Online distribution services in the hospitality industry in the city of Cluj-Napoca, Romania

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Abstract: A stunning development of the E-economy and globalization of the Internet has generated major changes in all areas of the world economy; these important influences have been felt in all countries, at large companies, in general, but also at the small and medium enterprises’ level. One of the sectors that were most flexible to the extension of business from the traditional to digital business environment was the tourism, in all its aspects. Online mobility had a special influence on hospitality industry, which felt the need to adapt its specific activity to the new trend - the expansion of the services’ distribution in the digital environment. The Romanian hospitality industry followed this trend of digitization of hospitality services and even the small and medium-sized hotels had correctly perceived the issue of meeting the target market in the digital environment. In this paper we study how the online extension of services’ distribution is perceived by the hospitality industry from Cluj-Napoca, Romania and we identify the future trends of this expansion.

Key-Words: - Tourism, online distribution, digital environment, webpresences, hospitality industry services

1 Introduction
The Internet globalization and the E-economy development have led major transformation of socio-economic life and a very visible translation of economic activities from traditional to the digital environment.

The mobility of the world economy to the digital business environment has influenced all the economy’s branches, without distinction. The tourism was one of the most mobile economic sectors, which followed very quickly the new digitization trends of specific activities. It is obvious that Romania is not an exception from the global trends; on the contrary, it is well known the interesting trend of development and extension to the digital Romanian economy.

1.1 General view of the Romanian tourism
Because any extension of economic activities to the digital environment requires a significant IT&C infrastructure, we will make first a brief picture of the Romanian online communication infrastructure. According to Internet World Stats, the percentage of Internet users in Romanian population rose from 3.6% in 2000 to 53.9% in 2008 [1].

The businesses expansion into the online environment obviously affected the online distribution and sales. In terms of cyber suppliers, Romania does not registered significant results, the situation of the Internet products and services selling being precarious; according to Fig. 1, in 2008, only 3% of the total number of enterprises made online sales [1].

The incomes obtained from the online activities are also precarious, the percentage of turnover from online activities represented only 2% out of total in 2008 (Fig. 2) [1].

Fig. 1 - Percentage of enterprises selling via Internet
Fig. 2 - Percentage of turnover from online activities

Fig. 3 - Evolution of hotels and similar establishments
On the other hand, the evolution of accommodation establishments in Romanian hospitality industry highlights a sustained upward trend during the time span 2000-2007 (Fig. 3.) [1].
The development of the hospitality industry influenced the evolution of the employed persons in this sector. Analyzing Fig. 4, we can notice a seasonal trend in the evolution of employment in this sector [1].

Tourist demand during the time span 2004-2007, had also a spectacular evolution, reaching the highest value in 2007 (Fig. 5) [1].

The translation of tourism activities to online environment was marked by the new webpresences in Romanian tourism industry; a general view of the tourism websites evolution is:
- in the summer of 2003 there were 430 sites of tourism industry;
- in 22 April 2005 there were 1115 sites registered;
- in 17 July 2008, 2880 sites were registered and obviously the interest of visitors has increased, reflecting a very high traffic on these type of websites [2].

1.2 Prior work and literature review
Over the last few years, one of our areas of research was represented by the digital nanomarket and online businesses environment. Our previous studies targeted the digital market segment in general and the Romanian digital space in particular and allowed us to study the main pillars of the digital market: the offer and the demand. Studying the translation of economic activities from the traditional to digital environment, we found features, profiles specific to different areas of activity of cybersuppliers from Romanian digital segment. The results of our studies have been made known in national and international conferences volumes.
Next, using concepts such as digital remix of traditional marketing-mix, digital corporate identities, online distribution and online disintermediation we correlated the present study with our previous studies.

In our prior researches on the Romanian digital market we obtained a profile of the Romanian cybersupplier:
- is very well adapted to the new online business environment and to its rules, there being the possibility that he activates only online (62%);
- it has a big enterprise (58.12%) with a well-defined location and a specific and recognized digital identity (82.12%), with a shopping cart where he displays its own products and services;
- it is from the ICT (22.42%) or in the field of tourism and ticketing (13.21%), financial services or online advertising;
- he accepts credit card (97.18%) as a way of making online payments;
- it is convinced that the digital environment is the most prosperous business environment (71%) and has a big volume of online sales (63%);
- he considers that the most important element of the digital business environment is the reduced cost of front-shops maintenance (37.12%);
- he believes that the greatest online threat is the very high mobility of the consumers’ preferences (23.12%);
- his prediction regarding the future of the online commerce is quite optimist (81.72%);
- he knows quite well his competition (89.87%) and he knows very well how and where to follow it in the digital environment;
- he is convinced that the number of cyberconsumers will continue to grow until all of them are transferred from the offline environment to the digital one (51.12%).

Starting from the basic structure of the Romanian cybersupplier profile, we expanded our studies to the most developed and better represented fields of activity in the online environment: the Romanian IT digital supply and the tourism.

In their paper Research on information technology in the hospitality industry, O’Connor and Murphy (2004) analyze the recent research on information technology in the hospitality industry and they identified three broad research areas: the Internet's effects on distribution; on pricing; and on consumer interactions [8]. Yang et al. describe in their study some recent development of e-business application
in the hospitality industry (e.g., travel industry, recreational entities) and illustrate with two case studies: application of e-booking at Macon, Georgia and the case of Travelocity, an online travel agency [9]. In the paper Getting Customers Online: Case Luxury Ferries Inc. the author discusses the introduction of a Web-based electronic reservation system, the study is based on a real-life example [10]. Another study was made by Lukaitis and Davey in 2008 and analyses the web use in hotels using a set of dimensions developed by Hashim, Murphy & Law (2007). The study investigates future directions of web use by looking at trends in one of the most established web communities [11]. Even if tourism and marketing in the digital environment are already subject to intense research areas and specialized studies, the study conducted by us has not been made in our area. We believe that our approach would contribute by its originality and innovation to the development and to the growth of Romanian and regional e-society and e-economy.

2 Problem Formulation
We must specify from the beginning that this study is only a part of a new comprehensive study released on digital Romanian tourism as a whole and in this article we will present only the results obtained from a small area, namely, Cluj-Napoca, city of Transylvania.

2.1 Study methodology
We structured our study from a concept that we relocate it in cyber marketing, namely digital remix [7]. In our opinion, digital remix of traditional mix-marketing meets online elements as product, price, digital market place, communication, distribution, cyber consumers and digital corporate identities. In this study we analyzed three elements of the digital marketing-remix, on the market of hospitality industry from Cluj-Napoca, namely: cyber suppliers from this industry as market players, digital distribution services and digital corporate identities from this online market segment. In relation to online distribution, we must bring into discussion the concept of digital disintermediation. Adopting online disintermediation, the online services distribution has changed considerable, the info mediators playing an important role in this process in the hospitality industry.

Also, in our opinion, digital corporate identities, mean webpresences, represent the basic cyber marketing tools for promotion, sales, communication and distribution, therefore, the analysis of the hospitality industry webpresences from Cluj-Napoca will lead us to an important view regarding the online extension of this activity sector.

a. The purpose of this study
The first objective of our study is to identify how the hospitality industry suppliers from Cluj-Napoca perceived the extension of services’ distribution to the digital environment. The second goal is to obtain an image, a profile of cybersuppliers and retrieve trends of their future development. The last aim is to analyze the level of development and profitability in the traditional environment compared to the digital one and the availability of these suppliers to invest further in the online environment.

b. Choosing the sources of information
The study required the collection of primary and secondary information; the primary data were obtained from the survey population of hospitality industry suppliers from Cluj-Napoca. The secondary information resulted from webobservation of this specific digital segment.

c. Defining the Sampling Frame
Given the typical of our study, population was composed of all existent units in the hospitality industry in Cluj-Napoca city.

d. Data Collecting
For primary data collection required to our study, we used a specifically questionnaire, launched in a campaign of e-mail and web-surveying population of suppliers from hospitality industry in Cluj-Napoca. The secondary information resulted from the observation of cybersuppliers’ webpresences, from research studies, watch-sites and traffic tracking. From the same sources we compared the evolution of their activity in offline-online environment.

e. Elaborating the Questionnaire
It is well known that the questionnaire is a very important tool in collecting data. Starting from this perspective and considering the nature of the investigated population, we decided to use closed questions. The questionnaire included 15 questions, structured on the basis of several sections:
- firstly, the identification of the subject, hospitality industry supplier in Cluj-Napoca;
- secondly, webpresences - the existence of it, online longevity, maintenance, upgrade, update, its usefulness;
- thirdly, related to web presence type – for promotion, online sales, the types of activities conducted online, online payments;
- fourthly, which is the perception on the development of activity in online environment, the need for extension online, profitability and forecast future trends about the development of activity in the digital environment.

f. The sample - size and structure
Cluj-Napoca county has 71 units in the hospitality industry [4], [5], [6]. In our study the population structure is composed of 48 hotels and 23 other hospitality industry specific units (villas, motels, hostels, etc.). Given that the population investigated is small, the final sample was composed of the 71 units, which were applied questionnaires. The number of valid questionnaires generated a strong response rate, which was 96.34%.

g. Methods we used
Because the study is about the perception of studied population on their activity translation to online environment, we decided to use only tools and methods specific to digital environment without any interference of the offline environment. Therefore, we avoided the application of questionnaires through human interview operators and we oriented to web and e-mail surveys applications. The analysis of data resulted from questionnaires was done by statistical methods.

2.2 Data Analysis
Firstly we wanted to identify if the suppliers of hospitality services have or not a digital corporate identity, a webpresence. The situation differs depending on the type of investigated unit: over 82% hotels had webpresences, when the other types of hospitality units just over half are online (Fig. 6).

![Fig. 6 - The situation of webpresences](image)

Question related to "age" of webpresences, brought in the foreground a majority of 51.4% which has online longevity between 2 and 5 years. At the opposite side, with a percentage of 29.4% we find the new entries in the digital environment and unfortunately, those with the age of more than five years in online environment are only a percentage below 20% of all (Fig. 7).

![Fig. 7 - The webpresences’ „longevity”](image)

To see if an interest in a profitable webpresence exists indeed, we asked questions about the use of services provided by companies specialized in design, maintenance, upgrading and updating of webpresences. Analyzing the data we observed that over 66% from subjects use a specialized company, or have their own specialized department (14.2 %), while 19.40 % of the subjects are not using such services (Fig. 8).

![Fig. 8 - Using a web design services provider](image)

Questions in the third section of the questionnaire aim to see the types of online activities of hospitality industry suppliers. The question about the basic type of webpresences used by subjects clearly identifies the subjects’ intention in using digital environment. As we can see, 22.72% of the interviewed subjects use the digital environment only for promotion and presentation of their image and services. On the other side, 77.28% use effectively the digital environment like a business environment (Fig. 9).

![Fig. 9 - The webpresences’ type](image)

Regarding the type of services most sold online in the hospitality industry in Cluj-Napoca, the accommodation services registered the highest frequency (over 64%), being followed by the serving/restaurant facilities services (52.7%) and reservations for various events (38.3%). No more than 22.6% out of hospitality units make their purchases from cybersuppliers, and only 11.4% are working completely online (Fig. 10).
It is known that the online environment has its particularities and its related payment methods, the credit card being the most widespread online payment method in the world. In spite of that, in our country, the online payment systems are not so widely used yet, the population still having reserves about them. Therefore we consider important to know what kind of payment instruments are used in the online environment. Looking on Fig. 11, it seems that paying cash is still the most preferred (72.84%) method, followed by checks and credit cards close to equal. Those who use all instruments of payment in the digital environment are only in proportion of 34.64%.

Section of the questionnaire that includes questions about how the hospitality units appreciate their online sales begins with the evaluation of customers’ number increase since they launched the sales services in the digital environment. To this question the highest percentage of respondents (47.2%) showed a significant increase of customers’ number after they launch the online sales services. At the opposite side, in sufficiently large percentage, 19.6% are those who have not felt any improvement in increasing number of clients (Fig. 12).

It is known that in most of the cases, a larger number of customers, means a higher volume of sales. The question about the evaluation of sales volume in online environment identify a segment of 48.75% out of respondents who estimated that the increases of their online sales were much higher as reported to offline. However, there are more than 20% out of respondents that are unhappy because of their online sales and registered losses in this environment (Fig. 13).

To see more easily the reliability of suppliers’ perception on their online sales we ask them to indicate if they have allocated budgets for promotion, sales and development of their online activity. A relatively important segment of the hospitality units (64.87%) answered that they allocate a budget exclusively for online development (Fig.14).

The need to intensify the online sales is considered important by 59.75% out of the hospitality units. The undecided proportion is still large enough (27.9%), while those determined not to sell online are 12.35% (Fig. 15).

To observe the level of knowledge of the online promotion instruments we have placed a question related to this topic. The results showed that over 59.2% of respondents use services offered by web design companies, 21.35% have their own specialized department and over 19% do not know much about web promoting. (Fig. 16)
For a final vision about the tourism future development from the perspective of online-offline business environment, we placed the last question of the questionnaire. Unfortunately a large segment (29.72%) still consider that the future of tourism remains in the traditional environment, while the majority (70.28%) see the sales of hospitality industry services developing more in the digital environment (Fig. 17).

3 Conclusion

The results obtained in the study about the online distribution services in the hospitality industry in Cluj-Napoca gives us a picture of cybersuppliers’ webpresences and the future expansion trends in the online environment, providing a profile of the suppliers from this industry:
- although more than 82% out of suppliers considered necessary to expand their business in the digital environment, only 77.28% held online activities, of which only 20% have more than five years in the digital environment;
- a very small part of the hospitality units (11.4%) made complex activities online, using the digital environment as a business environment, while a considerable part use the online environment only for accommodation and restaurant services reservations;
- although they understood the need to outsource their specific activity to the digital environment, the share of hospitality units that use cash as payment method is very high (72.84%);
- the suppliers’ perceptions about the opportunity to improve their results in the digital environment are positive only for a half of the hospitality units;
- it is encouraging the fact that 64.87% out of suppliers understand the necessity of their online services expansion, allocating a significant budget to develop their online activities; more than 59.75%, acknowledges the need to increase the volume of services distribution, sales online;
- it seems that the hospitality units who perceive the need to properly extend their business online are advised about the need to maintain a permanently updated, upgraded and well promoted their webpresence;

Although our study reports to a relatively small population, we consider that the trend through the online activity of the hospitality industry in Cluj-Napoca is included in general trend identified in the last 5 years (the adoption of digital environment as a new business environment).

The results can be used as a starting point for academics, online business environment researchers, for cybermarketers and even for the actors of this industry; action must be focused in particular on major percentage (29.72% of suppliers from this industry) to defeat the reserves of profitable extension to online business environment.

Also, the study may be expanded regionally, for instance for Transylvania and may be correlated with the results obtained in similar studies from other geographical areas.

References: