COMPARATIVE STUDY OF THE HOTEL MARKET FROM CLUJ-NAPOCA AND TIMISOARA, ROMANIA

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Abstract:

The article presents a comparative study between two of the most important urban tourist destinations from Romania and underline the fundamentals of supply and demand for Cluj-Napoca and Timisoara hotel market. We use for our study personal interview based on a questioner and empirical research analysing statistical data and other available information about the destination.

The research use different criteria for analysing chosen hotel markets like: profile of the city, number of hotels, number of rooms, number of beds, national stars classification system, year of starting, profile of the target, developing perspectives of the hotel markets, penetration rate for new hotels.

Our study reveals that the analysed hotel markets have similarities, but also many differences, especially as a result of the different economic profile and development stage of Cluj-Napoca and Timisoara.

Keywords: hotel market, regional development, competitiveness

Introduction

The industry of tourism represents one of the sectors with the highest development at global level. Romania can be one of the preferred Eastern European tourist destinations due to all its features: a very beautiful landscape, different types of tourism (mountain tourism, heritage and cultural tourism, rural tourism, spa tourism, geo-tourism, MICE tourism – meeting, incentives, conferences and exhibitions –, seaside tourism) and a diversified supply of lodging capacities. Even this, the travel and tourism economy contribution to Romanian GDP varied around the 2%. The causes for the small percentage are multiple, various and complex.

The WTTC has forecasted for 2006 that travel and tourism economy is expected to contribute 4,8 per cent of Romania’s GDP and account for 485,000 jobs (5,8% of the total employment). Over the next 10 years travel and tourism sector is forecast to achieve annualised real growth of 6,7% and 1,6% in terms of employment. In 2016 the share of GDP will be 5,8 per cent.

Probably these are the reasons why in the last few years, travel and tourism sector has been identified by Romanian government as a focal point of the National Development Plan.

A study of Romanian National Institute for Research and Development in Tourism (INCDT 2005) reveals that the most chosen form of tourism in Romania urban tourism with almost a half of the demand followed at a big distance by mountain, seaside and spa tourism. The research shows an interesting situation regarding the occupancy rate for different types of lodging capacities: the highest value (42,7%) is for 5* lodging units, followed by 1* (37,79%) and 3* units (37,67%). The total revenue for lodging capacities increased with almost 20 per cent in 2005 comparing to the same period in 2004.

Cluj-Napoca is situated in the North-West Region of the country and it is known as “the capital of Transylvania” or “multicultural heart of Europe”. Cluj-Napoca is one of the Romania’s most important cities from the number of citizens’ point of view and also due to its academic, business environment and cultural attractiveness. It is an important communication point in the country and the second city in the national hierarchy as a polarisation potential after the capital – Bucharest, influencing the entire Transylvania.

Considering the number of inhabitants, Cluj-Napoca is situated on the second place at Romanian level with 312,000 citizens and Timisoara at fifth place with 304,000 citizens (INSSE, January 1, 2005).

Timisoara is an important economic center for our country, representing more than 30% from West Region economy and more than 4% from national economy. Being the major city from the west region of Romania, Timisoara is a multicultural city with influential minorities. Being the farthest among the urban centres in the
west of Romania, Timisoara has always been a place for favourable contacts and interferences with European civilization, a city distinctively cut out for a modern architecture, culture and conceptions.

A study\(^1\) made by Group of Applied Economics\(^2\) on how connected the Romanian cities are to European Union space, revealed that Timisoara is on top and the most prepared city for the accession process from economic point of view. On the second place is situated Cluj-Napoca which concentrated the highest level of financial resources through NGOs with cultural profile and which had the highest number of cultural exchanges (Roibu, 2006). Another study\(^3\), based on the cost of living – using 23 criteria, indicated that Cluj-Napoca is the most expensive city. Timisoara was situated on 6\(^{th}\) place (Amariei, 2006).

Both studies are supporting the idea about the important position of Cluj-Napoca and Timisoara as economic centres. This importance was enhanced when the Regional Development Agencies for North-West and West chose to locate their headquarters in Cluj-Napoca and Timisoara.

These are the reasons which make Cluj-Napoca and Timisoara an interesting destinations for different types of tourists.

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Material and Methods

We use for our study exploratory, descriptive and causal research. We obtain primary and secondary data through personal interviews based on questioners and empirical research analysing statistical data and other available information about the destination. For the tourist supply we got responses from a representative groups: 26 hotels out of 30 (86,66\%) for Cluj-Napoca and 30 hotels out of 33 (90,90\%) for Timisoara.

Results and discussions

The main assumption that we tried to verify in the study was: the profile of the city is influencing the hotel market. We considered the following profiles:

- Cluj-Napoca is an important academic and business centre; is dominated by business tourism, but the strong presence of universities must influence this profile;
- Timisoara is a business centre, dominated by business tourism.

Taking into account the total number of Romanian lodging capacities, Timişoara and Cluj-Napoca are situated on the second and third place after Bucharest, the capital of Romania. We choose for our study these positions in ranking because the distance between the capital and the others was very high - Timişoara and Cluj-Napoca have around one third of the total number of hotels and less one fifth of the total number of rooms offered by Bucharest (table no. 1).

<table>
<thead>
<tr>
<th>Rank</th>
<th>County</th>
<th>Municipality</th>
<th>Number of hotels</th>
<th>Bed places</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>-</td>
<td>Bucharest</td>
<td>83</td>
<td>12737</td>
</tr>
<tr>
<td>2.</td>
<td>Timisoara</td>
<td>Timisoara</td>
<td>33</td>
<td>2524</td>
</tr>
<tr>
<td>3.</td>
<td>Cluj</td>
<td>Cluj-Napoca</td>
<td>30</td>
<td>2551</td>
</tr>
<tr>
<td>4.</td>
<td>Constanța</td>
<td>Constanța</td>
<td>23</td>
<td>1960</td>
</tr>
<tr>
<td>5.</td>
<td>Brasov</td>
<td>Brasov</td>
<td>15</td>
<td>1685</td>
</tr>
<tr>
<td>6.</td>
<td>Argeș</td>
<td>Pitesti</td>
<td>15</td>
<td>1188</td>
</tr>
<tr>
<td>7.</td>
<td>Iași</td>
<td>Iași</td>
<td>12</td>
<td>1452</td>
</tr>
<tr>
<td>8.</td>
<td>Sibiu</td>
<td>Sibiu</td>
<td>12</td>
<td>1320</td>
</tr>
<tr>
<td>9.</td>
<td>Arad</td>
<td>Arad</td>
<td>12</td>
<td>1216</td>
</tr>
<tr>
<td>10.</td>
<td>Suceava</td>
<td>Suceava</td>
<td>11</td>
<td>945</td>
</tr>
</tbody>
</table>

Source: own, based on data provided by the National Authority of Tourism

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\(^1\) Bucharest was excluded from the study.
\(^2\) www.gea.org.ro; the title of the study is “The Index of European Readiness”.
\(^3\) On this study too, Bucharest was excluded.
The number of hotels in Timisoara before 1989 was low, only 5 hotels existed. During 1990s, 8 new hotels entered to the market, but the boom of hotels came after 2000, triggered by the increasing number of foreign companies establishing important branches and developing plant in Timisoara. In 1990 the number of hotels in Cluj-Napoca was 10. Between 1990 and 1999, the number grew slowly to 17. By the end of 2005 on the Cluj hotels’ market were 31 hotels. Unfortunately, at the beginning of 2006 one of the hotels – Continental – was closed. From 30 of the hotels, 53% were open between 2000 and 2005. The development of Cluj-Napoca accommodation establishments was triggered by the need for various types of accommodation services and by an easier access to financial resources (bank loans mostly) between 2000 and 2005. Figure no. 1 presents comparative situation.

![Figure no.1: The year of construction](image1)

Studying hotel lodging capacity, Timisoara hotel market is dominated by small hotels. The majority of these hotels were build after 1998 and their small capacity was imposed either by the financial resources the owners could gather for the construction or by the limited space where the hotel property have been developed. In some cases, both causes were present. Our study revealed that 87% of the operational lodging capacities in Cluj-Napoca are also small, offering under 50 rooms, as the figure no. 2 shows.

![Figure no.2: Number of rooms](image2)

Almost a half of the hotels in Cluj-Napoca are included in 3 stars category – using the National Stars’ Classification System and the second place is taken by 4 stars hotels. Analysing Timisoara hotels based on this criteria, resulted the same situation, as the figure no. 3 shows. The situation is similar at country level. The hotels developed mainly since 2000 were 3 stars hotels, considered to be preferred by business tourists. The reasonable level of investments required by a 3 stars hotels was another reason for which this type of hotel was preffered.
The idea that the business tourism is the leading segment in Timisoara was highlighted during 2004 by Meirosu and Onica and in 2005 by Ancutescu. It was confirmed by the findings of the present study which shows that 52% of Timisoara tourists are there for business. Our research reveals that the main purpose of visiting Cluj-Napoca is business, followed by transit and personal interest (figure no.4). In “personal interest” category are included the relatives and friends of the students and of the residents who, most of them, do not use the lodging capacities and also persons how come for medical services.

Comparing the hotel market in Timisoara and Cluj-Napoca, common and distinctive features resulted. The hoteliers from both cities are oriented toward business tourist segment, the most obvious one and generated by the trend of Romania development. Among the things ignored is the fact that all the 2 cities are considered to have a high concentration of monuments and building included in the Romanian national patrimony. With such a heritage, the cities could develop cultural and leisure tourism.

In Timisoara the business profile of tourist market is obvious and the hotels under scrutiny are positioned to serve this segment. Cluj-Napoca hotels, following the trend, are also oriented toward business tourism, ignoring the fact that the city has a tourist market dominated by an academic profile. In this respect, the offer is not correlated with the demand, the budget hotel segment representing only around ¼ of total hotels. In Cluj-Napoca and Timisoara only one hotel in every city are affiliated to an international hotel chain: Best Western. In Timisoara, since 2006, is present NH Hotels too.

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*Law no.5/ 2000.*
During 2006 on Cluj-Napoca hotel market 7 new hotels entered the market (an increase of 23.3%), crowding even more the segment of hotels targeting the business segments; one of the new hotels is classified at 5 stars, opening the door for the luxury segment on Cluj-Napoca hotel market too. In 2006, other new 13 hotels entered Timisoara hotel market (an increase of 39.4%), the majority of them being classified at 3 stars and with less than 50 rooms, targeting the same business segment.

References

7. www.insse.ro