	Competitors or other enterprises from the same acitivity field	1.0	0.4	1.6	4.8	1.0	1.1
7	Consulting, commercial laboratories, private R&D institutes	2.6	2.0	2.6	7.9	3.3	1.6
8	Universities or other higher education institutions	1.5	0.7	1.6	7.7	1.6	1.3
9	Public administration,	2.3	1.4	2.6	9.2	2.5	2.1

	private or public research institutes						

Source: INS,*Innovation in the business field enterprises during 2010-2012, page 5*

We notice that during 2010-1012 only 7.4% of the innovative enterprises had cooperation agreements to achieve innovative activities. Of these, the share of SMEs is 12.6% and the share of large enterprises is 22.5%.

The main cooperation partners of the innovative SMEs were the providers of equipments, materials, components or software (8.5%), followed by public customers or buyers (6.2%) and the consulting companies, commercial laboratories private R&D institutes (4.6%) and the universities or other higher education institutions occupy a share of only 2.3%.

On economy sectors, the share of industry innovative enterprises which cooperate with other enterprises, institutions is larger than the one of service innovative enterprises.

Compared to the situation of innovative enterprises during 2008-2010, according to the research conducted by the National Institute of Statistics during 2010-2012, a decline in the innovative activity is noticed.

The main issues identified by entrepreneurs which block the entrepreneurial activities are as follows: the lack of funds, too high innovation costs, goods and services market dominated by large enterprises, fluctuating demand of innovative products and even the difficult access to information concerning the market and the new technologies.

Conclusions

Since entrepreneurship is the action of promoting innovation, this decrease in the innovative potential of Romanian enterprises highlights the phenomenon of inhibition of the entrepreneurship initiatives.

In order to revitalize the entrepreneurship spirit and the innovative actions of the Romanian SMEs, the following actions should be focused upon:

-the development of networksand consulting centers, information and support centers for SMEs in the field of innovation;

- the stimulation of financing SMEs innovative business from their own funds or from EU funds;

- the development and implementation of research, development and consultancy programs for SMEs to provide viable solutions on improving the performance of SMEs through innovative actions;

- the support of the creation and development of cooperation among SMEs, research centers and universities, training organizations, financial institutions and consulting companies;

BIBLIOGRAPHY:

Atalay, Murat, Nilgun Anafarta, Fulya Sarvan. 2013. ”The relationship between innovation and firm performance: An empirical evidence from Turkish automotive supplier industry”*Procedia - Social and Behavioral Sciences,* 75: 226 – 235

Boldureanu, Daniel. 2013. ”Performance Indicators of Human Resources in Health Organization”, *Analele Universităţii Ovidius, Seria: Ştiinţe Economice*, Constanţa, ISSN 1582- 9383, Vol. XIII, Nr. 1, 2013, pp. 712-715.

Comisia Europeană. 2014. *Tabloul de bord al Uniunii inovării. Tabloul de bord privind performanța inițiativei „O Uniune a inovării" în materie de cercetare și inovare*http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014-summary_ro.pdf

Gay, Brigitte. 2014. ”Open innovation, networking, and business model dynamics: the two sides”*Journal of Innovation and Entrepreneurship*, Springer. **4**(2)

Hall, Bronwyn H. 2005. ”Exploring the Patent Explosion.” *The Journal of Technology Transfer*, Springer. vol. 30(2_2): 35-48.

Institutul Național de Statistică. 2014. *Inovația în întreprinderile din mediul de afaceri în perioada 2010-2012*, Comunicat de Presă nr. 178 din 28 iulie 2014.

Institutul Național de Statistică. 2014. *Evoluția IMM-urilor din România în perioada 2010-2013*. http://www.insse.ro/cms/files/publicatii/pliante%20statistice/IMM_01_2014.pdf

OECD, EUROSTAT. 2005. OSLO Manual, *Guidelines for Collecting and Interpreting Innovation Data, 3rd Edition*, The Measurement of Scientific and Technological Activities, OECD Publishing, Paris, http://www.oecd.org/science/inno/2367580.pdf

Ortega-Argiles, Raquel and Moreno Rosina. 2007. ”Firm Competitive Strategies and the Likelihood of Survival. The Spanish Case.” *Discussion Papers on Entrepreneurship*, Growth and Public Policy N.0507. Max Planck Institute of Economics, Jena.

Peters, Bettina. 2009. ”Persistence of innovation: stylised facts and panel data evidence.", *The Journal of Technology Transfer*, Springer. 34(2): 226-243.

Petrariu, Ioan Radu, Robert Bumbac and Radu Ciobanu. 2013. ”Inovarea: calea către competitivitate și creștere economică. Cazul țărilor din Europa Centrală și de Est”, *Economie teoretică şi aplicată. Vol* XX. 5(582): 13-25.

Pîslaru, Dragoş Nicolae, Cristian Păun and Dan Pele. 2012. *Rolul sectorului privat în dezvoltarea competiției în sistemul cercetării-dezvoltării și inovării,* 30. București, Editura Economică București.

Porter, Michael E. 1990. The competitive advantage of nations. *Harvard Business Review*, *68*(2): 73–91.

Rânea, Constantin, Ioan Dan Filipoiu, Anton Hadăr, Alexandru Marin and Dan C. Badea. 2012. *Bazele managementului inovării și transferului tehnologic,* 12. București:Editura București.

Sorenson Jesper B. and Stuart Toby E. 2000. ”Aging, obsolescence and organizational innovation.” *Administrative Science Quarterly*. 45: 81-112.

Tan, Runhua. 2015. ”Contradiction-oriented problem solving for innovations: five opportunities for China's companies” *Journal of Innovation and Entrepreneurship, Springer*,**4**(3)

Vyas, Vijay. 2009. *Innovation and new product development by SMEs*: An investigation of Scottish food and drinks Industry, PhD Thesis 9: Edinburgh Napier University

Wei, Yingqi and Liu Xiaming. 2006. ”Productivity Spillovers from R&D, Exports and FDI în China’s Manufacturing Sector”, *Journal of International Business Studies.* 37: 544-57.
Zeng, L. Tina. 2010. Book Review, John Kao, Innovation Nation: How America Is Losing Its Innovation Edge, Why It Matters, and What We Can Do to Get It Back, Free Press, 2007, *International Journal of Communication*, 4: 1136-1138

BOOKING.COM OR TRIPADVISOR. WHAT THEROMANIAN HOTELS CHOOSE?

Andreea Maha, PhD Student, ”Al. Ioan Cuza” University ofIași

Abstract:The purpose of the present research is to analyze how the Romanian hotels perceive their presence on two of the most famous booking websites, Booking.com and TripAdvisor. It aims to analyse the use of social media by the Romanian hotels and the aspects influencing the decision making process when they choose between Booking.com and TripAdvisor.Both of them are websites specialized in offering booking services but we can identify some differences regarding the perception of the Romanian hotels about them. Furthermore we would like to highlight the importance of the online reviews for the hotel reputation.

Keywords:*online reputation, Booking.com, TripAdvisor, hotels, Romania*.

JEL Classification: L83

INTRODUCTION

Tourism websites like Booking.comand TripAdvisor are nowadays important tools for travelers when deciding which hotels to stay in, and what restaurants and tourist attractions to visit. Travel industry is one of the first and successful industries to use Internet for this purpose and studies show that online travel sales keep growing. With a 16% share, hotel accommodation is the second largest sales item after air travel among online travel sales and revenue generated through online hotel booking increases (Marcussen 2009). The contents on such travel websites is user-generated, thus giving access to the opinions of many individuals. When contributing opinions to the travel websites, users typically select grades for a number of aspects (cleanliness, location, etc), and additionally add a textual review. During subsequent search, giving a particular location, users get a ranked list of hotels, where ranking is based on the grades given by previous travelers. It is also possible to get the hotels and other sites marked on a map.

Hotels as a customer-based service is an area where multiple factors may impact customer sentiment. For instance noise, nearby construction, weather, even customer expectations. Such events may influence the overall sentiment at any given time, creating a dynamically changing sentiment. Managing to identify why changes occur in such a setting, may provide both customers and hotel owners’ valuable information regarding the interpretation of large amounts of opinionated data.

It has been reported in many cases that Word of Mouth (WoM) is very effective marketing tool. In hotel industry, most customers choose hotels based on recommendation of a friend and industrial report shows that word of mouth is one of the important factors in hotel selection decision (Barsky & Nash 2008). Word of mouth of the product has long been discussed as the free marketing tools of the products. This medium of marketing is more convincing than traditional marketing tools as people experiencing the product information has no incentive to spread wrong information about the product. It has been found that WoM marketing was seven times as effective as newspapers and magazines, four times as effective as personal selling, and twice as effective as radio advertising in influencing people choices (Brown and Peter 1997).

One of the forms of word of mouth in the cyber world is online reviews. Recent studies show that travel reviews are increasingly becoming an important factor in hotel selection by travelers. As indicated by (Milan 2007), millions of travelers log on daily to Travel websites like Tripadvisor.com and experience web content through hotel generated photos, written text and hotel reviews by past customers. (Milan 2007) indicates that 84% of people visiting a Travel website hosting consumer generated content have their hotel choices affected by what they see and online hotel shoppers find reviews and hotel and room photos much more convincing than other features of hotels.

Although there are some similarities between two forms of online reviews (ORs) and WoM, there are significant differences between online review and WoM. For instance, while WoM is only effective within people's social network through verbal communication, online reviews can reach all the people having access to the internet. Furthermore, the effect of online reviews does not fade away with time and distance and it can be more detailed and durable as it reflects the opinions of more than one person in written form. Another difference is that while it is very difficult to measure the effectiveness of WoM, the metrics related to online reviews can easily be established (Bhatnagar & Ghose 2004, Duan et al. 2008). Thus, it is important to understand drivers of WOM activities in the online channel for the successful implementation of the hotel marketing.

In the travel industry, online reviews can be considered as electronic versions of traditional WoM and consist of comments published by travelers on the tourism products, services, and brands they experience. Travelers write ORs to share their own experiences with a product and/or service and describe their levels of satisfaction to help other travelers (Yoo and Gretzel 2008). Internet consumer opinion portals (COPs; Burton and Khammash 2010) are enabling travelers to review any aspect of a vacation, including accommodation, restaurants, destinations, and other tourism-related products such as tour operators. As soon as ORs are published on COPs, they are available for other potential travelers to read and use to inform subsequent decisions (Sigala, Christou, and Gretzel 2012). The importance of ORs is also growing among e-travel agencies that are providing their sponsored products with customer reviews (e.g., venere.com, e-booking.com, expedia.com, hotels.com) or are encouraging travelers to post product reviews on their websites (Mayzlin 2006).

The use of ORs is growing rapidly. For example, TripAdvisor (www.tripadvisor.com), one of the most successful COPs which specializes in travel, enables travelers to write reviews on accommodations all around the world and brings together individuals in discussion forums (Buhalis and Law 2008). Between 2010 and 2013, traffic on Tripadvisor increased from 20 to 60 million monthly visitors, with registered members rising from 15 to 20 million (www.tripadvisor.com 2010, 2014).

TripAdvisor has been criticized in the press as consumers could potentially be fooled by fraudulent posts (Morris 2012); however, the growth of this and similar COPs on travel services suggests that e-WOM will continue to play an ever more vital role in travelers' purchasing decisions. The Advertising Standards Authority (ASA) said it was possible that "non-genuine" reviews could be carried on the site. TripAdvisor bills itself as the largest travel community in the world with more than 50 million unique visitors every month and more than 60m reviews and opinions, but some hoteliers and others in the hospitality trade claim the site is open to abuse, for example from rivals keen to attack an establishment's reputation. Two hotels and a company called KwikChex, which specializes in online reputation management, challenged a claim on the TripAdvisor site that it "offers trusted advice from real travellers" and featured "honest travel reviews and opinions". They argued the claims were misleading and could be substantiated because TripAdvisor could not verify all the reviews on its sites and therefore could not prove all were genuine and from real travellers. The ASA concluded that TripAdvisor did seem to be suggesting it "could be certain the reviews posted were from genuine travellers, and accurately reflected those travellers' experiences of the places they visited."

AN OVERVIEW OF THE ROMANIAN HOTEL INDUSTRY

In the last years even if the number of hotels increased, there was a steady reduction of the accommodation capacity per hotel. Thus, if in 2000 the average capacity of a hotel was around 194 places, in 2012 this indicator had reached only 130 places (NIS, 2013). Different studies on hotel industry explained that this decreasing trend is generated by the reduction of hotels' capacity situated on sea side and spa resorts. In these areas the old hotels, built in 70', with high accommodation capacities became inefficient in the new conditions of the market and parts of the hotel had to be closed in order to maintain the accommodation standards and overall costs. On the other hand new companies which invested in the hotel industry have built small or medium capacities in order to become profitable in a short time and also as a measure to cover the risk of low demand.

In regards to the foreign hotel chain investment in Romania, starting with 2011, a higher interest for Romanian market was observed. Romanian hotel market is still considered as a risky one, so many companies like Marriott, Sheraton or Hilton are waiting for a strong evidence of stability. In 2012 a new hotel chain came in Romania, this is Europa Group with an investment of 4 stars hotel in Bucharest. On the other hand the most important hotel chain present on Romanian market is Wyndham, which considered that it's a good time to reinforce its market position with 11 hotels and 24.9% room capacity, with Ramada brand. Also, the international hotel chains consider Romanian hotel market in a maturity stage and they took into consideration other locations for their investments. The total number of hotels owned or administrated by an international hotel chain reached 50 and the majority of them are in Bucharest.

Another important characteristic for evaluating the Romanian hotel industry development is the structure of hotel industry based on type of classification, upscale represented by 4 and 5 stars hotels and budget represented by 1 and 2 stars hotels. Of the total number of accommodation places in hotels, 40.0% were in 3 star hotels, 32.8% in 2 star hotels, 19.8% in 4 star hotels, 3.9% in 5 star hotels, 3.1% in a star hotels and 0.4% in hotels not classified by stars. Most of the hotels were classified in 3 star (50.0% of the total hotels) and 2 star categories (25.3%). There were thirty one 5 star hotels (two more in number compared to July 31, 2013) and two hundred sixty seven 4 star hotels (fifteen more compared to July 31, 2013). On July 31, 2014, 120 establishments of tourists' reception with functions of tourists' accommodation were not classified by stars compared to 123 on the same date of the previous year. Most of them were camps for school and preschool pupils (51.7% of the total in 2014 and 50.4% in 2013, respectively). Of the 1473 hotels in use on July 31, 2014, a number of 6 hotels (0.4% of the total hotels), with a total of 747 accommodation places, were not classified by stars.

The first five counties, ranked by the total number of establishments of tourists' reception were as follows: Braşov (787 accommodation establishments), Constanţa (746), Harghita (321), Suceava (296) and Prahova (286). Constanţa County had the highest weight (27.5%) in the total number of rooms in the establishments of tourists' reception (the rooms in the houselet type units excluded). Of the total number of tourist accommodation places, Constanţa County had 28.1% and Braşov County 8.4%, followed by Bucharest municipality with 6.1%, Prahova with 3.7%, Vâlcea County with 3.6%, Bihor with 3.3%, etc.

Of the total of 141.1 thousand rooms in the establishments of tourists' reception with functions of tourists' accommodation on July 31, 2014 (the rooms in the houselet type units excluded), 93.7 thousand (66.4%) were in hotels. The number of rooms increased in 2014 by 1444 in hotels, by 776 in rural tourist boarding houses, by 233 in hostels, by 53 in tourist chalets and by 48 in holiday villages. The number of tourist accommodation places on July 31, 2014 was 311.3 thousand. The most places, 186.2 thousand, were in hotels, followed by the rural tourist boarding houses with 30.5 thousand places, the tourist boarding houses with 27.3 thousand places, the tourist villas with 13.8 thousand places and the camping sites with 12.9 thousand places.

The penetration of the Internet in the Romanian travel industry has been historically lower than in other European countries. However, it is increasingly gaining ground to the detriment of traditional travel agents. The statistic below shows the percentage of individuals in Romania who had used the internet to book online travel or accommodation services from 2006 to 2014. In 2014, 10 percent of all individuals used the internet for online travel services, but usage was higher among those who had used the internet within the last three months, at 18 percent.

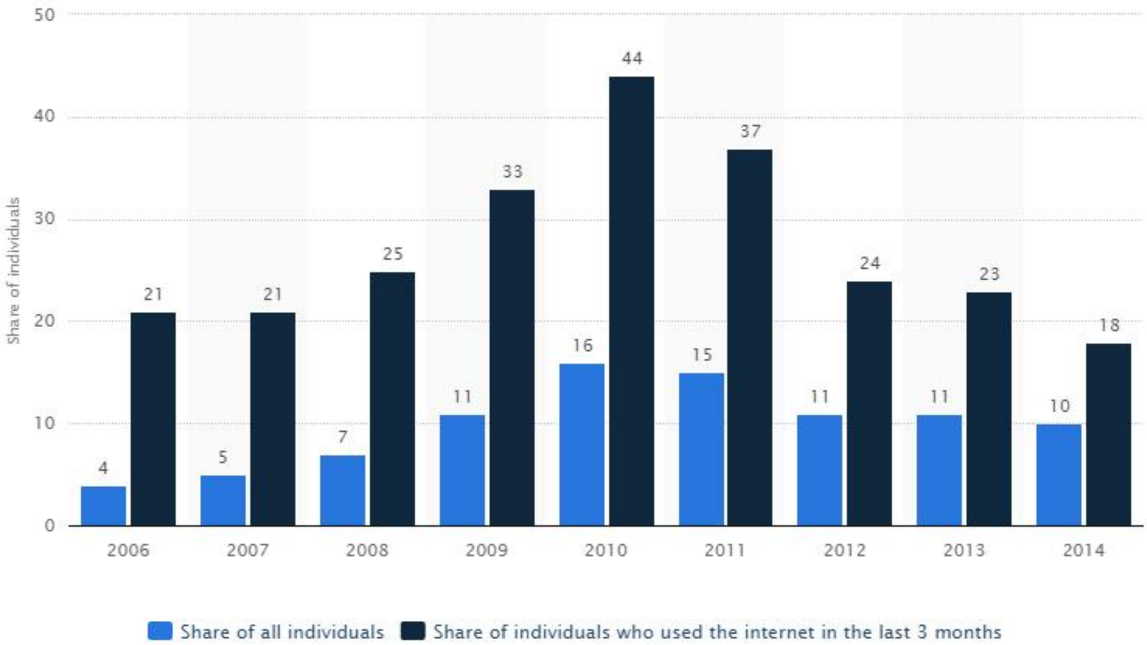

Fig. 1 - Share of individuals who use the internet for travel and accommodation services in Romania from 2006 to 2014 (Source: http://www.statista.com/statistics/381030/online-travel-and-accommodation-usage-in-romania/)

Usually hotels use multiple online distribution channels in order to be more visible on the Internet and to attract as many clients as possible. The Internet sources for hotel booking are: brand websites (65.4%), merchant websites (19.5%), opaque website (11.3 %) or retail websites (3.7%). The most profitable distribution channel is the hotel website. Many hotels developed their own websites in order to promote their products and services, to attract clients and also to offer them the opportunity to book a hotel room directly on the website, without using other intermediaries. In this way hotels don't have to pay commissions to online travel agencies or to other third parties, they can sell their services directly to clients. Finding new ways to encourage clients to reserve rooms directly on the hotel website should become a major strategic objective for hotels' marketing departments (Matei, 2013). There are some actions every hotel should take to attract more clients to their website: to redesign the hotel website from the user perspective; to create Call to Action; to keep the website updated with the latest news, products and services; the integrated and automated management of online reservations (Matei, 2013).

An online booking system should support all the phases of the reservation process: they should offer information on room availability and tariffs, should allow clients to fill in personal data, confirm booking and make online payments. Online booking engines were defined by Landvogt (2004) as "tools to store, publish and update the dynamic data availability and prices, and additionally provide the users with a regular reservation process" Ivanov, 2008: 2. The integration with the Property Management Systems (PMS) is very important therefore PMS providers offer also website booking systems compatible (integrated) with the PMS. In this way, all information needed is automatically retrieved from the PMS and bookings, cancellations and amendments made online are automatically updated into the PMS database. Another important aspect of an online booking system is to accept online payments and also to ensure the security of transactions. The providers of online booking software often offer Search Engine Optimization (SEO) services. SEO is defined as "the process of improving the website ranking and visibility in search engines by figuring out what terms or phrases people are searching, and using those terms on your website so you will routinely rank among the top results in nearly every search" Carr and Collins, 2013. Many clients use search engines to find a hotel and SEO can help hotels to be more easily reached by clients.

Concerning technology, according to the Global Competitiveness Report 2013-2014 [World Economic Forum, 2014] on the 9th Pillar: Technological Readiness, among the 148 countries analyzed Romania ranks quite poor regarding Availability of Latest Technologies (107) and Firm-level Technology Absorption (104). Moreover, the indicator Individuals using Internet (64) ranks too low compared to the Internet Bandwidth per User which ranks very high (16), meaning that there still are few individuals using the Internet, compared to the Internet bandwidth available.

Surprisingly, Romania ranks first worldwide in terms of free access to Wi-Fi as a service commonly provided by hotels, a huge advantage most of hotel owners do not know how to exploit at its maximum potential in order to attract guests and especially Millennials. Therefore, although social media promotional tools and other digital marketing means exist, the knowledge is the one that lacks in most cases.

METHODOLOGY

As we mentioned earlier, this paper aims to analyse the use of social media by the Romanian hotels and the aspects influencing the decision making process when they choose between Booking.com and TripAdvisor. In order to achieve the paper's goal we conducted a research on Romanian hotels websites in the time span March 2015 – May 2015. The research methods include websites observation, web content analysis, analysis of documents review like promotional materials, personal observations and official statistics analysis.

Regarding digital media, a percentage of 72.2 % of the Romanian properties are present on the world leader in booking accommodation online, Booking.com [About Booking.com] and 71.7 % are present on the world's largest travel site that provides trusted advice, TripAdvisor [About TripAdvisor]. Therefore, there is still an important percentage of almost 30% of the accommodation facilities that are not present on these booking platforms, perhaps mainly of the 1 and 2 stars classification levels but not only.

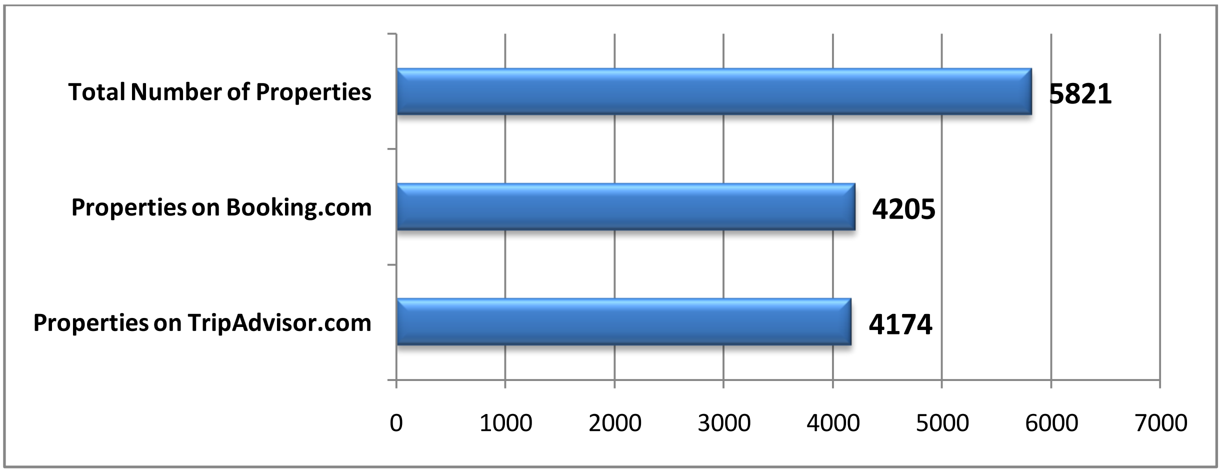

Fig. 2 - The Presence of Romanian Hotels on Booking.com and TripAdvisor
Sources: NIS (2014), Annual Tourism Yearbook 2013, Booking.com, and TripAdvisor.com

The exact number of Romanian hotels present on Booking.com and TripAdvisor cannot be properly quantified. By selecting the "hotels" query when searching properties, the results will reveal hotels but also villas, tourist boarding houses, hostels and many other properties all registered under the hotels category. However, it is important to have in mind that on Booking.com, property owners and/or managers are the ones who register the accommodation unit, meaning that they opt to declare the facility a hotel as a way of increasing revenues. On the other hand, on TripAdvisor usually guests are the ones who register a property in order to add a review. By connecting their property to TripAdvisor, hoteliers have the possibility to answer to their guests, in order to overcome the negative impact of reviews and to make the best of their praises. According to a recent study conducted by HotelGuru.ro, an online booking platform, as many as 68 % of the Romanian tourists said that they trust online booking platforms and that they use them for reading detailed information and reviews regarding accommodation facilities. (Oprea) The study concludes that the Romanian tourists are interested in online booking opportunities and that they are willing to access multiple sites for more detailed information but that they are still reluctant to complete the booking process through an online booking portal as they do not want to provide bank details. Also, they find it more efficient to contact the accommodation facility or the intermediary by phone. Therefore, only 28 % of them choose to complete a reservation online, while 39 % prefer to book by phone. (Oprea)

Some of the few Romanian hotels that have a truly well-organized website, attractive and providing relevant and useful information, are present only on the fifth, sixth place at the bottom of a simple search on Google, are found even on the second or third page, or cannot be found unless the exact name of the website is written. Before and continuously after launching a hotel's website, methods to attract potential customers have to be considered and used. Such methods are of critical importance and they are often free, simple but ignored or little understood by hoteliers. Some examples in this respect are:

- optimizing the website rank in the search engine results; or
- search engine promotion through the analysis of traffic sources and how they change and evolve over time etc.

Such methods often require time but not necessarily (important) financial resources, Google providing free of charge the necessary support for most of them. Also, one does not need advanced IT knowledge for these optimization processes, and guides on how to apply them can be (easily) found on Google.

Moreover, there was discovered a high concentration of internationally recognized distinctions in areas frequently visited by foreign tourists such as Sighişoara and Sibiu, where in 2013 there were accommodation facilities that still kept in plain view the awards received in 2011. Therefore, the race for receiving such awards from TripAdvisor and from other similar international organizations is either a response to customers'demands or, in some cases, a proactive action to attract them, both cases being the result of accommodation facilities gaining an increased number of guests after displaying such awards. Other international awards have begun to be granted to Romanian hotels by the World Travel Awards since 2012. This organization aims at recognizing, rewarding and celebrating excellence across all sectors of travel and tourism worldwide [World Travel Awards].

Another important step has been taken in May 2014, when the OVI Travel Travel Agency released vivolis.ro, the first online platform in Romania to go fully mobile for travel bookings – flights, hotels and city break packages – by smartphone, tablet, laptop or desktop, including WhatsApp and Viber applications. Vivolis.ro is linked to RED Bookings, a platform for bookings of tour operators and travel agencies (Oprea). Therefore, some of the solutions for improving and enhancing the online presence of the Romanian hotels can be identified among the following ones:

- educating hoteliers through conferences, trainings and workshops;

- raising awareness of the importance of well-designed websites by promoting the benefits and potential results;
- hoteliers who want to renew their hotels' websites should listen carefully to what web designers and SEO specialists recommend;
- improving the sites of hotels, both in terms of quality and of the accessibility of (potential) customers by the means of search engines; and
- optimizing hotel websites for smartphones and tablets.

More and more Romanian hotels begin to take action as there is much need for improvement. In this respect, a triggering factor may be associated to the much needed genuine international competition on the local market. A higher penetration of the international groups and chains on the Romanian market might wake up the Romanian hotel owners and/or managers. Moreover, the poor online presence of the local hotel brands may also be attributed to the investors' profiles. Obviously, as most of the Romanian hospitality entrepreneurs seem to be only interested in gaining rapid returns on their investments, or to own vanity or trophy properties, respectively to make real estate investments, they are not interested in investing anything for the sake of improving a below-average qualitative level and, neverteless, in a better online and digital presence of teir facilities.

CONCLUSIONS AND RECOMMENDATIONS

The changes that take place internationally in what concerns digital marketing, consist not only in modern online marketing campaigns, peer reviews, social media and means to meet customer demand through the nowadays common devices (smartphone, tablet, laptop, etc.) but also in the online booking platforms, which have emerged as alternatives for hotel rooms and which diminish customers' demand for hotels, becoming a genuine threat for hoteliers if not dealt with properly. Online marketing of Romanian hotels is an urgent issue that needs to be addressed and improved. Most hoteliers seem not know and/or not to care how to adequately promote their hotel, sometimes making their situation even worse. Moreover, the low and medium qualitative levels provided by most of the hotels contribute to the quite negative image of the Romanian hotel industry, and to its poor performances. The most important findings of the present research revealed that:

- most of the Romanian hoteliers have not yet acknowledged the changes that take place related to digital marketing;
- the importance of the digital marketing seems to be little understood by the Romanian hoteliers;
- discrepancies occur between what hotels promote about themselves and their real situation reviewed on specialized websites and platforms, respectively on discussion forums;
- there are websites with information that is not updated or which promote hotels that do not exist anymore;
- most hotels that do not have their own website are 1, 2 and 3-star hotels; despite this, some of them promote themselves on international reservation websites and platforms (e.g. Booking.com, TripAdvisor etc.);
- there are properties that confusingly promote themselves as tourist pension-hotel or hotel-tourist pension;

The impact of the continuously evolving digital marketing begins to be sensed by some of the Romanian hoteliers. Large hotels have the financial funds to invest in adopting solutions for the new digital marketing trends but budget hotels struggle to face the changes with limited budget and personnel or just watch them pass away. On the other hand, Romanian hoteliers begin to slowly realize and learn the importance of attending conferences and workshops and the demand for such events is continuously growing. Also, they realize the importance and benefits of international awards and nominations for their properties.

Acknowledgement:This work was financially supported through the project "Routes of academic excellence in doctoral and post-doctoral research - READ" co-financed through the European Social Fund, by Sectoral Operational Programme Human Resources Development 2007-2013, contract no POSDRU/159/1.5/S/137926.

REFERENCES:

Barsky, J. & Nash, L. (2008). Word of mouth should be top-of-mind for hotel operators. http://www.marketmetrix.com/en/default.aspx?p=research1&s=research

Bhatnagar, A. & Ghose, S.(2004). Online Information Search Termination Patterns Across Product Categories and Consumer Demographics, *Journal of Retailing*, *80*(3), 221-228.

Brown, J. J. and Peter H. R. (1987).Social Ties and Word-of-Mouth Referral Behavior. *Journal of Consumer Research*,14 (3), 350-362.

Buhalis, Dimitrios, and Rob Law. (2008). “Progress in Tourism Management: Twenty Years on and 10 Years after the Internet: The State of eTourism Research.” *Tourism Management*, 29(4): 609-23.

Burton, Jamie, and Marwan Khammash. (2010). “Why Do People Read Reviews Posted on Customer-Opinion Portals.” *Journalof Marketing Management*, 26 (3-4): 230-55.

Duan, W., Gu, B., & Whinston A.B. (2008). Do online reviews matter? An empirical investigation of panel data. *Decision Support Systems*, *45*(4), 1007-1016.

Gretzel, Ulrike, and Kyung Hyan Yoo. (2008). “Use and Impact of Online Travel Reviews.” In *Information and Communication Technologies in Tourism 2008*, edited by Peter O’Connor, Wolfram Hopken, and Ulrike Gretzel. Wien: Springer, pp. 35-46.

Landvogt, M. (2004) Online booking engines for small and medium-sized enterprises as a tool for improved distribution and yield management in New Zealand’s tourism industry. in Smith, K. A. and Schott, C. (2004) eds. Proceedings of New Zealand Tourism and Hospitality Research Conference 2004. Wellington, 8-10 December. pp. 191-198.

Marcussen, C. H. (2009), “Trends in European Internet Distribution - of Travel and Tourism Services 1998-2008”, Centre for Regional and Tourism Research.

Matei, C. (2013), Ce presupune existenta unui business hotelier pe online, HBR Expert, Editia Nr. 133, available online at http://www.hrbexpert.ro/articol/1784/Ce_presupune_existenta_unui_business_hotelier_pe_online.html,

Mayzlin, Dina. (2006). “Promotional Chat on the Internet.”*Marketing Science*, 25 (2): 155-64.

Milan, R. (2007), Travel reviews - consumers are changing your brand and reputation online. http://www.travelindustrywire.com/article29359

Oncu, Marius, România, prima în lume într-un top al disponibilităţii internetului WiFi gratuit în hoteluri, http://www.mediafax.ro/cultura-media/romania-prima-in-lume-intr-un-top-al-disponibilitatii-internetului-wifi-gratuit-in-hoteluri-12541133

Oprea, Marius, În era vitezei, doar 28 % din români au încredere să-şi plătească vacanţele online, http://www.wall-street.ro/articol/Turism/171015/in-era-vitezei-romanii-inca-nu-au-incredere-sa-si-plateasca-vacantele-online.html#ixzz3BaPoRybB

Sigala, Marianna, Evangelos Christou, and Ulrike Gretzel. (2012). *Social Media in Travel, Tourism and Hospitality: Theory,Practice and Cases*. Surrey, UK: Ashgate.