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AN OVERVIEW ON RECENT EVOLUTIONS IN EUROPEAN TOURISM - EVIDENCE FROM EU28, ROMANIA AND LUXEMBOURG

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Abstract

In this paper, the authors consider the evaluation of Romania's position within the European context, from the viewpoint of tourism-related indicators. The research focuses on datasets for Romania, European Union and Luxembourg (selected because of the country's prominence in the hierarchy related to the indicator "Average expenditure per trip by expenditure categories" and pursues a series of benchmarks between the three datasets. The data are extracted from Eurostat online database, which presents the values across a series of dimensions, which are capitalized by the authors to fit in the best manner to the purpose of the analysis. The methods used in the study are based on statistical analysis on the structure and evolution of the selected indicators. Our conclusions, in the case of each indicator, outline the different behavior of the values, supported by differences in the situation of the respective measures.

Introduction

Tourism is a very important sector of development for every country, as it contributes to the creation of jobs, income and wealth. It is also a key driver and beneficiary of the economic growth. It has a social, economic and cultural influence on the image and international perception of the country. By understanding and analyzing country competitiveness in

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tourism, the economic and wellbeing level of the county can be assessed with higher accuracy.

According to De Vita and Kyaw (2016), "*Tourism arrivals measure the inflows of international visitors to the destination country. The expenditure of such visitors is regarded as tourism expenditure.*", we consider, in this respect, the indicators related to expenditure analyzed in our paper. Popescu (2016) states that "*despite its high potential for tourism, Romania is not yet able to develop an efficient tourism*", this provides an incentive for us to pursue the outbound and domestic measures related to Romanian tourists' expenditures. Popescu-Cruceru et al. (2011) develop on the effects of competition on emerging markets.

Manole et al. (2016) have analyzed the evolution of indicators related to tourism services in Romania. Păunică et al. (2010) have described the utility of data warehouse structures in economic analyses.

Tourism is a major contributor in the struggle to reinforce the economic development (Gogonea et al. 2017), the authors consider that "*it should be encouraged due to the multiplier effect that it has in the development of a region*". As described by Algieri, Aquino and Succurro (2018), "*the true ability of a tourism destination to compete involves not only its natural and cultural resources, but also its social, political, technological and environmental strengths*".

Considering those opinions and results, supported by authors' researches, we consider that our approach is consistent with observing the situation and recent evolutions in tourism.

Kaurova et al. (2014) contribute on the development of tourism statistics; Heerschap et al. outline the impact of big data sources on tourism statistics' innovation. Buiga (2011) develops on the competitive strategies in the European Union context.

One of the most important indicators in tourism sector is *trip-related expenditure* which has an important economic impact for destination country, but also offers a good insight on the purchasing power of the population. The trip-related expenditure indicator is analyzed in the paper based on the *average expenditure per trip by expenditure categories* and the *average expenditure per night*. In the paper we are benchmarking EU and Luxemburg from the Romanian perspective.

Analysis on the average expenditure per trip

The trip-related expenditure is an important indicator of tourism activity, because it represents a financial source for the destination country, and the inclination of people towards allocating financial resources during their travels. First, the analysis is based on the indicator "*Average expenditure per trip by expenditure categories (from 2012 onwards) [tour_nat_expert]*", provided by Eurostat, from which we have selected the dimension members that describe the personal expenses, for trips of at least four nights, where partners are all countries of the world, and the measurement unit chosen is the euro currency.

Considering the values of the indicator in 2016, the best positions are associated with Luxembourg, Malta, Austria, Cyprus and Ireland. Czech Republic, Bulgaria and Romania hold the last three places in the hierarchy. The level of the indicator, as in 2016, for all countries for which available data exist, is presented in the figure below:

Figure 1: *Average expenditure per trip by expenditure categories, data for European countries, in 2016*
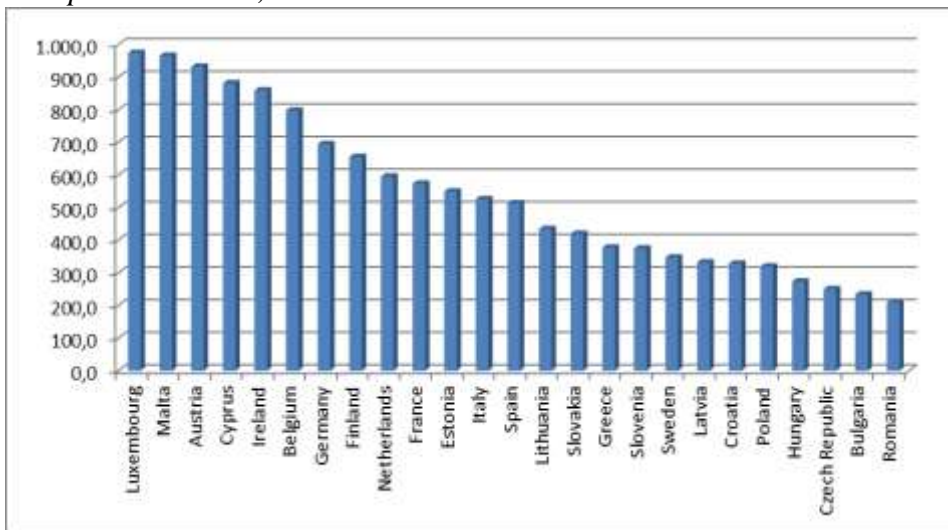
Source: *EUROSTAT online database, dataset „Average expenditure per trip by expenditure categories (from 2012 onwards)", code [tour_nat_expert], data retrieved on March 10th, 2018, graphical representation by the authors*

The dataset analyzed emphasizes the leading positions of somehow small countries, of which at least three out of the first five are major touristic attractions themselves (Malta, Austria, Cyprus).
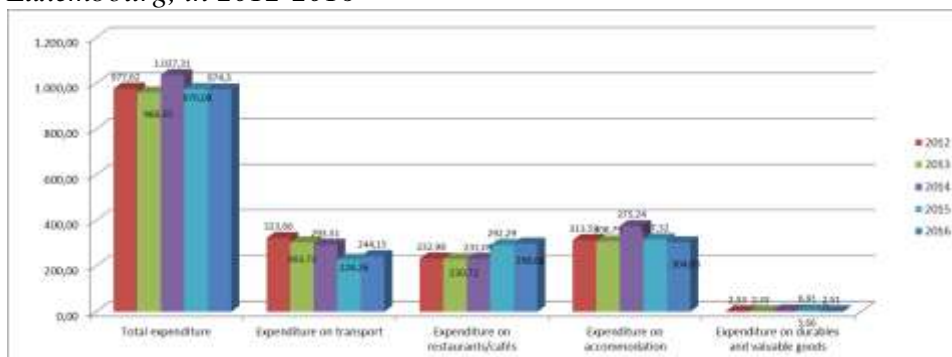
The structure of the expenditure categories is the following:
  - Expenditure on transport;
  - Expenditure on restaurants/cafés;
  - Expenditure on accommodation;
  - Expenditure on durables and valuable goods.

We have analyzed the structure and evolution of the total expenditure based on the four categories, as comparison between Luxembourg and Romania. The dataset for Luxembourg is presented in figure 2, and the visual analysis of the chart shows that the expenditure on transport recorded a steady decrease during 2012-2015, and a shift in the trend in 2016, when the transportation expenses were higher, by 6.96%, than the level of the previous year.

The same trend manifests for the weight of the transport expenses. The expenditure on restaurants/cafes increases abruptly in 2015 and the growth continues in 2016, after a stationary trend in 2012-2014, however, the index which characterizes the 2016/2015 evolution is smaller (2.18% versus 25.93% for 2015/2014).

Figure 2: *Average expenditure per trip by expenditure categories, data for Luxembourg, in 2012-2016*

The expenditure on accommodation takes the largest share in total resources spent in the case of Luxembourg, with levels above 31% for the entire interval.

This is, in our opinion, an explanation of the fact that this category displays the highest degree of similarity with the total expenses, if we evaluate the evolution patterns (that is, decrease in 2013, a major increase in 2014, another decrease close to the levels of 2013 observed in 2015 and a minor modification in 2016).

Among the four categories observed, the expenditure on durables and valuable goods holds the least sizable share.

For Romania, the evolution and structure of the indicators is presented in Figure 3.

The average expenditure per total has increased, from a stationary level in 2012-2014, by 14% in 2015 as against 2014 and by 4.32% in 2016 as against 2015.

The structure and evolution of average expenditure per categories reveals the major position of the expenditure on transport, especially since 2013 (a share of over 31%) when a major increase occurred, from 2012, by more than 10 percentage points.

It can be seen that the other two major categories (restaurant/cafes and accommodation) have similar shares, between 24% and 28% during the period 2013-2016.

Considering the decrease from 2012 level of the accommodation category's share, we consider that Romanian tourists are more inclined towards finding cheaper accommodation and spend their tourism budget on other expenses during their travels.

As the comparison between absolute values of the total average expenditure per trip places the two countries in our comparison at the opposite positions of the European hierarchy (according to the criteria previously stated), we will focus on the comparative analysis of the dynamics and structure reflected on the four categories.

Figure 3: *Average expenditure per trip by expenditure categories, data for Romania, in 2012-2016*
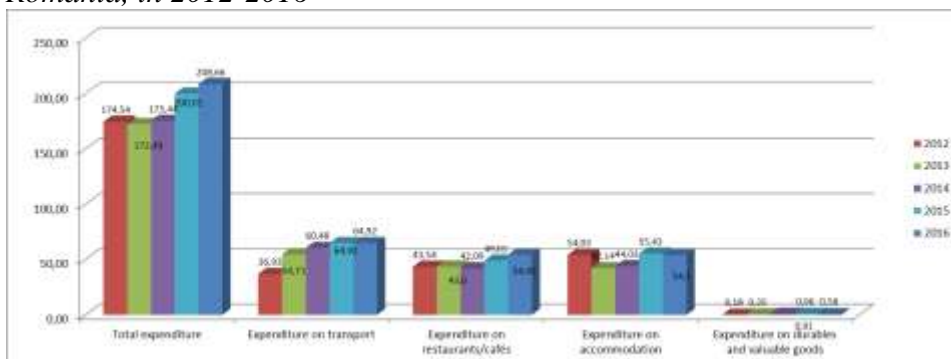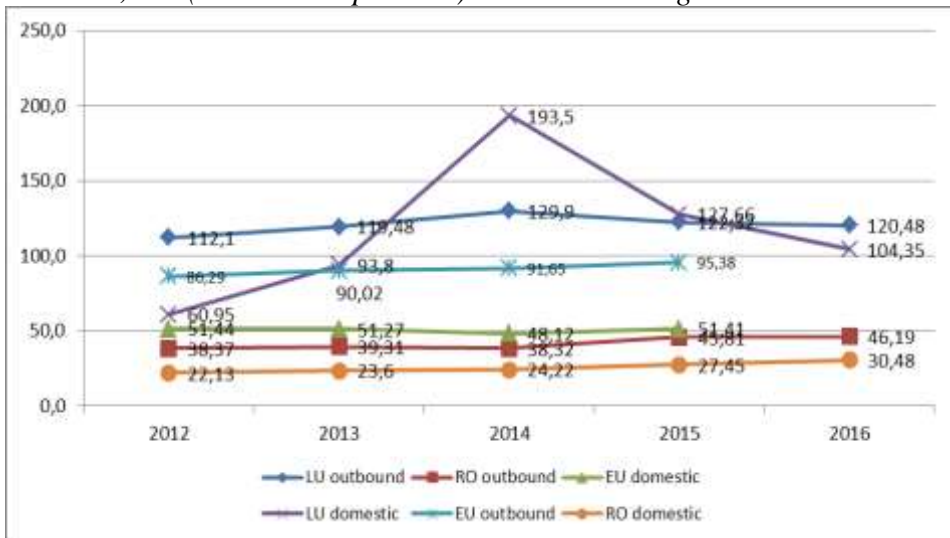
Regarding the average expenditure for transport, the evolution patterns (and the structural ones as well) describe opposite situations. While in Luxembourg the share of these expenses generally decreases across the interval, with the exception of 2016, in Romania, the contribution of transport expenses record a major increase in 2014 from 2012, by some 13 percentage points, then stabilizes in 2016 at a level similar to the 2013 dataset. The data for restaurant/café related expenditures are showing similar patterns for the two countries.But, the comparison of the accommodation category reveals lower shares for Romanian tourists, somehow supporting the above conclusion on their inclination to allocate fewer resources. Also, the Romanian expenditure for transport's share is higher for 2014-2016, meaning that the transport is more expensive. This could have many causes, such as the oil price in countries visited, the distance and category of airline involved in flight-based long distance travels etc. Not in the last row, the percentage related to durable goods acquisition is lower in Romania, showing a smaller focus (or available resources) to be spent on long-term valuable goods (considering the personally-perceived utility as primary criteria to judge the value).

Analysis on the average expenditure per night

To further capitalize the significance of the average expenditure indicator, we focus on the *Average expenditure per night* measure, also detailed on expenditure categories, which are the same as in the previous section. We

have considered, additionally, the position of the data at the level of European Union (current composition), to enhance the possibility of comparison within the data collection. The evolution of the average expenditure per night, for the three members of the geographical dimension, is presented in the following chart:

Figure 4: *Average expenditure per night, domestic and outbound, Romania, EU (current composition) and Luxembourg*

The highest level of expenses is associated with Luxembourg, both on the domestic and outbound levels. While the outbound expenses follow a close to linear shape across the five-years interval, we observe that the domestic expenses increased significantly in 2013 (by almost 50%) and in 2014 (more than twice the level in 2013), followed by a decrease, of lesser magnitude, both in 2015 and 2016.

The values for Romania and the European Union follow a straight pattern, but it is to be noted that the EU outbound levels are far above the domestic, by almost 1.8 times higher if we compare the average values associated with the four year period where data are available.

For Romania, which is placed at the bottom of the interval, the expenses met little variation over time, and the discrepancy between the outbound and domestic costs is 1.62 (again, measured as the ratio between the five-year averages). The analysis based on the structure of the average expenses per night can be made, and we resort to this approach, by each geographical coordinate, comparing between domestic and outbound, by types of expenses.

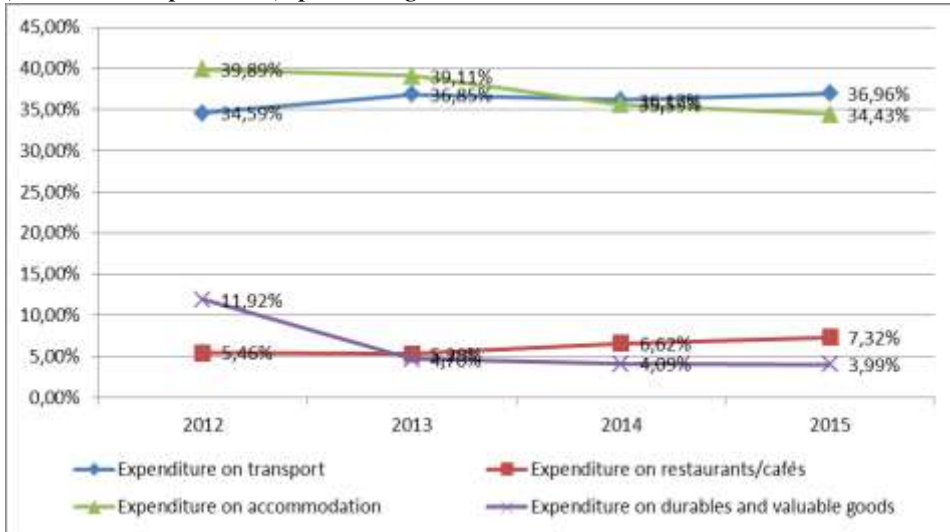Figure 5: *Average expenditure per night, domestic related dataset, EU (current composition), per categories*
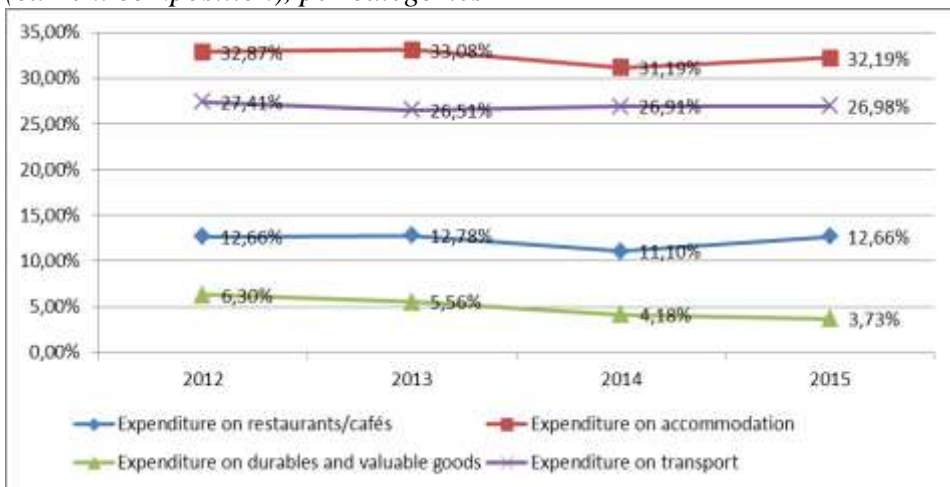
Source: *EUROSTAT online database, dataset "Average expenditure per night by expenditure categories (from 2012 onwards)", code [tour_nat_expern], data retrieved on March 13th, 2018, graphical representation by the authors*

The highest share, for the entire interval, corresponds to the *accommodation* category, almost a third of the total value. Next, comes the category *transport*, and it can be observed that in 2014 the first one records a small decrease, then increases in 2015, but not to the same level as in 2013, while the second one follows a more linear pattern. Together, these two categories account for more than 55% of the total expenses.

The *expenditure on restaurants/cafes* is the third in the comparative hierarchy, and its evolution matches the top one. The *expenditure on durables and valuable goods* holds the lowest percentage, being also on a decreasing trend. This means that the European tourist pays much

attention, not to speak about money, to the accommodation for trips within EU, and is less focused on acquiring durable goods.

Figure 6: *Average expenditure per night, outbound related dataset, EU (current composition), per categories*

The situation of the outbound expenditure is different from the domestic one. The *expenditure on transport* is on a continuous increase and took the leading position in 2015, with a share of 36.96%. The category related to *accommodation* follows a descending trend, opposite to transport but, together, these two categories amount for over 70% of the average expenditure per night. This fact can be explained by the increases in traveling costs (analyses on datasets with higher granularity should provide a better overview), and by the preference of tourists towards cheaper accommodation offers, let's take into account the competition between online booking platforms and the differences that can be found for same city/area/type of accommodation/features/facilities. To be also noted the fact that the *expenditure on durables and goods* decreases continuously along the four years, corroborated with the increase of the fourth category (*restaurants/cafes*).

Comparing the *domestic* and *outbound* members, we outline that the highest share is associated with accommodation expenses, with the exception of 2014 and 2015 (outbound), where the first position belongs to transport. The expenditure on durables and valuable goods is associated, since 2013, with the lowest shares of the average expenditure. For Romania, the structure and evolution of the "*Average expenditure per night by expenditure categories*" is presented in the following figure.

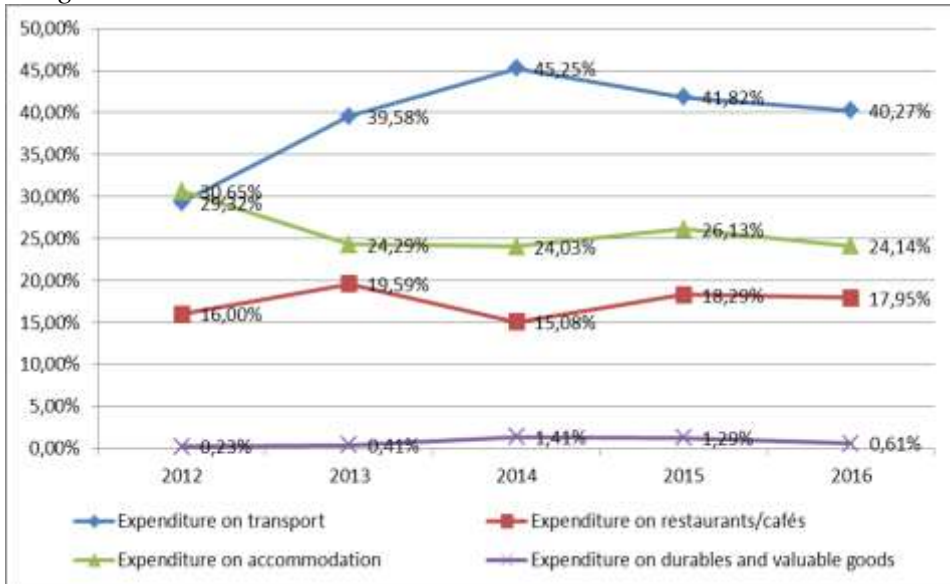Figure 7: *Average expenditure per night, domestic related dataset, Romania, per categories*
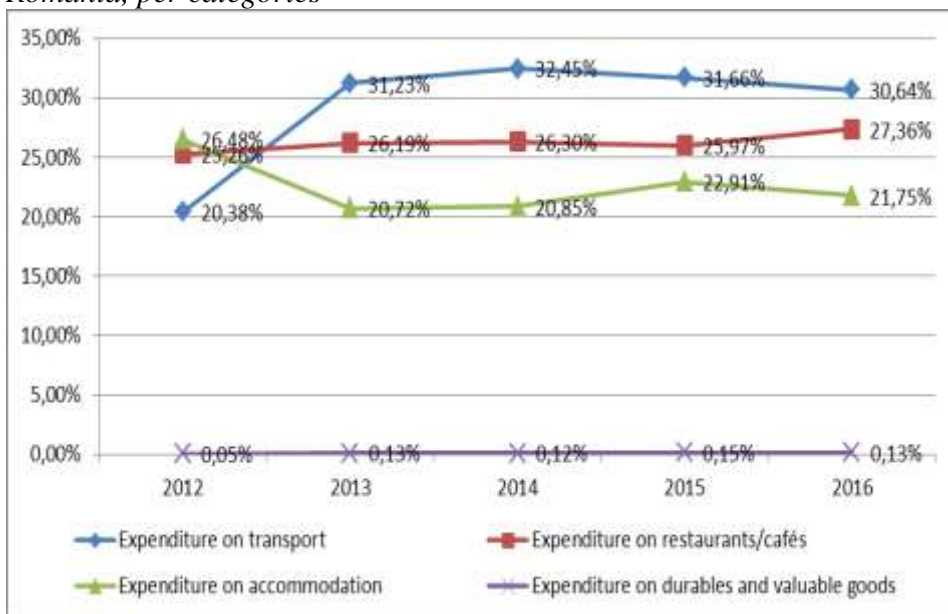
Source: *EUROSTAT online database, dataset "Average expenditure per night by expenditure categories (from 2012 onwards)", code [tour_nat_expern], data retrieved on March 13th, 2018, graphical representation by the authors*

The category with the most significant share in the dataset is associated with transport, followed by restaurants/cafes and then accommodation. The last position is held by expenditure on goods, with a very low level, less than 0.2%. However, during the most recent years, it tends to remain around 0.15%, showing the low preference of Romanian tourists to acquire durables and valuable goods during their trips within the national borders.

We can outline the following conclusions that characterize this image of structure and evolution. First, the expenditure of transport, as we analyze domestic trips, is conditioned by the price of fuel, train tickets, long-range auto travel tickets. 2014 marked a reverse in the trend, which now reveals the decrease of the share.

Figure 8: *Average expenditure per night, outbound, for Romania, per categories*

The expenditure on accommodation also decreases in 2016 compared to 2015, after a sinuous evolution during the five years analyzed. Romanian tourists are very unlikely to purchase durables and valuable goods during their trip within the country, and the resources that remain available following the transport and accommodation expenses are more probably to be spent on restaurants and cafes. Also, the observation of the dataset in figure 8 allows us to outline that accommodation has a more important role in travels abroad, even if there are offers on the market that are comparable, as price per night, to the domestic segment.

The *expenditure on durables and valuable goods* is more significant in the budgets allocated by Romanian tourists, than in the case of domestic trips, even if the level does not reach 1.5% and is decreasing since 2014.

The *expenditure on transport* has the most significant share in this dataset, and it is decreasing along the last two years.
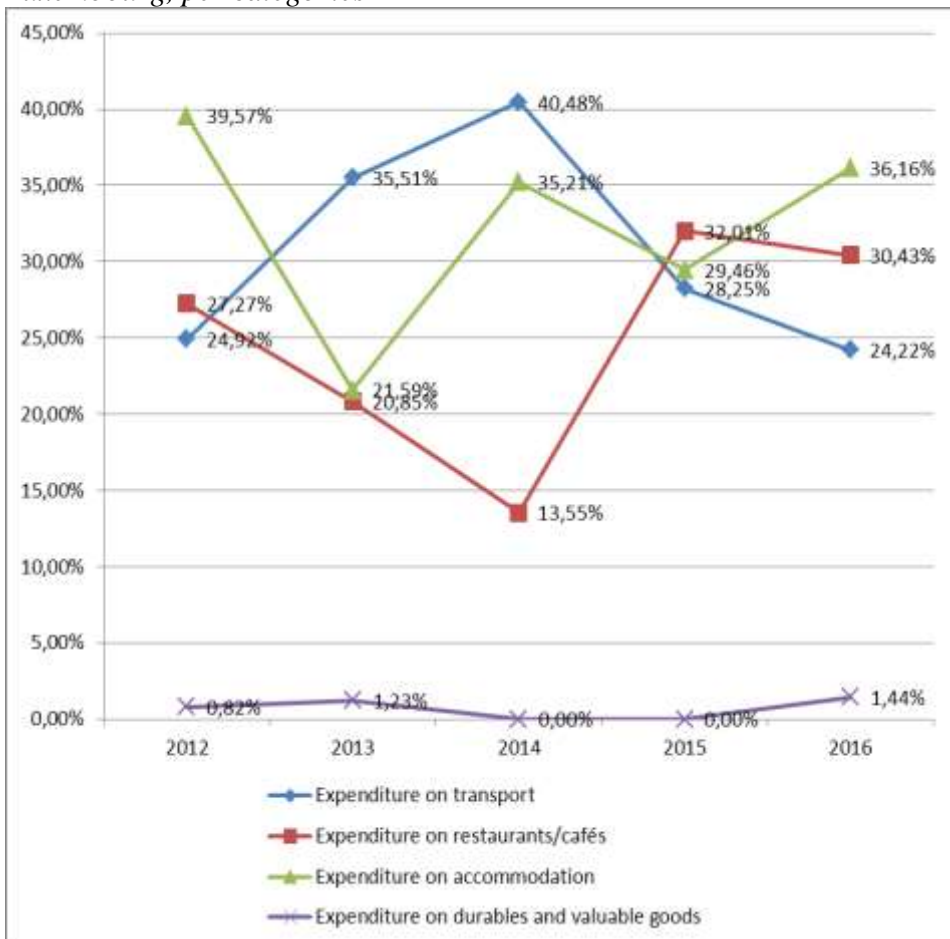
The *expenditure on accommodation* matches the evolution for domestic travels, while *restaurants/cafe* category has a sinuous dynamic with a slight increase in the most recent year of our analysis.

If we consider the correlation between domestic and outbound travel expenses, the *expenditure on transport* takes the highest position, with a significantly greater amount for outbound trips (40%, compared to 30%). Also, the *accommodation* expenses are placed in the second position in the case of outbound travels, while taking the second place in the case of domestic trips. Even under these conditions, the percentage values associated with them are close, with a difference, in 2016, of less than three percentage points. This leads to a higher share of the financial resources being allocated to entertainment in the RECA segment, during domestic travels and also its value surpasses the outbound one, in 2016, by almost ten percentage points. Therefore, it is likely that Romanian tourists, feeling a lesser burden of accommodation expenses, are inclined towards "pampering" themselves in restaurants and cafes.

As for the *expenditure on durables and valuable goods*, the appetite of Romanians towards this type of goods is more significant in the case of foreign travels. Therefore, the comparison between the two situations can be related to a more expensive accommodation in foreign countries, or the preference of the tourists to be housed in more expensive and presumably higher status facilities, and the most part of the travel budget is allocated to travels. Data for Luxembourg are presented in figure 9, similar to the Romanian and European datasets. The domestic transport category decreases in the final part of the interval, and reaches in 2016 a level below the accommodation and restaurants/cafes categories. Those two categories follow similar evolution patterns, with sinuous modifications over the years, as well as the expenditure on durables, which is on an increasing trend since the last non-null value identified (1.23% in 2013). The last year marks a clearly established hierarchy between the four types of expenses, a major difference from the situation of the previous period, when the shares for the first three items were sensibly close to 30%. As

lower sums are required for transportation, it means tourists are encouraged to seek better accommodation, entertain themselves in restaurants and cafes and, why not, acquire valuable memories in the form of durable goods.

Figure 9: *Average expenditure per night, domestic related dataset, Luxembourg, per categories*

Figure no. 10 displays the status of the outbound-specific dataset for the indicator *Average expenditure per night,* for Luxembourg. It can be observed that, during the most recent year, the percentage correlated with

the accommodation decreases below a third of the total expenses, and we have a share of transport expenses very close to the restaurants/cafes. After having the same trend in 2012 and 2013, the indicators' evolution lines "meet" in 2015 and keep close to the other in 2016. The comparative analysis on the two types of destinations displays the prominence of *accommodation* expenses in both cases, however with a higher share in the case of domestic dataset (by almost five percentage points, indicating perhaps a higher price of the accommodations within Luxembourg.

Figure 10: *Average expenditure per night, outbound related dataset, Luxembourg, per categories*
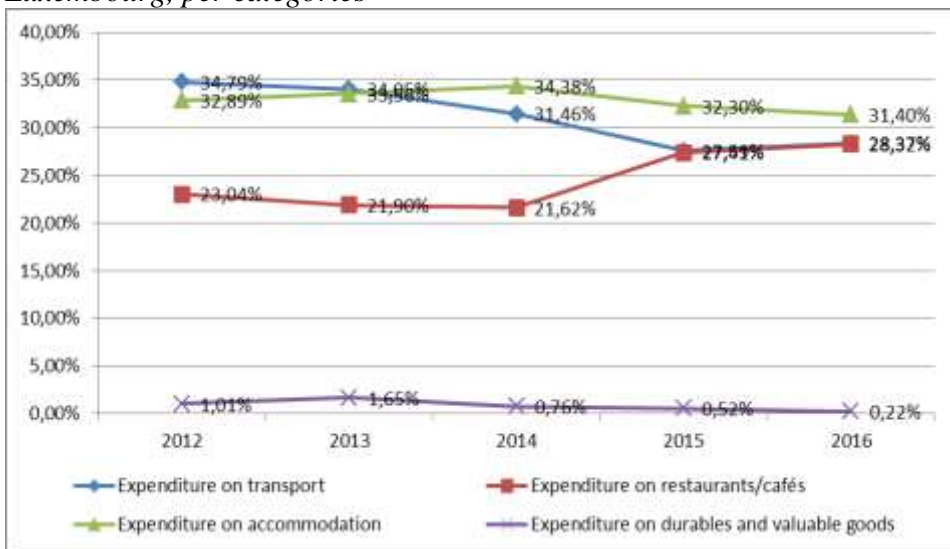
Source: *EUROSTAT online database, dataset "Average expenditure per night by expenditure categories (from 2012 onwards)", code [tour_nat_expern], data retrieved on March 13th, 2018, graphical representation by the authors*

Also, the Luxembourg tourists prefer to acquire valuable goods during their outbound trips in a more prominent manner, with the exception of the year 2016, where the share of those purchases is some six times lower than acquisitions made during domestic trips. Next, we shall perform a brief comparative analysis focused on the indicator *Expenditure on tourism trips*, code *[tour_dem_extot]*. This indicator shows the total tourism-related expenditure, for both Luxembourg and Romania, the time dimension is consistent with the first analysis (2012-2016, yearly data), we considered the long travels member (that is four nights or over), both

business and personal, categories and the measurement unit is thousand euro.

The comparative evolution of the two datasets is presented in Figure 11. The values, expressed in the same measurement unit, are very close, but the population of Luxembourg is some 5% of Romania's one, thus the inclination and resources of Luxembourg people towards tourism is much, much significant.

Analysis on the total expenditure for tourism

Another feature that distinguishes the case of the two countries is the expenditure related to outbound travels and its share in total expenditure. While Luxembourg tourist abroad travels account for more than 99% of the expenditure, across the entire interval studied, the Romanian share is below 30%, with the highest value in 2014 (29.36%).

Figure 11: *Total expenditure for tourism, data for Romania and Luxembourg, in 2012-2016*
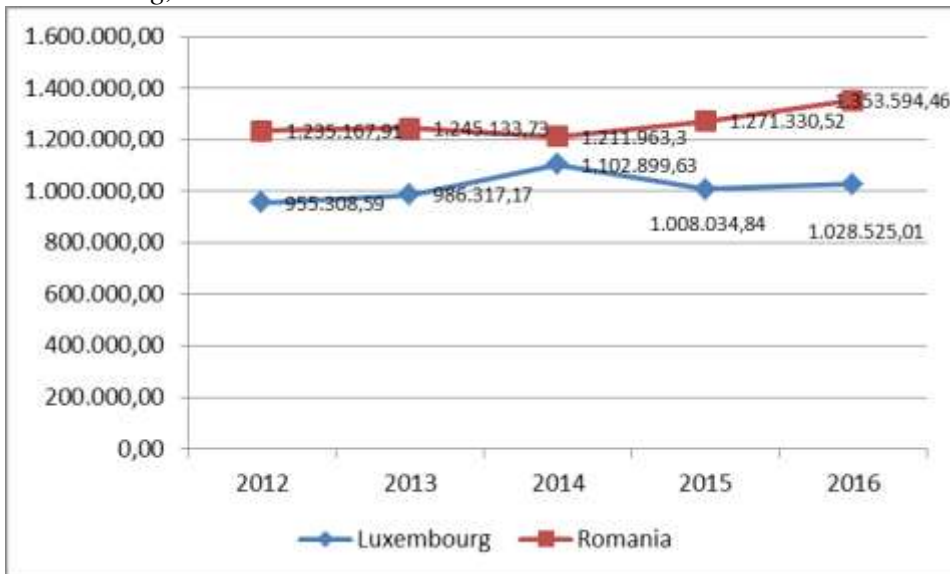
Source: *EUROSTAT online database, dataset „Expenditure on tourism trips", code [tour_dem_extot], data retrieved on March 11th, 2018, graphical representation by the authors*

The size of the two countries and the number of tourist attractions in Romania can be one of the factors explaining these values.

Analysis on the number of trips per inhabitant

The analysis of the average number of trips related to the population, based on the indicators "*Number of trips*", code *tour_dem_tttott*, supports the conclusions drawn so far, analyzed for the long trips of at least four nights.

To evaluate the behavior of this indicator, we have extracted the number of trips per inhabitant, by ratio against the population number, at January 1st. The data are presented in the table below:

Table 1: *Number of trips per inhabitant, Luxembourg and Romania*

Trips per individual	2012	2013	2014	2015	2016
Luxembourg	1,74	1,75	1,81	1,72	1,72
Romania	0,35	0,36	0,35	0,32	0,33
Ratio (L/R)	4,94	4,86	5,20	5,31	5,17

Source: *EUROSTAT online database, datasets „Number of trips", code [tour_dem_tttott], and Population on 1 January by age and sex, code [demo_pjan], data retrieved on March 11th, 2018, graphical representation by the authors*

The discrepancy between the two countries increased to a value over five, as observed from Table no. 1 (in Romania, the number of trips evolved in a fluctuant manner, a sinuous trend that marks an overall decrease for the studied interval, by 7.4%, while in Luxembourg, even if there is a sharp decline in 2015 compared to 2014 data, the five-year evolution is represented by an increase of 8.099%).

Conclusions

Romanian tourists are more inclined towards finding cheaper accommodation and spend their tourism budget on other expenses during their travels.

the percentage related to durable goods acquisition is lower in Romania, showing a smaller focus (or available resources) to be spent on long-term valuable goods (considering the personally-perceived utility as primary criteria to judge the value).

The average expenditure per night, in Romania and the European Union is higher in the context of outbound trips, versus the domestic trips (for the entire interval considered), while in Luxembourg the same comparison can be observed only in 2012 and 2016. In 2013 and 2015, the values of the two types of average expenses are not very far apart, but there is a spike in 2014 with a gap of almost 80% between them on the average. Also, the highest difference between the outbound and domestic expenses is observed for the European Union, with the lowest distance being in the case of Romania. This means that Romanians are not likely to allocate much larger sums in order to travel abroad and entertain themselves there. Also, they prefer to purchase durables and valuable goods from abroad, when they travel, than from Romania, which is also the case of tourists from Luxembourg one support hypothesis in this context being the idea that prices are more or less the same, and even lower, and the quality of similar products is susceptible to be better in some countries. Also, let us not eliminate from the equation the discount and sale policies practiced in many countries, when advantages for the buyer are significant from the viewpoint of the price/quality ratio.

For the European tourist, the expenditure for traveling, which is influenced by many factors, deserves an analysis of its own, on the basis of data with higher granularity. However, the inclination of tourists towards acquiring durable goods of significant value is more or less the same for both domestic and outbound travels.

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