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Contents

THE WORLD FINANCIAL CRISIS. CHALLENGES AND ANSWERS FOR ACCOUNTING

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Abstract: *In economic history, financial failures lead to a crisis of distrust in the reliability of financial-accounting information and accounting is subjected to great challenges regarding the best accounting methods and techniques for best answering the need for accurate and reliable informing of the users of financial reporting. In this current economic crisis as well, accounting, even if it did not represent its direct cause, was not able to prevent the emergence of financial problems in due time. This paper presents a running over of the main challenges brought by the present crisis of accounting as well as the way in which it attempted to find answers to these challenges, while striving to regain the trust of the investors in accounting and in a corporate management with social responsibility.*

Keywords: crisis, accounting, fair value, framework, norms

JEL classification: M41, M42, M14

1. Introduction

The great economic crisis in the history of mankind raises various question marks from all economists, organizations or public companies. Which were their causes, how can their effects be fought back, how can such disasters be avoided in the future? In all cases, accounting, responsible with an adequate financial informing through financial reporting, was brought into the discussion and subjected to a critical overview. Was accounting responsible for the economic-financial failures? Or, at least, could it have anticipated certain "deficiencies" in the financial status of companies and, nevertheless, did nothing to prevent the disaster? All these financial failures create a crisis of distrust in the reliability of accounting-financial information, while accounting id subjected to great challenges regarding finding the best accounting methods and techniques for best answering the needs for accurate and reliable informing of the users of financial reporting.

All these economic failures reflected specific causes, including accounting and accounting has the role of detecting each time the causes of specific situations, of examining their advantages and disadvantages and, then, to validate those that successfully passed the test of economic crises. Economy is constantly changing; scientific revolutions always alter the flow of economic history, culminating with the economic crises, also called crises of the success. By all means, financial-accounting management has to keep up with these scientific discoveries and accounting is one of the main pawns with the role of drawing up accounting principles and regulations, together with the corporate governance of a company.

2. The economic fiascos from the beginning of the 21st century and the challenges of accounting

Among the causes of the economic fiascos from the beginning of the 21st century (Enron, WorldCom, AOL Time Warner, Qwest, Xerox, Kmart, Meryl Linch) there were also mentioned the weaknesses of accounting, under the circumstances in which the figures of these companies were irresponsibly "enhanced" in order to present investors a favorable image. The management conducted a leading policy oriented solely on satisfying the investors' interest and the situation went as far as the manipulation of financial-accounting data was undersigned by the "unreserved opinion" regarding the reality and accuracy of the financial statements of important audit companies (the famous audit company, Andersen, which signed the audit reports of Enron and WorldCom; immediately after these fiascos, Andersen-one of the top five audit companies-, went bankrupt.

The above mentioned financial scandals created a crisis of distrust in the reliability of financial-accounting information that did not reflect all the aspects of performance. They also showed *the dissociations between accounting, ethics and manager's responsibility*.

Together with these great economic fiascos, the credibility of accounting was affected and regaining the trust in financial statements became the goal of corporate governance systems. Moreover, these financial scandals started the questioning regarding society's (public power) ability to naturally limit or to reduce unethical or dangerous behaviors of some participants to the economic life. A possible answer to this question was already beginning formulated by the putting into practice of the concept of social responsibility of companies (CSR). The European Commission made considerable efforts for integrating CSR within the strategy for growth and occupation.

The solution was found in the corporate governance based on the three pillars of performance (economic, social and environment), that requires the putting into practice of the concept of *corporate social responsibility (CSR)*, a concept that became widely applicable in the present economic context.

3. The present economic crisis and accounting

Many professionals consider that accounting norms, even if they did not represent by themselves direct causes of the present economic crisis, they, nevertheless, did not help preventing it. In this context, accounting is accused of maintaining a distorted reality and the reliability of accounting is questioned again.

On the other hand, in the context of globalization, when we witness an internationalization of economy and de-localization of companies, the need for unity is also felt as far as accounting normalization is concerned. Under these circumstances, there have to be taken into account one more the values of the two main accounting systems, systems based on principles or regulations, the Anglo-Saxon system (true, more dynamic, but also implying certain risks, such as the ones we witness today) or the systems based more on prudence, on prevention actions (the continental system). The present crisis drew attention on the necessity that the two accounting systems should negotiate in order to validate the advantages of the two accounting systems and presenting them in the context of a difficult economy, but also to identify the shortcomings of each system.

All financial crises are, in fact, crises of success and belong to the functioning mechanism of financial markets. Financial crises are caused by the excess of trust generated by economic growth when existing economic laws do not apply anymore and management deals with a lack of adequate counteracting strategies and policies. If we consider the cyclic character of economy, we can accept this crisis and conclude that it could not have been avoided and it was due to happen sooner or later.

But, in the circumstances of the development in parallel with economic and accounting development, one would have expected that it would be adequately prepared for the economic boom. And, when the first signs of the lack of liquidities appeared, as early as 2005-2006, shouldn't it have been ready to draw the alarm?

Even if there were not direct causes, many authors consider that, among the causes that maintained and triggered the present financial causes, there also are causes related to *accounting procedures*, such as:

√ The incapacity of the accounting model to deal with these innovations enabled the putting out of the balance sheet of certain financial assets;
√ Problems related to the not considering of assets; the determination of companies included in the consolidation perimeter and the de-consolidated companies;
√ The complexity of hybrid instruments increases the difficulty of their reliable evaluation;
√ Fair value and its pro-cyclic effects;
√ Unrealistic expectations regarding the information included in financial statements.

4. Fair value – a present accounting concept under controversy

Analyzing the causes of this crisis in the context of accounting procedures, there were many who considered that an element with a major role in the perpetuation of this crisis was created by using in accounting the concept of "fair value".

4.1 Fair value – base of accounting evaluation

What does fair value represent in accounting? In order to understand fair value, it should be presented together with (or opposed to) historical cost. Both represent systems of evaluation for the elements of financial statements (Deaconu, 2009, pp. 122).

Historical cost if the most used value that represents the object of accounting evaluation. It represent an easily verified measures of the elements (assets or liabilities) being, in fact, a historical cost corrected by the depreciation elements from redemption and provisions. Unlike historical cost, fair value as basis of evaluation, has a subjective nature. Thus, according to IASB, fair value is "the sum for which an asset can be sold or a liability discounted, willingly, between parties, within a transaction where the cost is determined objectively. In other words, the determination of the fair value of an element (asset or liability) is based on estimation performed by a qualified individual, according to the objective information he/she obtained in an objective way, using established evaluation methods, individual who is entirely entitled to interpret, to process and to transpose these data. Thus, one can say that an evaluation performed by one person will not be identical with an evaluation performed by another person, for the same object (Deaconu, 2009, pp. 123).

As a result of the intensive use of financial instruments (bonds, accounts receivables, liabilities, respectively out of balance sheet elements), as well as the shortcomings of traditional evaluation methods in reflecting their rapid evolution on the market, the international organizations for accounting norms perceive the necessity of validating the evaluation model based on fair value under its various specific forms (actual cost, workable value, updated value or market value). Under the present circumstances there is mentioned "a new accounting", based on a new evaluation basis given by fair value, an extremely useful one in the context of the actual globalization of the market.

The supporters of fair value in accounting come from capitalist economies, where the capital market is the one dictating the economy. Therefore, USA and American norm issuing organizations were the first to bring into attention, in 1982, the need for fair value when they suggested an evaluation of derived financial instruments according to their market value, at the FAS 87, "Employers' Accounting for Pensions". Also related to the evaluation of financial instruments, IASB introduced for the first time the notion of fair value in 1995 at IAS 32 "Financial instruments, presentation and description". Even if USA and the Anglo-Saxon countries were the most supportive of applying fair value in accounting; later Europe too becomes more open to the application of fair value. For example, in France, a 1998 note of The National Accounting Board enforced regulations regarding the evaluation on actual value for profit and loss account, starting with January 2000.

In this context, various specialists bring solid *pro fair value* arguments for considering "fair value" as evaluation basis in accounting:

- √ Fair value makes possible the obtaining of reliable financial statements;
- √ It is the only evaluation basis that includes derived instruments;
- √ It provides more accounting objectivity and neutrality;
- √ It limits the possibility of marking earnings by discretionary selling assets;
- √ It is preferable an imprecise, but transparent system based on fair value to a precise historical cost, but irrelevant fair;
- √ It reduces the difference between accounting value and stock market value.

Due to the acute informational needs of investors on a developed capital market, imposed by the rapid globalization, we believe that evaluation on fair bases is impetuously necessary for satisfying the actual needs of investors – main users of the information contained by financial reporting. Both IASB and FASB promote fair value for sustaining the information needs of shareholders on a capital market where the needs of value information is vital.

4.2 Fair value blamed for the financial crisis

The loans credit in USA, which spread rapidly on all financial markets, raised numerous questions regarding the accounting calculation and reporting of the assets of companies on stock market. “Fair value” seemed to lose its consistence. The loans crisis from USA created a real storm in capital market and the majority of stock registered significant decreases of their sale values.

Thus, great discrepancies appeared between the figures reported by companies and the value of their shares. Questions such as: “how can be explained the fact that many companies that went even better before the crisis have now a much less share value?” remained unanswered and raised controversial discussions.

The concept of fair value was on trial. Among the arguments against *fair value* brought by various authors, highlighted in the context of the present crisis, were:

- √ The lack of active and liquid markets makes fair value subjective;
- √ Fair value cannot provide the precision of the historical cost;
- √ The risks implied by using models (past is not a reliable basis for estimating future);
- √ It does not reflect the management’s intention of keeping the assets, but only of selling it;
- √ It provides a short term perspective over the financial standing of the company;
- √ It favors only one of the categories of users of accounting information: investors;
- √ The purpose of accounting is not that of evaluating the company (this is the task of the market);
- √ When the market drops, the evaluation in fair value can determine the situation then the criteria of maintaining capital are not met;
- √ Fair value is pro cyclic; this means that it accelerates the market fall by encouraging sales for meeting capital requirements.

The concept of “fair value” is currently ascribed to the assets from the accounting balance sheets of companies. It is thought, re-thought, analyzed and given different interpretations.

The International Accounting Standards Board (IASB), institution that draws up the accounting standards, brought into discussion the measuring of financial instruments’ fair value. The debates of the Board that traces “global accounting” are due to clarify assets’ evaluation and even to perform certain changes in the future.

4.3 Fair value whereto? Debates

As a result of the critique brought to fair value, questioning the maintaining of this evaluation basis in accounting, specialists bring solid *pro fair value* arguments, meant to support the maintaining of this concept:

- √ The lack of active markets does not justify the abandonment of fair value, but the devolvement of evaluation methodologies;
- √ Fair value did not generate the financial crisis and giving it up will not solve the problem;
- √ Renouncing to fair value when markets are decreasing would deprive the investors of useful information and would affect the neutrality of accounting and the independence of the norm issuing organization.

Among those supporting the useful of “fair value” as evaluation basis in accounting, even in the context of the financial crisis, there is Sir David Tweedie, Chairman of International Accounting Standards Boards. In one of the reports issued by IASB, he said: “the role of accounting is that of reflecting facts and not that of ensuring stability when this does not exist” (IASB, 2008, after Bota-Avram 2009). This conception is shared also by significant representatives of financial audit, such as Richard Sexton, one of PricewaterhouseCoopers managers, who comments: “the role of accounting is not that of creating reality, but of reflecting it as it is”.

Taking into account the counter arguments to the concept of fair value, *the need to clarify fair value in non-liquid markets* as an effect of financial crisis, in stead of eliminating fair value altogether, starts to be acutely felt, in the circumstances in which fair value as accounting evaluation basis is embraced in technical literature:Veron (2008), Pozen (2009) or Wallace (2009).

Thus, in the context of world economy globalization, it is necessary, now more than ever, a convergence of the two great accounting systems: the Anglo-Saxon system and the Continental system, with the elimination of their weak points and retaining their strong points, validated by the present crisis of each system. It is necessary that all the accounting professionals should be united, should be open to discussions and idea exchanges in order to found a viable accounting system.

The necessity of using fair value and reviewing the concept of fair value is already expressed by the present crisis. The international boards are already aware that the entire accounting industry should be united in order to issue common regulations and procedures, validated by the current crisis. Various seminars and discussions are organized with the purpose of drawing up the future actions in accounting norms and having as central point the regulation of fair value in accounting, but also other significant accounting aspects highlighted by the present crisis.

As an important economy specialist, Ion Anghel appreciated, "we are currently facing the first major crisis of this century for accounting. Professional communities risk extinction like dinosaurs unless they are able to cope with the challenges of the market" **(**after Gronski, 2009).

The major challenges faced by accounting due to the present financial crisis, were expressed in broad *discussions and debates* of different national and international boards for regulating fair value:

►*Committee of European Securities Regulations –CESR*, due to recent financial turbulences, deals with the measuring of financial instruments' fair value and publishing the techniques used in the context of an illiquid market. The main purpose of these actions is to support investors, so that they would be able to compare the financial statements of different issuers and to evaluate their position and financial performance at a certain point.

For this purpose, CESR 2008 issued a document of public use entitles "Fair value measurement and related disclosures of financial instruments in illiquid markets", which includes a series of comments on IAS 39. "Measuring the fair value of financial instruments" and IFRS 7 "Techniques used for measuring financial instruments" and requires feedback from the market on these issues.

►At the *G20 Summit* of April 2009, there were mentioned, among anti-crisis proposals, other proposals referring to the strengthening of the financial –accounting system for ensuring quality financial reporting. The following resulted:

- The issuers of accounting standards should expedite the collaboration with regulation and supervision organizations for improving the evaluation standards and for obtaining a unique set of high quality global accounting standards;
- Once the come-back is ensured, there should be urgently adopted measures for improving the quality, quantity and homogeneity on an international level of the capital from the banking system. In the future, regulation should prevent excessive returns and should stipulate the formation of reserves".

►*The International Accounting Standards Board (IASB)* launched several actions referring to loans crisis. The institutions restate its engagements as standard issuer for ensuring transparency for investors and other users of financial statements. IASB admits the necessity of clarifying the IFRS' that address to the new developments of markets. The Board closely supervised the evolutions in USA in order to avoid the inconsistencies in accounting treatments under IFRS or under American standards (US Generally Accepted Accounting Principles – GAAP).

On September 16th, IASB issued a guide project for measuring the fair value of financial instruments on the no longer active markets. Through this measure, IASB takes into account the increase of consistency between the fair value given by IFRS and the one given by GAAP. The clarifications made by the Office of the Head Accountant of the US SEC and by The Financial-Accounting Standards Board (FASB) from USA have the role of completing the guide created by IASB, being consistent with the IAS 39 standard "Financial Instruments". This will help enduring comparability beyond borders.

►*The common approach IASB and FASB*

IASB will work close together with FASB for developing a common approach for the issues related to the evaluation of the assets and liabilities resulted from purchase though the American Emergency Economic Stabilization Act and other international programs of the kind. The Board will help promoting the GAAP measures, those that enable companies, in rare cases, to re-classify the financial instruments under the form of securities from their company (measured as fair value with change through the income statement) under the category of "mature" (measured according to their redemption cost). Moreover, also regarding the GAAP measures enabling certain borrowings that are not securities can also be transferred from "sale" (measured at the lower value between cost or market with change through the income statement) to "investments" (measured according to their redemption cost).

IASB admits the necessity of continuing the examination of IFRS accounting principles for financial instruments, taking into account even a possible replacement of IAS 39 standards.

►*Action course IASB*

The projects of consolidating IASB, as well as the answers to the recommendations of the Financial Stability Forum (FSF), which took place with the help of the Ministers of Finance from the G-7 countries, imply a series of actions from the London Board. IASB will improve, through rapid procedures, the international accounting standards and will be more open to reports from outside the balance sheet and to a convergence with GAAP.

Moreover, the Board will increase the guidance towards the evaluation of financial instruments when markets are not active, by applying fair value in illiquid markets.

A new development theme is the opening of standards, directed towards evaluation, methodology and the uncertainty associated with evaluation. Moreover, for the beginning of 2009, IASB intends to regulate the unrecognizing (depreciation) of financial assets.

►In *Romania* also there emerged such manifestations of the national boards for accounting norms. Thus, during the unfolding of the 18th seminar organized by The Committee of Latin Europe-America Integration (CILEA) and the Board of Accounting Experts and the Board of Authorized Accountants from Romania (CECCAR), under the title "Globalization: present challenges and perspectives for companies" that took place in April 2009, there brought into discussion very important aspects referring to the future tendencies of accounting.

During this meeting, Norberto Barbieri, prime vice president of CILEA Argentine, spoke about the importance of fair value and the necessity of developing the conceptual framework. In the present context, it is necessary to adopt the conceptual framework of international norms in order to satisfy the necessities of users and objectives of financial information. Thus, fair value is the right answer that enables the users of financial statements to have a reliable image on the financial standing of a company.

5. Improvements in the accounting regarding the quality financial reporting as an answer to the loans crisis

There were concrete actions in accounting performed by the various agencies of accounting profession. In this sense, the actions of the International Accounting Standards Board (IASB) adopted as a result of the financial crisis, were expressed through the following (IASB, 2008):

- ✓ On October 31st 2008, the publishing of the results obtained by the group of experts regarding the evaluation based on fair value under the circumstances of an inactive market;
- ✓ On December 18th 2008, issuing a standard referring to consolidation issues;
- ✓ In March 2009, IASB suggests a new approach for acknowledging and increasing information for elements out of the balance sheet;
- ✓ In March 2009, increase of requirements regarding fair value and the risk of fair liquidity;
- ✓ In March 2009, IASB clarified the approach of included instrument on the occasion of the reclassification in and from the category of financial assets evaluated on the basis of fair value.

International Ethics Standards Board for Accountants –IESBA within IFAC drafted a strategic action plan for January 2008 – December 2009, for fighting the negative effects of the crisis. The declared objective of IESBA is that of "serving the public interest by determining high quality ethical standards for accounting professionals and facilitating the convergence of national and international ethical standards, thus pursuing

the increase of quality and services provided by the counting professional" (IESBA, 2008). The main measures stipulated in IESBA action plan (2008) refers to:

- ✓ *Reviewing the Ethical Code of the Accounting Professional* issued by IFAC, especially the requirements referring to insuring his independence, but only after a period of stability, estimated around the beginning of 2010;
- ✓ *Improving the communication* with law givers, norms givers, leaders of professional accounting organizations, members of the profession with other parts interested in the convergence of national and international standards;
- ✓ *Organizing public consultations* on three major projects for the period starting with 2009, such as:
  - Frauds and illegal acts;
  - Conflicts of interests;
  - Insuring support for implementation.

The International Ethics Standards Board for Accountants (IESBA) held recently (on March 29, 2010); at New York to discuss all the weakness met before in adopted the *Code of Ethics for Professional Accountant.* The work plan for 2010-2012 includes the IESBA's intention to complete two high-priority projects from its previous work plan:

- *Conflicts of Interest*. The IESBA will expand existing guidance for professional accountants, whatever their role, who face conflicts of interest. This will include the types of situations that give rise to conflicts, the mechanisms that can serve as safeguards in a conflict situation, and ways to manage conflicts; and
- *Responding to Suspected Fraud or Illegal Acts*. The IESBA will provide guidance for all professional accountants on how to respond when encountering a suspected fraud or illegal act. This will include the threshold for taking action, the types of actions that may be taken, the process for responding, and the timing of any disclosure.

The IESBA also plans to begin a project that addresses the application of the "related entity" definition in the IESBA's *Code of Ethics for Professional Accountants* (the Code) to audits of collective investment vehicles.

In addition to its standard-setting activities, the IESBA plans to continue to assess what additional material or activities would be useful to support those who are adopting and implementing the Code. To further its objective of facilitating convergence of international and national ethical standards-including independence requirements-the IESBA will liaise closely with national standard setters and regulators to identify and understand their perspectives on convergence and to seek their views on how the Code can be a catalyst to achieve greater convergence.

An important lesson that accounting profession needs to assimilate after these crises and which should mark the corporate audit activity consists in "approaching audit from a broader point of view, being identified several connections that should exist between audit, corporate governing and social responsibility of corporations (Sikka et al. 2009). Moreover, renowned researchers (Porter, 2009) launch the idea that "the main key in ensuring corporate responsibility towards the population following their activity would be the three-lateral collaboration between accounting professionals specialized in audit activity, meaning the three categories: external auditors, internal auditors and audit committees.

6. Conclusions

The consequences of the economic crisis that came one after the other since the beginning of the 21st century, culminating with the current economic crisis were devastating. They led to huge losses suffered by the economy players, either companies, financial institutions or the state and generated major economic unbalances (decrease of global GDP, down fall of stock market parameters, increase of unemployment, increase of budget deficit in countries from all over the world, decrease of life quality). These effects became more acute in the context of the current crisis, appreciated as more disastrous than the crisis of 1930.

These crises led to the distrust of the market in the ability of companies to recover and, implicitly, to a decrease of demand, manifested by the investors in the capital market. Their confidence was betrayed and the need to regain this lost confidence is acute. The process of re-establishing world order has to focus first of all on *regaining investors' confidence*. For this purpose, the task has to consist primarily of ensuring

corporate *governance* based on *social responsibility* and, at the same time, ensuring *quality financial reporting that is believable and responsible.*

Thus, in the context of world economy globalization, it is necessary, now more than ever, a convergence of the two great accounting systems: the Anglo-Saxon system and the Continental system, with the elimination of their weak points and retaining their strong points, validated by the present crisis of each system. It is necessary that all the accounting professionals should be united, should be open to discussions and idea exchanges in order to found a viable accounting system.

All these are done for recapturing the trust of investors in accounting and in corporate management with social responsibility. But his cannot be done unless by adopting measures that would ensure more transparency, more public supervision in the context of neutral accounting regulations, independent of interest groups.

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MOTIVATIONS FOR USING SOCIAL NETWORKING SITES: THE CASE OF ROMANIA

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Abstract: *Social networking sites (SNS) have been experiencing a growth boom in latter years, consequently drawing marketers' attention as an important medium for meaningful interaction with the consumer. But achieving brand effectiveness on SNS begins with understanding users' motivations for online social networking. This paper sought to explore Romanian users' motivations, and reports findings from a qualitative study consisting of face-to-face in-depth interviews and participant observation. We determine the main differences in motivations for using four major Romanian social networking sites. Implications in terms of brand communication within the context of SNS are also discussed.*

Key words: social networks in Romania, social networking motivations, social media motivations

JEL classification: M31

1. Introduction

According to Boyd et al. (2007), social networking sites (SNS) are defined as "web based services that allow individuals to construct a public or semi-public profile within a bounded system, articulate a list of other users with whom they share a connection, and view and transverse their list of connections and those made by others within the system". Today, there are many SNSs differing in functions, features and users, but we can observe a high degree of commonalities. Common to most social networking sites are user profiles - information fields for projecting characteristics of the individual, such as age, sex, location, interests, description and profile photo. Users have full control of their profile. They provide content according with what they wish to display to the public. Most SNS also contain various other options such as photo albums, videos, music and applications such as games or friend rankers, groups of shared interests, etc.

SNSs allow individuals to meet new people through the site, articulate connections with them by simply listing those users as "friends", but also to learn more about offline acquaintances and to keep in touch with them.

According to Lampe (2006), while some people use SNS especially to make new online connections, others can use social networking to support their offline connections. For example, so-called social searchers would use the site to investigate specific people with whom they share an offline connection to learn more about them, whereas social browsers would use the site to find people or groups online with whom they would want to connect offline.

Previous research also concluded that impression management is a common practice among users of SNSs (Dwyer, 2007; Ellison et al., 2006; Ellison et al., 2007; Rosenbloom, 2008). Impression management can be described as the personal goal of managing one's image through self-presentation strategies. Moreover, Ellison et al. (2007) stated that a major benefit of social networking sites is building types of social capital, or staying in touch with friends while gaining new ones. Findings in Boyd (2004) revealed that practising impression management on social networking sites enabled users to negotiate their presentation of self in order to better connect with other users.

Nezlek and Leary's (2000) measured users' motivation to practice impression management based on what degree participants wanted others to perceive them as likeable, friendly, socially desirable, competent, skilled, intelligent, ethical, moral, principled, physically attractive, handsome and pretty and how much users thought about how other people were evaluating them throughout communication.

The literature review indicates impression management, networking, socializing as motivations for SNS use. For these reasons, this study will explore in-depth which motivations are the strongest drivers of using SNSs in Romania and indicate which motives are the most significant for using a certain SNS.

In addition, an important aspect of social networking sites is their interactive nature. Hanjun et al. (2005) suggest that the dimensions of interactivity occurring most frequently in literature are the human-message interaction, which is important for Internet advertisers, and human-human interaction. Hanjun et al.'s (2005) findings showed that consumers who interacted more evaluated the Web site more positively, leading to positive attitudes toward the brand and increased purchase intent.

Companies must connect with users accordingly to establish a committed relationship with their customers. Users' expectations towards brands presence and communication within the context of each social network must be known for adopting a proper social media strategy. Therefore there is a need to identify user's core usage motivations for different SNS.

This study explore motivations for using social networking sites in Romania and reveals commonalities and differences between the most popular SNSs among Romanians: Hi5.com, Neogen.ro, Facebook.com, Twitter.com. Study findings enable companies to adopt a proper social media strategy for addressing Romanian users.

We focused our study on Hi5.com, Neogen.ro, Facebook.com and Twitter.com because of the exponential growth of Facebook.com and Twitter.com in 2009 and because usage data indicated Hi5.com and Neogen.ro as SNSs with the biggest number of registered users in Romania (over 2 millions for each of them).

The importance of these four SNSs for exploring the social networking phenomenon in Romania was also confirmed by the registered internet traffic in 2009 (by unique visitors). The top social networking site by unique visitors was Hi5.com. Other top 10 SNSs were Facebook.com, Neogen.ro and Twitter.com (Realitatea.net, 2010).

2. Methods

This paper reports findings from a qualitative study conducted in order to explore Romanian users' motivations of online social networking. Our exploratory study used face-to-face in-depth interviews and participant observation. The interviews were semi-structured, lasting approximately 1.30 hrs.

Participants were selected from a poll conducted on Neogen.ro on the following 3 criteria: the selected subjects should have been 18-30 y.o. adults that were experienced users (at least 1 year experience with social networking), and used minimum three of the investigated SNS. The same age group was used also in another exploratory study conducted in 2009 by the market research company Daedalus Milward Brown for investigating users' perceptions of Hi5, Facebook and Twitter.

An invitation to participate to the in-depth interview was sent to the users matching the selection criteria. Fifty subjects expressed their will to take part in the research, and we consequently arranged an the interview schedule telephonically.

All 50 participants answered a fixed set of questions to find out whether there are some SNS used mostly for social browsing and other SNS used especially for social searching. They were also asked about their preferences for using one SNS or another, and we talked about what prevails in their motivations for using each SNS: information, product inquiry, entertainment, discussion, connecting with friends, meeting new people, games, or impression management facilities. They were also stimulated to talk in-depth about their practices, attitudes, perceptions and self impression management habits. They were invited to argue their answers by accessing their SNSs profiles during the interview and point out on the computer what motivates them to use a certain social network more than others, what aspects or features they enjoy compared to what is boring or disturbing.

3. Results

All interviewees created social profiles out of curiosity and because they thought it was trendy. All indicated connecting with people, entertainment and time spending as common goals for online socializing no matter the network. Younger participants (18-24 y.o.) reported heavy use of Tagged.com which was depicted as very funny, like a game, while most of the older ones (23-30 y.o.) use NetLog.com, Facebook.com or Twitter.com.

Both categories, younger and older users, reported losing their engagement with Hi5.com. The older ones kept their Hi5 accounts opened not to lose contact with old friends or with acquaintances from the city of birth. On the rare occasion when they wanted to *"kill some time"* they followed an e-mail link from a Hi5 friend. Upon accessing the network, they had fun while browsing *"some profiles with ridiculous photos"* or viewed funny ads.

"*Hi5 is Hi5! The showcase for macho men and ludicrous women, but it's funny sometimes to look at them, to see how proud they are to show off there.*" (Ciprian, 28 y.o)

Younger users (18-22 y.o) used to set up a customized profile and upload their photos - not any photos, but "*cool photos in the Hi5 spirit*" because all their colleagues did the same. However, they started disliking Hi5 because "*it's lame now and crowded with cheap people*". They are looking for new places to "*hang out*".

"I'm accessing Hi5 now especially when I'm bored, and watch funny videos or play stupid, relaxing games. Of course I'm also browsing my friend' profiles. They are not so active lately. Me also. I have a lot of colleagues in my Hi5 network but I don't feel really good there any more. Hi5 is full of untrustworthy people now. They just contact you to make bad jokes. Recently I deleted a lot of my photos because of this. You know, those special Hi5 photos. It's not ok for me anymore since it's so crowded with cheap and macho people." (Adina, 18 y.o. girl)

For all interviewed users we found a common motivation for losing their engagement with Hi5 but also a common motivation for still using the site. Users lost their engagement with Hi5 because they consider this SNS increased in the number of not-ok people and disrespect among users. Interviewed users decreased their presence and content contribution to Hi5 from impression management considerations - they don't want to be seen or treated as "*all those cheap people showing off on Hi5*".

The common motivation for still using Hi5 was keeping the contacts network even if they rarely interact within their network but rather find entertainment by watching ads or movies or by browsing funny and intriguing profiles of strangers. They spend time browsing strangers' profiles but mostly for watching and laughing, without any intention to connect offline with them. Hi5 users therefore behave like social searchers, oriented to their offline acquaintances, but in a very passive way, without investing too much time to learn more about them.

Most of the people we interviewed use Neogen especially to find people online to expand their offline network of connections. They behave like social browsers, and learned from experience that Neogen is the right place to find new people from their country and especially from their town, with whom they would easily be able to connect offline for dating, friendship or other activities based on common interests. They trust Neogen like a source of reliable and interesting strangers opened to offline connections, and consider Neogen it a "*springboard to real life*".

"I'm using Neogen.ro ever since I came to Iasi to college, 4 years ago. In the first months I spent hours and hours on this site talking with people. I was missing my friends from my own town and I was looking for new friends here. I met a lot of interesting people online. Some of them stayed just online connections, but others became my friends in real life: some football team-players for Sunday mornings and even my actual girlfriend."(Claudiu, 23 y.o.)

Most of the time spent on Neogen is dedicated to finding new people, while relating to old friends (especially ex-coleagues and users group members), and entertainment/fun are less important.

"*We start playing cards on Neogen.ro. We made our group and a championship. It was a lot of talk between group members, not only the game. After a few months we organized our first offline championship. We spent 3 days in the mountains playing cards, but also socializing and having fun. We decided to organize at least 2 meetings every year. Till now we organized 3 offline championships with 15-20 participants.*" (Cristina, 29 y.o.)

Neogen.ro user profiles contains more information (news, comments, links to blog updates, announcements, etc) and fewer pictures than Hi5 profiles. Most of them practice a form of impression management based on mystery. A kind of not telling too much about themselves but giving some clues is meant to make them interesting to other people.

Another important point is that Neogen.ro users use three kinds of communities for interacting with and receiving updates from their friends' network, their groups of shared interests (rock lovers group, football supporters group, poetry group, etc) and their town channel. In this way they are maximizing their primary goal of finding people online to expand their offline connections.

Oppositely, Facebook is used only for relating with close friends. Especially for keeping in touch with relatives, ex-colleagues or friends who are living outside Romania. In fact, that was the reason for most of them to open a Facebook profile.

"My best friend from high-school lives in Canada." said Nico, a 25 old user during the interview. "I didn't talk with her for almost 5 years. But since I received an invitation to join Facebook, I can poke her every day, I see what she's doing by messaging and watching her photos. She is updating every week! In fact we have our group with high school colleagues on Facebook. I love that group and I hope other colleagues will join."

"The most difficult with setting up my Facebook profile was to choose the first photos to share. You know, I wanted to look fresh and smiley, to look at least as likeable as I used to be in high-school.", she added.

Similar care for their Facebook presence was common for all interviewed people who were using it. An impression management orientation to fit themselves with their network of friends.

"*I'm updating my Facebook profile and I'm writing weekly on my wall since I came back in Romania*", said Ana a 30 y.o. "*It's an easy way to stay connected with friends I made during my one-year USA internship. Sometimes those friends gather for a home party in the weekend. If I'm online, Facebook helps me feel like being with them. Anyway, in general I have the feeling that I know more about what they are doing than I know about most of my Romanian friends. Because their Facebook profiles are full with their daily life things. Most of the friends I have here don't use Facebook and we keep in touch usually by phone. And, you know, we don't have time to call each other so often.*"

Only a third of our sample consisted of Facebook users, but all of them were social searchers using Facebook to support a limited number of offline connections, to investigate their friends's lives and learn more about them. Connecting with close ones, discussing, getting information and relaxing were their motives for using Facebook.

Only 3 people from the sample were Twitter users. A student, a marketer and an IT professional (also bloggers, all of them). All 3 were Twitter addicted. They said they use it all over the day because of the valuable people they can network with, and also for the fresh and useful information. They also pointed towards the real-time communication and help they receive from other Twitter users, even experts. They also said they are using Twitter for promoting their ideas, their findings and blog posts. In contrast with all other 3 SNSs, shopping and product inquiry are indicated as motivations for using the network. This indicates that Twitter can be used as a marketing tool or as a sales channel much more directly.

"*With an appropriate network of followers on Twitter it is just enough to announce a tempting offer and you'll generate sales. What can I say about events? You just have to twitt about them!"* said Cristi, the marketer (26 y.o)

From impression management perspective, Twitter users pay a lot of time and effort to deliver useful information and competent help to others in order to achieve recognition and social power. Infact, information sharing, collaborating, and being perceived as competent and available to help others are the principles of Twitter networking. From a social searchers vs social browsers perspective, Twitter works in both ways: networking to support offline connections and finding new people online for connecting offline.

4. Limitations

The major limitation of our study is that we interviewed only users located in Iasi. Because of the logistic restrictions the study consisting of face-to-face in-depth interviews and participant observation were conducted in Iasi. Consequently, the exploratory study captured the motivations of people residing in Iasi (currently or for a long time). Motivations may differ from one region of the country to another. Future studies may want to investigate SNSs users from other Romanian cities.

Secondly, the sample of Twitter users was quite small, only 3 participants. Though very revealing, future research could be conducted on a larger number of members of this network.

5. Conclusions

The findings indicate that impression management, networking and socializing are the common motivations for the use of all four networks. But going deeper, only information, discussion, connecting, and impression management are common significant motives for Romanians to use the four sites: Hi5.com, Neogen.com, Facebook.com and Twitter.com.

Entertainment and playing games are significant motives mostly for using Hi5.com, but also for the use of Neogen.com and Facebook.com. In contrast, for Twitter.com the motives shopping and product inquiry are significant.

In an effort to increase the likelihood that SNS users will behave desirably towards brands, advertisers can benefit from understanding what motivates audiences to socialize on a certain site. From a brand communication standpoint this means that brands must invest in impression management on Twitter to gain an appropriate network of followers. If they are successful on this, in order to generate sales they just have to have a good, honest offer and regular promotions.

On the other 3 SNSs, Hi5.com, Neogen.ro, Facebook.com brands must invest in impression management according to the profile of each SNS but the main challenge for brand communication is tailoring the brand presence and the brand messages to find adequate tools to match users motivations like connecting, entertainment, or playing games. For example, Facebook applications allow outside developers to create applications. An application promoting a product or service can allow users to interact with the product or service on Facebook. More than that, this can be done in an entertaining way or even as a game to play with friends.

Maybe St. John (the game industry veteran and new Hi5 president and chief technology officer) is right and his vision of moving Hi5 from being a general-purpose social network like Facebook to one that has gaming at its core is correct and this change can provide also new efficient tools for brand communication to Hi5 users.

Another example of gaining user's attention and engagement is using funny ads for promoting the brand or announcing a specific offer. This would be an efficient tool for all the 3 SNSs but will go viral especially with Hi5 as time as watching funny ads and sharing them is a common and strong motivation for all Hi5 users.

Regarding connecting (networking and socializing) which is the general motivation for all SNSs use, this paper also finds differences in the preponderance of social browsers or social searchers among Romanian users. Twitter.com users are social searchers and social browsers in the same time. They use Twitter for investigating their acquaintances and supporting connections with them, but also for finding new people and expanding offline connections. While Facebook.com and Hi5.com are used especially for social searching, Neogen.ro is mostly used for social browsing, for finding reliable and interesting strangers opened to offline connections.

Information about social browsers or social searchers preponderance in one SNS is useful from the brand communications perspective. For example, a company can decide her brands' presence within a social browsers dominated SNS like a series of campaigns related with events designed to support specific offline communities, even local ones.

Overall, our results may prove beneficial for a better understanding of motivations for using SNSs in Romania enabling companies to connect properly with users for gaining their attention and commitment.

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CULTURAL ATTRACTIVENESS AS A DETERMINANT OF THE TOURIST DESTINATIONS COMPETITIVENESS IN THE EUROPEAN UNION COUNTRIES

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Abstract: *The literature has identified cultural resources as one of the factors exerting a major impact on the attractiveness of a particular area – city, region or country, and, consequently, on its competitiveness as a tourist destination. Paper presents the main results of assessing the cultural attractiveness of the tourist destinations, as a direct outcome of the cultural resources capitalization, in connection with the participation in the cultural activities, attractions that have a major influence on the choice of the holiday destinations and the major motivations of the main holiday trips at the level of the European Union's tourists.*

Keywords: cultural attractiveness, tourist destinations, competitiveness, European Union.

JEL clasification: L83, M 31.

1. Introduction

Tourism has become in the last decade the most frequent and favorite leisure activity. The impressive growth in the number of the international tourist arrivals, from only 25 (in 1950) to 922 million (in 2008), although shadowed by an expected decrease of –5 % due to the global recession (UNWTO, 2009), proofs that tourism remains one of the largest and fastest growing economic sectors (WTTC, 2008).

Competitiveness of the tourist destinations is a complex concept as the definition of the tourist destination suggests: place or some form of actual or perceived boundary, such as physical boundaries of an island, political boundaries, or even market-created boundaries (Kotler, Bowen, and Markens, 2006). Measurement of the tourist destinations competitiveness is also a complex: many authors have created or adapted different models by taking into consideration different characteristics such as the abilities to increase tourism expenditures, to increasingly attract visitors, to provide tourists with satisfying and memorable experiences in a profitable manner, to contribute to the enhancement of the well-being of destination residents and to the preservation of the natural resources (Brent Richie and Crouch, 2003; Crouch, 2006), the natural resources, climate and culture (Lumsdon, 1997), image perceived and image associated with the tourist destinations (Beerli and Martin, 2004; Ejarque, 2005; Royo-Vela, 2006), sustainable tourism (Özturk and Eraydin, 2009; Williams and Ponsford, 2009). Models were adapted to measure the competitiveness of certain tourist destinations (Claver-Cortes, Molina-Azarin, and Pereira-Moliner, 2007; Gomezelj and Mihalič, 2008).

Cultural resources have been identified as one of the determinant factors for the attractiveness of a country and its competitiveness as a tourist destination (Tang and Rochananond, 1990). Definitions of the cultural resources and, consequently, the cultural attractiveness differ. They may include language, traditions, gastronomy, art, sculpture, music, architectural works, religion, education, dress, leisure behavior, history, museums, and festivals (Tang and Rochananond, 1990). As an evidence of the past human activity, cultural resources include pioneer homes, buildings or old roads, structures with unique architecture; prehistoric village sites, historic or prehistoric artifacts or objects, rock inscriptions, human burial sites, battlefield entrenchments, prehistoric canals or mounds (US Natural Resources Conservation Service). Cultural resources are tangible (single buildings or entire cities, with existing structures, modified facilities and purpose-build attractions), and intangible (traditions and culture of communities – arts, performance, religion, traditional rites and rituals, day-to-day activities; McKercher, Ho, and du Cros, 2005).

As the cultural resources and the cultural attractiveness of a tourist destination impact significantly on the overall competitiveness of that destination, the paper assess the extent to which is taken into consideration the cultural attractiveness in choosing the holiday and vacation destinations, the associations

between considering cultural attractiveness and participation in cultural activities, respectively the specific interests for the existing attractions in the tourist destinations, and the association between considering cultural attractiveness and the culture and religion as major motivators at the level of the European Union's tourists.

2. Methodological notes

The ***scope of the research*** has been to identify the ways in which the cultural attractiveness can contribute and provide support to the sustainable development of the tourist destinations. Major ***objectives of the research*** were:

- to assess the importance given by the European tourists to the cultural attractiveness when choosing their holiday destinations;
- to measure the association between the consideration of the cultural attractiveness and the participation of the European tourists in cultural activities in their home countries;
- to assess the relationships between the consideration of the cultural attractiveness and the specific interests for the existing attractions in the tourist destinations, and
- to measure the association between the consideration of the cultural attractiveness and the culture and religion as major motivators of the European tourists' holidays.

The ***research hypotheses*** that were considered stated that:

- when choosing their holiday destinations, European tourists take into consideration the cultural attractiveness of their destinations;
- there is a significant association between considering the cultural attractiveness of the tourist destinations and participating in cultural activities of the European tourists;
- there is a significant association between considering the cultural attractiveness and the existing attractions in the tourist destinations, and
- there is a significant association between considering the cultural attractiveness and having culture and religion as major motivators for the European tourists' holidays.

Contribution of the cultural attractiveness to the competitiveness of the tourist destinations has been approached considering the data provided in the Flash Eurobarometers no. 258 (on the attitudes of the Europeans towards tourism, published in March 2009), no. 281 (on Europeans on tourism, published in October 2009), and the Special Eurobarometer no. 278 (on European Cultural Values, published in September 2007) regarding the following ***research variables***:

- the cultural attractiveness of the tourist destination (as one of the determinants for choosing the holiday destinations, together with the value for money, price, quality of the service, safety and security, social consideration, and eco-friendliness);
- the participation of the consumers in cultural activities (such as seeing a ballet, dance performance or an opera, going to the cinema, going to the theatre, being to a sport event, being to a concert, frequenting a public library, visiting historical monuments – palaces, castles, churches, gardens, etc., visiting museums or galleries, watching cultural programs on TV or listening such programs on the radio, and reading a book);
- the attractions having a major influence on the choice of the holiday destination (such as art, gastronomy, entertainment, cultural heritage, festivals and entertainment, and the environment); and
- the major motivations of the main holiday trip (sun and beach, wellness and health treatment, rest and recreation, city trips, sports-related trips, nature, culture and religion, and visiting friends and relatives).

3. Main findings

Cultural attractiveness is the second important factor (being mentioned by 31 % of the European tourists) when deciding on the holiday destinations, after the value for money (44 %), but in front of the price (27 %), quality of service (23 %), safety and security matters (11 %), social considerations (10 %), eco-friendliness (10 %), and some other considerations (24 % – such as the beautiful locations, a previous good experience, recommendations from friends and family or good travel connections) associated with the destinations considered for spending holidays and vacations.

There are *significant differences* between the European tourists in taking into consideration the cultural attractiveness when selecting their holiday destinations: tourists from Luxembourg, Denmark and Spain give more importance while those from Bulgaria, Cyprus, Portugal, Greece and Romania less

importance to this aspect. Similar significant differences can be observed analyzing the mention of the cultural attractiveness as the first consideration when selecting their holiday destinations.

European tourists select the holiday destinations taking into consideration not only the value for money, price, and the quality of service but also their cultural attractiveness: in terms of the most important consideration, together with the value for money (27.9 %) and price (14.8 %), *the cultural attractiveness (15.1 %) is one of the major determinants for the final decision regarding the holiday destinations*.

Cultural participation of the Europeans has been assessed in terms of the cultural output consumption at its minimal level (at least once a year). Watching (listening) a cultural program on television (on the radio), with participation rate of 78 %, and reading books (71 %) represent the main forms the Europeans consume culture. These results may suggest, on a one hand, certain passivity and, on the other hand, a certain comfort in consuming culture.

Visiting historical monuments (54 %) and going to the cinema (51 %) are the next forms of consumption, followed by attending a sport event (41 %), visiting a museum or a gallery (41 %), attending concerts (37 %) and theaters (32 %), and frequenting a public library (35 %). Seeing a ballet, dance performance or opera (18 %) are the least common ways the Europeans consume culture.

Increasing intensity of the cultural output consumption (to at least five times a year) determines changes in the weights as well as in the hierarchy of the consumption forms. Thus, watching (listening) a cultural program on television (on the radio), with a rate of 46 %, and reading books (37 %) continue to be the main forms of consuming culture, followed at a significant distance by going to the cinema (17 %), frequenting a public library (16 %), and attending a sport event (15 %). Visiting historical monuments (12 %), museums and galleries (7 %) are the next forms, followed by activities holding a rather peripheral position such as attending concerts (5 %), going to the theaters (4 %), and seeing a ballet, dance performance or opera (2 %).

Relationship between consideration of the cultural attractiveness as the first reference in choosing the holiday destination and the participation in the cultural activities has been assessed using the Pearson correlation coefficient with following results (see Table 1 for the value of the coefficients):

- there are significant correlations (at the 0.01 level, 2-tailed), between considering the cultural attractiveness and visiting museums and galleries, visiting historical monuments, seeing ballet, dance performances and operas, going to the cinema, going to the concerts, and frequenting public libraries;
- there are significant correlations (at the 0.05 level, 2-tailed), between considering the cultural attractiveness and going to theaters, reading books, and attending sport events;
- there is not a significant correlation between considering the cultural attractiveness and watching (listening) cultural programs on television (respectively, on the radio).

Europeans tending to consider more the cultural attractiveness when choosing their holiday destinations are influenced significantly by their participation in the cultural activities conducted in their home countries. *Higher this participation is, also higher is the inclination of the Europeans to take into consideration with priority the cultural attractiveness of the destinations where they will spend holidays and vacations.* Presence in the first two positions of the visits made at the museums, galleries and the historical monuments is another significant proof in this respect. The absence of a significant correlation between watching (listening) cultural programs on television (and on the radio) and considering first the cultural attractiveness when choosing the holiday destination reveals in fact the distance between consuming culture passively (but, probably more comfortably) and the activism involved by travelling and experiencing cultures through visiting and exploring cultural attractions in the holiday destinations.

European tourists select the destinations where they will spend holidays and vacations taking into consideration the available ***attractions*** – art, gastronomy, entertainment, cultural heritage, festivals and other events, and the environment. The overall attractiveness of the environment (considered by 30.6 %) appears to be the most influential when choosing the holiday destination, the cultural heritage (24.0 %) and the entertainment (15.2 %) are the next important attractions considered while gastronomy (6.7 %), art (5.2 %), and festivals and other events (4.9 %) are less important in this respect.

There is *a rather poor connection between consideration of the cultural attractiveness and the attractions that have a major influence on choice of the holiday destination*. Cultural heritage (r=0.353), gastronomy (r=0.301), and art (r=0.165) are the attractions that are apparently closed related to the consideration of the cultural attractiveness as a first important factor in choosing the holiday destination. Festivals and other events (r=–0.058) and entertainment (r =–0.284) have an inverse connection with the

consideration of the cultural attractiveness: higher is the interest towards them, lower will be the probability to consider the cultural attractiveness in choosing the holiday destination.

There are *significant differences* between the European tourists in taking into consideration attractions when selecting their holiday destinations. In terms of the cultural heritage (that are the most associated with the cultural attractiveness), tourists from Denmark, Ireland, United Kingdom, Cyprus, Malta, Sweden and the Netherlands give more importance while those from Bulgaria, Romania, Poland, Hungary, Czech Republic and Lithuania less importance to this aspect.

Table 1. Value of the Pearson correlation coefficients for the investigated variables

Correlations

		CultAtt	CultAtt1	MajMotiv	BDO	CIN	THE	SPO	CON	LIB	HIS	MUS	TVR	BOO
CultAtt	Pearson Correlation	1	.919**	.551**	.576**	.580**	.394*	.445*	.554**	.380	.660**	.670**	.251	.446*
	Sig. (2-tailed)	.	.000	.003	.002	.002	.042	.020	.003	.050	.000	.000	.207	.020
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
CultAtt1	Pearson Correlation	.919**	1	.556**	.673**	.583**	.443*	.404*	.545**	.505**	.698**	.737**	.356	.421*
	Sig. (2-tailed)	.000	.	.003	.000	.001	.021	.036	.003	.007	.000	.000	.068	.029
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
MajMotiv	Pearson Correlation	.551**	.556**	1	.597**	.537**	.368	.316	.334	.147	.352	.497**	-.129	.138
	Sig. (2-tailed)	.003	.003	.	.001	.004	.059	.108	.089	.463	.072	.008	.521	.493
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
BDO	Pearson Correlation	.576**	.673**	.597**	1	.557**	.680**	.415*	.706**	.521**	.773**	.813**	.543**	.502**
	Sig. (2-tailed)	.002	.000	.001	.	.003	.000	.032	.000	.005	.000	.000	.003	.008
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
CIN	Pearson Correlation	.580**	.583**	.537**	.557**	1	.459*	.655**	.374	.461*	.629**	.687**	-.019	.489**
	Sig. (2-tailed)	.002	.001	.004	.003	.	.016	.000	.054	.015	.000	.000	.924	.010
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
THE	Pearson Correlation	.394*	.443*	.368	.680**	.459*	1	.655**	.790**	.631**	.792**	.813**	.425*	.818**
	Sig. (2-tailed)	.042	.021	.059	.000	.016	.	.000	.000	.000	.000	.000	.027	.000
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
SPO	Pearson Correlation	.445*	.404*	.316	.415*	.655**	.655**	1	.546**	.531**	.662**	.594**	.170	.673**
	Sig. (2-tailed)	.020	.036	.108	.032	.000	.000	.	.003	.004	.000	.001	.397	.000
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
CON	Pearson Correlation	.554**	.545**	.334	.706**	.374	.790**	.546**	1	.670**	.817**	.795**	.565**	.695**
	Sig. (2-tailed)	.003	.003	.089	.000	.054	.000	.003	.	.000	.000	.000	.002	.000
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
LIB	Pearson Correlation	.380	.505**	.147	.521**	.461*	.631**	.531**	.670**	1	.746**	.743**	.601**	.681**
	Sig. (2-tailed)	.050	.007	.463	.005	.015	.000	.004	.000	.	.000	.000	.001	.000
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
HIS	Pearson Correlation	.660**	.698**	.352	.773**	.629**	.792**	.662**	.817**	.746**	1	.939**	.647**	.817**
	Sig. (2-tailed)	.000	.000	.072	.000	.000	.000	.000	.000	.000	.	.000	.000	.000
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
MUS	Pearson Correlation	.670**	.737**	.497**	.813**	.687**	.813**	.594**	.795**	.743**	.939**	1	.530**	.802**
	Sig. (2-tailed)	.000	.000	.008	.000	.000	.000	.001	.000	.000	.000	.	.004	.000
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
TVR	Pearson Correlation	.251	.356	-.129	.543**	-.019	.425*	.170	.565**	.601**	.647**	.530**	1	.457*
	Sig. (2-tailed)	.207	.068	.521	.003	.924	.027	.397	.002	.001	.000	.004	.	.017
	N	27	27	27	27	27	27	27	27	27	27	27	27	27
BOO	Pearson Correlation	.446*	.421*	.138	.502**	.489**	.818**	.673**	.695**	.681**	.817**	.802**	.457*	1
	Sig. (2-tailed)	.020	.029	.493	.008	.010	.000	.000	.000	.000	.000	.000	.017	.
	N	27	27	27	27	27	27	27	27	27	27	27	27	27

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Notes: *CultAtt (and CultAtt1) – cultural attractiveness of the tourist destination as (the first) consideration in choosing the holiday destination; MajMotiv – major motivations of the main holiday trip; participation of Europeans in cultural activities: BDO – seeing a ballet, dance performance or an opera, CIN – going to the cinema, THE – going to the theatre, SPO – being to a sport event, CON – being to a concert, LIB – frequenting a public library, HIS – visiting historical monuments, MUS – visiting museums or galleries, TVR – watching cultural programs on TV or listening such programs on the radio, and BOO – reading a book.*

Major motivations of the European tourists' holiday trips are rest and recreation (36 %), sun and beach (20 %), and visiting friends and relatives (16 %). Together with the city trips (7 %) and nature (6 %), the culture and religion (7 %) were among the less important while sports-related and wellness and health treatment have represented peripheral motivations of the Europeans holidays. Tourists from Austria, Malta, Denmark, and Belgium are the most motivated while those from Bulgaria, Slovakia, and Poland are less motivated for the cultural and religious tourism.

Analysis of the relationships between the major motivation of the main holiday trip and the consideration of the cultural attractiveness as the first reference in choosing the holiday destination reveals that there is a significant correlation (at the 0.01 level, 2-tailed), between the culture and religion as major motivation of the main holiday trip and the cultural attractiveness as the first consideration in choosing the holiday destination (r=0.556).

Europeans spending their holidays and vacations abroad, and taking first into consideration the cultural attractiveness when choosing tourist destinations, tend to have a major cultural or religious motivation of their trips as travelling abroad provides opportunities to visit the cultural or religious objectives, such as museums, galleries, palaces, castles, gardens or churches.

4. Conclusions

Although there are significant differences between the European tourists in taking it into consideration when selecting their holiday destinations, the cultural attractiveness is the second important factor in this respect, after the value for money but in front of the price or the quality of service. Giving a higher importance to the cultural attractions appears to be important for the European tourists searching for appealing holiday destinations as well as for the destinations themselves, which have to capitalize better the existing cultural heritage.

Cultural participation represents a determinant in considering cultural attractiveness when choosing the holiday destination. A higher consumption of the cultural output produced by the different providers should generate a stronger concern for considering cultural attractiveness and desire to visit attractions and have cultural experiences. As the visits to the historical monuments, museums and galleries are among the common ways the Europeans consume culture, the tourist activities focusing on the cultural attractions seem to contribute significantly to the tourist destinations' competitiveness and future sustainable growth.

The rather poor associations made by the European tourists between the cultural attractiveness (and taking it into consideration when choosing holiday destinations) and the cultural attractions existing in a certain destination (cultural heritage, gastronomy, art, festivals and other events, and entertainment) suggest, on a one hand, a potential misunderstanding of the cultural attractions' meaning or, on the other hand, an inappropriate promotion of the cultural attractions at the level of the different tourist destinations. Hence, the need for a more effective promotion of the cultural attractions, aiming to capture the attention, stimulate the interest, generate the desire and convincing the tourists to visit the cultural (as well as all other) attractions in a given destination.

Europeans travelling abroad tend to take into consideration the cultural attractiveness of their future holiday destinations: when it is about deciding on their main holiday trip, Europeans considering the cultural attractiveness as a first factor when choosing their destinations tend to have as major motivator a cultural or religious experience. Still, there is a significant distance between considering cultural attractions and making from these the main motivators of the holiday. Decreasing this distance could provide a supplementary support for and increased competitiveness and the sustainable development of the tourism at the level of the different destinations.

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HIERARCHY THE TOURISTIC DESTINATIONS FROM THE CUSTOMER'S PERSPECTIVE BY A FUZZY MULTICRITERIA DECISION MAKING METHOD

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Abstract: *We slightly transform a recent method in fuzzy multicriteria decision making to find a hierarchy of the touristic destinations available at the level of a touristic agency according with the preferences of a customer. In this way we obtain a rigorous and easy implementable method to help the future tourist to choose the best vacation from his point a view. We illustrate the procedure by a numerical example.*

Key words: fuzzy, touristic destinations, decision, method

JEL classification: M19, M31

1. Introduction

In a global touristic market, the ultra-segmentation is an apparently paradoxical characteristic. The touristic destinations increase in number and level of competitivity, the most important fight being carried for the differentiation. When the reasons related to space and sometimes to price do not matter anymore so much, the decision regarding the choice of a destination becomes very difficult. The defining of a destination based on some characteristics is facilitating the process of familiarity and choice by the prospective consumer.

The components or the dimensions of the image of a destination are those by which a destination is perceived by different individuals. Most of the studies approaching the direction of identifying the components of a destination have revealed physical and functional components, which are directly observable or measurable such as prices or climate (Mayo, 1975). Some studies have tried to catch some psychological dimensions of the destination, such as *the locals' modernity, romanticism or hospitality*. The psychological characteristics are to be found in the punctual attributes of the destination, such as the *locals' hospitality* or in the impression as a whole – such as a *warm atmosphere*, a *friendly environment*.

Echtner and Ritchie (1991) introduce two categories of components of destination – common and unique – according to the visitors' origin destination. The two researchers have done (Echtner, Ritchie, 1991, p.10) an excellent inventory of the most used assessment attributes of a destination, analysing 14 studies. They obtained 34 attributes, to which we add a number of 12 extracted Jenkins (1999) from 6 international studies investigating the image. Another attribute is that proposed by Walmsley and Jenkins (1993) and Young (1995) under the name of: *Trendy/in vogue*.

When the individual purchase decision is made, the attributes characterising a destination undergo a double assessment: the assessment as importance for the respondent and the assessment as performance for the analysed destination.

Fuzzy set theory is often applied to objectively reflect the ambiguity in human judgement, to represent uncertain and incomplete information, to incorporate unquantifiable and partial facts in decision making, linguistic controllers, biotechnological systems, expert systems, data mining, pattern recognition, etc. Fuzzy set theory seems to be a suitable tool in the evaluation of services quality especially (Tsaur, Chang, Yen, 2002), (Chou, Hsu, Chen, 2008), (Y. Wang, 2008), (C. Wang, 2004), (Benitez, Martin, Roman, 2007), (Chien, Tsai, 2000), (Mikhailov, Tsvetinov, 2004), (Kuo, Wu, Pei, 2007).

The fuzzy numbers were already used for evaluating touristic service quality with very fine results (Ban, Bugnar, 2007) (Ban, 2008). Proposed method in this paper is based on fuzzy numbers too, allows a hierarchy of available destinations/locations of a tourist agency based on relative importance of each destination attribute given by every customer. The attributes are assessed by using semantic differentials. The major advantage of fuzzy number using is the capacity to considering every level of attribute importance. For example, the attribute *Surroundings*, has several kind of importance levels from a customer to another. Customer satisfaction can be increased when he is helped to find the most proper destination for him.

2. Triangular fuzzy numbers and fuzzy multiple criteria decision making methods

Fuzzy set theory is often applied to objectively reflect the ambiguity in human judgement, to represent uncertain and incomplete information, to incorporate unquantifiable and partial facts in decision making, linguistic controllers, biotechnological systems, expert systems, data mining, pattern recognition, etc.

A fuzzy set A on the universe of discourse U is described by a mapping $f_A: U \to [0,1]$, where $f_A(x)$ is the membership degree of x in A.

A triangular fuzzy number is a fuzzy set on the real line $\mathbb{R}$ with the membership function given by

$$f_A(x) = \begin{cases} \frac{x-a}{b-a}, & if\ a \le x \le b \\ \frac{c-x}{c-b}, & if\ b \le x \le c \\ 0, & otherwise \end{cases} \qquad ($$

where $a, b, c \in \mathbb{R}, a < b < c$ (see Fig. 1). We denote by (a, b, c) a triangular fuzzy number. The parameter b gives the most possible value of the evaluated data and a, c are the lower and upper bounds of the available area for the evaluated data.

If $a = b$ or $b = c$ then, by convention, (a, b, c) denotes the triangular fuzzy numbers in Fig. 2 and Fig. 3, respectively. Any real number a can be represented as the triangular fuzzy number (a, a, a)

Figure1: Fuzzy triangular number (a,b,c)

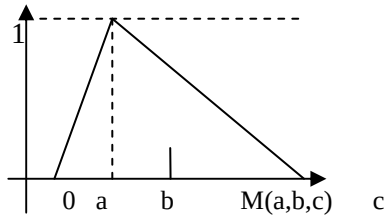
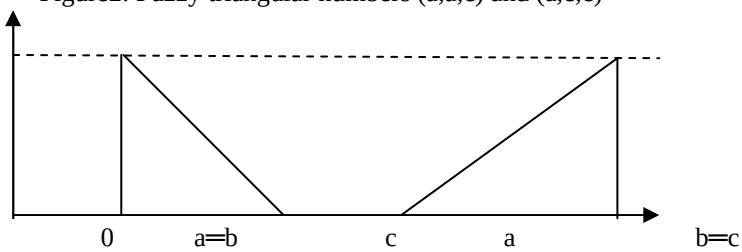


Figure2: Fuzzy triangular numbers (a,a,c) and (a,c,c)



The expected value of a fuzzy number was introduced in (Dubois, Prade, 1987) and (Heilpern, 1992). The expected value of a triangular fuzzy number (a, b, c) (see Fig. 1) is given by

$$M((a, b, c)) = \frac{a+2b+c}{4}. \qquad ($$

Many fuzzy number ranking methods have been studied. A theoretical approach can be found in (Wang-Kerre). Due to its simplicity, the following procedure is used to rank the triangular fuzzy numbers

$$(a_1, b_1, c_1) \le (a_2, b_2, c_2)\ if\ and\ only\ if\ M((a_1, b_1, c_1)) \le M((a \qquad (_2)).$$

Let us assume that k decision makers $D_1, \dots, D_k$ evaluate m alternatives $A_1, \dots, A_m$ under n criteria $C_1, \dots, C_n$. The criteria can be classified to be subjective $(C_1, \dots, C_h)$ and objective $(C_{h+1}, \dots, C_n)$, where $1 \le h \le n$. Objective criteria are benefit criteria $(C_{h+1}, \dots, C_l)$ and cost criteria $(C_{l+1}, \dots, C_n)$, where $h + 1 \le l \le n$.

Let $r_{ijt} = (e_{ijt}, f_{ijt}, g_{ijt}), i \in \{1, \dots, m\}, j \in \{1, \dots, h\}, t \in \{1, \dots, k\}$ the triangular fuzzy number which represents the linguistic value assigned by decision maker $D_t, t \in \{1, \dots, k\}$ to alternative $A_i, i \in \{1, \dots, m\}$, for subjective criterion $C_j, j \in \{1, \dots, h\}$.

Let $x_{ij} = (a_{ij}, b_{ij}, c_{ij}), i \in \{1, \dots, m\}, j \in \{h+1, \dots, n\}$ the performance of alternative $A_i, i \in \{1, \dots, m\}$ with respect to objective criterion $C_j, j \in \{h+1, \dots, n\}$ and $w_{jt} = (o_{jt}, p_{jt}, q_{jt}), j \in \{1, \dots, n\}, t \in \{1, \dots, k\}$ the triangular fuzzy number which represents the weight assigned by decision maker $D_t, t \in \{1, \dots, k\}$ to criterion $C_j, j \in \{1, \dots, n\}$, expressed by a linguistic value. The characteristics "the larger the better" and "the smaller the better" are valid for benefit criteria and cost criteria respectively. Because the objective criteria may have different units they must be normalized into a comparable scale.

The aim of a fuzzy multicriteria decision making method is to hierarchy the alternatives $A_1, \dots, A_m$ taking into account the above data. In this sense, a procedure was elaborated in [chu-lin]. It uses the arithmetic mean to aggregate triangular fuzzy numbers and the expected value in the final fuzzy evaluation process to rank the triangular fuzzy numbers corresponding to alternatives $A_1, \dots, A_m$.

3. Hierarchy the touristic destinations from the customer's perspective

Assuming that a travel agency has contracted m locations $A_1, \dots, A_m$ which meet the prerequisites of the client (period, country etc.), we have in view to provide a method to select the best location from its point of view.

We can use the procedure suggested in [chu-lin] for the particular case of a single decision-maker, that is $k = 1$ (the decision is made only by the agency's client using the information provided by the agency for each destination). We consider that the decision will be made based on the performance of the attribute criteria, taking also into account the importance given to them by the client.

The triangular fuzzy numbers $r_{ij} = (e_{ij}, f_{ij}, g_{ij}), i \in \{1, \dots, m\}, j \in \{1, \dots, h\}$ are representations of the linguistic variables attached to alternatives $A_i, i \in \{1, \dots, m\}$ for the subjective criteria $C_j, j \in \{1, \dots, h\}$.

The triangular fuzzy numbers $r_{ij}, i \in \{1, \dots, m\}, j \in \{h+1, \dots, l\}$ corresponding to the benefit type objective criteria $C_j, j \in \{h+1, \dots, l\}$ are obtained by normalizing the performances $x_{ij} = (a_{ij}, b_{ij}, c_{ij}), i \in \{1, \dots, m\}, j \in \{h+1, \dots, l\}$ of the alternative $A_i, i \in \{1, \dots, m\}$ through normalization, using the formula

$$r_{ij} = (e_{ij}, f_{ij}, g_{ij}) = \left(\frac{a_{ij} - a_j^*}{d_j^*}, \frac{b_{ij} - a_j^*}{d_j^*}, \quad ($$

and the triangular fuzzy numbers $r_{ij}, \forall i \in \{1, \dots, m\}, j \in \{l+1, \dots, n\}$ corresponding to the cost type objective criteria $C_j, j \in \{l+1, \dots, n\}$ are obtained by normalising the performances $x_{ij} = (a_{ij}, b_{ij}, c_{ij}), i \in \{1, \dots, m\}, j \in \{l+1, \dots, n\}$ of the alternative $A_i, i \in \{1, \dots, m\}$ through normalization, using the formula

$$r_{ij} = (e_{ij}, f_{ij}, g_{ij}) = \left(\frac{c_j^* - c_{ij}}{d_j^*}, \frac{c_j^* - b_{ij}}{d_j^*}, \frac{c_j^* - a_{ij}}{d_j^*}\right), \tag{6}$$

where,

$a_j^* = min_{i \in \{1, \dots, m\}} a_{ij}$,

$c_j^* = max_{i \in \{1, \dots, m\}} c_{ij}$,

$d_j^* = c_j^* - a_j^*$.

The agency's client answers a questionnaire stating, in linguistic terms, (*not important, somewhat important, important, very important, extremely important* if a five linguistic scale is used), which are his expectations for the holiday destination that he is going to purchase, actually he is mentioning the percentages attached to the criteria considered $C_j, j \in \{1, \dots, n\}$. Then, we obtain the triangular fuzzy numbers $w_j = (o_j, p_j, q_j), j \in \{1, \dots, n\}$, expressing the linguistic variables. For each of the m locations $A_1, \dots, A_m$ considered, the value is calculated (see [chu-lin])

$$M(A_i) = Y_i + \frac{6I_{i1}J_{i1}(Y_i - Q_i) - [J_{i1}^2 + 4I_{i1}(Y_i - Q_i)]^{\frac{3}{2}} + J_{i1}^3}{24I_{i1}^2}$$

$$+ \frac{-6I_{i2}J_{i2}(Z_i - Y_i) + [J_{i2}^2 + 4I_{i2}(Y_i - Z_i)]^{\frac{3}{2}} - J_{i2}^3}{24I_{i2}^2}, \quad (7)$$

where

$$I_{i1} = \frac{1}{n}\sum_{j=1}^{n}(f_{ij} - e_{ij})(p_j - o_j), \quad (8)$$

$$I_{i2} = \frac{1}{n}\sum_{j=1}^{n}(f_{ij} - g_{ij})(p_j - q_j), \quad (9)$$

$$J_{i1} = \frac{1}{n}\sum_{j=1}^{n}[e_{ij}(p_j - o_j) + o_j(f_{ij} - e_{ij})], \quad (10)$$

$$J_{i2} = \frac{1}{n}\sum_{j=1}^{n}[g_{ij}(p_j - q_j) + q_j(f_{ij} - g_{ij})], \quad (11)$$

$$Q_i = \frac{1}{n}\sum_{j=1}^{n} e_{ij}o_j, \quad (12)$$

$$Y_i = \frac{1}{n}\sum_{j=1}^{n} f_{ij}p_j, \quad (13)$$

$$Z_i = \frac{1}{n}\sum_{j=1}^{n} g_{ij}q_j. \quad (14)$$

The descending order of the numbers $M(A_1), \ldots, M(A_m)$ will give the order of the client's preferences regarding the considered destinations, that is if $M(A_i) > M(A_j)$ then destination A_i is preferred to destination A_j. Normally, the client will choose for his holiday the location corresponding to the highest value obtained.

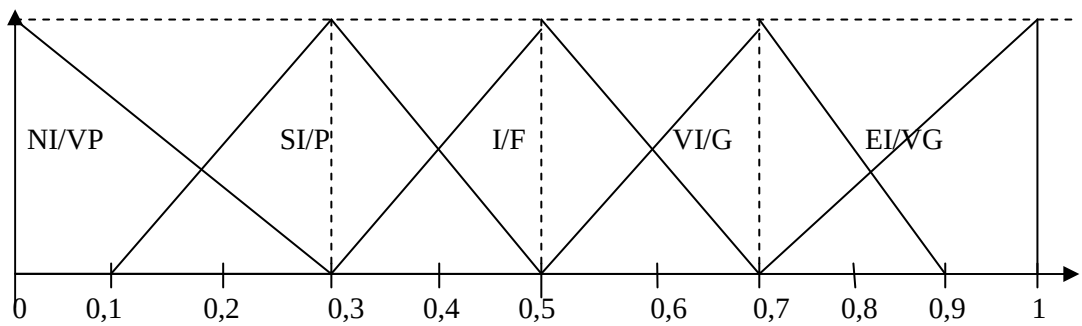
4. Numerical example

As in (Yeh, Kuo, 2003) two sets of linguistic terms {not important (NI), somewhat important (SI), important (I), very important (VI), extremely important (EI)} and ({very poor (VP), poor (P), fair (F), good (G), very good (VG} are used for assessing attribute weights and performance ratings respectively. Let us assume that each linguistic term is characterized by a triangular fuzzy number defined in Table 1 (see Fig. 4 too).

Table 1: Triangular fuzzy numbers associated to linguistic variables

Linguistic terms	NI/VP	SI/P	I/F	VI/G	EI/VG
Membership function	(0,0,0.3)	(0.1,0.3,0.5)	(0.3,0.5,0.7)	(0.5,0.7,0.9)	(0.7,1,1)

Figure1: Fuzzy triangular number (a,b,c)



We consider that after a preliminary selection, four destinations A_1, A_2, A_3, A_4, have remained in the attention of an agency's client, with the following assessments of the considered attributes (Table 2).

Table 2: The attributes and linguistic variables associated to destinations

No	Attribute	A_1	A_2	A_3	A_4
1	Surroundings	F	G	F	G
2	Entertainment/leisure possibilities	VG	G	G	VG
3	Shopping possibilities	G	VG	F	F
4	Nightlife	G	G	G	G
5	Cleanliness	VG	G	VG	F
6	Beaches and sea	VG	G	F	G
7	Category of classification	5*	4*	5*	5*
8	Distance to the sea	50 m	150 m	10 m	200 m
9	Distance to the destination	700 km	1500 km	900 km	1600 km
10	Price of journey	600 E	500 E	800 E	900 E

Criteria 1-6 are subjective, attribute 7 is the benefit criterion and attributes 8-10 are the cost criteria.

Using the representations of the linguistic variables from Table 1 and the normalization formulae (1), (2), given for the calculation of the performances of the objective attributes, we obtain the triangular fuzzy numbers corresponding to the attributes and destinations.

Table 3: Triangular fuzzy numbers corresponding to attributes and destinations

Attribute	A_1	A_2	A_4	A_4
1	$r_{1,1}$ =(0.3,0.5,0.7)	$r_{2,1}$ = (0.5,0.7,0.9)	$r_{3,1}$ =(0.3,0.5,0.7)	$r_{4,1}$ =(0.5,0.7,0.9)
2	$r_{1,2}$ = (0.7,1,1)	$r_{2,2}$ = (0.5,0.7,0.9)	$r_{3,2}$ = (0.5,0.7,0.9)	$r_{4,2}$ = (0.7,1,1)
3	$r_{1,3}$ = (0.5,0.7,0.9)	$r_{2,3}$ = (0.7,1,1)	$r_{3,3}$ = (0.3,0.5,0.7)	$r_{4,3}$ = (0.3,0.5,0.7)
4	$r_{1,4}$ = (0.5,0.7,0.9)	$r_{2,4}$ = (0.5,0.7,0.9)	$r_{3,4}$ = (0.5,0.7,0.9)	$r_{4,4}$ = (0.5,0.7,0.9)
5	$r_{1,5}$ = (0.7,1,1)	$r_{2,5}$ = (0.5,0.7,0.9)	$r_{3,5}$ = (0.7,1,1)	$r_{4,5}$ = (0.3,0.5,0.7)
6	$r_{1,6}$ = (0.7,1,1)	$r_{2,6}$ = (0.5,0.7,0.9)	$r_{3,6}$ = (0.3,0.5,0.7)	$r_{4,6}$ = (0.5,0.7,0.9)
7	$r_{1,7}$ = (1,1,1)	$r_{2,7}$ = (0,0,0)	$r_{3,7}$ = (1,1,1)	$r_{4,7}$ = (1,1,1)
8	$r_{1,8}$ = (0.79,0.79,0.79)	$r_{2,8}$ = (0.26,0.26,0.26)	$r_{3,8}$ = (1,1,1)	$r_{4,8}$ = (0,0,0)
9	$r_{1,9}$ = (1,1,1)	$r_{2,9}$ = (0.11,0.11,0.11)	$r_{3,9}$ = (0.78,0.78,0.78)	$r_{4,9}$ = (0,0,0)
10	$r_{1,10}$ =(0.75,0.75,0.75)	$r_{2,10}$ = (1,1,1)	$r_{3,10}$ =(0.25,0.25,0.25)	$r_{4,10}$ =(0,0,0)

The client wishing to purchase a touristic package gives weights – levels of importance – for the 10 attributes considered, which are transformed then into triangular fuzzy numbers through the correspondence given in Table 1.

Table 4: The importance of attributes from the client's perspective

Attribute	Weight (linguistic variables)	Weight (triangular fuzzy numbers)
1	I	(0.5,0.7,0.9)
2	VI	(0.5,0.7,0.9)
3	EI	(0.7,1,1)
4	EI	(0.7,1,1)
5	I	(0.3,0.5,0.7)
6	I	(0.3,0.5,0.7)
7	I	(0.3,0.5,0.7)
8	EI	(0.7,1,1)
9	EI	(0.7,1,1)
10	I	(0.3,0.5,0.7)

According with (4)-(10) we obtain the following intermediate results

Table 5: Intermediary results for destinations

Destination	Destination	Destination	Destination

A_1	A_2	A_3	A_4
I_{11} = 0.034	I_{21} = 0.031	I_{31} =0.030	I_{41} =0.03
I_{12} = 0.004	I_{22} = 0.016	I_{32} =0.012	I_{42} =0.012
J_{11} = 0.2377	J_{21} = 0.1741	J_{31} =0.2014	J_{41} =0.149
J_{12} = -0.167	J_{22} = -0.176	J_{32} =-0.181	J_{42} =-0.176
Q_1 = 0.3398	Q_2 = 0.2199	Q_3 =0.2881	Q_4=0.17
Y_1 = 0.6115	Y_2 = 0.425	Y_3 =0.5195	Y_4 =0.349
Z_1 = 0.7745	Z_2 = 0.585	Z_3 =0.6885	Z_4 =0.513

Formula (3) leads to:

$$M(A_1) = 24.84,$$
$$M(A_2) = 2.18,$$
$$M(A_3) = 3.93,$$
$$M(A_4) = 3.50,$$

therefore for the client considered destination A_1 is the best, then destinations A_3 and A_4, and destination A_2 is the one suiting the least his requirements.

5. Conclusions

The advantages of this method are the following:

- allows depth offer personalise and can offer a hierarchy of vacation locations based on personal evaluation of every customer. This is a way to increase level of customer satisfaction;
- choosing destination is most proper from the point of view of the customer;
- any travel agency can implement it, with minimum effort.

In the numerical example, the weights assigned to criteria and the level of performance of each attribute with respect to a destination was measured on a five linguistic scale. To obtain refined results in applications, smoother scales can be employed. As example, in (Tsai, Lu, 2006) the importance is presented in terms of a nine linguistic scale (extra low, very low, low, slightly low, middle, slightly high, high, very high, extra high).

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REVEALING THE PEOPLE WHO EMPOWER THE SOCIAL NETWORKS – AN EXPLORATORY RESEARCH OF THE ROMANIAN MARKET

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Abstract: *Present paper focuses on highlighting the importance of the social networks as a word-of-mouth and an online marketing tool among the undergraduates, master and PhD students, by presenting the behavior of the youngsters in the online environment, analyzing their opinions and preferences towards the use of the social networking tools. Base sample consists of college students from the Faculty of Marketing at the Academy of Economic Studies Bucharest. The main objective of this research is to see whether businesses should communicate online on the social networks and which are the preferred networks used by students.*

Key words: social networks, online marketing, word of mouth, Romanian consumers

JEL classification: M31

√ Introduction

People tend to believe that each company has only one goal, the gain and this is what they see behind any promotional or informational message. This is the reason why companies should continuously search for new resources of gaining the trust and legitimacy of the consumers.

Customers buy from people they know and they trust. Clients trust the brand firstly because they trust the managers of the company, its specialists and / or its employees. That is why the companies should treat very carefully the public image of its employees. An online community has as main objective to get into contact persons with common concerns.

Social networks are dynamic systems which nurture relationships between people through the content they create and share. Their rate of usage has increased, not only in Romania, but also world-wide. As a consequence, this is involuntarily forcing advertisers and marketers to rapidly evolve customer relationship through social networks.

Both blogs and social networks have developed due to the individual needs to tell their story and share their feelings and opinions. These websites offer the opportunity to become acquaintances and preserve friendships in the virtual environment. There has come to more than 150 websites of this kind, most important being: facebook.com, myspace.com, flixter.com, LinkedIn, hi5.com, tagged.com, etc. but also classmates.com, myyearbook.com, blackplanet, asiantown.com etc., each having its specific audience.

Google has enhanced in the first months of 2010, Google Buzz, a social networking instrument, available to the public directly from their Gmail account. The users can write short messages about what they are doing, they can upload different photos or videos and they can view what their friends and contacts have been doing. Its launch caused different reactions among the professionals in the online environment: some were enthusiastic regarding the new tool offered by the giant, but some considered it a drawback for reasons such as the fact that they are already using Facebook as their main social network and they would not split their friends between Facebook and Buzz; some consider that the most important benefit of Gmail was its spam section and after the introduction of Buzz, they started receiving more spam messages in their inbox. Our opinion is that on the Romanian market, due to the fact that Twitter has not penetrated that well the market, there are many chances for the consumers to consider Buzz at hand, not having to set up another account, having everything in their email box; but when it comes to Facebook, it will be very difficult for Buzz to impose itself due to the fact that many Romanians are using Facebook and this network has enhanced applications, such as, games, applications not available in Google Buzz.

Marketers from organizations should learn how to use the social networks, firstly in order to create a corporate profile and then to interact with the other members of the network, to establish relationships.

√ Literature review

Social networks have been defined by Boyd and Ellison (2007) as web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site.

It is important to make the difference between the concepts of 'social networks' and 'social networking'. Social networking satisfies the need of the individuals to be connected in the online environment and it aims to facilitating information, knowledge, experience, opinions and documents sharing, as well as to serve entertainment or transactional purposes. Social networks (or social network sites), together with the blogs, RSS feeds, forums, discussion groups, podcasts and wikis are online marketing tools that the internet provides which have as main objective to ease social networking (Vegheş, Pantea, 2009, p.870).

The boost in the usage of the internet, the development of the online communities as well as the consumer generated content are three of the main factors that influenced the launching and development of social networking. If is to consider that the online communities are the basis of social networking, since people can not network if they do not belong to a group, to a community, than the emergence of the social media, defined as a variety of new sources of online information that are created, initiated, circulated and used by consumers intent on educating each other about products, brands, services, personalities, and issues (Blackshaw and Nazzaro, 2006), has changed the way organizations communicate with customers and played a significant role in the development of the social networks.

Brian Solis points out the fact that social networks such as Facebook, Myspace, Twitter, Hi5, Yelp and other online communities should transform online marketing into an opportunity to engage and interact with customers. Nowadays, interactive marketing and word-of-mouth marketing are being carried out mostly through online communication channels that include email, webinars, blogs, micro-blogging, RSS and podcast and involve finding online points of contact the client can have with the company, its products and brands. Each contact with the brand gives a message that comes back continuously in the client's memory at any stimulation to boost consumers to buy the products (Rusescu, 2009). Social networks have become an obsession for branding, advertising, marketing, and communications between experts and professionals worldwide. Many businesses are building social channels to broadcast messages in a one to many, top-down practice that not only prevents relationship building, but impedes any hope of cultivating communities and empowering customer relationship (Solis, 2009).

Moreover, John Burbank, the CEO of the Nielsen Company is convinced that social networking has become a fundamental part of the world and "will continue to alter not just the global online landscape, but the consumer experience at large." (Burbank, 2009). The organization he represents estimates that on a global basis, at every 11 minutes, one minute can be attributed to social networking, blogging websites, or other types of online community activities. Moreover, Sun et al. (2006) states that once an opinion leader exists, it can influence 14 people on the internet, so word-of-mouth in the online environment is very powerful and can help or it can harm the companies that can not or do not use it properly. It occurs when people start sharing information or ideas with the world. The other people are likely to be real-world friends or acquaintances for traditional word-of-mouth, however in the online, they can include completely strangers.

Online discussions entail personal experiences and opinions transmitted by the written word while the traditional word-of-mouth involves spoken word. By using social networks, forums or online discussion groups, blogs or search engines, people can look for the opinions of strangers (Sun et al., 2006). The written word is more formal and the message carries lower risk of being changed while it is being transferred; also, it is permanent and it enables the consumer to obtain information at his/her own pace. However in traditional word-of-mouth, as the message is passed from one individual to another, each individual can add or delete something from the message. The message can reach many people through the online environment. Since the sender does not see or know the receiver, there is less pressure and emotional affect.

√ Methodological notes

The study pursued two main objectives: to identify the behavior of the students who use the Internet and to determine their behavior on the social networks.

Research hypotheses:

- The Internet is a medium used with great frequency by students;

- Social networks are of interest to students;
- Identify how they relate on Internet;
- Facebook and Hi5 are also the most notorious and highest use among Romanian students.

Base sample consists of college students from the Faculty of Marketing at the Academy of Economic Studies Bucharest.

The survey research unit is represented by the specific individual, sampling unit being represented by the students, master students and doctoral students from the Faculty of Marketing who provided information about themselves (the research unit survey corresponds to the sampling unit).

Studied sample size is 150 interviews.

It was used a non probabilistic sampling on quotas. Layers are proportionate to the overall number of students at the Faculty of Marketing, by the type of student (university- 46% or post-54%) and gender (males- 24% females- 76%).

Data collection was performed in two stages: firstly, there was applied a recruitment questionnaire, online, via e-mails and online discussion groups of students, and offline, directly in the faculty. In the second stage, the eligible respondents were mainly applied questionnaire. Invitations were sent via e-mail and complete the questionnaire could be directly e-mail box or clicking a link that led to the platform Google Documents. In both stages the questionnaire was filled in automatically.

4. Major findings

The Internet makes its presence felt among students, by an increased frequency of use among them, 92.7% of students access the Internet "several times a day", while 6% and 1.3% respectively accesses Internet "once a day" and even less “than 4-5 times per week”. Correlating the frequency of Internet use by respondents' gender and by the type of education, we found that there are no significant differences.

Table 1: Frequency of Internet use related to gender and type of study respondents
Base: N= 150 (All respondents) %

Frequency of Internet use	Total	Gender		Type of study	
		Men	female	students	MA / PhD
Total (%)	100,0	100,0	100,0	100,0	100,0
1. several times a day	92,7	91,7	93,0	92,6	92,8
2. once a day	6,0	5,6	6,1	6,2	5,8
3. 4-5 times per week	1,3	2,8	0,9	1,2	1,4

On average, the Romanians spend on the internet approximately 3 hours / day (http://stiri.zoot.ro/Studiu-Intel-trei-sferturi-din-studentii-romani-petrec-peste-3-ore-pe-zi-in-fata-calculatorului,310652.html).

The results of our research reflect that the students behavior is the same as the rest of Romanian population, they spend on the internet 173 minutes/day on average. During this period a number of activities are tracked: watching news, search documentary materials, videos, music files, or connecting with other people. Among these activities, getting in touch with other people is the most important activity (mentioned by 92.7% of students), followed by searching materials documentation and reading / hearing / reading news on the Internet, representing 84% of students options.

The main Internet activity performed by women is connecting with other people (93.9%), followed by seeking documentary materials (86%), and reading / hearing the news (83.3%). Regarding the boys, getting in touch with other people (88.9%) remain in first place, but things change order in connection with other activities unfolded. Thus, the percentage of those who seek documentary material is lower (78%). Reading / hearing the news progresses ranked second, being held over 86% of students, followed by downloading movies / music files (80.6%).

When browsing online, academic students have as main activities: connecting with other people (95.1%), searching documentary materials (85.2%), and downloading movies / music files (84%).

Followers, postgraduate, master's / doctoral students place secondly the activity of relating with others (89.9%), and focus primarily on reading / hearing the news (91.3%). Among them, the informational size is a bit more important than the relational one.

Table 2: Internet activities performed by gender and type of study
Base: N= 150 (All respondents)

Internet activities performed	Total	Gender		Type of study	
		Men	female	students	MA / PhD
Total	414,7	411,1	415,8	416,0	413,0
read / listen to news	84,0	86,1	83,3	77,8	91,3
watch videos	74,7	75,0	74,6	72,8	76,8
connect with other people / friends / relatives	92,7	88,9	93,9	95,1	89,9
download movies / music	76,0	80,6	74,6	84,0	66,7
looking for documentary materials	84,0	77,8	86,0	85,2	82,6
work for office	3,3	2,8	3,5	1,2	5,8

Socializing with other people is one of the main options among students, when separation of the activities on the Internet. And when they socialize, students use especially the instant messaging services (96%), followed by social networks (74.7%). At present, the online seminars, webminars are not a source of information exchange for students from the Academy of Economic Studies Bucharest. Although webminars have not presented any interest to students yet, lately this form of relationship has been significantly increasing.

Among the main socializing ways on the Internet we can notice that girls communicate: on the messenger (95.6%), through social networks (77.8%), reading blogs of other people (28.1%); while boys have that preferences: the messenger (97.2%), through social networks (66.7%), reading blogs of other people (47.2%). We can notice that both boys and girls have expressed as main option communication through the channel of instant messaging, while on the second position is the connection through social networks. This type of socializing has a higher share among girls (77%), than boys (67%). Thus, the social networks are way of socializing, important for both girls and boys, but prevalent among girls.

Both the students and master students / PhD students have mentioned the first option the usage of the instant messaging channels (97.5% and 94.2%). Social networks are used more by the students respondents (77.8%) than the MA / PhD students respondents (71%). While graduate students are involved to a greater extent in forums or online discussion groups or blogs, than the undergraduates. Thus, we can say that the different ways to relate actively attract both categories of students, managing to attract their attention and in time to their loyalty. Also we note that webminars do not represent a concern for students (1.2%), while their elder colleagues tend to use more often this new instrument of social networks (5.8%), which can be a real benefit for them, due to the fact that these channels have a predominantly educational role.

Table 3: Ways to relate on Internet based on gender and type of study
Base: N= 150 (All respondents)

Ways to relate on Internet	Total	Gender		Type of study	
		Men	female	students	MA / PhD
Total	231,3	250,0	225,4	229,6	233,3
on forums / discussion groups	24,7	30,6	22,8	23,5	26,1
read other people blogs	32,7	47,2	28,1	29,6	36,2
social networks	74,7	66,7	77,2	77,8	71,0
on messenger	96,0	97,2	95,6	97,5	94,2
attend online seminars / webminars	3,3	8,3	1,8	1,2	5,8
other activities	0,0	0,0	0,0	0,0	0,0

From the 3 hours spent on the Internet, students spend an average of 1 hour and a half doing various activities on the social networks.

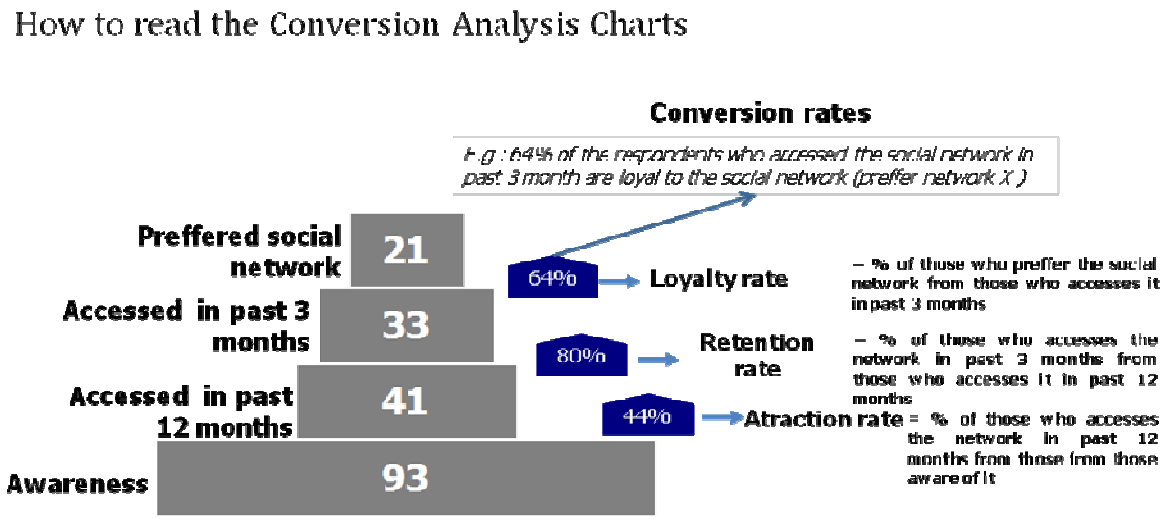
Table 4: Time spent on the internet and on the social networks
Base: N= 150 (All respondents) %

	Time spent on the Internet %	Time spent on social networks %
Total (%)	100.0	100,0
Under 60 min	0	61,3
Between 61-120 min	24.7	24,0
between 121-180 min	28.0	6,7
between 181-240 min	14.7	4,0
over 240 min	32.7	4,0
Average (minutes)	**173,4 min**	**86, 4 min**

As for the rest of the markets, people's preferences change from one period to another even in terms of social networks. Unlike 2009, when the social network Hi5 was the top choice of Romanians (Vegheş, Pantea, 2009, p.870), in 2010 Facebook holds the first position in terms of preferences of the respondents.

Next, we have used conversion Analysis in order to establish which steps from loyalty funnel are strengthens or weakness for each social network. We have listed below how to read the Conversion Analysis Charts.

Chart 1. How to read the Conversion Analysis Charts



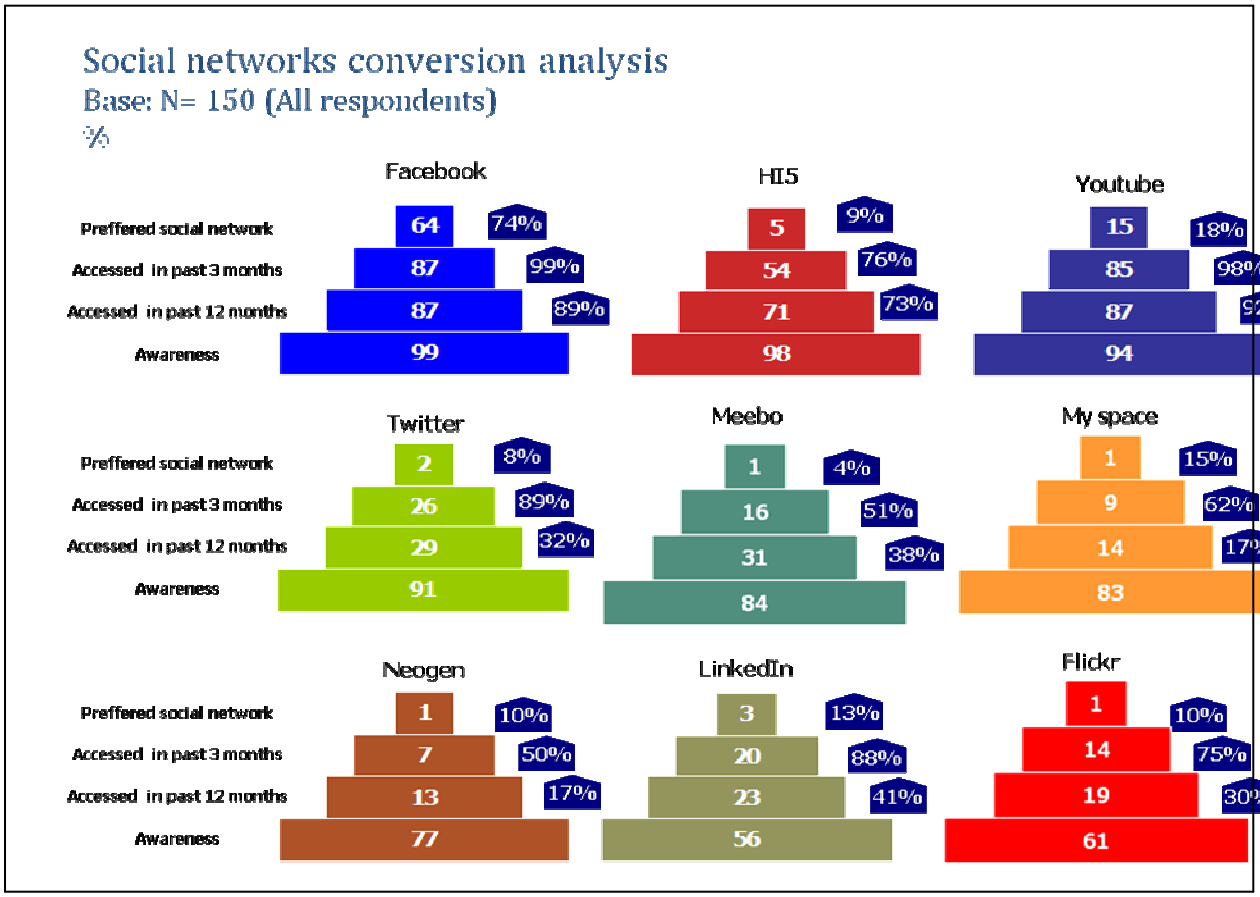
Facebook is first in the top both in terms of aided awareness (99%), number of visits in the last 12 months (87%) / 3 months (87%) and preferences (64%), followed by YouTube and Hi5 .

In terms of attraction rate and retention rate of students, Facebook and YouTube are in top having a conversion rate from students who have heard from students and accessed in the last 12 months, 89% and respectively 92%. Moreover, almost all students who have accessed in the past 12 months these 2 social networks, they have accessed in the last 3 months, the retention rate was 99% and respectively 98%. As loyalty rate, Facebook is far above all other social networks, being 74%, compared to YouTube with only 18%. Otherwise we can say that YouTube attracts and retains their users very well, but they need to make their users loyal to the services provided (only 18% of respondents who accessed the network in the last 3 months remained loyal).

The social network Hi5, although it managed to attract many students and retain them, they do not appear to be attached to this network, as reflected by a very low rate of loyalty (9%), being on the last places this chapter, when compared to the other social networks used by the Romanians.

Twitter, though is a known network, is having difficulties attracting users, having only 32% pull rate. However, Twitter managed to have loyal users, but could not make them faithful. LinkedIn users are loyal to the network, 88% of those who viewed it in the last 12 months, did it too in the last 3 months.

Chart 2. Conversion rates of social networks



5. Limits and conclusions of the research

The main limit of this research is that there were analyzed only the students of the Faculty of Marketing. Although, as a first impression, the Romanian students' behavior should not differ significantly according to the faculty they study at. In the future this research can be extended to all faculties of the Academy of Economic Studies and then to all Romanian students.

Another limit can be related to the sample size. The maximum margin error for an sample of 150 respondents is 8,03% for a 95% confidence level.

Regarding the limits of this research, we have to look at the sample's representativeness. Although it was used quotas, depending on the type of education (undergraduate/ postgraduate) and sex, the sample was unprobabilistic. For a more accurate choice of sampling unit it could be used a probabilistic sampling method.

What should be highlighted in this research is that the internet is an important communication environment for all students, being accessed with a high frequency (several times a day), covering about 3 hours of their time each day. From that time, they spend more than half accessing social networks, which are the main source of communication between them, after the instant messaging tools.

In terms of social networks, Facebook is on the first place in their preferences, regarding reputation both in terms of assisted awareness (99%), number of visits in the last 12 months (87%) / 3 months (87%) and preference (64%), followed by YouTube and Hi5. Regarding the loyalty rate, Facebook is far above all other social networks, being 74% used, and the next social network being YouTube, 18%.

As a recommendation, what can marketers do, is to generate word-of-mouth, to encourage people to speak more often, favorably, with the right people in the right way about their products and from the conclusion of this study we can say that social networking is the perfect environment to meet these conditions.

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THE DETERMINANTS OF CONSUMER BEHAVIOUR ON THE EUROPEAN MARKET

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Abstract: *This article critically analyzes some key issues in consumer behaviour, also aiming to asses the determinants of consumer behaviour in general, taking into considerations examples from the European market. The importance of country image is also discussed, being strictly connected to the image of the products realized there. Some successful product-country combinations are presented and some recommendations are made for the Romanian products on the local and international markets. The research goal was to determine possible attributes that can be connected with Romania's image in order to enhance the success of our local products on the international markets. The expected results should help Romanian companies to increase their competitiveness on a market more and more dominated by the multinational companies.*

Key words: consumer behaviour, international brands, country image, country of origin effect

JEL classification: M31, D12

√ Introduction

Even if products are identical on different markets, they can be perceived in a different way, according to brand recognition, country of origin stereotypes, social status of the brand and perceived performance, according to Bradley (2005), therefore the importance of brand positioning. Taking into consideration all these elements looks like products have an intangible side, the consumer perception being influenced by the product characteristics, as well as the image of the country where it was produced. It was demonstrated in the literature the relation between the image of a country and the image of the products that originated from it. Therefore, we will analyze first the country image, which is build in long period of time and secondly the way in which companies use this country-related attributes to position their products in order to obtain large sales and a larger market share.

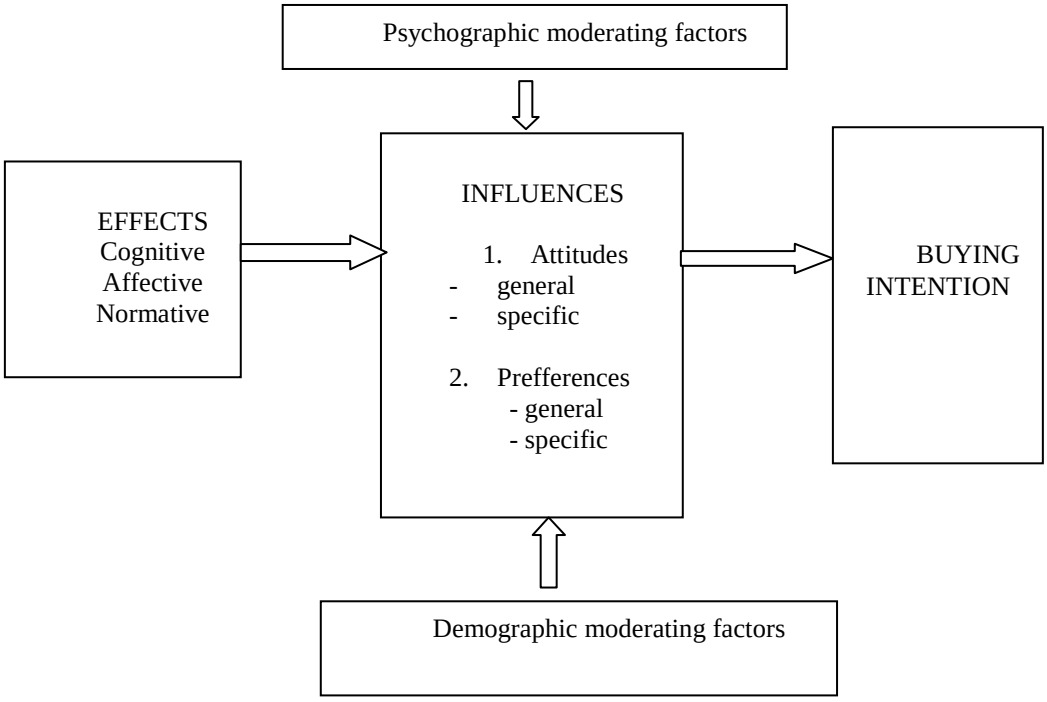
The brand positioning process consists in several stages, according to Bradley (2005):

- Developing a certain position on all the markets the product is sold to
- A standardized marketing mix for products positioned as exclusive on all markets
- Differentiation for mass market products, ex. detergents.

√ Literature review

Cannon et al (2000) generated a conceptual framework of the country of origin, as it can be seen in Figure 1, three different country of origin effects being distinguished: cognitive, affective and normative. These effects are influenced by two categories of factors: psychographic and demographic factors.

Figure 1:Conceptual framework of country of origin



Source: Cannon, J.; Warner, R.; Odber de Baubeta, P. (2000) *Advertising and identity in Europe*, Intelect Books, Bigne, Enrique – Spanish country of origin effect, p. 5

In order to analyse the country of origin effect on different products and the way it was seen by the specialised Romanian literature we will take into consideration Sunil Gupta's opinion (the director of the Marketing Department from Harvard Business School) on the domains of country branding: tourism, foreign investments, exports and "national pride". The mentioned subject is less analysed in the Romanian literature of the last few years, exception being some papers of authors preoccupied by country branding.

Nicolescu et al. (2008) considers that is necessary to reposition Romania's image as we are now part of the European Union, the problem being now the competitivity of Romanian products and services on a local level, but also on the international level. The authors wanted to find different ways in which to enhance Romania's image, with direct effect on the future for the national products. According to Cordell (1992), cited by Nicolescu (2008) country image affects consumer's perception in decision making process. The author considers that place branding is a "umbrella concept, wich covers concepts like country branding, region branding and city branding".

Country branding consists according to Brymer (2003) cited by Nicolescu (2008) the next stages:

- Involvement and cooperation of government, business and mass-media representatives
- Determine the existent perception in nation and international perception
- Country SWOT analysis
- Creating a new strategy
- Conceving an implemanting program for the choosen strategy
- Creating a system between the different organisations and departments that contribute to create the country image.

Country image is based on national identity and Romania's symbol products are considered to be wine, traditional culinary art, Romanian traditional popular clothes, the Danube Delta, mineral water, Dracula and the monasteries. The first 10 Romanian brands are Dacia, Gerovital, Murfatlar, Borsec, Jolidon, Arctic, Napolact, Ursus, Cotnari, Dorna.

Dodlea and Tarus (2009) make the distinction between nation branding and country branding. The concept of "nation branding" describes the intangible values of the country, without making a direct connection with a product or service considers Yan (2006) cited by Dodlea and Tarus (2009). The authors propose a slightly atypical possibility to promote Romania, through the European Digital Library or through the virtual digital platform Second Life. The attempts to brand Romania are also presented, chronologically:

1996 – The eternal and fascinating Romania
2001 – Made in Romania
2003 - Romania always surprising
2005 - Branding Romania –through the Agency of Governmental Strategies
2007: Fabulospirit
2007-2008: Touristic Romania

Country of origin and the perceived product quality is also studied by Onkvisit and. Shaw (2004), the general conclusion, supported by other findings being that "the effect of country of origin is strongest when it is the only cue, but when other explicit multiple cues are included, the effect weakens".

Popescu and Stanoiu (2009) show the role of consumer involvement in the buying process, especially in information research and alternatives identification. Psychographics and behavioral factors have nowadays more influence than socio-demographic or economic factors. According to Solomon (2007) INVOLVEMENT = f (Person, Situation, Object), determining the importance of a certain product.

Gao and Knight (2007) also study the influence of country image on product acquisition, basing their research on alimentary products. The role of distribution channel members is underlined, as they are the ones that decide the products to be imported, from which the consumers will be able to choose next. The authors considered to be important the analysis of the factors that influence the acquisition process in China, compared with the factors that act on the western markets.

Specialists show that consumers from certain markets can pay more for products made in industrialized countries. 'Made in Germany', 'Made in USA' or 'Made in Japan' give the attribute of quality due to the reputation that this countries have. Consumer appreciation regarding a certain country due to familiarity transfers to products from that country. A country level of development influences in a direct way consumer's product evaluation, being less appreciated the ones that come from less developed countries, according to Hulland et al. (1996), Wang and Lamb (1983).

Still, the image of the country doesn't always reflect in a negative way on its products (see China's example).

√ Country of origin and the perceived product quality

Kotabe and Helsen (2009) cited anterior research made by Verlegh and Steenkamp (1999) about country of origin; the findings showed that the country of origin effect is larger when consumers are asked to compare products form less developed countries with the ones from developed countries. Kang and Samantha K (2006) also studied the perception of consumers from developed or less developed countries on goods that originated from less developed or more developed countries. The study was based on a sample of 65 students from China and the data was gathered based on a questionnaire. The Mann-Whitney U test was used; due to the big number of products on the market, marketing specialist can use country related information in order to position goods on a specific market. The results of the research proved not to be significant differences in the perception of general product attributes; also, the study also offered important information about the promotion of products on the international markets.

Still, more recent research made on the American consumers prove to be a lack of knowledge about the origin of brands, which can only generate a smaller effect of the product's country of origin. The findings seem to point out towards the diminishing importance of country of origin in consumer buying decision. This is also possible due to the degree in which Internet influences consumer behaviour, many young people perceiving brands in a global way, didn't seem to care if they are foreign or local brands.

Markets globalisation, combined with the rise of degree of nationalism determine the interference between the global brands and the country of origin of the products. Consumer decision is affected by the name of the brand, country of origin effect and the different ways in which quality is perceived. Pecotich and Ward's (2007) research on the country image as a large concept generated the following findings:

- Globally, there is a preference for local product and services
- Countries can be ranked according to their competences in producing goods and services
- The image of a country is multi-dimensional.

The general conclusion is that marketing specialists should treat attentively attributes like quality, brand and other country information, as experts and the normal people make the buying decision differently.

Samiee et al (2005) cited by Kotabe and Helsen (2009) found out that brand origin recognition "is moderated by consumer's product familiarity, socioeconomic class, international travel experience, gender and consumer ethnocentrism".

In order to reinforce the connection generally accepted between the country of origin and the perceived product quality, Goudge and Ivanov (1999) analyzed the retail jeans market in Macedonia. The local consumer's preference for Italian brands was demonstrated, compared to local brands, although consumers were paying bigger price for foreign brands. Younger consumers, compared to the older ones seem to have a better perception on the value of foreign products, the age being a factor that influences brand preference on the designer jeans retail market. The research methodology was based on a self administrated questionnaire, the purpose being the measurement of the country of origin effect, brand name and price on the purchase intention.

Choi's (1991) findings cited by Goudge and Ivanov (2000) consider that country image doesn't affect all categories of goods, being specific only for some class of goods. Darell and Ivanov (2000) propose o model regarding the country of origin effect on decision making process. Age proves to be an important factor in appreciating the importance of country of origin. Also, the quantity of new information and product complexity affects consumer's level of involvement. Price and brand name are also connected with country of origin importance. The conclusion of the study demonstrates that a better measurement of country of origin effect should take into consideration consumer's level of involvement, more than product categories.

A study made by Anderson Analytics shows that consumers rank the countries that produce the most quality goods as follows: Japan 81.8%, USA 78.5%, Germany 77.1%. Well known product-country combinations are Belgium - chocolate, Germany - beer, France – wine, Italy – shoes, etc.

√ The Nation-equity: COO and globalization

"Made in" stereotype creates value for many industries, from the automotive industry to food industry. The country of origin associates certain attributes to the products, in accordance with the country where they were produced. Therefore, the image of a certain country proves, once again to be of undeniable importance. According to Kapferer (2008) "the country brand is by nature a collective, federalizing brand: it needs to distribute its power and its content to its daughter brands, specialized by market".

The globalization of the world economy has generated important changes; consumers are being confronted now with a larger variety of products and brands, therefore the country of origin information is more and more important. According to Kotabe and Halsen (2009) the definition of country of origin "may be undergoing a transformation. Many companies have established production units in countries and areas with low cost and labour". Confusion may arise as some products are manufactured in more than one country. For example the French car manufacturer Renault has delocalised part of its production in Romania.

Various studies have shown that even products coming from the same country can have a different image. For example some people may like Romanian wine, but may not like Romanian vehicles. Therefore, as shown by Usunier and Lee (2004) we must distinguish between the effects of country of origin, country of manufacture, country of brand, country of design and country image.

The research goal was to determine possible attributes that can be connected with Romania's image in order to enhance the success of our local products on the international markets. The study made by Nicolescu et al (2008) considers that Romanian wines are the symbolic for our country, other products that are representative being culinary products (mineral water, culinary traditional art, etc) and touristic products, such as the Danube Delta, the monasteries.

Analyzing the structure of Romanian export by the main groups (as seen in Tabel 2), we conclude that we base our exports mainly on raw products, with few added value. In order to enhance our country image and to reinforce the image of Romanian products on the international market we consider that the following measures should be applied: Romanian companies should participate in trade shows, their success as a promotion medium being clearly demonstrated and Romania's branding should be more attentively and accurately treated, as it is an important attribute that affects all Romanian products.

Tabel 2: Structure of Romanian export by the main groups (%)

	2003	2004	2005	2006	2007
TOTAL EXPORT, out of which:	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Live animals; animal products	1.21	1.06	0.87	0.82	0.85
Vegetable products	1.12	1.10	1.23	1.58	1.49
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0.18	0.34	0.28	0.22	0.23
Prepared foodstuffs; beverages, spirits, and vinegar; tobacco and manufactured tobacco substitutes	0.71	0.61	0.62	0.69	1.23
Mineral products	6.98	7.18	11.07	10.42	7.79
Products of the chemical or allied industries	3.73	4.08	4.48	4.06	3.83
Plastics and articles thereof rubber and articles thereof	3.26	3.75	3.88	4.22	4.97
Raw hides and skins, leather, fur skins and articles thereof; saddlery and harness; travel goods, handbags and similar containers	1.21	1.05	0.91	0.86	0.79
Wood and articles of wood; wood charcoal; cork and articles of cork; manufacturers of straw, of esparto or of other plaiting materials; basket ware and wickerwork	4.53	4.40	3.76	3.58	3.36
Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard; paper and paperboard and articles thereof	0.86	0.81	0.58	0.52	0.60
Textile and textile articles	25.37	22.31	18.98	16.12	13.33
Footwear, headgear, umbrellas, sun umbrellas, walking sticks, seat sticks, whips, riding-crops and parts thereof	8.13	6.53	5.80	5.35	4.61
Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	1.36	1.12	0.94	0.75	0.80
Base metal and articles of base metal	0.00	15.44	14.88	15.01	16.33
Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	12.93	17.54	17.67	20.29	22.19
Vehicles, aircraft, vessels and associated transport equipment	16.04	6.35	7.90	9.86	11.92
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof	5.75	0.54	0.60	0.69	0.79
Miscellaneous manufactured articles	0.47	5.41	4.94	4.50	4.63
Other products	5.61	0.41	0.61	0.44	0.28

Source: http://www.tradepoint.org/index.php?id=3329id=3329&

√ Conclusions

The image of a country differs from one product to another, so Romania's image can be different if we consider wines or leather shoes. The consumer is more likely to buy a certain product if the image of the country's product is good, for example consumers are going to buy German cars because of the characteristics that "made in Germany" induces to products. Therefore, as consumers take into consideration information about the product and information about the country image, both characteristics should be carefully treated. Industry associations and government official should work together in order to create the image of quality, trust and respect for the national products. In this respect, participation to trade shows and foreign missions abroad can be organised by industry associations and the commercial chambers; the prospecting activity being able to both create a better image of a country and sell products.

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„SEELING THE BRAND TO YOUR EMPLOYEES" OR „WHY DO WE NEED INTERNAL MARKETING?"

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Abstract: *Internal marketing has been proposed as a way of increasing lower level commitment to corporate strategies and improving organizational integration. The need for internal marketing, especially within service organizations, is commonly recognized, but its implementation is considerably more difficult than its planning. Attitude barriers (unreceptive ness to marketing philosophy) may exist even in the higher levels of management, where they are potentially more difficult to change, yet changing them will have the greatest effect on the organization.This article examines the impact of internal marketing in order to increase employee involvement in reaching decisions, making commitments and taking action.*

Whilst the principles of internal and external marketing are the same, there are some differences – in targeting, politics, incentives, skills, motivation and interpersonal factors.

Key words:
Corporate culture, Employee attitudes, Internal marketing, Marketing planning, Internal communications.

JEL clasification: G21, M 31

"Since we are ourselves the costumers, we are used to demand more, to know well what we are asking for, be it a product or a service, and we are much more careful about how and where we spend our money…This means that we are less willing to tolerate the differencies between what we have been promised and what we get." (Hutchinson ,2002,p.3)[i]

I chose this theme not only because I admire the people who work in the department of human resources, with who we jointly handle everything related to internal communication, but especially to stress the importance of the employees from every company in order to succesfully develop any marketing campaign (and not only).

The service field, also known as the field of the 5P by adding the "staff", makes more desirable the implementation of the internal marketing programs.

1.The internal marketing – premise for the success of the foreign marketing

"There are two types of companies: those which make promises and those which keep their promises. They all are competing to diminish the distance between them. Through the communication improvement with the employees of the company, through their education and motivation, the companies improve their costumer` s satisfaction standard. (Press,2006)[ii]"

A complex definition of the internal marketing from one of the speciality (Cetina, 1998,p.49)[iii] books sounds like this:

"The internal marketing represents the attraction, the perfection and the maintaining of the employees of the firm in positions which assure the maxim and the efficient using of their work capacities and therewith a motivational system which can allow meeting both the material requirements as well as the professional goals of the firm` s staff."

But briefly, in R. Varey`s opinion (Varey, 2002, p.217)[iv], *"The internal marketing is a way to promote the marketing orientation among the employees (…) is the combination between marketing and human resources."*

Why the internal marketing is so important for a company? In Kotler`s (Kotler, Bowen, Makens)[v] opinion, today, in "the new organization", the employee must understand the products/services it offers, he must have an attitude oriented towards the serving to the client, to be enthusiastic (or at least content) with the company he works in and with the products/services it offers, he must be capable to identify the problems he might face with the clients and to know how they can be solved or at least to whom he can

turn to for their solving. It is also vital that between the manager and the employee there is a good communication.

Why does one take into account a premise of the success in the field of the services? Because of the imposibility to separate the service from the person that provides it, the firm` s services success depends on the quality of the employed staff. In other words, the clients buy the performance when they pay for a service. Thus, the most of the employees, but not all of them, if not all of them are able to influence the conduct of the clients and their opinions towards the company and towards their products. Therefore, all the employees of the firm must understand and agree with the firm` s long term interest and with what each of them gains from it.(Varey,2002, p.223)[vi]

The internal marketing can be assimilated with the art of dealing with the staff as if they were internal consumers (Cetina. 1998)[vii]. The firm must provide the employees positions which can attract them, satisfy them both the material necessities, as well as the one related to their professional accomplishments, in order to have a real incentive regarding the time and energy consumption resulted during the service provision. Then, the firm` s management must adopt towards the employees an identical conduct to the one they must use with the consumers.

2. Internal marketing vs. internal branding

Internal branding is a domain of interest, relatively new but which develops quite fast. It is defined as being "the corelation of the daily activities, of the operations related to the bussiness` s development, of the decisions, of the organisation` s design, of the expectations related to the performance and of the rewards, with the brand` s identity, and according to it, to provide the promised benefits and to conduct to the achievement of the predicted results. What makes it essential for a business is it`s own objective: determining the organisation to always fulfill its promises made to the clients through the mission & the brand` s declaration " (Hutchinson,2002, p.3)[viii]

"The advertising you make, the way you arrange your head office, the wrapper/ packaging, the visiting cards and even the product/ service you offer, they all reflects the brand of your company, and the brand itself, is the best asset of your company, a good that must be protected and projected at every contact/ transaction with every client or prospective client.

The brand is represented by the entire organisation, from the receptionist who sits at the entrance to the representative of the client` s service on the other end of the phone line. Therefore, in order to have and to maintain a strong brand every person from the organisation must understand it and must be able to express its positioning and atributes.

This is not a matter related to the brand` s startegy but to the creation of a culture that "lives and breathes the brand" for the benefit of the entire organisation. At the moment the employees will be all lined up behind the brand, then the power of the brand will be maximal.

The development and the implementation of an internal branding plan will assure a support and an improvement of the brand inside the organisation and around it." (William, 2005, p.1)[ix]

One of the services company objectives is the customer loyalty. This can be obtained when the the front-line employees anticipate the customer's unexpressed wishes and needs and build personalized relationships with them.But a company can't satisfy the customers without satisfying its employees. For achieving this objective, a company should apply some practices. The most important practices are:

- Offering chance equality for employees
- Delegating responsibilities
- Employees motivation
- Establishing objectives
- Building an efficient team

1. Offering chance equality for employees

As a manager, you should apply a correct and equitable treatment to your employees, even if they play more or less important roles in the company's activity.

The employer must be fair, taking in cosideration the experience and the volume of work of an employee, and not his own opinion and thoughts.

Both men and women have to be equally recruited, selected, trained and promoted according to their professional experience.

2. Delegating responsibilities

A good way of motivation is offering the company's employees an amount of responsibilities according to their professional education and experience. This shows also that a manager trusts his subalterns.

If a manager doesn't delegate some resposibilities to his employees, he will have a busy program, and the staff will not be involved in the real problems of the company. This leads to a vicious circle, that focus on the lack of the motivation of the personnel. This way, the staff will not have a chance of promoting and their activity will end in an interpersonal conflictand. Moreover, the deadlines will be delayed.

3. Employees motivation

A company should motivate its employees if it wants to satisfy its customers and obtaind their loyality. For this it is necessary that the manager offer to his juniors some benefits according to thier wishes and needs. It is important to observe and anticipate not only external customer needs, but also internal clients wishes.

4. Establishing objectives

Everybody should establish his/her own objectives, according to the principles and values. This affirmation is available also in the case of a services company's staff. The employees should share these objectives with the manager and try to make them real. The personnel's goals must not be against the company objectives, but in accordance with them.

5. Building an efficient team

Being part of a team means to have common goals and specific responsibilities. To be successful, you need an efficient team, with competitive and devoted members, who should collaborate and communicate efficiently. The innovation and creativity shouldn't miss in this formula, and also the coordinating and control of the team.

3. A concrete example: internal marketing at XYZ

The services companies desire that their front-line employees to be polite, and helpful in dealing with their customers, but also to show efficiency when they are executing their operational tasks.

There are two reasons why these companies demand these qualities from their employees: the first one is not to be challenged by the competitive organizations. This ratiocination is based on the idea that it is very difficult or even impossible for a company to duplicate human resources.

The second one is related to the fact that from a customer's perspective, the front-line personnel is a core part of a service. Due to the main characteristic of a service – intangibility – we can say that customers can't touch, smell, taste or use the service before they buy it. So which is the first thing that they encounter? The answer is quite simple: the customer meets at the beginning the front-line staff. This is why the service qualityt is determined by the employees' behavior.

The pattern of the company is represented by the front-line personnel. So, this is the consumer's conclusion when they encounter this part of the firm.

The frontline personnel, which is the one of the most important resources of the services organization, contribute to its image. So, „it is the staff that determines whether the brand promise gets delivered" (Lovelock, Wirtz, 2004, p.310) [x].

In order to satisfy the expectations of its clients XYZ resorts to the best specialists. No matter the profession, the field of their activity or the occupied place in the organisational structure, all the XYZ employees share common characteristic: the respect towards people and the desire to be helpful. That is why we constantly work up to develop and improve the solutions already existent.

Within the **XYZ** society the internal marketing is more the responsibility of the human resources department than of the marketing one, the situation not being a rarity for the Romania companies. The concept, as well as the organizational culture one, is not a new one, because, regarding a foreign company, they were taken over by the host company. Remarcable is that, while the company developed, their importance also increased.

The internal marketing begins with the employment announcement published in Romania Libera or in the dedicated web pages. The HR representative formulates the announcement, the marketing verifies the layout, the formulation and issues the BT. Then follows the introduction of the new employee in the family: he/she receives an subscription card in base of which he/she has access to all the available services in the company's centers, a "Welcome" guide that the subscribed clients also receive, where one stresses the means of access to the services included in the subscription, and if the respective employee will be a part of the medical staff he receives the Manual of Managed Care where there are conceptually presented to him a few models of approaching the clients etc. The following contacts which it has with

the management team are formal, inside the weekly meetings, and with the other departments it rarely meets, in case he/she needs an specialty information or maybe only at the annual party for Christmas, tradition in use ever since the firm has been established.

The changes, for the better, started 2 years ago when the first official program of internal communication was drawn up and implemented, through which all the employees were gathered under the same roof, and in a pleasant atmosphere, they were communicated the 10 operational principles of XYZ, the firm` s mission and the values of the company.

Moreover, about that same period one placed "Tell-us boxes"inside the centers, where, under the motto of "Good things are carried out inside the team", the employees were asked to express their opinions about everything related to XZY. The information, as promised, was confidential, meaning that it was colected by a representative of the marketing department, but read only by the general director.

The positive trend where the internal marketing is situated, continued with an educational and motivational program of the employees, in order to support a new launched product and with an assessment of those retained untill now about the organizational culture of XZY. The marketing program preceded and conditioned the external marketing one and had as a main objective the education and the accomodation of the employees with and in the spirit of the new product launched by XZY, and secondary aimed at the improvement of the internal communication within the company, the education of the employees in order to have an adequate "customer-oriented" conduct and their motivation to offer services of a significantly superior quality. And, since a "success brand is build with quality, services, inovation and differentiation" (Serbănică, 2006)[xi], when we will be able to say about the organizational culture that is a strong one, firmly implemented inside the staff` s awareness and conduct, strongly supported and widespread in the organization, we can say that the long term objective was reached.

4. The stages of an internal marketing program

Depending on the chosen objectives, the internal marketing program can be clasified in three categories[xii]:

- campaigns aimed at the employees: we need them to increase the efficiency of the marketing in general, to internalize it, to first convince the employees to want to buy what the company offers and after that the clients. Campaigns for the employees are carried out in accordance with the same rules as every program of external marketing.
- assessment programs of the staff/ department
- recruiting programms for the selection of the best specialists

The stages:

1. **The complex analisys of the situation** and entails the carefully investigation of the components of the marketing background: the macro background for the identification of the tendencies, the market and the competition (the basic components of the macro background) and the internal background, for the definition of the strategic marketing elements and for the exact formulating of the program` s activities (Olteanu, 2004, p.306)[xiii].
2. The identification of the **target public** – in this case the companies` employees, to which, in the case of a lot of international companies, the shareholders can be added.
3. **The marketing strategy.**
4. **The action program** entails the identification of the activities, establishing the carrying out of the order, of the responsabilities and of the deadlines and the setting of the critical path (Olteanu, 2004, p. 316)[xiv] The Critical Path Method is one of the program, next to PERT method (Program Evaluation and Review Technique), both based on the graphs theory and which have as object the optimization of a complex program where the duration of the activities are evaluated by determined numbers. The activities are arranged through the graph` s structure that permits the identification of the critical activity – the most important, which exceeding of the achievement would lead to the delay of the entire program and of the time reserves for the other activities. (Anhel, Florescu, Zaharia, 1993, p.166)[xv]
5. **The budget** of the internal program.
6. **The control of the program** entails the measuring of the results, the diagnose of the results and of the correctives activities (Kotler, 1998, p.104)[xvi]. The practice proved the necessity of a permanent control in every phase, having as a purpose the discovery of the deficiencies and the carrying out of the necesarry

correcting changes, so on one side a control of carrying out the program takes place, and on the other side of its` implementation, for the entire program, as for every objective and action. [xvii] (Stanciu,2002, p.125)

Conclusions:

The companies spend astronomical amounts to make their advertising for the foreign clients, but when there is about the development of a marketing program for their employees any budget is approved with great difficulty. Out of the recruiting period, which takes place only occassionally, no person from the management department stops to chat about brand&business with the employees. As for the events dedicated to them, the party for the end of the year became indeed a tradition, but is it sufficient for the education and for the motivation of the employees? Is it normal to talk to the clients about what extrordinary brand you have, and the employees to find out once with them, or worse, after? For many companies it is a reality the fact that at internal marketing they think in the last moment of launching a campany, or not even then. The problem is that any service company which has more than 10 employees, without an adequate internal communication, is not going to be able to offer to the clients the promised and expected quality. And if there are no steps taken, the clients confidence begins to diminish. That is why we need employees who know and understand the brand, the client and the company.

The mobilisation of the organizational culture is not just a factor which adds to the value of the company, but which is impossible to be copied.

We can begin by formulating clear and concise responses for the following questions "What do we want the clients to remember once they left our company?", "With what other experience can one compare a visit at our company?", "What is the thing which will always define us, the one which we will never give up?" or "What is never going to happen in our company?" and then to reveal this to the other employees. This way we will be certain that we are heding in the right direccion to a success brand.

The internal communication is the most effective way to determine the employees to create an emotional connection with the offered service and is as necesarry as any other marketing effort. The involvement of the persons from the department of the human resources is absolutely necesarry, started with the moment of the recruiting of the recent employees. If every employee is a messenger of the brand, as we desire, then the character and the behaviour of the new employees are of a vital importance. The recruitment must be done keeping in mind "What kind of experience the clients are expecting from us?" and "What kind of people are the most appropriate to "perform" it?"

Last but not least a condition of major importance for the success development of the internal program, is that the persons from the top management to be the first which respect the principles, rules and the values of the brand, because most of the times the subalterns see in the persons from the top models which should be followed. The politics and the work procedures within the company say a lot about the company, but nothing transmits a more powerful message than the management actions.

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THE IMPACT OF THE FUTURE FREE TRADE AGREEMENT BETWEEN THE EUROPEAN UNION AND INDIA ON THE EUROPEAN AND ROMANIAN ECONOMIES FROM A MACROMARKETING PERSPECTIVE - A MARKETING RESEARCH -

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Abstract: *The FTA between the European Union and India will have a significant impact on trade. This is why the identification of the potential opportunities and threats entailed by the provisions of the FTA could be considered a must for the European companies and especially, for the Romanian ones. In this regard, we consider that a marketing research of the secondary data pertaining to the ongoing negotiations and reactions of the involved parties could clarify several aspects of the unknown implications of this agreement.*

Key words: Macromarketing, Trade, EU, India, research

JEL classification: M31

The European Union and India are long-term partners in a wide array of domains with trade and investment in the center and the most significant achievements in the past years. The figures show impressive improvements in the bilateral trade and investment and based on the economic strength and political determination of the two sides, the potential exceeds by far the current figures.

The two sides embarked on the negotiations for a Free Trade Agreement in order to create a better framework for their economic operators and to ensure a fair distribution of the benefits induced by the future accomplishments.

The FTA between the European Union and India will have a significant impact on trade. This is why the identification of the potential opportunities and threats entailed by the provisions of the FTA could be considered a must for the European companies and especially, for the Romanian ones. In this regard, we consider that a marketing research of the secondary data pertaining to the ongoing negotiations and reactions of the involved parties could clarify several aspects of the unknown implications of this agreement.

The goal of this study is to determine the opportunities and possible threats of the future Free Trade Agreement between the European Union and India for the European and Romanian economies.

Objectives:

1. Evaluation of the economic relations between the European Union and India.
2. Identification of the main areas to be included in the future Free Trade Agreement.
3. Determination of the interests pursued by both sides in the negotiations.
4. Determination of the potential main effects of the future Free Trade Agreement on both economies.

We used as a research method the analysis of secondary data from studies of independent bodies, official reports of both sides (the European Union and India), press articles and web sites starting with 2006 up to April 2010.

These sources were investigated to obtain suitable information and to cross-check the correctness of these various sources.

Amongst the plenty of the identified information sources we selected a few considered to be the most comprising (see Annex 1)

Conclusions

Objective no. 1- Evaluation of the economic relations between the European Union and India

The European Union is the first trading partner of India, while India is the 9th trading partner of the European Union with a total value of trade of 60.9 bn. EUR in 2008. The bilateral trade, in both goods and services, shows a surplus for the European Union.

The tariff rates imposed by India for all categories are significantly higher than the ones imposed by the European Union with the exception of "Animal products" where the European Union's tariffs are higher.

The trade in goods between the two sides shows a surplus for the European Union in the period 2006-2008. Even so, in value, both imports and exports of goods increased steadily from one year to another. In 2006, the total value of trade in goods was 47 bn. EUR, in 2007- 56.1 bn. EUR and in 2008- 60.9 bn. EUR.

Trade in goods

Table 1

Year	European Union- exports to India (Bn. EUR)	European Union- imports from India (Bn. EUR)	Balance (Bn. EUR)
2006	24.4	22.6	1.8
2007	29.5	26.6	2.9
2008	31.5	29.4	2.1

Source: Eurostat, Statistical Regime 4

In structure, the trade of goods displays interesting peculiarities in relation to the balance for each category of products. For example, in 2008 India had a positive balance for agricultural products, energy, chemicals and textiles and clothing, while the European Union had a positive balance for machinery and transport equipment.

EU27 Merchandise trade with India by product (2008)

Table 2

Category	European Union- exports to India (Bn. EUR)	European Union- imports from India (Bn. EUR)	Balance (Bn. EUR)
Agricultural products	0.279	2.379	-2.100
Energy	0.198	2.266	-2.068
Machinery	10.618	3.295	7.323
Transport equipment	3.112	1.716	1.396
Chemicals	2.908	3.281	-0.373
Textiles and clothing	0.198	6.335	-6.137

Source: Eurostat, Statistical Regime 4

The two sides show significant complementarities in their bilateral trade. The EU exports to India mainly intermediary products, while India exports mainly primary and finished products. Also, reciprocal trade is frequent in the same categories, because many products are traded both ways several times as value-added products at different stages of manufacturing.

In an analysis per TDC sections (Standard International Trade Classification) for 2008, the EU posted big "pluses", roughly 1 bn. EUR, in the following categories:

- Machinery and mechanical appliances, electrical equipment;
- Natural or cultured pearls, precious or semi-precious stones;
- Vehicles, aircraft, vessels and associated transport equipment;
- Optical, photographic, cinematographic, measuring, checking, precision.

India posted significant surpluses in the following categories:

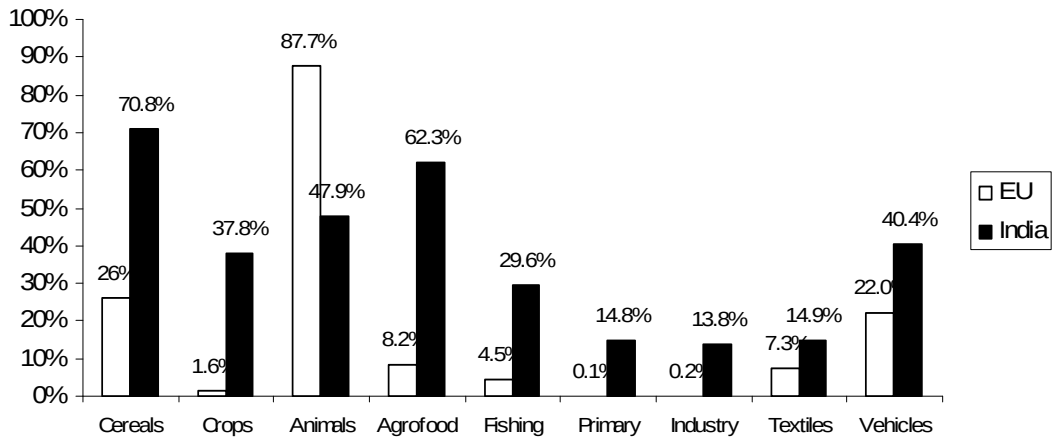
- Textiles and textile articles;
- Mineral products;
- Vegetable products;
- Raw hides and skins, leather, fur skins and articles thereof;
- Footwear, headgear, umbrellas, sun umbrellas, walking-sticks.

Out of 21 TDC sections, India scored positive values in 11 categories and the EU recorded positive values in 10 categories.

Regarding the trade tariffs, the Indian entities face higher tariffs for agricultural goods in comparison to the industrial ones, excepting the categories "textiles and vehicles". The highest tariffs faced by the EU entities are for agricultural goods and vehicles. Overall, the tariffs imposed by India are higher with the exception of "Animal products".

Figure 1

Bilateral applied protection between India and the EU, 2004%



Source: CEPII-CIREM- DG TRADE

The trade in services between the European Union and India displays a surplus for the EU in the interval 2006-2008.

A very interesting situation in the trade of commercial services is that the EU exports soared in 2007 and then slumped in 2008, while the Indian ones recorded a steady increase between 2006-2008.

Trade in Commercial Services (excluding "Government Services")

Table 3

Year	European Union- exports to India (Bn. EUR)	European Union- imports from India (Bn. EUR)	Balance (Bn. EUR)
2006	7.0	5.7	1.3
2007	9.4	6.9	2.5
2008	8.8	7.3	1.5

Source: Eurostat (NewCronos)

The most important services traded between the two sides are: transport services, travel services, IT and telecommunication services, medical services, financial and accounting services, legal services, postal and courier services.

The Foreign Direct Investment between the European Union and India must be analyzed taking into account the investment flows and stocks.

The investment flows show strong preoccupations from both sides. In the interval 2006-2008, the EU invested in India roughly 8.8 bn. EUR, while India invested in the EU 3.8 bn. EUR. In 2006 and 2007 the outflows from the EU surpassed the inflows from India but in 2008 India invested more in the EU than the EU in India.

Foreign Direct Investment

Table 4

Year	Outflows from the EU (Bn. EUR)	Inflows from India (Bn. EUR)	Balance (Bn. EUR)
2006	2.5	0.5	2
2007	5.4	0.9	4.5
2008	0.9	2.4	-1.5

Source: Eurostat (NewCronos)

Regarding the stocks, the outward movement of stocks from the EU significantly exceeded the inward movement between 2005-2007.

EU27 Stocks of FDI with India

Table 5

Year	Outward stocks (Bn. EUR)	Inward stocks (Bn. EUR)	Balance (Bn. EUR)
2005	10.6	2.5	8.1
2006	12.3	2.2	10.1
2007	19.1	4.3	14.8

Source: Eurostat (NewCronos)

It can be concluded that the economic relations between the European Union and India improved steadily every year. The bilateral trade displays a complementary situation with the EU exporting mainly intermediary goods, while importing primary and finished goods. There is a continuous growth of trade in services in both ways and a strong preoccupation for investment flows at both ends.

Objective no. 2- Identification of the main areas to be included in the future Free Trade Agreement

The future Free Trade Agreement should include at least the following areas and chapters in order to ensure a boost of the economic relations and fair distribution of the results between the two sides:

1. Economic area- including the following divisions:
   - Trade in goods;
   - Trade in services;
   - Trade facilitation;
   - Trade regulations;
   - Competition policy;
   - Intellectual Property Rights;
   - Government purchases;
   - Direct investment;
   - Dispute settlement.

2. Social area- including the following:
   - Employment and unemployment;
   - Income distribution;
   - Demographics;
   - Relocation of labour force.

3. Environment- including the following:
- Pollution;
- Natural resources;
- Energy consumption.

Objective no. 3- Determination of the interests pursued by both sides in the negotiations

3.1 Trade in goods

The most important objectives pertain to:
- the elimination of the customs duties for 90% of the tariff lines in 10 years;
- the elimination of the Non-tariff barriers;
- the implementation of the Rules of Origin taking into account:
  - a change in the Harmonized System of Nomenclature;
  - a minimum local content requirement;
  - a cumulation of local content;
  - compliance with certain technical standards.

3.2 Trade in services

The two sides are concerned with:
- the opening of a large number of sectors;
- the elimination of discrimination between providers;
- the liberalization of all modes of supply, including the free movement of people.

3.3 Investment

The main concerns regarding investment flows in both directions should be:
- the improvement of market access and provision of equal conditions for national and foreign investors;
- the preservation of right to regulate investment terms and conditions;
- the preoccupations for liberalization of investment flows;
- the market access on a Most Favoured Nation basis;
- matching the investment level with the social and environmental laws.

3.4 Trade facilitation

The initiatives in this chapter should aim at:
- the modernization of customs;
- the simplification of trade procedures;
- the security of supply chain.

3.5 Public procurement

The areas of interest here should cover:
- the understanding of the procurement practices;
- the transparency enhancement in the public procurement field;
- the improvement of the market access conditions.

3.6 Technical regulations

Both sides should:
- identify the technical barriers to trade and sanitary and phyto-sanitary restrictions which can be eliminated;
- agree upon a mutual recognition of standards;
- set up a regulatory framework flexible enough to lead to the improvement of the bilateral trade.

3.7 Intellectual Property Rights

The main preoccupation should be the creation of a regulatory framework to provide a better protection of patents, copyrights, trademarks and service marks, industrial designs, geographic indications,

layout designs of integrated circuits, trade secrets and know-how, anti-competitive practices in contractual licenses.

3.8 Competition Policy

The actions of both sides should focus on:

- non-discrimination between national and foreign companies;
- adjustment of domestic competition laws as to provide transparency and improve the business environment.

3.9 Dispute Settlement

The main concern in this area would be the creation of a dispute settlement mechanism including a legal framework and the proper institutions.

3.10 Social and Environment aspects

India is reluctant in introducing social and environmental clauses in the FTA, while the EU insists upon child labour, human rights and environment (e.g. pollution, water etc).

Objective no. 4- Determination of the potential main effects of the future Free Trade Agreement on both economies

In order to identify the most important potential effects of the future Free Trade Agreement an analysis of the following topics should be made:

- economic challenges;
- social aspects;
- environmental issues.

Economic issues

Agriculture

The negotiations on trade of agricultural goods will be probably the most difficult ones because both sides are important exporters of such products and protective of their domestic farmers.

Each side will demand better export conditions while trying to give very little in exchange. Also, amongst those 10% products from the exemption list, an important share pertains to the agricultural products. It is very difficult to predict which side will benefit the most from the FTA in this regard but definitely the negotiations will be strenuous and long-lasting.

Industry

For sure the European companies will obtain better conditions for the intermediary products, while the Indian companies will probably obtain better terms for textiles and clothing and leather products.

In some cases the European Union will not obtain better conditions because the Indian government will try to protect the domestic industries. In case of automobiles, the Indian side will try to push for the exemption list.

The two sides have different visions regarding the trade of non-agricultural goods. The EU hopes to achieve a higher volume of trade in the already traded categories and to enter the Indian markets with other goods. The Indian officials and members of the business community think that there is a small chance for other Indian goods to become competitive on the European markets. They predict an increase in volume for the already established exports such as textiles, machinery, chemicals, metals and minerals, precious and semi-precious stones, vehicles, leather products and footwear.

Also, the Indian observers fear that opening the markets to the European companies will actually destroy a significant number of SMEs in various fields.

Services

The development of trade in services depends on the decisions pertaining to the liberalization of various sectors.

India expressed high interests in the liberalization of Mode 4 of services supply under GATS, meaning the free movement of Indian workers. The EU agreed only upon the free movement of "business professionals".

The EU wants better conditions under Mode 3- commercial presence. Up to this moment, the EU showed great reluctance in debating about certain sectors, such as: audio-visual, cultural, air transport or maritime services. The key EU services of interest in India are: telecommunication, distribution, finance, transport and environmental services.

The financial services are considered to be of a high importance in India for their role in the economic development:

1. due to the financial regulations the domestic banks must support the priority sectors, such as: agriculture, small retailing, farming and education through preferential loans.
2. these banks must open branches in less developed regions
3. because of the tight regulations, the Indian banking sector was not seriously affected by the financial crisis.

At present the foreign banks enjoy a better treatment than the domestic ones in certain aspects: quotas for priority sectors, number of branches to be open in rural areas etc.

Because of these reasons, the Indian government is not inclined to discuss about greater opening of this sector.

Another sector in which liberalization is perceived as a major threat by the Indian side is the Retail one. An opening of the retail services would lead to the extinction of most of the "self-employed" retailers, which represent approximately 96-97% of the Indian retail. Moreover, they will not be the only ones severely affected. The effect will spread to the parts linked to them, such as: wholesale traders, manufacturers, transporters etc.

The negotiations referring to the services sectors will definitely be contentious and long-lasting because the two sides pursue different goals.

Investment

The Foreign Direct Investment will continue to grow both ways.

If the Indian side decides to open different services sectors, such as legal, financial and retail and the government facilitates the participation of foreign entities in public-private projects, the inflow of investment will be considerable.

A major problem faced by India at present is the poor infrastructure. In order to solve infrastructure problems, such as roads, water and power supply, the Indian government needs considerable funds. The European entities are willing to invest in infrastructure projects in India but they request national treatment.

On the other side, Indian companies want to invest in the EU but they want two problems to be fixed:

1. the free movement of Indian nationals;
2. a single investment framework throughout the EU

Another area in which the FDI could grow is the public procurement. In this case India would have to revise its legal framework, because the domestic companies have preferential treatment in order to stimulate local industries and establishments.

In the EU, the public contracts are awarded to European entities in proportion of 97-98%.

The EU demands national treatment and MFN conditions for the European entities, while India is reluctant in offering such conditions on the basis that the domestic companies will be seriously affected and the profits will leave India instead of remaining in the country to provide further development.

Intellectual Property Rights

The EU is pushing for WTO plus commitments on IPR protection.

The Intellectual Property Rights represent a contentious domain because:

1. India is one of the cheapest manufacturers of generic drugs in the world. The EU is trying to negotiate difficult terms for India, such as data exclusivity and patents for minor modifications to components in molecules used to make drugs or chemicals. Such conditions, if implemented, will lead to high prices, meaning that a big percent of the poor population will be deprived of basic medicines.

2. Indian farmers want to have complete control over the seeds for food security reasons (save, produce, reproduce and sell seeds and access to affordable medicine). Tighter IPR rules will increase the price of seeds for the Indian farmers and will restrict the generation of new plant varieties.

Social aspects

India is the second most populous country in the world and due to the big disparities in the Indian society, any change brought about in a sector could have a significant social impact on a large number of people.

This is why the EU should make all the possible efforts to ensure that all sides would benefit from the FTA.

Also, both sides should address social issues, such as poverty and child labour.

Environmental issues

The EU is interested in funding projects in water and energy. Through the FTA, the EU will try to create the conditions for the privatization and opening of these sectors to foreign investors by acquiring national treatment.

Also, the EU is interested in investing in natural resources. Through the FTA, the EU will try to remove the export restrictions imposed by the Indian government. If this happens, many experts say, there will be serious land pollution and social unrest caused by land grabbing from poor people.

Definitely, environment should be a distinct chapter in the future FTA due to its high importance for the present and future.

Due to the fact that the EU wants to treat India as an equal partner and because of the significant differences in opinions in almost all fields, the negotiations will be difficult and long-lasting. Even though the EU wants to conclude this FTA by the end of 2010, there is a small chance of success.

In our opinion, this FTA will be concluded eventually, because both sides are interested in developing the bilateral trade and consolidating their positions in the global economy, but it is very difficult to predict the structure and complexity of the document.

The European business environment is actively involved in these negotiations through lobby groups trying to influence the discussions and impose provisions beneficial to European entities in all areas of the future FTA.

Romania has had long-term economic relations with India in both trade and investment. In the interval 2004-2009, the total bilateral trade increased almost four times with exports and imports increasing at the same pace. From 2004 to 2008, the balance was favourable to Romania. In 2009, India recorded a surplus of 157.18 mil. USD.

The main Romanian export goods are: steel products, rail components, chemical products, metal working machinery and power generating equipment, oil extraction machinery, electric machinery, bearings, pharmaceuticals, aluminum and aluminum products, paper etc.

Also, Indian companies (including Non-residential Indians) have invested in Romania in various domains, such as: steel production, steel pipes, metal works, PET manufacturing, tourism, trade, water purification systems, real estate, electronics, IT and manufacturing of chemical products.

Considering the above-mentioned details and adding the fact that Indian companies and people perceive Romanian companies as trustworthy and close partners, we can conclude that there is a strong basis for the development of the economic ties between the two countries.

The Romanian entities should engage in a proactive approach in the FTA negotiations lobbying directly at the European Commission's level through European bodies, such as associations or initiative groups or at the Romanian government level in order to stimulate the introduction of terms and conditions favourable to them.

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RETHINKING EMOTIONAL VS. FUNCTIONAL IN MARKETING COMMUNICATION. THE CASE OF ADVERTORIALS AND ENDORSEMENTS

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Abstract: *This paper examines the possibilities to use some of the latest developments in knowledge management jointly with emotional marketing communication through advertorials and expert endorsements and demonstrates via case studies the high capacity of these techniques to decode and communicate emotions through implicit knowledge. Aimed to build consumers' trust and brands' fundamentals, endorsements are very efficient choices to build brand equity and increase the overall efficiency of the marketing processes. This paper also presents a new model of choice based on tacit, implicit and explicit consumer knowledge and a holistic endorsement model established on the relation between brand lifecycle and endorser's personality. The shift from functional to emotional communication drives the importance of the personality and public image of the endorser; therefore brand advertising becomes more and more an experts' affair.*

Key words: Endorsement, Advertorial, Emotional Communication, Marketing

JEL classification: M30 - General

From ancient times European way of thinking was marked by the rational knowledge as the key in apprehending truth. Both Plato and Aristotle sustained the idea that knowledge is not perception and only the mind can reach the existence and the real world. During the Middle Ages till modern times scholars have been emphasizing that consciousness and intentional recollection of previous experiences and information are the main drivers in all human activities.

Also in business matters we have traditionally been told to think rationally and not listen to our subjective emotions. However a few recent breakthroughs in psychology show that mainly emotions drive outcomes. Therefore emotions and related to them, implicit memory moved to the centre of discourse in many fields. Last marketing outcomes deal with how to use facial expressions to decode consumers' deep thoughts and understand in detail their core emotional paths and habits. It has been concluded that emotion drives reason more than reason drives emotion.

Fundamentals of knowledge management tell us about the existence of two basic forms of knowledge: explicit knowledge (i.e. easily codified and shared asynchronously) and tacit knowledge (e.g. experiential, intuitive and communicated most effectively in face-to-face encounters.) (Carl Frappaolo, 2008, p. 1) According to the basic notion of explicit knowledge, explicitness is a matter of the subject being able to present information in linguistic form. It is not a matter of how the information is stored in the subject's mind or brain when it is not being called upon.

Some very recent studies brought to attention a new concept: the implicit knowledge. Modern scholars explain these three types of knowledge as 1) what we have spoken or written until now (explicit knowledge), 2) all about, if helped, we could talk about we know but have not expressed yet (implicit knowledge) and 3) what we know but we cannot say (tacit knowledge). Acquiring implicit knowledge is possible through a transfer which can occur if the key elements of the human thought process that are believed to be tacit are elicited and codified so that they can be used as building blocks to guide subsequent explicit thinking and execution. (Carl Frappaolo, 2008, p. 2-3).

In his famous book, Blink: the Power of our Adaptive Unconscious. Malcolm Gladwell launch the concept of "thin slicing", a mental process based on unconscious, the ability of our unconscious to find patterns in situations and behaviour based on very narrow slices of experience. According to Gladwell "thin-slicing" is not an exotic gift. It is a central part of what it means to be human. The author asserts that our today social habits and practices actually mitigate our unconsciousness abilities and also hamper the access to our thin-slicing, intuitive capabilities.

As the consumer experience became global, buying decisions are made within seconds. Scientific information always tends to thwart the initial feeling, generating a kind of blindness. Due to their outstanding equity the world best brands evolved from the status of "a product I like" to "the brand that inspires me" or

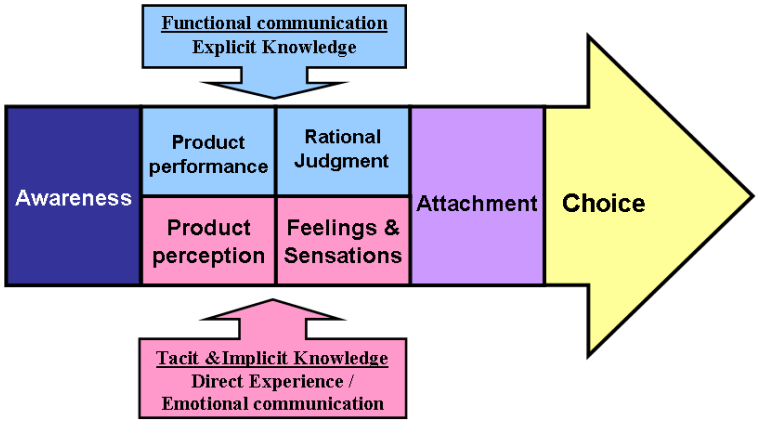
simply "the way I live". Life philosophy became more and more attached to brands. But this (r)evolution is based on a tremendous marketing thinking and sound executions. Of course, the peak of the marketing iceberg seen by the common consumer in the form of advertising includes not only best in class ads but also low quality or annoying forms of promotion, which overcrowd people perception every day. Our living environment is invaded more and more with increasingly various and aggressive forms of publicity. The ocean of commercial campaigns we are passing through triggered the impermeability of the target audience. Modern consumer has the natural reflex to protect his or her privacy, habits, spiritual beliefs and values. Thus, the consumers became less opened to the promotional messages that come via classical advertisement techniques.

Robert Heath and Agnes Nairn from the University of Bath demonstrated in paper published in 2005 that advertising based on our emotions and feelings could be more effective than the one that relies on our knowledge and beliefs. This sort of advertising can be processed effectively at relatively low levels of attention and as a result does not always perform well on recall measures. The authors compare the most popular recall-based metric—claimed advertising awareness—against an approach that deduces effectiveness from recognition and find that claimed advertising awareness seriously underestimates the effectiveness of the advertising tested. In 2007 the same authors pursued this idea and proposed a 'hierarchy-of-processing' model which shows how advertising can influence brand choice without the need for informational persuasion or high attention They suggests that emotional content in advertising can influence brand favourability even when rational content has no effect.

Due to economic crisis impact on purchasing habits, consumers refined the ways of looking to acquiring information about products and therefore they have gradually become more receptive to emotional messages that come directly from various endorsers in the form of advertorials, credentials or indirectly from word of mouth. The desire to have a trustful opinion about the product before buying is becoming much more evident during the present crisis. The consumers need relevant certainty, which can save their money and time.

Consumer choice processes are initiated by brand awareness that triggers product performance status and perception. Product's intrinsic characteristics and physical performances through rational judgment are transformed into desire/brand attachment and furthermore in way of action – the act of choice. The same thing happens with consumer perceptions, but using their feelings and sensorial capacities.

Figure 1: Choice model based on explicit, implicit and tacit consumer knowledge



On one side stand the rational judgment and on the other stands emotional parts of consumers' experience with the brand. These are results of either explicit or tacit/implicit knowledge. Therefore the marketing functional communication handled through explicit knowledge advocates for the product performance in the mind of the customer, while the emotional communication, through tacit and implicit knowledge seeds feelings and sensations in the heart of consumer. A successful brand should have a clear and also a constant presence in both mind and heart of the target group.

Credibility is the "yin" to the "yang" of relevance (Upshaw, L. B., 2007, p.97) A brand would fail whether it is credible but has no relevance for consumer or if the brand has relevance but its claims are not trusted. The brand relevance is related to the product usefulness and also to its differentiation versus similar products. The credibility depends on the source of information which is the most important criterion

considered by consumers when they are targeted by promotional campaigns. They are inclined to disregard classical/traditional commercial messages coming directly from brand owners. Presented as an advertorial in a prestigious publication or spoken by a well regarded celebrity any message would reach a greater impact. Moreover the marketing budgets could be spent much more effectively, the cost of an advertorial being very often the same as the classical printed advertising.

Advertorials are seen by most of the scholars as a hybrid of paid advertising and editorial content. [2] To be highly effective, advertorials must refer to an actual, a very sensitive or a fiercely debated subject. Because their layouts simulate the image of a real news article, the matter of misusing of the journalistic privileges is highly debated. The exposed subject could be very interesting and useful for targeted readers but they also can erroneously understand (as research data indicates) that there is an unequivocal endorsement by the publication itself. The credibility and prestige of the editor is borrowed by the advertised brand, but this relation becomes mutual as the consumer usually evaluates the reliability of the information source after his experience with the product.

The marketing research studies, practical experience and also business results indicate the establishment of discrete but very complex relations among endorsers' public images, consumers' values, perceptions and thinking patterns and the social context the brand and the endorser are presented. Today Brand Endorsement means more or less the marriage between human personalities and brand characters. The aim is to share together the attributes they have in common and therefore to become more visible in a much elaborated manner. For personal care, beauty, cosmetic and baby care brands the recommendations of medicine doctors (gynaecologists, plastic surgeons, paediatrics) are valuable key drivers.

For instance, Procter & Gamble's run of the gynaecologist program has been very successful in wining the consumers' choices towards their feminine care brands: Always and Alldays. Gynaecologists' recommendation proved to be a key purchase driver for the teenage girls who received samples and information materials after gynaecological examinations. Medicine doctors' endorsement is very valuable also for baby care or dental care brands. Pampers beneficiated by large campaigns across the world in which paediatricians testified about emotional reward she as a person/medical professional gets from helping mothers to raise healthy babies. Moreover in Russia paediatricians (on behalf of the Union of Paediatricians of Russia) provided advise on baby care (breast feeding, infants' massage, diapering) while they endorsed Pampers brand in maternities, medical magazines and via TV commercials.

In Balkans region P&G is seeking medical community's endorsement via presence in scientific journals and participation in professional events (Congress of Paediatricians, Conference of neonatology, National Conference of Nurses). For this purpose very consistent funds are spent every year for: consultants' fees, sponsorships for participations at international events, sponsorships for publication of various scientific materials, donations, etc.

It is well known that each brand has its own functional and also emotional benefits. Very often the managers ask themselves if they should turn more on the consumers' minds or more on their hearts. The right answer is perhaps in the middle. First, it depends on consumers' representative psychological profile (e.g. West European and USA markets are more rational oriented than their Asiatic counterparts). Second, the right balance between functional and emotional advertising must comply with the entire brand portfolio of a company and also with their competition in a certain market.. For example P&G Balkans has two main feminine care brands: Always, a premium high performing product and Naturella, a mid-tier launched in 2006 in some countries were the local/regional competitors were very active. Judgmentally, the possibility of having two brands on the same market could look appealing, but the danger of cannibalization of the premium product by the cheaper one could be costly. Therefore, to maximize the overall portfolio sales and profits, the managers must find the right balance among brands and more specific, what kind of communication is best for each of them. As presented, Always pads - a premium brand perceived by consumers as highly functional and efficient was seconded in some European markets by a new, cheaper but a bit more emotional proposition, Naturella. The new pad communicated natural protection and skin friendly chamomile. The quite different marketing positioning helped Naturella to find different consumers than Always. After both brands established their target groups and strengthen their market positions, they suffered during the last years a slightly change in communication, both becoming more emotional. This process was undertaken simultaneously to avoid crowding in the same market segment.

Sometimes large companies need to adapt their communication mix in order to cope with complex technical constraints. Looking to the baby care brands of P&G we can also see two brands: Pampers – a well established premium brand with substantial market share in many countries and Sleep&Play – a mid-tier launched in 2007 to maximize market share in countries with less potential or different competitors. The two

brands portfolio solution was also played for baby care category: P&G launched Sleep&Play in some "mid-tier" markets. The issue was that Pampers and Sleep&Play were communicating closely enough (mainly "skin dryness"), thus being high chances for Pampers consumers to shift to the new cheaper proposition. An ongoing communication shift was thought as part of a defense plan, which made Pampers less vulnerable to possible cannibalization. In the last three years Pampers was jointly supported in the Balkan countries, not only by the already established professional endorsement program in hospitals, but also by a few new initiatives like contests involving mothers (offering the possibility to post pictures with their babies on the Pampers website or to have the pictures published on the cover of a top magazine, or on a printed calendar). Another type of dedicated marketing support were the so called "Pampers Caravans" – special places arranged in some city centres with special playgrounds for babies and also for parents, who were involved in a series of games like climbing an over-sized chair. The idea that stayed behind was "to see the world through their baby's eyes" – an emotional breakthrough proposition. Additionally babies vaccine campaigns, jointly developed with UNICEF, smoothly moved the brand towards a more emotional pattern, aimed to optimize the entire brand portfolio and to maximize P&G profits.

The effectiveness of advertorials and endorsements relies heavily on the creative part. Emotional communication is a matter of how inspired is the brand manager and how talented is the creative agency staff. Classic advertorials like informative text about brand characteristics, eventually accompanied by product pack shots are lacking the emotional part. In order to add emotion, the agency need the skill to dig deep for the implicit knowledge that very often resides in the brand managers minds but is not unveiled. Therefore, the creative agency needs to find the right insights to transform endorsements in an ultimate emotional tool. The latest baby care advertorials published in moms' magazines have been transformed to better express "the world seen through baby's eyes". Special executions capitalizing on these insights enabled mothers not only to clearly recall the benefit of the product but also to conquer their hearts through understanding how their babies react. For instance starting from the insight that baby's seeing is not yet perfectly developed these advertorials had intentionally blurred or black and white images to replicate real baby sight. Also, because babies discover the world via their skin special executions including various material textures in the advertorial are aimed to teach mothers about ways to connect sensorial with their babies. In this way, implicit knowledge is acquired through emotional brand communication.

Dacia Sandero is also a brand that beneficiated by experts' endorsement in the last months. In the past years Dacia was a constant gag in the Western European mass media. The famous show Top Gear frequently made funny remarks about it during the 11th and 12th series. But this year in the first episode of the 14th series, during a visit in Romania, James May, one of the show protagonists was "awarded" by his colleague, Jeremy Clarkson, with a second hand Dacia Sandero. The happy, quite enthusiastic face of James driving Sandero and his affirmations like "For two years I've been dreaming about this car and now, I was actually driving it!" or "It's a happy car, Dacia Sandero!" is allegedly the best advertising for a Dacia car till now.

To be effective, a brand endorser has to be a credible and a reliable person. Therefore his/her professional and also personal past should be flawless. There are many examples of public persons who were disregarded by the brand owners after being involved in public events that affected their social credibility. (e.g. golf star Tiger Woods whose contracts with Gillette, AT&T, Accenture, TAG Heuer were canceled by sponsors due to his marital infidelity and career break). The general success criteria considered by communication experts when choosing the endorser among various celebrities are: 1) awareness (above 60%), 2) believability, 3) strongly associated with attributes like self-confident, smart, admired, trusted, optimist, 4) strongly disagreement with the following attributes: she has a bad reputation, snob, arrogant, 5) physical look and condition, 6) likability.

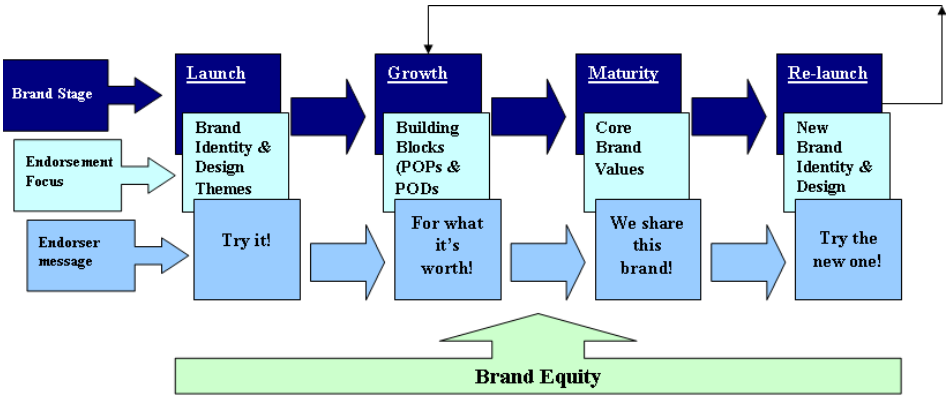
The main stages of a typical endorsement process are following the four stages of the brand cycle: launch, growth, maturity and re-launch (presented in Figure no. 2).

During the launch phase the endorsements are made in the area of driving awareness primary on brand identity and new design. It is arguably the most important moment in a brand's life and a public endorser should be carefully chosen, based on criteria above presented. It is a stage that is best suited for emotional communication. Only a convincing message from an appealing endorser would create the prerequisites for a solid demand. Disruptive marketing techniques could also be used.

The growth stage is resource demanding and needs very careful planning. It is the moment where the big companies unleash their marketing and sales large scale mechanisms in order to fuel the brand's growth. At this stage marketing communication emphasizes points of parity (POPs) and points of differentiation (PODs) versus competition. Endorser's actions and personality should approach "Why?" and "How?" tacit

and implicit knowledge transfer to consumers' minds subsequently guided to think and execute answer patterns to questions like: why this product deserve to be bought, why is it so special, how should be used?.

Figure 2: Holistic endorsement processes during the brand lifecycle



The maturity stage is the one that feeds the company's profit. Depending on the market approach some brands could become "stars" or "cash cows" at this stage. The "star" brands would be supported by large campaigns and therefore by powerful endorsers. It is the moment were big players invest tens of millions of dollars, because the synergy between humans and brands could be the most effective way to achieve the highest degree of differentiation and trust in the mind of consumer. This Apex of Differentiation and Trust is also surnamed the "Human Brand" [4] and has evolved from the old-fashioned patriarchal image of the company owner to the modern and glamorous present-day celebrities who are TV, music and Hollywood stars, sport icons or just highly qualified experts in medicine, fashion or even electronics and ICT. Many of them became, in parallel with their professional lives, qualified professional endorsers.

The last phase of the brand cycle is actually the re-iteration of the first one. The re-launch is also a critical moment and should be planned in advance, even from the maturity phase. The advantage of the re-launch is that the company could benefit by the already existing managerial knowledge, brand awareness together with possible consumer positive attitudes (if the product was successfully managed). Actual economic crisis emphasized the struggle for new customers and usually shortened the brand cycles. Therefore the launch/re-launch phases are more and more frequent and became bigger challenges of a brand life. That means that emotional communication is much more needed than in the past. The deeper the crisis, the more non-rational consumers will behave.

Conclusions

Advertorials and expert endorsements are powerful tools to decode and communicate emotions through implicit knowledge. Also when targeted to build consumers' trust and brands' fundamentals, they are very efficient choices to build brand equity and increase the overall efficiency of the marketing processes.

By shortening the brands cycles the paradoxical outcome is that the crisis effects mitigate the rational patterns of choice and tends to amplify the non-rational consumer behavior.

Shifting from Functional to Emotional communication means that endorsements resides more than ever on the personality and public image of the endorser. Brand communication will come more and more under experts' tutelage and will become an experts' affair. The real big and successful businesses will be fueled more by marketers' capacity to conquer prestigious publishers' pages and experts or celebrities agenda, who will become committed brand ambassadors. Some of these people have already acquired a very special status in consumers' hearts and minds. In the near future they will become joint images, true Human Brands, who will be able to communicate much clearer the brands equities. Their activities will receive much more attention from corporate public relation experts in order to keep on building an outstanding public image and will become integrated into a increasingly sophisticated branding equation. Therefore the Human Brand has the potential to become the core of a much more complex marketing plan, replacing the actual conventional patterns.

This new approach has to be fueled by a series of future outcomes, the following two being crucial:

Marketers need to find creative ways to integrate emotional advertising into consumers' divertissement. Today the most successful promotional campaigns are actually various forms of divertissement. The brand managers' capability to mix their message with the consumers' need for explicit and tacit knowledge in an intuitive, emotional manner becomes the main success driver. Also endorsement integration in brand holistic communication campaigns is vital for reaching credibility and relevance.

On the other hand, consumers need a deeper understanding of the promotional media methods in order to correctly evaluate the objectivity and rightfulness of the information sources. They have to learn how to understand the message communicated by an endorser and most of all how much and what is coming from the person who endorses and how much and what comes from the business side.

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THE INTERNATIONAL ENVIRONMENT STANDARDS - THE BASE OF THE ENVIRONMENT MANAGEMENT SYSTEM

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Abstract: *We can say that, at a global level, the last decades are characterized by the intense preoccupations regarding the environment's protection, respectively the elaboration of pollution lowering, of the environment contamination risk. As result of the intense preoccupations regarding the environment's protection, the 207 Technical Committee, within ISO, has developed the ISO 14000 standards' series, having as main objective the supplying of a common environment management approach frame for the interested ones.*

The implemented Environmental Management System can be certified according to the provisions of ISO/IEC Guide 66:1999 and EA 7/02:2000. The European reference for EMS implementation and certification is the Directive 761/2001/March 2001 of the European Parliament and of the Council allowing voluntary participation by organisations in a Community eco-management and audit scheme.

Key words: Environment Management System, quality, protection

JEL classification: M19, M29

1. Introduction

The environment's protection has become for all of us, especially in the last 20-30 years, period in which there have been unwanted events and phenomena, as result of the pollution of the waters, soil, air (devastating fires, heavy rains and snowfalls in periods of the year which are not characterized by such phenomena, the disappearing of some plant and animal species as result of the *greenhouse effect*, the appearance of diseases and plant pests, for animals and even people etc.).

Starting from these aspects, the laws from all the countries has started to be increasingly restrictive in this field. There are situations when the costs of the compensation necessary for the covering of the accidental or intentional damage could bankrupt the companies related with the environment's protection.

The penal punishments, applied to the ones responsible with the producing of ecologic accidents, increasingly clear and drastic. In these conditions, it has become necessary that there exists an efficient environment management, which respond to all the law requirements, of the organizations and ecologic associations and of another nature, of the consumers, of this planet's inhabitants.

Although that since 1951 the first statements regarding the environment's protection have existed (in the coal and steel field), the reference point is considered as being the 1986 *Unique European Act*, which has put the judging bases and established the competences in the environment's protection domain.

Starting from the quality management, from the principles stated by Deming regarding the environment's quality insurance, in 1993 is establishes, within ISO, a technical Committee which has as objective the standardization of the environment management instruments and systems, and in 1995 there was approved and put it practice the *European Union's Ecological Audit Ordinance.*

Increasingly more organizations, from diverse activity fields, are preoccupied in touching and demonstrating an obvious environment performance, through the elaborated environment objectives and policy, as well as through the monitoring their own activities' impact, respectively of the products which are fabricated and/or commercialized and/or services made upon the environment.

2. Particularities of the ISO 14000 family standards

The main work directions of the specialists within CT 207 (Rojanschi, 2004) are:

- *Environment Management System – EMS:* ISO 14001, ISO 14004;
- *Environmental Audit – EA:* ISO 14010, ISO 14011, ISO 14012, ISO 14015 (since 2003, ISO 14011 and ISO 14012 are replaced with EN ISO 19011);
- *Environment Performance Estimate – EPE:* ISO 14031;
- *Eco-marking:* ISO 14020, ISO 14021, ISO 14022, ISO 14023, ISO 14024, ISO 14025;

- *Life Cycle Analysis – LCA:* ISO 14040, ISO 14041, ISO 14042, ISO 14043, ISO 14047;
- *Terms and definitions:* ISO 14050;
- *Environment aspects in product standards:* ISO 14060.

Romania adopted the standard ISO 14001 in version as SR EN ISO 14001:1997, its main elements are:

- Environmental policy
  - ✓ Establishes the framework for the environmental goals of the company;
  - ✓ Establishes the commitment for continual improvement, pollution prevention, reduction of environmental pollution and legal compliance;
- Legal requirements
  - ✓ Legal requirements identification;
  - ✓ Compliance assessment;
  - ✓ Corrective actions in case of non-compliance;
- Identification and assessment of environmental aspects
  - ✓ Identification of environmental aspects resulted from the activities, product and services of the company;
  - ✓ Establishing the assessment criteria;
  - ✓ Establishing of the significant environmental aspects;
  - ✓ This stage represents the first step for environmental performance improvement;
- General and specific environmental objectives
  - ✓ Establishing the general and specific environmental objectives;
  - ✓ Measurability of the objectives;
  - ✓ Compliance with environmental policy and significant aspects;
- Environmental management program
  - ✓ Program for objectives implementation;
  - ✓ Establishing the responsibilities, resources and time schedule;
  - ✓ Continual adaptation;
  - ✓ Establishing the procedures and measures in order to complete the objectives;
- Implementation
  - ✓ Structure and responsibilities;
  - ✓ Training, awareness and competence of the employees;
  - ✓ Internal and external communication;
  - ✓ EMS documentation;
  - ✓ Establishing system and operational procedures;
  - ✓ Prevention of emergency situations and response capacity;
- Control and corrective measures
  - ✓ Monitoring of environmental aspects associated to the performed activities;
  - ✓ Calibration and service of the monitoring equipments;
  - ✓ Assessment of legal compliance;
  - ✓ Actions regarding non-compliances;
  - ✓ Corrective and prevention measures;
  - ✓ Program and procedures for internal audits;
- Management review
  - ✓ Assessment of the environmental performance;
  - ✓ Modification of environmental policy, objectives or other EMS elements.

The auxiliary legislation concerns the accreditation of EMS certification bodies and certification procedures of the EMS implemented on the basis of ISO 14001. This legislation includes:

- Governmental Ordinance 38/30.01.1998, approved by Law 245/29.04.2002 regarding accreditation and infrastructure for evaluation of conformity;
- Governmental Decision 456/2000 approving the National Plan of the Governmental Program 2001 and 2001-2004;
- ISO/IEC Guide 66:1999 General requirements for EMS certification/registration bodies;
- EA 7/02:2000. Guidelines for the accreditation of certification bodies for environmental management systems.

3. Environment Management System - EMS

In conformity with *SR ISO 14050:1993 Environment Management. Vocabulary*, ***the environment management system*** is considered as being a "*general management system, which includes the organizing structure, the planning activities, responsibilities, practices, procedures, processes and results for the elaboration, implementation, realization, evaluation and maintenance of the environment policy.*"

Among the objectives followed through the EMS implementation, we remind:

- The identification of the environment aspects, of the impact which the company's activity has on the environment, of the potential environment risks; the identification of their control actions;
- The respecting of the environment legislation by the company, the satisfaction of the environment policy;
- The defining of the principles which will stay at the base of the company's whole activity on line of the environment's protection;
- The establishing of the resources necessary for reaching the EMS established objectives;
- The creating of the cost-benefits balance generated by the EMS implementation and establishing the increases of the company's environment performance on its base;
- The realization of an efficient communication system within the company and the training of the personnel on environment problems;
- The defining of the responsibilities, authorities and procedures which assure the implication of each of the company's employee in the minimizing of the negative impact on the environment.

EMS differs from an organization to another, regarding the type, nature, size, complexity of their activity. Despite this, there some base elements which are found in any EMS implemented in an organization, and those are (Rojanschi, 2004):

- ✓ The obtaining of the engagement from the company's general manager regarding the desire and support in the EMS implementation;
- ✓ The initial analysis of the organization; the exact establishment of is position in relation with the environment;
- ✓ The environment policy (usually, published in writing as the *Environment Policy Declaration*), which states the general manager's engagement to conform to the environment legislation and to follow the continuous improvement of the environment performance. Thus, there are assured not only the responsibility for the environment policy implementation, but its necessary support, as well.
- ✓ The environment program/action plan – translates the organization's Environment policy into objectives and targets and identifies the activities necessary for their reaching; defines the employees' responsibilities and the corresponding financial resources;
- ✓ Structures and responsibilities – refers to the defining, attributing and communicating of the structures, responsibilities and the environment authority necessary for implementing the EMS. In this purpose there is designated a representative of the organization's management responsible with the environment's protection. The making conscious, motivation and the supplying the personnel with corresponding knowledge are made through specific training programs.
- ✓ The integration of the environment management into the organization's general management – includes procedures for absorbing the environment requirements in all the company's specific sectors (ex: supplying, marketing, research-development, production, financial service etc.).
- ✓ Monitoring, recording measures and procedures for recording and registering based on documents, of the enterprised actions' results;
- ✓ Pre-emptive and corrective actions, established in order to eliminate the existing or potential causes concerning the nonconformity with the objectives/targets initially established;
- ✓ EMS audit – consists of establishing and maintaining the EMS auditing programs with a frequency dictated by the operations' nature;
- ✓ Environment Management Analysis – consists of the evaluation made by the general management regarding all the EMS significant aspects, for identifying the necessity of possible system changes.

As result of the analysis of the organizations' activity which have implemented and correctly lead the EMS it can be said that, aside from the fact the environment laws have been respected, the benefits brought by this system fully justifies the costs with the elaboration, implementation, monitoring etc.. Among the advantages brought by the EMS implementation into an organization, we mention:

- On the operational plan:
  - ♦ Facilitates the obtaining of the functioning authorization;

- Eliminates the possible conflicts which appeared between the national environment standards through the introduction of an international standard;
- Identifies and corrects the possible problems on the internal plan, before they are noticed in the exterior;
- Determines a larger implication of the employees' in the firm's activity, in the solving of environment's protection aspects, as well aspects of other natures;
- Helps in the development and transfer of technologies.

➢ The relationship with the clients/possible beneficiaries:
- The products/services comply to the national and international environment requirements;
- Offers confidence to the possible beneficiaries/business partners regarding the firm's capacity to respect the current laws, to insure a clean, healthy and safe environment;
- Through commercialized "green" products, the society occupies and new market segment, obtains profit;
- The EMS certification assures an image favourable to the firm, which leads to the improvement of the competitiveness on the international market.

➢ Financial sector:
- Assures the lowering of the prime materials, auxiliary materials, fuels, energy etc. consumption, which leads to the lowering of the production costs;
- Lowers, or even eliminates the costs generated by not respecting the national and/or international environment standards;
- Facilitates the relations with the assurance firms, banks, potential investors;
- Determines the lowering of the responsibilities and environment risks.

➢ Reglementations:
- Assures a proactive environment program;
- Demonstrates the engagement of the firm's management regarding the governmental authorities for conforming and continuous improvement;

➢ Environment's protection:
- Decreases of the impact on the environment through: lowering of the prime materials and energy consumption; lowering of the emissions in the air, water, soil; waste quantity lowering; package recycling; noise reduction etc.

4. Conclusions

For an environment management system to facilitate the taking of decisions, respectively the elaboration of the strategic previsions, development concepts, projecting, manipulating, packaging, distribution and commercialization without negative effects on the environment, together with this system there must exist, respectively put in practice, certain instruments of the environment management, which helps with the solving of the problems in the conditions of respective the durable development's requirements.

Any EMS must help an organization to adapt as fast and cheap as possible to the changes generated by the modification of the environment laws or other factors.

The environmental expert must ensure that the organization has the necessary procedures to control its activity's specific aspects, which fall under EU or Member State legislation. Investigations during the environmental audit must prove that the compliance with legal requirements is assured, as results of the created procedures.

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PARTICULARITIES OF THE AUDIT OF A HACCP SYSTEM

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Abstract: *The audit of the HACCP system is realized in conformity with the requirements specified in "The guide of the criteria for realizing an audit in accordance with the 882/2004 CE Regulation referring to the official controls", established through the decision of the Decision of the 677/2006 CE Commission. Indifferently if it is about organizations in Romania, in the European Union or outside of it, the HACCP audit must contain each aspect of the 12 HACCP stages.*

The conclusions of the HACCP audit indicate the conformity grade and/or the unconformity one; the chances of improving the HACCP plan.

Key words: HACCP, audit, quality, safety, food

JEL classification: M19, M29, M38

2. Introduction

It is known that a quality management system is used to obtained and maintain the quality level declared by the producer.

The aspects referring to the safety of the fabricated food products are always a component of this quality. These represent on one hand, the base of the quality requirements referring to the product imposed by the buyer and on the other hand, the minimal number of requirements established by the law system for the foods' safety.

The requirements for the food's safety are an object of the quality management system. At the base of this approach lies the concept of merging the two systems, HACCP and Quality Management system, which in the case of food production are not justified as being in need of separate treatment.

The HACCP system, constitutes the **"**foundation stone of food safety**"** through the fundament or scientifically, is an internationally recognized work method, and is estimated as the best foods' safety system.

The principle at the base of the HACCP system is: "Build quality and safety in a product, before inspecting the finished product." The principle actually describes the contribution of this system in what regards the preemptive role in realizing the foods' safety.

The HACCP demonstrates its force, starting from a simple principle, exactly: "the best way to offer high quality safe products is to build up the safety through the processes, by preventing the problems since they appear."

6. Particularities of H.A.C.C.P. System

Implementation of the HACCP is necessary and an opportunity because:

- it is necessary for the insuring of the respecting of the specific legal reglementations;
- insures credibility for the market products;
- is comparable for the guaranteeing of the products' safety with the applying of a TQM system (Total Quality Management) in conformity with the ISO standard series;
- is a viable alternative in the aliment safety management;
- is an integrating part of the other management systems in the organization.

The HACCP concept is sustained by the Codex Alimentarius Commission and has at base:

- the identifying of all the potential dangers of biological, chemical and physical nature;
- the analysis of the potential dangers associated with each phase of the technological process;
- the defining of the methods needed to control them;
- the insuring that these methods are effectively put in practice and are efficient.

The success of applying the HACCP concept in an organization is insured through the fact that:

- the transition form a control system to a danger prevention system;
- the efficient risk prevention;

- the applying of clear, structured and systematic methods;
- a better keeping under control of the products specially fabricated and of the organization in general.

The advantages of implementing the aliment safety management system in an organization in the food chain:

- ✓ supplies the highest safety grade for the fabricated foods;
- ✓ insures a fast and on-time response to the problems referring to the foods' safety;
- ✓ lowers the dependency to the decision regarding the guaranteeing of the safety of the fabricated foods, to the final inspection and/or testing;
- ✓ it can apply it on the whole food chain from the prime material to the finished products;
- ✓ it is based on a systematic approach of the up-to-date scientific and technical information in the food domain;
- ✓ insures a more efficient use of resources, resulting in substantial savings in the processing sectors through lowering all the loses;
- ✓ insures the growth of the responsibility and control grade at the level of this activity sector;
- ✓ insures a bigger responsibility to the persons implicated on the whole food chain in guaranteeing and understanding of the problematic regarding the FOODS' SAFETY;
- ✓ insures the growth of the consumers' trust in the firm's products;
- ✓ the HACCP system can be upgraded whenever changes occur due the technical novelties in designing of the equipment and technological development.

According to the 882/2004 CE Regulation, ***The audit*** consists of a *systematic and independent examination for determining if the activities and the associated results are conforming to the planned measure and if these measures are effectively implemented and if they are adequate for reaching the objectives.*

The HACCP system's audit is realized in conformity with the requirements specified in *"The guide of the criteria for realizing an audit in accordance with the 882/2004 CE Regulation referring to the official controls"*, established through the decision of the Decision of the 677/2006 CE Commission.

As in the case of other audits, in the case of the HACCP system's audit there are taken the following ***stages***:

- ➢ Pre-audit activities:
  - ✓ Audit planning;
  - ✓ Contact realization;
  - ✓ Schedule concept;
  - ✓ Checking list;
- ➢ On spot activities:
  - ✓ Opening meeting;
  - ✓ On spot audit;
  - ✓ Closing meeting;
- ➢ Post-audit activities:
  - ✓ The audit report and Follow-up.

Planning the audit presumes the taking of the following actions:

- The naming of the audit team chief;
- Verifying of the objectives, purposes;
- The determining of the audit's fezability;
- The establishment of the audit team and of the audit plan;
- The establishment of the initial contact with the audited society.

Referring to the audit team, it must be formed of several members, which have different responsibilities (regarding the auditing of areas or specific processes), delegated by the team leader. Moreover, the members of the audit team must revise the relevant information for the audit, respectively to prepare the work documents necessary for the audit.

7. The Auditing of the H.A.C.C.P. System

Indifferently if it is about organizations in Romania, in the European Union or outside it, the HACCP auditing must contain each of the 12 HACCP stages (including the 7 principles which are applied to the production system). In our country, the HACCP auditing can be made by the National Sanitary-Veterinary Association and for the Food Safety Romania (ANSVSA Romania), the Hygiene and Public Veterinary Safety Direction, but also by organizations accredited by this direction (external HACCP audit).

Starting from these 7 principles, the auditing presumes the completing of several steps, pursuing different aspects specific to each organization, as followed:

Principle 1. *The estimation of the risks associated with the obtaining and gathering of the prime materials and ingredients, the manipulating, depositing, distribution, culinary preparation and consumption.*

There shall be made a systematic analysis of the food which constitutes the subject of the application and the ingredients it is made of, with the purpose of identifying the danger of the presence of pathogen micro organisms, parasites, strange chemicals or presences, which could affect the consumer's health.

It is recommended that this risk analysis be made in the projecting phase of the product and of the fabrication technological process, for defining the critical control points before the start of the fabrication.

There must be kept in view that there have been taken in consideration all the risks, respectively all the previous analysis.

Principle 2. *The determinations of the critical points through which there can be kept under control the identified risks.*

The audit team must respond to the following questions:

- ✓ Have all the control points been identified?
- ✓ Which control points are CCP – Critical Control Points?

A ***critical control point*** is defined as being any point or procedure in a system specialized in the fabrication of foods in which the loose of control can have as consequence the endangering of the consumers' health.

The establishment of the critical control points represents a process which needs very much attention, because the finished product's consumption safety depends on it. For each CCP there is settled: Who? What? How? When? Where?

Principle 3. *The establishment of the critical limits which must be respected in each critical control point.*

A critical limit is defined as the admitted tolerance for a certain parameter of the critical control point. For a critical control point there can exist one or more critical limits. If any of these limits have been broken, it means that the critical point has gone out of control and the finished product's inocuity is in danger. The most used criteria as critical limits are the values of the temperature, time, humidity, pH, acidity, salt content etc.

The audit team will analyze if these established critical limits are realisable or, more than that, if they fit the legal specifications.

Principle 4. *The establishment of the monitoring procedures of the critical control points.*

The monitoring represents the testing or organised verifying of the critical control points and of the critical limits. The results of the monitoring must be well documented and interpreted. The monitoring errors can lead to critical flaws of the products.

The monitoring is necessary for confirming that the CCP have been correspondingly documented as fitting in the critical limits and in concordance with the monitoring frequency required by the HACCP plan.

Principle 5. *The establishment of the corrective actions which will be applied when, as a result of the monitoring of the critical control points, a critical limit deviation is detected.*

The applied ***corrective actions*** must eliminate the existing risks or that can appear through the deviation from the HACCP plan, insuring the inocuity of the finished product. Due to the differences between the critical control points for different products and of the sum of possible deviations, there must be elaborated corrective measures specific for each critical control point from the HACCP plan.

In the HACCP audit it is pursued if:

- Are the established corrective actions are efficient?
- What registrations are now available for the enterprise corrective actions?

Principle 6. *The organising of an efficient storage system of the registrations, which are the documentation of the HACCP plan.*

The registrations made in the HACCP must be available for the auditor. Moreover, the existing problems must be marked and, respectively, registered.

All registrations must be kept for at least 2 years.

Principle 7. *The establishment of the procedures through which there is verified if the HACCP system is functioning correctly.*

The verifying consists of methods, procedures and tests used to establish if the existing HACCP system respects the HACCP plan. These verifications will be made by the producer himself, as well as by the

control organisms. The verifications have the role of confirming the fact that, as a result of the applying of the HACCP plan, all the risks have been identified and are under control.

In the HACCP auditing process, the auditor verifies, aside from the registrations made in the monitoring process, and the verifications of the unit's personnel.

It is necessary that these verifications are registered, for confirming that they have been accomplished in a consistent and adequate way. Moreover, it is followed if the registrations of the validations are available and what materials/methods for validation have been used.

During the audit, the auditor must:

- ✓ Carefully observe if the employees are familiar with the procedures of the HACCP system;
- ✓ Interview the organization's personnel, addressing open questions like: How? When? Where? etc.;
- ✓ Effectuate verifications and respectively crossed verifications;
- ✓ Register all the results of the completed verifications, including the interviewed personnel.

During the final discussion, before the audit closing meeting, the audit team must establish and respectively to group the nonconformities in one of the three categories, as followed:

- ➢ ***Critical nonconformities:***
  - Determines serious risks for public safety;
  - The lack of CCP monitoring;
  - The falsifying of the registrations;
  - Several major nonconformity situations.
- ➢ ***Major nonconformities***
  - Medium risk situations which can easily transform in danger for the consumer's health;
  - The existence of system breaches, due to the lack of documented procedures;
  - A series of minor nonconformities;
- ➢ ***Minor nonconformities***
  - Determine low risk situations;
  - Flaws of the HACCP plan;
  - Flaws of the pre-necessary Programs;
  - Situations of disrespecting of a procedure without affecting the product's safety.

In the evaluation of the nonconformities, the answer (*surely, probably, possibly*) is very useful when obtained by the auditor at the following questions:

- ✓ Will the unconformity lead to a product which does not conform, badly labelled or classed?
- ✓ Will the product reach the consumer?
- ✓ Will the product have a certain effect, spoiling the image of food safety?

Usually, the nonconformities appear when there id registered one (or more) of the situations:

- ✓ Poor organizing of the firm's management;
- ✓ The lack of a precise HACCP plan;
- ✓ Poor personnel training;
- ✓ The lack of resources (financial, material, human etc.);
- ✓ Flaws in the information use;
- ✓ Flaws in the elaboration/application of clear preoperational procedures and/or operational ones.

The formulating of conclusions must always be based on facts.

Referring to the communication of the gathered data throughout the audit, it is very important that this be made in both ways. Most of the times, the auditor's version regarding the *real situation* is different from the one of the audited person/firm.

Before the closing meeting, the members of the audit team gather to have a final discussion regarding the audit, where they:

- ➢ Each member presents the results of his investigation;
- ➢ The presented results are evaluated for insuring the objective evidence;
- ➢ The nonconformities are grouped;
- ➢ The disagreements are anticipated, which appear in the moment of the audit results' communication;
- ➢ The final report is made;
- ➢ The role of each member of the team is established during the closing meeting;
- ➢ The schedule for corrective actions is established.

8. The elaboration of the Audit Report Regarding a HACCP System

The evidence of a HACCP audit can be information, registrations and/or quality declarations and/or quantity ones, referring to:

- the quality of the product;
- the existence and implementation of the requirements of a Food Safety Management System;

Indifferently of the type, the evidence of the audit must be based on observation, measurements or tests and independently verified, to make sure that they are correct, objective.

The audit report is a document realized with the purpose of reflecting the conclusions of the audit and it contains:

1. the purpose and objective of the audit;
2. the details of the audit plan; audit team members; audit information;
3. the identifying of the reference documents for which the audit has realised;
4. observations and results;
5. strong and weak points;
6. the nonconformities or the Observations report;
7. recommendation (if and when it is the case);
8. verifying list (usually, in the annex);
9. encountered obstacles, disagreements;
10. the insuring of the information's confidentiality;
11. tracing and rechecking (follow-up) actions.

When the Audit report is elaborated, the auditor must sign and date this document, which leads to the conclusions that the audit's objectives have been accomplished and that the audit report is complete and correct.

Moreover, the one/ones that represent the audited society must sign and date the Audit report, actions which certify the fact that he/they agreed with what is written and with the fact that they will take in consideration these conclusions.

9. Conclusions

HACCP is necessary to the firms, which produce foods, which analyze the processes in a rational, scientific method, in the purpose of identifying the critical control points, establishing the critical limits, the monitoring of the work procedures.

The applying of a HACCP system in a company will enable the producer to:

- ♦ to determine the conformity of the fabricated products with the legal reglementations and to take corrective measures which are imposed before the reglementations agencies intervene, or before the image of the firm is affected;
- ♦ to act preemptively, this makes it more efficient in insuring that the fabricated products are safe.

The applying of a HACCP system in an organization can only be made in the firms which:

- ✓ work in technical and technological conditions which respect the good processing practices (GMP) and the legal requirements which refer to the hygienic food production;
- ✓ have a corresponding implementation grade of these requirements;
- ✓ insure the accord and direct implication of the organization's leadership and of the personnel who operates in these processes;
- ✓ have a multidisciplinary approach of the processes from the firm, which correspondingly includes knowledge of agronomy, veterinary medicine, microbiology, public health, alimentary technology, surrounding environment health, chemistry etc.

To obtain good results, through the application of the HACCP system, in the respective enterprise must exist a full engagement for the safety for the products and for the HACCP concept.

The conclusions of the HACCP indicate that:

- conformity grade;
- nonconformity grade;
- HACCP plan improvement chances.

With all the information obtained from the audit program can be publicised under the form of a composed report, the Audit report remains confidential between the auditor and the audited one.

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CULTURAL HERITAGE MANAGEMENT AND TOURISM

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Abstract: *Cultural tourism has a major influence on how the presentation of cultural heritage is planned. In the developed world, its influence is most evident as cultural heritage management becomes more mature and aware of uses and users other than those traditionally covered in conservation planning. This awareness, however, may not always lead to an easy relationship, as tensions can emerge resulting from the different needs of tourism and conservation. This situation is especially critical in developing countries, where mass tourism occurs before suitable cultural heritage management legislation is enacted. Unless tourism is controlled, significant damage can occur from overuse, misappropriation of cultural property, souveniring, and the illegal trade of artifacts.*

Key words: Services, tourism, cultural tourism, total quality, heritage, resources, cultural heritage management

JEL classification: M16, M19

Cultural heritage management is the more widely recognized term, except in the United States, where cultural resource management is in common usage. The substitution of the word *heritage* for *resources* was made out of deference to the different connotations of each word. *Resources* implies that the asset being considered has an economic value and can be exploited. *Heritage,* on the other hand, recognizes the noneconomic values of the asset, and further acknowledges its legacy, which implies certain obligations and responsibilities. Regardless, most cultural heritage managers still perceive that *cultural resources* as a term is neither readily understood not current among the public to whom they are ultimately responsible.

If the main goal of cultural heritage management is to conserve a representative sample of assets for future generations, it is also important that aspects of those heritage assets be made accessible to present generations. Good presentation of tangible assets requires that the cultural values of those assets are fully interpreted in a way that visitors of all kinds can understand. Information on intangible heritage can also be presented as part of the interpretation of tangible assets, particularly when a close association still exists between them.

Cultural heritage managers increasingly are being urged to plan for presentation to visitors of a heritage asset as an important part of its conservation and management. A balance between education and entertainment must be achieved when presenting assets. The man objective is, usually, general education or awareness building. Museums, for example, whether associated with sites, objects, or cultural practice, are predicated on mainly educational objectives. However, entertainment-oriented presentation may serve to broaden the market base for an asset, presenting an opportunity for heritage managers to transmit the message about the value of heritage to more people, thus enlisting greater support for it.

When most nonheritage management specialists think of conserving heritage, they tend to think of heritage places, routes, and objectives such as an old building, historic sites, archaeological sites, and other physical remains. However, cultural heritage management involves more than just the conservation of tangible assets. Is also recognizes that intangible heritage, cultural landscapes, and traditions embodied in such things as folklore, storytelling, customs associated with worship, festivals, and other expressions of cultural traditions must also be protected. Both tangible and intangible heritage assets form the base for many cultural tourism products.

Concern is growing from international conservation organizations about how to integrate the management of both kinds of heritage management more closely. Cultural heritage managers in places with strong indigenous cultural traditions have been doing this for a while. Australia, New Zeeland, and parts of North America are aware that it is important to allow the principles already held within some traditions to guide how tangible heritage assets are managed. For example, understanding the relationship between folklore and sacred heritage places is important for designing appropriate conservation measures.

It is important to remember that conferring a heritage designation status on an asset is a form of contemporary recognition of the intrinsic value of a tangible or intangible cultural feature that evolved for

different reasons. In other words, the assets are not purpose built and as such often have qualities such as differences in scale, complexity, periodicity, and use, which inevitably complicate and shape the way that they are managed.

A similar situation applies with intangible heritage assets, although the study of the requirements for the conservation of intangible heritage is still in its infancy. It is likely that in most places, those associated with maintaining such practices do not work closely with government cultural heritage managers of tangible heritage. Historically, however, tradition bearers associated with intangible assets were more likely to collaborate with archivists, academics, or musicologists when requiring assistance in contextualizing cultural objects in their care or in documenting the "living" heritage of which such tradition bearers are the main custodians. As custodians, tradition bearers also seek to establish control of the management of particular cultural heritage places and objects, which are closely associated with their intangible heritage by establishing their own site registers, museums, and keeping places. Again, scale can play a role as resources often do not allow tradition bearers to manage such cultural heritage assets nor political or financial goodwill to allow management of these assets.

Cultural heritage management is still a relatively new paradigm; as with any new model, it is still evolving. It is interesting to note, however, that regardless of the jurisdiction, it appears to evolve through a five-stage life cycle as the value of culture is first recognized, political interest grows, and the level of professionalism increases. No doubt more phases will be identified in the future as development continues. These five current phases include (1) the initial and continuing inventory phase, (2) the initial enacting of protective legislation, (3) the increase in professionalism phase, (4) the stakeholder consultation and participation phase, and (5) the review of the professional and state responsibility phase. The key features undertaken in each phase are identified in (Table 1).

TABLE 1 Cultural Heritage Management's Evolving Framework

Phase	**Key Features**
Inventory	• Growing community interest • Documentation • Evolution from amateurs to professionals conducting work
Initial legislation	• First-generation legislation to guide identification and protection of heritage assets • Focus on tangible not intangible heritage • Creation of government heritage agencies • Little integration with other government agencies or laws
Increased professionalism	• Formation of heritage international governmental organizations (IGOs) and NGOs • Formalize codes of ethics, conservation principles in charters, etc. • Development of related heritage professions (public and private)
Stakeholder consultation	• Wide array of stakeholders emerge • Areas of conflict identified • More attention paid to community interests
Rewiew	• New understanding of responsibilities • New or revised legislation • More integrated planning and practice • Greater awareness of intangible heritage • Recognition of other users • New paradigm in place • Maturity

The five-stage process begins with an initial recognition by academics, community leaders, and politicians of the value of heritage and the need to conserve it. The first stage, therefore, usually involves nascent attempts to document assets and is often driven by keen amateurs or a small group of heritage professionals. Once the scope of a jurisdiction's assets is recognized, the second stage involves invoking some form of legislation to recognize and conserve these assets. It may also involve systematically cataloguing the work of enthusiasts and engaging them further. The creation of formal heritage departments or the establishment of heritage units in other government departments often coincides with this action. Although this is important step, these actions often mean that the long-term conservation of the heritage is not addressed. Problems can occur when planning for or anticipating use conflicts is not done clearly. Cultural heritage management must become a process that is both professional and systematic.

Hence, the third phase reflects increased professionalism in the sector and by its political overlords. Formal codes of practice and conservation charters are adopted, with countries typically becoming signatories to international charters. Formalizing the management process, rather than only enacting legislation to protect tangible assets, lead to greater professionalism in how assets are identified, their values assessed, and how they are managed in the long term. It is at this stage that a wide array of public- and private-sector heritage professionals, ranging from architects to consulting archaeologists, enter the sector. Similarly, it is often at this point that universities begin to offer specialist heritage-oriented degree programs. Much of the expertise in these areas currently exist in developed Western countries.

The fourth and fifth stages reflect even greater sophistication in cultural heritage management. Acknowledging the roles of stakeholders not only as interested parties but also as legitimate managers and comanagers of assets begin to occur. In doing so, more attention is paid to community concerns with the goal of achieving a consensus approach to management. This sophistication usually means that existing legislation must be modified and a more integrative approach to management must be adopted.

The evolutionary process starts with the initial recognition that conservation of cultural values will serve a broader societal good. It then progresses through initial and tentative steps toward conservation with growing professionalism and sophistication. The need to adopt an integrated, consensual management approach is recognized only in the last stages of the process. The evolution of specific cultural heritage management actions, therefore, coincides with the more general societal and political evolution of the value of culture and ways to manage it. As a result, it is almost impossible to impose the final two evolutionary stages successfully in jurisdictions that have just begun to appreciate the need to conserve their heritage and in which cultural heritage management has few links with other stakeholders,

The International Council of Museums (ICOM) definition of a museum is "a non-profit making, permanent institution, in the service of society and its development, and open to the public, which acquires, conserves, researches, communicates and exhibits, for the purpose of study, education and enjoyment, material evidence of man and his environment". There is a whole body of literature available in museum studies relating to professionalism, repatriation to indigenous groups, community involvement, and education. Such writing indicates that many museums and galleries are following a similar progression to that of heritage place management identified in this chapter. Cataloguing and processing objects, and later updating these records by computerization, were important duties for museums initially; this process is still ongoing in many countries. In the past decade, many museums have also had their professionalism, community involvement, and curatorial responsibilities challenged by outside parties.

But museums also face special challenges not faced by other sectors of the cultural heritage management community. Most museum managers must deal with collections that often have a dubious or colorful history as well as deciding how much interest they should take in purchasing objects that were originally purchased by private collections. Accordingly, issues about claims of ownership in the dispute over cultural properties have been classified by heritage ethicist Karen Warren as "the 3Rs":

1. Claims concerning restitution of cultural properties to their country of origin (e.g., Greek government claims to the Elgin Marbles housed for many years in the British Museum)
2. The restriction on imports and exports of cultural properties as a debate over ownership of the past (e.g., between the private and public sector or local and international collectors)
3. The rights (of ownership, access, and/or inheritance) retained by relevant parties (e.g., claims by Native American and Australia Aboriginal groups to human remains and cultural material in museums)

However, these items are part of a nonrenewable resource that many heritage and museum managers believe should be enjoyed by the community at large, unlike certain private collectors (who indiscriminately purchase the resources and therefore create a demand). An increasing number of managers support the

position of indigenous groups in this issue and provide assistance in establishing museums to be run by indigenous groups. Warren (1989) notes that any real discussion of the 3Rs and associated arguments needs to follow a step-by-step process which is nonhierarchical and nonadversarial for each proposed case.

Cultural heritage management and conservation are structured activities that are part pf a process that requires ongoing input about the condition of heritage assets and their use. The reason such a process has been developed lies in the way the international codes and conventions have developed that underline much of its philosophy. Now many developing countries rely on such codes as a basis for conducting cultural heritage management and enacting or amending protective legislation.

The use of adherence to international standards and principles is increasing. Such charters and associated documents emphasize the importance of making sure that conservation of heritage assets is an ongoing process, as is the pursuit of sustainability. One example of such a set of standards is the Venice Charter. The International Council on Monuments and Sites (ICOMOS), and NGO established in 1965 to act in an advisory role to UNESCO on issues concerning cultural heritage conservation, uses the Venice Charter (ICOMOS 1994) as a set of guiding principles for the conservation of tangible heritage assets with a strong emphasis on built heritage. It was adopted in 1964; by 1994, it had been translated into forty-two languages as a basis for developing guidelines for heritage conservation planning (ICOMOS 1994).

The scope of work allowed to conserve heritage assets has been extended over the years, but the Venice Charter still has a very strict view about how modification or damage to an asset should be handled (ICOMOS 1994). The key features of the Venice Charter are the five main principles or definitions of terms provided for:

- historic buildings (extended now to groups of buildings),
- conservation (restrictions on modification),
- restoration with authenticity in mind (no reconstruction),
- archaeological investigation to be professionalized, and
- documentation (any action should be documented systematically and a public report kept)

Certain site types, such as cultural landscapes, test the efficacy of current cultural heritage management processes. Cultural landscapes are environmental settings with cultural as well as natural values. They present unique management challenges because of their intangible nature and more significant, because they often overlap state and national boundaries. Even so, some proposals have been debated for managing them. One strategy concerns the consistent implementation of international charters and conventions by using such instruments as the Endangered World Heritage List to ensure they receive adequate attention. Another strategy calls on governments to assist in the building of partnerships between countries and organizations to further their management and conservation. However, the efficacy of such proposals has been questioned as international agencies have little real influence when dealing with domestic political issues.

When cultural heritage managers are talking about long-term preservation or conservation planning, they are concerned about maintaining the resource at a sustainable level. These issues are discussed in more detail in the next two chapters with special reference to tangible and intangible heritage.

It must be recognized, however, that each cultural heritage asset will have is own meaning, cultural significance, and will also be placed in different social or cultural contexts. These conditions mean that each asset must be considered individually in relation to its physical and cultural robusticity. For example, some cultures differ in their view about how much intervention or change can occur before an asset ceases to be authentic. In some instances, the asset can be almost totally reconstructed and still maintain its values, as in the case of many historical forts or Japanese shrines. In other instances, any change might be deemed by the custodians to be inappropriate, especially in relation to sites of spiritual or religious significance.

Sustainability considerations also relate to the amount and type of use that is permitted before the intrinsic values being conserved are threatened. Such considerations apply to both tangible and intangible assets. In some cases, prohibiting visitation or placing strict limits to the number of visitors will be an essential management activity to conserve the asset. Likewise, only culturally appropriate uses must be permitted.

Stakeholder issues are a common theme, than to identify some issues that must be considered. Cultural heritage managers recognize that key stakeholders include host communities or cultural groups that live near a heritage asset or are attached to it culturally, schools and universities that use it as a resource, government heritage authorities that may be responsible for managing it, and commercial users, such as the tourism industry.

One of the great challenges in managing any cultural or natural asset is the need to mollify many stakeholders. On the surface, stakeholder consultation seems like a rather straightforward process. There is often an assumption that the number of stakeholders is limited to traditional owners and user groups on the one hand and the tourism industry on the other. In reality, most assets have multiple stakeholders with differing degrees of connectivity to the asset, differing levels of legitimacy in being considered as a stakeholder, and, also, widely differing viewpoints about how assets should be managed. In addition, there is often a history between stakeholders with formal or informal alliances being formed that may mitigate against easy resolution of issues.

Stakeholder consultation often plays a defining role in the successful development of management strategies. It is for this reason that consultation- true consultation, is now recognized as an integral part of the management planning that permeates the entire process from initial discussion to ongoing management of assets.

The cultural heritage management sector's traditional lack of power often makes it vulnerable to tourism, especially when governments regard these assets as potential revenue generating resources. Heritage rarely receives much of the revenue generated by tourism, even though these assets may act as primary attractions. It is important, therefore, that a balance is kept between tourism use and cultural heritage management conservation objectives. Decision makers need to have reasonable expectations of the amount of tourism potential an asset has and how to achieve that potential in a socially and culturally responsible manner.

Tourists are just one of many possible user groups, and the needs of tourist, therefore, are just one of the many considerations that must be made when determining how to manage and present cultural heritage assets. In some instances, such as with museums and art galleries, the needs of the tourist will be similar to those of other user groups, apart from the possibility of translation. In many other instances, however, the needs of the tourist will be substantially different than those of other user groups. Different levels of knowledge about the asset, different interests in the assets, different cultural backgrounds, and different expectations may mean that that presentation of an asset for local users may be inappropriate for tourists and vice versa. The pursuit of tourism, therefore, requires a conscious management decision and the need either to shape the presentation differently or to target only tourists whose needs are compatible with local users.

Likewise, while tourism may be recognized as important use of the asset, it is rare that tourism will be the only use consideration. Again, decisions about the compatibility of tourism and other uses, coupled with decisions about the most effective way to present the asset for different user groups, must be made.

That tourism can have far-reaching impacts for the conservation and long-term management of cultural and heritage assets is axiomatic for most people from the developed world. Virtually every introductory tourism text contains at least one chapter discussing the social, cultural, and environmental impacts of tourism. This topic has also been the subject of extensive investigation in the academic literature. However, in regions that are undergoing rapid development and where an ethos of conservation has not been established, often surprising ignorance of the negative consequences of tourism exists. The attitude seems to be that the benefits of economic development outweigh any adverse costs such development may have. Such an attitude was common in the developed world forty or more years ago, when it too was undergoing the type of massive expansion seen elsewhere today. However, in hindsight, such an attitude is now seen as being shortsighted. As a result, a more balanced approach to tourism is advocated, acknowledging both its beneficial and detrimental effects on host communities and their cultures.

Clear-sighted long-term planning and management anticipates adverse impacts and develops programs to minimize or mitigate them. Following are just some of the impacts that tourism can have on tangible and intangible heritage assets. These lists were developed based on our observations of the nascent development of cultural tourism in many parts of Asia:

Negative Impacts

1. *Unplanned tourism infrastructure development:* This involves altering the amenity of places for the community; altering the visual appeal and visitor experience for tourists.
2. *Limited beneficiaries:* Income flows to limited sectors of the community; high leakages; creation of divisiveness and discontent within the community.

3. *Loss of control over cultural property:* Communities and tradition bearers can lose control of cultural property (e.g., motifs used in their crafts and arts or even music) if it is not under copy-right or special protective legislation.
4. *Overuse by tourists:* This displaces local residents; causes overcrowding; creates parking, litter, and noise problems; and generally overburdens shared resources, such as water and fuel.
5. *Tourism dependency:* Large sections of the community become dependent on tourism at the expense of other industries. Leading to loss of self-reliance and traditional-style activities.
6. *Tourist behavior:* Tourists can have an impact if they are not aware of, or chose to ignore, visitor etiquette and an attraction; lack of courtesy or sensitivity to local customs (e.g., insensitive dress or grooming); defining sacred areas (wearing shoes in particular types of temples); drinking in public; taking drugs, etc.
7. *Physical deterioration of assets:* This occurs where there is
    - no commodification (e.g., site hardening) or resources to deal with it;
    - no way of monitoring such impacts to see is assets are at risk of permanent damage or loss (e.g., local events and festivals changed for tourists and at risk of losing their meaning and importance for locals);
    - no way of preventing the acceleration of natural processes of destruction such as soil erosion around an asset;
    - no control placed on tourism infrastructure development; and
    - no way of counteracting the influence of Western consumer culture (not just from tourism, because general modernization and globalization can be responsible, e.g., satellite television and computer and video games) on the behavior of locals, particularly young people, as they abandon traditional customs in favor of this culture.

Positive Impacts

1. Reinvigoration of traditional culture can occur .
2. Cultural exchange with tourists can lead to greater tolerance of cultural differences in multicultural societies.
3. The appropriate presentation of assets can assist the tourists' understanding of the need for the conservation and retention of important cultural heritage assets in general.
4. Opportunities can arise to develop local economies to be more entrepreneurial and self-reliant
5. Revenue from tourism can be directed to local infrastructure improvement.
6. Revenue from tourism can be reinvested in documentation, planning, and management of heritage assets. This is important for the sustainability of assets that attract heavy visitors.

Tourism requirements may clash with conservation needs. In the past, a conscious trade-off has occurred whereby conservation values were compromised for tourism or tourism values compromised for conservation. The inherent weakness of such a strategy has now been recognized. Rather than trading off values, the management task now is to seek a balance between tourism and conservation. Having stated this point, and given the seriousness of some of the negative impacts of tourism, it is the author's belief that conservation values should drive the process.

One of the challenges facing conservation managers is that many of their assets are not viable commercial entities. What revenue is generated may cover operating costs or may simply reduce the need of the subsidy required to keep the asset operational. Creativity is required to search for revenue streams above and beyond standard entry fees and sales of souvenirs. In some jurisdictions, a fee is levied against the accommodation sector, with revenues going toward conservation. In addition, visitors themselves may be willing to contribute directly to conservation in ways other than through gate entry fees.

The principles of cultural heritage management can be used as a guide to the underlying workings of this sector. The challenge for cultural tourism is how to integrate the commercial need of tourism with the substantially different social objectives of cultural heritage management.

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SUPPORT OF NATIONAL BRANDS, SOLUTION FOR OUTGO FROM CRISIS

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Abstract: *It is a lot of theory in the building up of a brand, briefly, it represents a social and psychological force, which is born to accomplish a mission. To reach the strategic decisions of the organization, all the management and marketing components, as well as the molecules must bind their energy, be well correlated and correctly used, for carving of a brand. A brand is the way in which a good, a service, an event or a company is reflected in the consumers' mind, representing the whole of perceptions that the public has on a subject. In the economic crisis context, the company image being the only identification element that creates emotional connections with the clients, satisfying one or several of their expectances.*

Key words: brand, economic crisis, public relations, authentical products, tradition

JEL classification: M 370, M 300. F310, Z130

3. Introduction

Philip Kotler defines the concept of brand as "ideas, perceptions, expectances and beliefs, which are in the mind of consumers, of the potential consumers or of any individual who may affect the company”(Kotler, Pfoertsch, 2006, p.V). It may be characterized as the engagement by which the seller obliges to constantly supply the purchasers a simple message, easy to remember and original by the six types of significations that he could identify, as follows: characteristic attributes, advantages, cultural symbols, values, personality and kind of use. An important role in the modern economy is occupied by the concept of brand, being the only element that makes the difference between a successful business, in which milliards of euro are invested, and a district one, which is prepared the most of the times to take decisions in limit situations, for survival.

Starting from the expressed definition by Ph. Kotler, there is a lot of theory in building up of a brand, briefly, it represents a social and psychological force in which a good, a service, an event or a company is reflected in the mind of consumers, representing the whole of perceptions that the public has on a subject. Without making a mention to other definitions, we list below a part of **the basic features of a brand**:

- it is a registered mark, being legally protected,
- it consists in a seal or slogan, which draw the attention, being easy to recognize,
- it is a reputed company, which is very clearly distinguished by the competition products,
- it adds a value to the products efficiently presenting their benefits.

The above mentioned characteristics show us an important component of a brand identity, but we cannot state that it only means recognition, this also supposes an associated identity and image to it, like: power, wealthiness, sophistication, identification and association to other users of the same product, which may become a brand only communicated and accepted, addressing to a well defined market segment. In the economic crisis context, such coordinates and features attach the image to the company, being the only identification element that creates emotional connections with the clients, satisfying one or several of their expectances.

To create a bridge and to perform an alignment of organizational culture with the brand: "the brands must come to the light firstly inside the organization, the reasoning of the team inside being necessary, for the following step be the fulfillment of the promise towards clients and proved that the employees are the most important resources in the establishment of a successful brand, presenting the most powerful management instrument: internal brand engagement”(Lori Rosenwasser, Global Brand Engagement Director, 2008). In this context, we may understand the building up of the employer brand, as being similar to building up of a house. Most of the cases of its use, it is necessary to be very clear for you who you are and to establish the purpose you should follow.

Nowadays, the company certifies the brand reality, both inside and outside, by the way the employees look like, what they say, the attitude and behavior of employees, the company policy, quality of products, representing such a representative external manifestation of our times, that, by definition, it stirs by each decision taken at the level of a company.

4. Communication ways to support national brands during the economic crisis

Today, a brand is considered the most long term asset of a company, representing an essential part of business strategies. From this point of view, the fundamental asset on which these strategies are establishes, is characterized by a wide range of communication techniques and communication ways, and used in the promotional policy, like: the advertising, the sales promotion, the personal sales, the public relations and direct marketing.

In practice, it is difficult to communicate by a single promotion instrument and say that you are able to create, strengthen and support a brand that does not takes advantage by a position in the mind of consumer, only by the use of Public Relation. Usually, we "invent" brands by the aid of the relevant Public Relation, we maintain the brands by the aid of advertising. Consequently, a brand needs at the beginning the Public Relation, to establish its credibility and originality, therefore, it supposes that the message has credibility because it comes from an objective source. Moreover, a brand stresses the capacity to create news. The marketing people of the great companies created the brands to conquest by the charm of the customers' words. Currently, the most efficient tactics which the Public Relation uses is strongly correlated to a positive presentation in a target publication that may have a favorable attitude towards a whole advertising program.

One of the instruments of the most efficient marketing communications mixing, when it is about to form the preferences and beliefs of consumers is identified by advertising. Practically, the purpose of advertising supposes the continuance of which the Public Relation issued, but through another method, respectively the consolidation of Public Relation concepts, by stressing the message and making it to sound by repeating the existent words and ideas in the mind of consumer. Therefore, the transmission of positive image and of a convincing message influents and stimulates the behavior of consumer.

To reach the strategic decisions of the organization, all the management and marketing components, as well as the molecules must bind their energy, be well correlated and correctly used, for carving of a brand. With respect to communication, it has a very important role for the building up and support of any type of relations.

With respect to the Romanian brands, the communicated message by them does not exist. In other words, we don't know to sell ourselves and make our products know among purchasers, consequently, we don't use sufficient communication ways. This case, the most efficient communication technique used in the advertising policy is constituted by the public relations. The main objective in the presented situation of the public relations activity is to create a credential environment among a well defined market segment. The building up of good relations with its own public, by a favorable advertisement represents a solution by which you can help the economy to get out from the crisis, this fact may be performed by a higher degree of drawing the attention and to remember definitely by the aid of a communicated message by a person who enjoys popularity. We are talking about the autochthons celebrities who have a maximum of efficiency, credibility, respectively, the moment when they identify to the key elements of the product.

The protection of national brands represents a solution during the crisis, buying Romanian products, respectively the products made in Romania, which use the Romanian labor force, we could create places of work and therefore, the interest would go to the Romanian state. The most of the autochthonous products could have the possibility to affirm against the similar products of import, in the case that the companies would orientate to the quality of offered products to the current and potential consumers, approaching civilized forms of proximity trade, but the question is asked for the price, having difficulties on the VAT application, to the fees for traders, raw materials etc. A part of the output and infrastructure problems have as starting point the financial crisis, which directly affects the manufacturers, from this point of view, the Romanian products come to be sold for many times at a much higher price than the related ones, which come from the import on the Romanian market, at a cheaper price.

What it could be currently noticed on the Romanian market, is the fact that during this period, the main factor by which the products on the rack are different will be the price variable, which is the only element of the marketing mix that brings incomes, those autochthonous products that do not correspond or do not have a set of brand value and a qualitative knowledge, which motivate the price will lose the battle against those products brought from other states of the European Union.

The institutions of the Romanian state did not evolve and do not evolve incorporated with the real situation during the crisis time. Currently, it is necessary a program at the national level, supported from the financial point of view by the authorities, who stimulate the Romanian products consumption, but nobody seems to be anymore disposed to participate to a common action, respectively to a campaign for the consumption of products manufactured in Romania. The tentative regarding the encouragement of the autochthonous market is a consequence of promotion of the most known program, launched in 2001, under the name of "Made in Romania", which after almost four years disappeared.

The brands exist on the Romanian market under two forms: the first category is made of those resulted through the communist period, and the second category is made of those invented after the Revolution. The brands have different characteristics. Therefore, for an "old" mark, despite its longevity, the aging brand image or which could have a bad quality (Dacia vs. Logan), must be corrected and improved, respectively for a "new" mark, it should be issued a brand identity that underline the quality/price report.

The market researches show that the Romanian people need now to return to the authentic values. Romania is considered a traditional country, having great chances to impose itself as an origin country for superior quality products. In other words, the economy may based on several performant industries: culture, the IT, furniture, wines, nourishment, textile and footwear industries are important domains for the performance of Romanian products with a powerful brands abroad. Therefore, the Sibiu salami, Plescoi sausages, the buffalo cheese (truckle cheese), or palinca (horinca) are only a few of the Romanian products that could increase the international market, approaching an intense marketing strategy, which contour these origin brands, requested to face the competition.

Generally, the Romanian products that are successful at the West market level may be purchased, respectively compared to any other product of their range: the Borsec mineral water, Pinot Noir de Dealu Mare, Eugenia are only a few of the positive examples that outline the Romanian image abroad. The problem for the most of the autochthonous products consists in the Romanian syndrome, we are suffering of this disease of disregard ourselves, we think that the Romanian products are from the qualitative point of view poorer, although we have examples of successful manufacturers on other international markets, who are not taken into account in our country, the so called BitDefender, very known in the USA, and in the preferences of Romanian people does not exist too much.

With respect to the textile industry, the autochthonous consumer mostly orientate upon the brand names and fashion. Maria Grapini, the president of the patron federation of the textile industry, FEPAIUS says „The market quote of the Romanian products in the total of market of the light industry products is about 23%. I think that there are chances to increase the quote also during the crisis, if the state authorities will regulate the imports and will request the companies to bring certificates of warranty of the quality of commodities and the fulfillment of the health norms” (2009). By adopting such a strategy, the local manufacturers and the industry are protected. "These measures are not contrary to the European legislation. On the contrary, EU roped us the imposition of norms for imports, to protect the citizens against the poor quality products" (Maria Grapini, President Employers’ Federation of Textile Industry, FEPAIUS, 2009).

We must guide upon the principle: I buy Romanian products, because I am a Romanian citizen. "What may be noticed yet now on the market, it is the fact that more and more manufacturers begin to put purely Romanian "ingredients" in the new brands, they date to bet on the national values and less and less on the common European values, in the approach of branding process. In this context, the local color, the authentic taste, tradition, description of product by an appeal to the reputation of the manufacturing place, began to become the efficient difference makers. The related legends to those who prepared them, to the places where these have been issued, were included in the branding processes” (Cercelescu, 2007). The picture of the consumer of products made in Romania may be traced as follows: He drives a Logan, wears Braiconf, Secuiana, respectively confections, uses Arctic appliances, on the bathroom rack, he/she has Ana Aslan or Gerovital cosmetics and on the electronic products, he/she does not have much to choose from: laptops of Myria mark. The products manufacturer in Romania represent over 70% of the total of foods we find in the very large size stores.

Solutions for saving the Romanian products:

- maintenance of tradition and traditional receipts;
- permanent diversity of the range of products;
- increase of nourishment products;
- recognition of Romanian products by a characteristic symbol;
- decrease of the added value fee;

- establishment of an attractive design;
- permanent innovation of products;
- accessible prices, comparable to the prices of the European Union;
- promotion of the Romanian products quality;
- support of internal production;
- decreasing of production expenses, so that the prices of products to be as low as possible;
- encouragement of use of the raw materials for the internal manufacturing of products;
- a solid distribution network;
- investment in the quality of Romanian products;
- establishment of a Romanian information system, regarding the products and services with a high risk for the life, health and safety of consumers;
- issuance of a systematic activity by all the components of the institutional system for consumer protection, in cooperation with the civil society structures;
- implementation of consumers education in the learning system.

Table 1: SWOT analysis of the Romanian brands

Strengths	***Weaknesses***
- brand longevity - brand reputation - adaptation to the market requirements and implicit of the consumers - consequence of positioning - maintenance of traditions and of the consumption healthy customs - innovator promotion systems	- the attention and convince the target public; - inexistence of an efficient communication of an identity; - high production costs; - absence of modern machines - high costs for the labor force - lack of trust
Opportunities	**Threats**
➢ increasing request of Romanian mark products ➢ re-orientation of certain activities ➢ participation to fairs and exhibitions in the country and abroad	➢ entry of the market of the international brands at accessible prices and of a high quality ➢ decrease of purchasing power - cheaper products consumption ➢ development of private marks ➢ economic crisis

Source: our adaptation Laura Culita, 2009

5. Conclusions

- Along time, the consumers has reached the conclusion that many of the Romanian brands are qualitatively superior to those products abroad and may represent the central element of a business at a worldwide level, due to their authenticity.
- The tradition and aging on the market of products represent one of the reasons that insured the maintenance of Romanian brands until present.
- The notoriety of brands on the national market and the natural ingredients used for their manufacturing represent one of the advantages that these own against the international brands.
- By well thought strategies, the Romanian brands realized the attraction of the Romanian consumer, the most powerful brands being those that include consistent and clear messages.
- The support of Romanian products may be issued by a modeling of consumers, so that they rediscover the traditional products, which, along time, due to the invasion of import products rest in shadow.
- The purchase of Romanian products to save places of work and help the economy to cross the crisis, represents a strategy that will reflect the occupied position and the competitive force of the company and of its products, within the market, by concrete objectives and well defined action ways, having on their basis a well traced marketing policy.

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THE FINANCING OF AN INTEGRATED RURAL DEVELOPMENT IN BAVARIA WITHIN THE FRAMEWORK OF THE EUROPEAN AGRICULTURAL FUNDS FOR THE DEVELOPMENT OF RURAL AREAS

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Abstract: *In 2005 essential reforms of the Common Agricultural Policy (CAP) of the European Union took place, in the course of which the financing of the promotion of rural development was modernized. For the current period of 2007-2013 it is settled by the EAFRD-regulation, which is applied to a three-stage program planning process on EU, national and sub-national level. This process is considered to be quite complex and contradictory to the politically intended principle of subsidiarity. The EAFRD-regulation is criticized for its unilateral orientation, the Bavarian strategy for enhancing agriculture and rural areas (BayZAL) for being not effective enough.*

Key words: Financing, Integrated rural development, EAFRD-regulation, Bavaria

JEL classification: R58

7. Introduction

In the beginning of the 21st century, people living in rural areas face radical changes concerning their living conditions as well as their economic environment and employment structures. Both their social and cultural foundations are affected. The ongoing movements occur from global competition, transformation to a knowledge-based society and demographical changes. The Bavarian Government considers the development and creation of vital rural areas and their preservation for future generations on the basis of a sustainable development program as its task and responsibility (StMLF, 2007, p. 5). The European Agricultural Fund for Rural Development (EAFRD)-regulation of the European Union (EU) provides the framework for the financing of rural development. Bavaria implements these guidelines in the Bavarian strategy for agriculture and rural areas (BayZAL) for the period of 2007-2013. This article presents the complex promotion system, with its program planning process on EU, national and sub-national level and points to some of the criticism formulated concerning the three-stage program planning and the regulations' implementation.

8. The statutory framework for financing rural development

2.1. The term rural area

Nearly 80% of the territory of the Federal Republic of Germany is considered to be rural area. Politicians have emphasized their will to support the people living in these rural areas as well as the businesses working there, by means of creating an adequate framework and providing specific and differentiated subsidies and assistance (BMELV, 2007, p. 5).

Describing the term rural area in the context of financing and the development of rural areas, the Free State of Bavaria refers to the definition laid down in the rural development program of Bavaria 2006 (Bayerische Staatsregierung, 2006) and differentiates between five subspaces with different structures:

1. rural areas in general,
2. urban and sub-urban areas in rural areas,
3. rural subspace in the peripherals of the big urban agglomerations,
4. rural subspace, that shall be especially supported concerning its development,
5. the Alps.

The definition of the term 'rural area' is, as noted above, based on a very complex system of the rural development program of Bavaria. As a result most measures of the Bavarian strategy for agriculture and rural areas (BayZAL) need to be provided, on the individual aim of each measure, horizontally in the sense of an integrated strategy of promotion for the whole state territory (StMELF; StMUG, 2009, p. 16).

2.2. The development of rural areas as part of the Common Agricultural Policy

The Common Agricultural Policy (CAP) is founded in Article 33 I of the treaty establishing the European Community. Sieck and Sieck (2005, p. 120) name two motives as authentic for the establishment of a common agricultural policy between the member states of the European Community. Firstly consumers should profit from suitable prices and secondly farmers should be guaranteed enough income to make a living.

After the end of World War II agriculture in Europe was not very prosperous and people couldn't live on what they were producing. The central motives for establishing a common agricultural policy, were the wish to gain independence from foreign food imports and the desire to be able to guarantee for the supply of the population with food produced in the adhering states. Therefore in the beginning of the CAP the most important agricultural products were subsidized, in order to increase agricultural production and provide for self-sufficiency with short transportation paths for food in Europe.

The CAP is based on the two pillars of a single Common Market Organization (CMO) and the Development of Rural Areas. In 2003 the CAP was subject to fundamental reforms by the EU. In the course of this modernization process a new system of direct payments was introduced. In this system, which is called single payment system (SPS), subsidies are, due to the introduced decoupling process, no longer linked to production. Financial aid now depends on the adherence to environment and animal protection laws as well as the attainment of certain quality standards. The so called 'obligatory modulation' is a further essential element of the reformed CAP. This means that financial resources for direct payments are transferred from the first to the second pillar, in order to strengthen the development of rural areas.

The current framework for the period 2007-2013 for the second pillar of the CAP was set on the 20th of September 2005 by the Council Regulation No. 1689/2005 on the support for rural development by the European Agricultural Fund for Rural Development (Verordnung (EG) Nr. 1698/2005). The EAFRD-regulation describes the strategic guidelines of the EU for the development of rural areas and depicts which challenges and aims are crucial and which principles are to be adhered to from the European point of view (BMVEL, 2009, p. 3). In order to meet these goals the EAFRD-regulation focuses on three thematic and one methodic point. The methods of the latter can be applied in a sort of cross-section function for the realization of projects from the other fields (not every EAFRD-project is realized by Leader). In the following table 1 the themes, that are also called axes, are summarized and depicted:

Table 1: Focuses of the EAFRD-regulation

Thematic Axes
1. Axis: improving the competitiveness of the agricultural and forestry sector 2. Axis: improving the environment and the countryside 3. Axis: improving the quality of life in rural areas and encouraging diversification of the rural economy
Methodic Axis
4. Axis: realization with Leader

Source: Own Presentation.

2.3. National promotion of development strategies for rural areas

Due to the organizational principles of the Federal Republic of Germany the agricultural policy normally would be under the authority of the German federal Lands, which therefore would also have to pay for any measures exclusively. This system would lead to great disparity of agricultural structures, since the different German federal Lands vary a lot in their wealth and their agricultural concepts and goals. Big differences concerning the promotion of rural development would however, contradict the constitutional goal of creating equal living-standards for the entire country of Germany (Art. 91 and Art. 106 GG). Therefore, in addition to the regional development programs (RDP) of the German federal Lands, a national framework which consists of the core elements of the regional programmes has been set up. The common action of the Federal Republic and the German federal Lands called "improvement of the agrarian structure and the coastal protection" (GAK) has been implemented in the German Basic Law as article 91 a and is moreover settled by law since 1970. Concerning the agricultural sector, the GAK focuses on five major themes, which can be subject to measures of promotion (§ 2 GAKG):

1. Measures to provide for new income sources, with subsequent creation and securing of jobs, and improvement of conditions for work and production within the agricultural and forestry sectors.

2. Land management to preserve and develop the quality of landscapes, i.e. measures of reorganizing rural landholding and shaping rural areas through measures of improving agricultural structures according to the Farmland Consolidation Act including measures of securing a sustainable and capable ecosystem.
3. Measures of renovation concerning the structures of buildings of agricultural or forestry enterprises.
4. Measures in the area of water supply and distribution as well as construction work with regard to cultural heritage.
5. Measures to enhance market structures in the fields of farming, fishing and forestry.

The details of subsidy on the basis of the GAK-law are embodied in the national framework. This framework for fulfilling the common action is worked out and approved in cooperation of the Federal State and the German federal Lands in the Planning Group for agrarian structure and the coastal protection. The current version is known as the "Report of the Federal Government concerning the future organization of the common action of the Federal State and the German federal Lands called 'improvement of the agrarian structure and the coastal protection' – framework for the period of 2008-2011" (BMELV, 2007).

2.4. The promotion of an integrated rural development by the Free State of Bavaria

Besides the Leader-concept, the EAFRD-regulation offers 37 measures to promote the development of rural areas. The national framework explicitly names 11 measures, which are intended for promoting an integrated rural development as part of the GAK.

In the context of and in accordance with the national framework, the Free State of Bavaria implements with the BayZAL the EAFRD-regulation on a regional level. Bavaria, however, doesn't include all 11 measures of promotion of the national framework in its catalogue, but focuses on four areas of action, which are linked to integrated rural development:

1. Land consolidation and infrastructural measures,
2. Measures concerning the diversification of rural businesses,
3. Supporting the sustainable development of villages,
4. Integrated rural development concepts, in a confined sense, and the processes of their precise implementation.

Besides the EAFRD-regulation and the GAK-framework there is also an administrative law, which forms the basis for the financing of the development of rural areas in Bavaria:

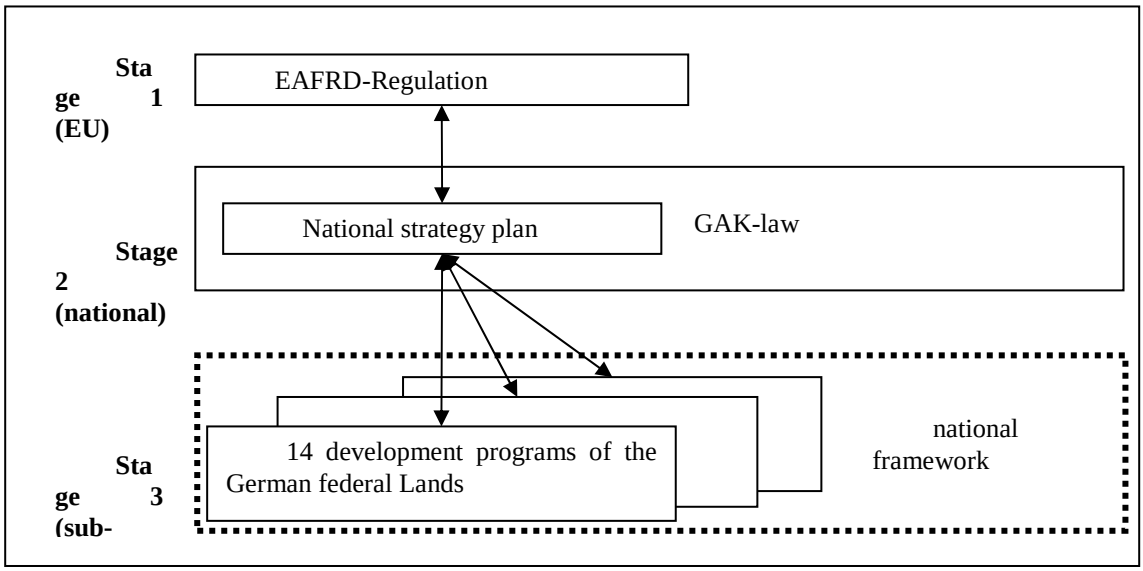
- The Land Consolidation Act and the Implementing Law (Regulatory Statute) of the Land Consolidation Act,
- Directives on the renewal of villages concerning the implementation of the Bavarian village-development program,
- Financial Directives concerning rural development and
- the budget of the Free State of Bavaria.

The reference to the budget of the Free State of Bavaria is important in regards to the fact that subsidies for rural development are provided without any legal claim within the framework of the available budget resources (StMLF, 2005, p. 3).

2.5. Criticizing the three-stage process of program planning

For the current period of 2007-2013 the EU arranged for a three-stage planning process for the first time. As depicted in figure 1, the national framework forms the link between the strategic guidelines of the EU, which are codified in the EAFRD-regulation and the development programs on sub-national level. The German federal Lands are responsible for the implementation of the measures exercised under the three thematic axes of the EAFRD-regulation, named under 2.2. The program related to the national strategy plan is fixed in the common action as well as in the national framework, which summarizes the 14 regional development programs.

Figure 1: The three-stage planning process in the framework of the EAFRD-regulation



Source: Own presentation.

The national strategy for rural development is implemented on the lowest stage of the three-stage program approach on sub-national or regional level. In the case of the Federal Republic this is the level of the German federal Lands. Development programs, each consisting of a bunch of measures, serve this purpose. For the Free State of Bavaria the strategy for agricultural policy and rural development programs is the already mentioned BayZAL (see 2.4.).

Even in 2005 the Scientific Advisory Council on agricultural policy, sustainable farming and rural development of the Federal Ministry of Food, Agriculture and Consumer Protection (Bundesministerium für Ernährung, Landwirtschaft und Verbraucherschutz; BMVEL) pointed out, that the three-stage program planning process, which consists firstly of the strategic guidelines of the EU, secondly of the national framework and thirdly of the regional development programs, is quite complex. (2005, p. 4) Moreover Häger and Kirschke (2007, p. 284) wonder whether such a complicated planning process, besides the high costs it produces, really gives the people actually concerned namely those who live and work in rural areas, enough influence.

The Scientific Advisory Council on agricultural policy of the BMELV furthermore indicated that subsidies should be applied as a basic principle for rural area policies (Beirat für Agrarpolitik beim BMELV, 2006, Nr. 2.). According to this principle, political tasks should be met on the lowest level possible. Each task shall only be transferred to a higher level, if it cannot be adequately dealt with on a lower level or if it can be handled better on a higher level, because of its extent and its effects (Wissenschaftlicher Beirat, 2006, Nr. 2). The strict regimentation of rural development therefore contradicts the principle of subsidiarity.

To put it in a nutshell, it becomes clear that there are good reasons for the the three-stage program planning process concerning the financing of rural development, which is expressed in the EAFRD-regulation, to be considered as too complicated and expensive as well as contradictory to the principle of subsidiarity.

9. Financing of an integrated rural development

3.1. Aims of the promotion of an integrated rural development

The Federal Republic of Germany pursues the concept of a multifunctional, sustainable and competitive economic sector concerning agriculture, forestry and food supply in vital rural areas. Within this framework the national strategy plan, for the development of rural areas, exposes the following goals as crucial (BMELV, 2009, p.30):

- “To enhance the competitiveness, to provide for new income sources, with subsequent creation and securing of jobs, within and outside the agricultural and forestry sectors.
- To improve the training and skills levels, as well as the innovation potential.
- To enhance nature and environmental protection and the animal welfare.
- To preserve and develop the quality of landscapes, especially through land management to maintain and to improve the quality of life in rural areas.”

With the BayZAL, Bavaria pursues an innovative policy, which aims at economic growth and regional expansion and which meets economic, ecologic and social needs (StMELF; StMUG, 2009, p. 128). The two most important goals, as expressed in the BayZAL are (StMELF; StMUG, 2009, p. 126):

- the strengthening of rural areas as multifaceted economic areas and living space, as well as
- the realization and preservation of equal living conditions in all regions.

3.2. The overall budget

The financing within the framework of the EAFRD-regulation has recently been modified (BMELV, 2009, p. 4f):

- In the course of the so called Health Check, the Agricultural Council has decided on a number of revisions of the CAP in November 2008. According to those revisions, the modulation, i.e. the transfer of direct payments from the first pillar of the CAP to financial resources of the structural fund, will be successively raised until 2012 from 5% to 10%. As a progressive element subsidies to businesses, which receive more than 300.000 Euros of direct payments per year, will be further reduced by 4%.
- In March 2009 the European Council decided in regard of the current financial crisis to provide 1.2 billion Euros for the second pillar of the CAP as part of a European economic stimulus package.

After an accordant adaptation of the EAFRD-regulation by the Council the Commission agreed to the distribution of EAFRD-resources for the promotion of rural development in July 2009. Until 2013 the 27 EU-member states now dispose of a total amount of 96.3 billion Euros of means of supply within the framework of EAFRD, including Health Check and resources of the EU economic stimulus package (Deutscher Bauernverband, 2009, p. 132). About 39%, which is equal to 37.6 billion Euros, are dedicated to the twelve new member states. In the ranking of the receiving countries, Germany is located on second place, behind Poland and before Italy (Deutscher Bauernverband, 2009, p. 132).

The total amount of means of supply within the framework of the EAFRD dedicated to Germany for the period of 2007-2013, was about 8.1 billion Euros at first. In the case of Germany about 728 million Euros of direct payments have been transferred to EAFRD-subsidies in the course of the increased modulation for the period of 2010-2015. Therefore a total amount of about 9.0 billion Euros are now available to Germany for rural development for the period of 2007-2013. The following table shows its annual distribution (Entscheidung der EU-Kommission vom 17. Dezember 2008; Entscheidung der EU-Kommission vom 7. Juli 2009):

Table 2: German share in EAFRD-resources for the promotion of rural development; depiction of the annual distribution for the period 2007-2013

	total	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
	bn. Euro							
German share in EAFRD-resources	9,0	1,2	1,2	1,2	1,3	1,3	1,4	1,4

Source: Own presentation.

Concerning the distribution of EAFRD-resources between the German federal Lands a considerable divide can be noticed between the new, (north-) eastern and the old (south-) western German federal Lands.

Furthermore from national and sub-national resources 8.8 billion Euros are added for the period of 2007-2013, so that the National Farmers' Union (Deutscher Bauernverband; 2009, p. 135) concludes in its report of 2010: "In combination with national resources rural areas are supported annually with 2.6 billion Euros."

3.3. The financing of an integrated rural development in Bavaria

For its program agriculture and rural development Bavaria calculates for the period of seven years from 2007 to 2013, with an amount of about 3.5 billion Euros from EU-, national and sub-national resources. Thereof (StMLF, 2007, p. 25)

- approx. 1.3 billion Euros EU-resources,
- approx.1.1 billion Euros national resources and

– approx. 1.2 billion Euros sub-national resources.

The following table 3 shows the intended distribution of the subsidies on the four focal points of the EAFRD-regulation (see tab. 1) in Bavaria in comparison to the total amount intended for each point by the Federal Republic. (StMLF, 2007, p. 26; Deutscher Bauernverband, 2009, p. 135)

Table 3: Share of financial resources according to focal points of the EAFRD-regulation

	share of the applied means of supply (from EU-, national and sub-national resources)	
	Germany	*Bavaria*
Thematic Axes		
1. Axis: competitiveness	***31%***	***22%***
2. Axis: land management	***40%***	***58%***
3. Axis: rural development	***24%***	***16%***
Methodic Axis		
4. Axis: realization with Leader	***5%***	***4%***

Source: Own presentation.

The Netherlands and Germany are the only EU member states, which, within the framework of EAFRD-promotion, put stress on rural development (Tietz, 2007, p. 35). In 2004 the new principle of an integrated rural development (Integrierte Ländliche Entwicklung; ILE) with its ideas of a modern regional development was incorporated in the common action “improvement of agricultural structures” and thus became part of the ‘mainstream’- promotion (BMVEL, 2005, p. 8). The integrated rural development mainly consists of land consolidation, renewal of villages and integrated rural development concepts. With an intended amount of 656 million Euros of financial resources, which is about 20% of the total subsidies for the period of 2007-2013, the ILE counts as one of the bigger sectors of promotion in the context of the development of rural areas.

The integrated rural development concept (Integrierte ländliche Entwicklungskonzept; ILEK) serves as a special device of the ILE. Enhanced cooperation between communities shall strengthen rural regions and lead to additional synergies. Several communities participate in the planning and implementation process of these locally based concepts, which are characterized mainly by the following features (StMELF; StMUG, 2009, p. 145):

– intense cross-municipal-border cooperation,
– formation of a community bearing responsibility in co-operation of the state, the community and the citizens in the sense of a modern approach of civil society,
– combination of devices and measures from governmental institutions as well as others,
– efficient use of resources and more individual approaches, in regard of the parties concerned,
– application of governmental means of supply for land consolidation and renewal of villages.

The following table 4 summarizes the given budget values of the BayZAL for the current period for projects in the field of integrated rural development:

Table 3: Parameter of the BayZAL in the field of ILEK for the period 2007 - 2013

Indicator	**aim (total period of planning)**
- number of projects supported	30
- number of participating communities	210 communities
- citizens benefiting	750.000 inhabitants
- total amount of investments	7 million Euros
- means of supply	4.5 million Euros
- own resources of participating communities	2.5 million Euros

Source: StMELF; StMUG, 2009, p. 735.

10. Conclusion

About 60% of the population of Bavaria is living in rural areas, which cover approximately 85% of the Bavarian territory. With these conditions, Bavaria exceeds the German average. (StMWiIVT, 2010) Therefore the policy on the development of rural areas, lied down in the second pillar of the CAP, is of special interest to Bavaria. The so called EAFRD-regulation, which has been approved by the European Council in 2005 and has meanwhile been modified, sets the framework for the promotion of rural development for the current period of 2007-2013. In a three-stage program planning process the EAFRD-regulation is applied on EU, national and the sub-national level. For Bavaria this means, that the EAFRD-regulation is applied by the Bavarian strategy for agriculture and rural areas (BayZAL) within the framework of the national strategy plan.

There are mainly two points of criticism concerning the promotion of rural development:

- The EAFRD-regulation strictly focuses on the three thematic axes and the methodic axis of Leader, which makes it quite inflexible. Moreover it thus puts too much emphasis on the needs, concerns and interests of the agricultural and forestry sectors. The rural areas of Bavaria, however, are characterized with a different profile. For a beneficial rural development in Bavaria the promotion of industries, handcraft and small trades as well as the service sector is decisive. Therefore the ex-ante evaluation of the BayZAL fears, that the measures proposed in the BayZAL don't really meet the needs of Bavarian rural areas and that a considerable part of the rural population will not adequately benefit from the provided support (Forschungsgruppe Agrar- und Regionalentwicklung Triesdorf, 2006, p. 12).
- The three-stage program planning process for the promotion of rural development has to be considered as procedural complicated. Moreover it is doubted, that in such a complex planning process enough influence is given to the people concerned and that their ideas are adequately considered. Furthermore, the three-stage program planning process, constructing various levels of decision-making, is said to contradict the principle of subsidiarity.

With the feature "integrated rural development concept" Bavaria disposes of a unique device for rural development. The integrated rural development approach exceeds the standard unilateral or mono-sectoral orientation. It particularly focuses on the parties concerned and lays special emphasis on the promotion of trans-community-boarder co-operation.

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IS THERE A GASTRONOMIC TOURIST OFFER IN ROMANIA?

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Abstract: *The present paper aims to present the industry of tourism and hospitality services in Romania in the context of the current economic crisis. The purpose of the research and analysis is to determine the place of the gastronomic tourism offer within the branding project of our country as a tourist destination. We have started from the development of the tourist offer and we have correlated it with the manner in which the tourism demand for Romania's tourist potential has developed during the past twenty years. Despite being declared an appreciated tourism-related asset, the gastronomic tourist offer is almost inexistent in Romania.*

Key words: tourist industry, hospitality industry, lodging facilities, gastronomic tourist offer, Romania

JEL classification: L83

Introduction

Everybody admits the fact that, nowadays, tourism is perhaps the most important economic factor in the globalized world. Apart from all of its well-known direct and indirect contributions to the economic development, tourism is also an essential vehicle for (inter)cultural communication and for the communication of culture.

Within local, national and global economies, tourism plays a double role. On one hand, it has a direct economic impact that is mainly associated with its capability to generate revenues and to create receipts that feed the national income; further on, these incomes contribute to the economic and social development of small or large-scale destinations that already are or have been recently included in the tourist circuits. Then, on the other hand, there is also the indirect economic role of this global industry; based on the development of tourism, there are developing many other branches of the national economy, which, in their turn, support the carrying out of activities connected to tourism: public alimentation, tourism-transportation, telecommunications, trade, cultural activities, and so on. Not only does tourism determine the development of other sectors, but it has the capability of bringing new destinations on the business-map. What is today considered to be an exotic tourist destination can become tomorrow's business destination (examples can be found anywhere, from the Asian countries to the Central American ones or to the North African ones, etc.). Airlines and low cost operators promote new destinations, and these develop very quickly. In this respect, local examples of success can be identified in Timişoara, Cluj-Napoca and Sibiu; moreover, the municipality of Braşov struggles to attract European funds for building its own international airport (supporting its attempt with the argument that it would enable access to the most important concentration of Romanian winter resorts, and consequently, the increase in the tourists' number is expected to generate a growing interest for the area as a business destination, too).

Harder to be quantified, there also develops an intangible effect of tourism: the one of personal development through cultural exchanges and interactions. The globalization and intensification of tourism have also led to an increasing demand for foreign language acquisition. Obviously, travelling around the world cannot be realized without communication (both written and oral). On one hand, those who belong to the suppliers' side have understood or are still becoming aware of the importance of properly communicating their offer. Going international and even global implies the need to communicate at least in one foreign language (perhaps, today the most frequently used one is English); but only one language has proven not to be enough anymore; a good selling proposition (which is basically the case of tourism promotion) best reaches its aim if it is realized in the mother-tongue of the targeted market (examples supporting this assumption can be noticed everywhere around us). Moreover, tourism consumption implies the direct contact with the destination, and implicitly with the staff of the tourism-related services' providers. Again, without multilingual skills, it is practically impossible to communicate with the tourist. Of course, there are very

many facets to be analyzed when discussing tourism, but our main concern for the present research is to focus on how gastronomy is already integrated or can be integrated in Romania's tourist offer.

For the beginning of the last decade of the 20th Century, the authors Middleton and Clarke [2001] identified five main sectors of the industry of travel and tourism; Figure N° 1 presents the manner in which they can be structured according to the provided services:

Figure 1: The Main Five Sectors of the Industry of Tourism

Accommodation Sector
Hotels / Motels
Guest Houses / Bed & Breakfast
Farms
Apartments / Villas / Chalets
Condominiums / Time Share Resorts
Vacation Villages / Vacation Camps & Centers
Conference & Exhibition Centers
Static / Mobile Caravans / Camping Sites

Tourism Attractions Sector
Theme Parks
Museums & Galleries
National Parks
Natural Reservations
Gardens
Heritage Sites & Centers
Sport Facilities
Thematic / Leisure / Amusement Centers
Festivals & Events

Transportation Sector
Airlines
Maritime & Ferryboat Lines
Railroads
Operators of Bus & Coach Lines
Car Rental & Taxi Services

Travel Organizers' Sector
Tour-operators
Brokers / Wholesalers of Tours
Individual Travel Agents / Travel Retailers
Conference Organizers
Booking Agencies (for accommodation)

Tourist Destination Management Sector
National Tourist Offices (NTOs)
Destination Marketing Organizations (DMOs)
Regional & National Tourism Bureaus
Local Tourism Bureaus

Source: (after Middleton; Clarke, 2001, p. 11)

Obviously, the structure presented in the above figure is not an exhaustive one. The industry of tourism goes over the limits framed by the five sectors identified by the two authors. Other authors come to complete its structure; thus, specialized literature suggests another presentation, according to the functions of tourism:

Figure 2: The Industry of Tourism According to Its Economic Impact

The Industry of Tourism

Accommodation Services
Hotels
Motels
Chalets
Vacation Villages
Camping Sites
Parks
Casinos

Transport Services
By Car
By Air
By Railroad
Naval

Alimentation Services
Restaurants
Catering
Bars
Cafés
Taverns
Etc.

Retail Sales
Souvenir Shops
Gift Shops
Art Galleries
Handicraft Shops
Etc.

Complimentary Services
Leisure
Business & Financial
Cultural-Artistic
Sportive
Ethnic
Seasonal
Cure &

Source: (after Negruşa, 2006, p. 9)

While Middleton and Clarke did not include alimentation services among the sectors of the tourism industry, we believe that it is clear that they must be regarded as a sector closely and indissolubly related to the sector of tourist services. In fact, for tourism, public alimentation is equally as important as lodging, just because eating is a physiological need that must be satisfied (everyone, with no exception needs to eat and drink). In the coming sections of our paper, we are going to present the development of both the accommodation facilities and public alimentation organizations of Romania. Further, we are going to identify if the current offer of hospitality services matches the demand of Romania's visitors and if it properly exploits and valorizes the country's tourist potential.

A brief presentation of the main types of tourism that can be practiced in Romania also ought to be made. According to the classification offered in a working paper of the United Nations and World Tourism Organization (UN; WTO, 1994) the types of tourism can be classified as follows:

- leisure, recreation or relaxation, and vacation: excursions and trips, shopping, sportive events, cultural events; cultural and recreational activities; practicing of sports: active sports, trekking, rafting and hiking, extreme sports; sunbathing and beach sports; cruises; gambling; summer or winter camps; honeymoon trips; etc.;
- visiting of friends and relatives (VFR); travelling for different events (weddings, baptisms or funerals); taking care of elderly or sick persons; etc.;
- business and professional interests: business development; installation of new equipments, acquisitions or sales of businesses; plant visits and inspections; attending conferences and congresses, exhibitions and fairs, business-related assemblies; incentive travels; media travel packages in order to receive media coverage for one's business; presenting lectures and courses; professional sports; governmental and diplomatic missions; education; etc;
- medical treatments and medical investigations in specialized clinics; dental tourism;
- spa cures, beauty and wellness treatments;
- religious tourism and pilgrimages;
- other types of tourism specific to the personnel that is employed in the provision of tourism transportation services (staff of airline companies; tourist guides, travel agents, etc.). [UN; WTO, 1994: 11-12].

The reasons for travelling permanently evolve and the list continues to grow larger and larger; it is not the place, nor the time to insist upon offering a complete picture of the reasons that determine people to travel, but we believe that the list should be at least completed with: city-breaks and gastronomic tourism.

1. The Structure of Romania's Offer of Lodging and Public Alimentation Facilities

A determinant factor of the development of any tourist destination is closely linked to the level of its tourist infrastructure (from access infrastructure – highways and roads, airports, railroad system, tourist and commercial harbors, etc. – to accommodation facilities, to the tourist related infrastructure of the destinations – be they mountain or seaside resorts, pilgrimage sites, villages or cities, etc.). Unfortunately, Romania is still far from excelling in any of these aspects. Our paper aims to present the level and structure of the lodging facilities and to discuss its influence upon the development of the Romanian tourist product.

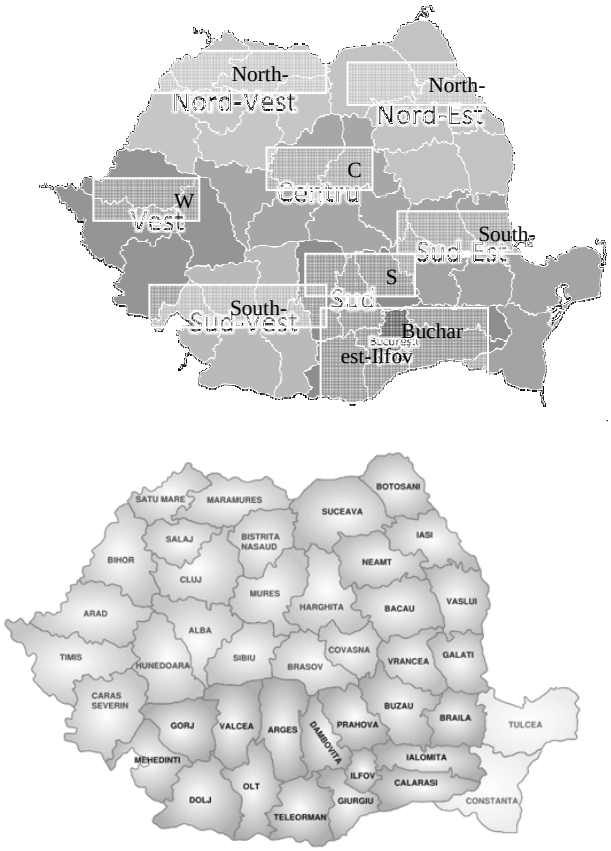
This attempt relies on the analysis of the databases provided by the Ministry of Regional Development and Tourism (further cited as National Tourism Authority – NTA). Before, going further, we ought to point out that tourism – despite being declared a national priority – has once again become a department of another ministry (this has previously happened in 2002 when it was incorporated in the giant Ministry of Public Transportation and Public Services). We do not expect this reorganization to generate any positive influences upon the already "misfortunate" state of Romanian tourism.

Concerning the analyzed databases, a few remarks ought to be made from the very beginning. It is regrettable to notice that the databases are far from being complete and fully reliable, as we have identified several confusions and mistakes, but these are the only official "so-to-say updated" sources of information, because the National Institute of Statistics (NIS) has just released (less than a month ago) its Yearbook for the year of 2008, thus, data for 2009 are only going to be available next year; moreover the NIS does not gather any information concerning public alimentation services. Therefore, we have no other source of information regarding the quantitative dimension of the alimentation sector of Romania's hospitality industry. We have reconstructed the official databases of the authorized accommodation facilities and public alimentation facilities in Romania according to three different databases that were published on

the web-sites of the Ministry of Tourism and more recently on the one of the Ministry of Regional Development and Tourism beginning with March 2009 and ending with March 2010. At the level of the clerks of the ministries, the lack of a systematic approach is proven by the fact that, even now, there are two different databases for each category (lodging facilities and public alimentation facilities) on the two official websites of the Ministry of Tourism, and respectively of the Authority of Tourism. We still believe that these databases can provide interesting facts concerning the structure of what is being offered on the market. Being aware of the slow-movement of Romanian authorities; we tend to believe that the analyzed databases in fact reflect the situation registered by the end of the year 2009.

From an administrative point of view, Romania is divided into 41 counties and the region of Bucharest (the country's capital city); the counties are grouped in 8 Regions of Development, which constitute 4 Macroregions of Development (North-West and Center; North-East and South-East; South and Bucharest-Ilfov; South-West and West). In order to make it easier to understand we are going to present two administrative maps:

Figure 3: Administrative Maps of Romania



1.1. A Brief Overview of Romania's Tourism Potential

Romania's tourism potential can be roughly presented in the table below. We have deliberately chosen to describe the country's tourism heritage in a synthetic manner in order to enable its correlation with the information that is presented further on. The table is elaborated according to the most important tourist resources that are taken into account for Romania's promotion as a tourist destination. Obviously, our intent is only to sketch a general frame of each county, we do not intend to discuss the country's tourism potential in detail.

Table 1: Romania's Tourism Potential

(Macro)Region of Development / County	Main Types of Tourism and Tourist Attractions

(Macro)Region of Development / County	Main Types of Tourism and Tourist Attractions
Macroregion 1: North-West and Center	
North-West	
Bihor	Thermal spas; multiculturalism; Apuseni Natural Park; cave visiting; winter-sports at Vârtop; mineral waters
Bistrița-Năsăud	Medieval towns; cultural tourism; multiculturalism; Rodnei Natural Park; rural tourism; spa resorts; mountain destinations; medieval ruins; țuică; wine-routes
Cluj	Apuseni Natural Park; multiculturalism; Turzii Gorges; business tourism; rural tourism; university education; fishing areas
Maramureş	Wooden churches; rural tourism; cultural tourism; religious tourism; authentic religious experiences; merry cemetery of Săpânța; memorial of the victims of Communism at Sighet; Rodnei Natural Park; planetarium; museum of mining and stones
Sălaj	Wooden churches; Roman castrum
Satu Mare	Heritage tourism – Țara Oașului; ancient ruins of a Dacian establishment; multiculturalism
Center	
Alba	Rural tourism; wine-route; cultural heritage; multiculturalism; medieval towns; Apuseni Natural Park; Scărişoara glacier; winter-sports at Arieşeni
Braşov	Mountain resorts; hiking; alpinism; horseback riding; skiing and other winter sports; very well-developed rural tourism in the Bran-Moeciu area; the Castle of Bran (Dracula's castle); cultural tourism – Saxon heritage: fortified churches; medieval towns; well-known cheese types; multiculturalism; the fortress of Făgăraş; UNESCO heritage sites; mountain-biking; Piatra-Craiului Natural Park; Bucegi Natural Park
Covasna	Multiculturalism; spas and mountain resorts; winter sports; mineral waters
Harghita	Multiculturalism; spas and mountain resorts; winter sports; Bicazului Gorges – Hăşmaş Natural Park; mineral waters
Mureş	The inhabited fortress of Sighişoara – UNESCO heritage site; multiculturalism; wine-routes; fishing areas; cultural heritage; wooden churches; fortified churches of the Saxons
Sibiu	Cultural tourism; medieval towns; fortified churches of the Saxons; mountain resorts; rural tourism; multiculturalism; UNESCO heritage sites; mountain-biking; ice-hotel at Bâlea; university education
Macroregion 2:North-East and South-East	
North-East	
Bacău	Some spa resorts; cultural heritage – George Bacovia
Botoşani	Cultural tourism resources – memorial houses of the: national poet Mihai Eminescu, historian Nicolae Iorga, composer George Enescu; Ştefan Luchian art galleries; Neolithic ceramics of Cucuteni; painted monasteries
Iaşi	Cultural tourism – with an impressive heritage, the county is called the "Romanian Museum County"; ancient ruins; medieval towns; wine-route; university education
Neamț	Bicazului Gorges – Hăşmaş Natural Park; Ceahlău Natural Park; hunting; painted monasteries
Suceava	Călimani Natural Park – bird and animal watching, cross country ski; eco-hunting; hunting; winter-sports; painted monasteries
Vaslui	Wine-routes; some ancient and medieval historic heritage sites; renowned cuisine; ancient ceramics
South-East	
Brăila	Danube river cruises
Buzău	Natural environment – appropriate for fishing and hunting; wine-routes; mud volcanoes
Constanța	Seaside resorts; spas and mud baths; beauty and wellness – Gerovital and Aslavital treatments; aquarium; planetarium; aqua-land amusement park; wine-routes; ancient and cultural heritage sites
Galați	Natural reservations
Teleorman	Ciuperceni-Turnu Măgurele – one of the oldest human vestiges of the world (1.5 million years old); Roman vestiges; rural tourism; hunting and fishing; memorial houses of the writers Marin Preda and Zaharia Stancu

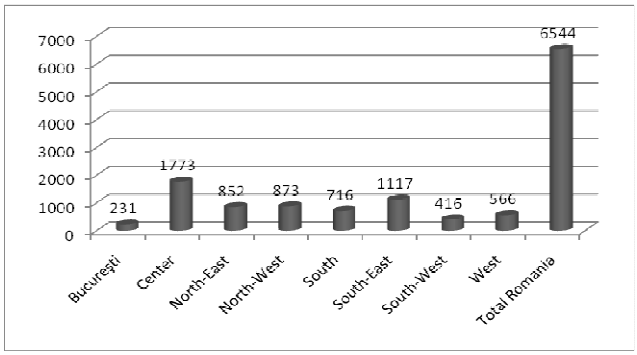
(Macro)Region of Development / County	Main Types of Tourism and Tourist Attractions
Tulcea	Danube Delta Natural Reservation; bird-watching; fishing; Danube river cruises; cultural tourism – ethnic heritage of Lipoveni-Russians
Vrancea	wine-routes; the place of birth of the ballad Miorița, which represents a fundamental part of the Romanians; spa resorts; historic heritage; natural monuments – the Fire from Andreiașu – natural phenomenon generated by gas
Macroregion 3: South and Bucharest-Ilfov	
South	
Argeş	The monastery from Curtea de Argeş; mountains; Transfăgărășan Road; cultural and religious heritage
Călăraşi	Potential offered by the Danube river; important hydrographic resources that can be exploited for fishing
Dâmbovița	Bucegi Natural Park
Giurgiu	Some medieval ruins; Danube river
Ialomița	Sapropaelic muds at Amara lake
Prahova	Bucegi Natural Park; winter-sports; mountain resorts; wine-routes
Bucharest-Ilfov	
Bucharest	Business tourism; meetings, conferences, congresses, political assemblies; cultural tourism; university education
Macroregion 4: South-West and West	
South-West	
Dolj	Historic heritage – place of origin for several personalities, from Mihai Viteazu to Tudor Vladimirescu or Theodor Aman; natural heritage; hunting sites
Gorj	Constantin Brâncuşi sculptural heritage
Mehedinți	Rich natural heritage that attracts fishers and hunters; Roman ruins and other historic and cultural resources; memorial house-fortress of Tudor Vladimirescu; spa resorts
Olt	Cultural tourism – human vestiges over 1,000,000 years old, that transform the region into one of the oldest regions of origin of the entire humanity
Vâlcea	Horezu Monastery – UNESCO world heritage site; Cozia Natural Park; spa resorts
West	
Arad	Cozia Natural Park; wine-routes
Caraş-Severin	Porțile-de-Fier Natural Park; spa resorts; wine-routes
Hunedoara	The castle of Hunedoara; Retezat Natural Park; mountain resorts; skiing destinations; Dacian fortresses
Timiş	Business tourism; cultural tourism; medieval town; University education; mineral waters

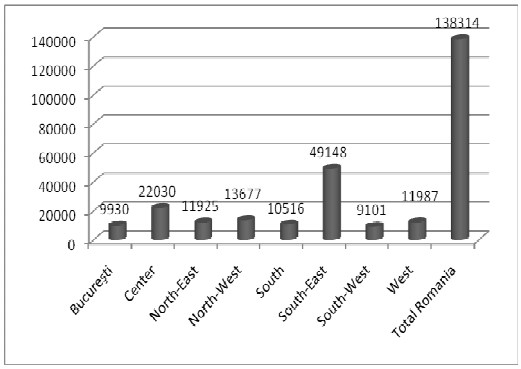
Source: (after *Romania Tourism* and *Infoturist*)

1.2. Accommodation Facilities

By the end of last year in Romania there were registered and authorized a number of 6,544 enterprises activating in the field of tourist accommodation. One ought to observe that the region with the highest number of lodging facilities is the Center region (which comprises Romania's most developed mountain destinations); it is followed by the South-Eastern region (which includes Romania's seaside resorts); the North-Western region is one of the country's most important spa destinations; the North-Eastern region concentrates the country's most appreciated religious tourism destinations. Figures 4a, b and c and Table N° 2 illustrate the current offer of Romania's lodging facilities by region of development:

Figure 4a: Number of Enterprises – Lodging Facilities **Figure 4b: Number of Rooms**





Source: (after NTA, *Authorized Lodgings*, March 2009-April 2010)

When it comes to both the number of rooms and of bed-places, once again, South-East is the region that dominates; it is then followed by the regions of development: Center, North-West and West. It is important to mention the fact that Bucharest, itself, concentrates an important number of bed-places in a relatively low number of accommodation establishments; this situation reveals that the capital of our country has been the scene of important investments in large lodging facilities.

Figure 4c: Number of Bed-Places in Lodging Facilities

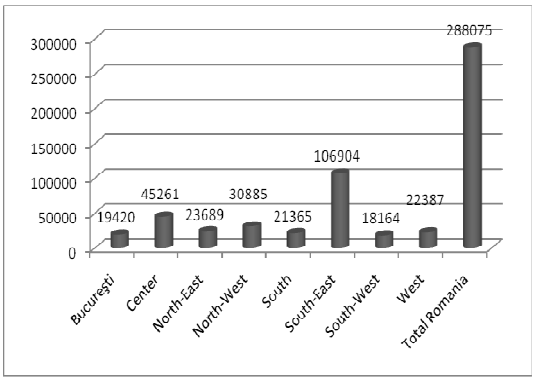


Table 2: Main Types of Lodging Facilities

Chalets	156
Hostels	220
Hotels	1,273
Motels	177
Rural Boarding Houses	2,237
Urban Boarding Houses	1,492

According to the data provided by NIS (2009 Yearbook), the total number of establishments had increased by 1,7 times between 1994 and 2008; thus, the figures provided by the National Authority for Tourism seem to be somewhat odd. Despite the fact that the boarding houses represent over 50% of the total lodging facilities of Romania, they still have a low contribution in the total number of accommodation places, which continue to be provided by the large hotels that were opened during the Communist times in seaside, mountain and spa resorts.

Table 3: Rooms and Accommodation Places Provided by the Main Types of Lodging Facilities

	N° of Rooms	**N° of Beds**
Hotels	87,024	172,463
Rural boarding houses	14,179	28,440
Urban boarding houses	13,195	27,959
Villas	6,374	13,275
Other lodging establishments	17,542	45,938
Total	**138,314**	**288,075**

Source: (after NTA, *Authorized Lodgings*, March 2009-April 2010)

Several remarks ought to be made. The most important ones concern the quality of the tourism offer. It is regrettable to notice that Romania's tourism accommodation facilities continue to be dominated by low- and mid-scale establishments, as one may notice in the two tables below:

Table 4: Distribution of the Classification (Stars and Daisies)

Stars/Daisies	N° of Classified Establishments	Percentage
1	474	7.2
2	2,564	39.2
3	2,854	43.6
4	592	9.0
5	60	0.9
Total	**6,544**	**100**

Source: (after NTA, *Authorized Lodgings*, March 2009-April 2010)

Table 5: Distribution of the Classification (Stars and Daisies) for the Main Types of Lodging Facilities

Hotels	1 Star	2 Stars	3 Stars	4 Stars	5 Stars		Rural Boarding Houses	1 Daisy	2 Daisies	3 Daisies	4 Daisies	5 Daisies
North-West	6.9	8.1	13.7	12.5	8.3		**North-West**	10.7	21.1	18.5	6.4	0.0
Center	15.3	11.8	18.0	15.8	12.5		**Center**	44.6	36.4	36.1	34.7	56.3
North-East	9.7	7.1	8.5	9.2	0.0		**North-East**	13.4	14.8	16.9	23.1	0.0
South-East	33.3	40.8	24.7	22.3	25.0		**South-East**	8.0	7.6	7.7	16.2	0.0
South	13.9	10.8	8.2	4.9	4.2		**South**	12.5	9.4	8.5	7.5	31.3
Bucharest	6.9	3.3	8.0	20.1	45.8		**Bucharest**	0.0	0.0	0.9	0.6	0.0
South-West	8.3	7.3	7.7	4.3	0.0		**South-West**	2.7	3.6	1.7	1.7	0.0
West	5.6	10.8	11.2	10.9	4.2		**West**	5.4	5.4	6.6	5.2	12.5

Table 5 (continued)

Villas	1 Star	2 Stars	3 Stars	4 Stars	5 Stars		Urban Boarding Houses	1 Daisy	2 Daisies	3 Daisies	4 Daisies	5 Daisies
North-West	6.5	4.9	12.8	5.7	0.0		**North-West**	6.5	4.9	12.8	5.7	0.0
Center	10.9	20.9	11.9	11.4	0.0		**Center**	10.9	20.9	11.9	11.4	0.0
North-East	6.5	7.4	5.0	9.1	0.0		**North-East**	6.5	7.4	5.0	9.1	0.0
South-East	34.8	36.2	50.0	45.5	50.0		**South-East**	34.8	36.2	50.0	45.5	50.0
South	17.4	11.0	6.9	10.2	25.0		**South**	17.4	11.0	6.9	10.2	25.0
Bucharest	15.2	0.6	0.9	6.8	12.5		**Bucharest**	15.2	0.6	0.9	6.8	12.5
South-West	4.3	10.4	6.0	4.5	0.0		**South-West**	4.3	10.4	6.0	4.5	0.0
West	4.3	8.6	5.5	6.8	12.5		**West**	4.3	8.6	5.5	6.8	12.5

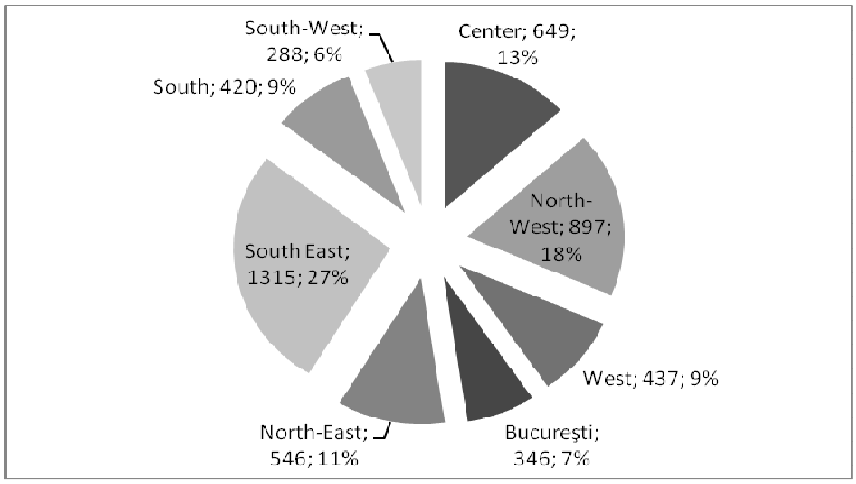
Source: (after NTA, *Authorized Lodgings*, March 2009-April 2010)

The concentration of the upper-scale establishments either in Bucharest (due to the statute of the city, as a capital) or in the South-Eastern part of Romania (seaside resorts) proves, with very few exceptions, the fact that authorities and investors have oriented themselves towards the less competitive seaside destinations, ignoring the rest of the country. Traditional and well-recognized cultural destinations lack un the quality accommodation offer.

1.3. Public Alimentation Facilities

According to the analyzed database, Romania's public alimentation system includes a total number of 4,898 authorized enterprises, which are distributed as follows below:

Figure 5: Number of Public Alimentation Facilities by Regions of Development



Source: (after NTA, *Authorized Public Alimentation Enterprises*, March 2009-April 2010)

The total number of alimentation service providers (catering, beverage and restaurant, etc.), further divides among the most important categories: restaurants, bars, fast-food suppliers, and bakery and sweets providers:

Table 6: Public Alimentation Facilities by Main Types and by Regions of Development

	TOTAL Restaurants	Types of Restaurants			Bars	Fast-food	Bakery	TOTAL
		Classic	Specialized	Oth. Types				
Romania	2,831	2,196	471	164	1,618	394	55	**4,898**
North-West	386	308	67	11	399	101	11	**897**
Center	430	331	76	23	183	32	4	**649**
North-East	405	256	146	3	115	21	5	**546**
South East	666	505	67	94	492	141	16	**1,315**
South	272	227	41	4	129	15	4	**420**
Bucharest	164	114	32	18	123	55	4	**346**
South-West	227	187	33	7	49	6	6	**288**
West	281	268	9	4	128	23	5	**437**

Source: (after NTA, *Authorized Public Alimentation Enterprises*, March 2009-April 2010)

One may easily notice that the gastronomic offer, like the accommodation one, is highly developed in those regions which have a richer tourism potential, and perhaps a more intense tourism activity. Unfortunately, there are available no data concerning the development of alimentation services' consumption. We may only comment upon the manner in which entrepreneurs have decided to orient their businesses and we may also make some assumptions based on the way the accommodation offer matches the alimentation one and, vice versa, how they manage to respond to the demands of the visitors, respectively.

Of particular interest for our paper is the structure of specialized restaurants. Thus, the table below illustrates the distribution of specialized restaurants throughout Romania's regions. As we have previously stated, gastronomy is a key vehicle for cultural communication through tourism experiences. As any tourist must eat at some time, it becomes clear that entrepreneurs must acknowledge the potential of a market, which is quite empty at this moment – the one of the authentic gastronomic product. Moreover, authorities claim that Romania has a marvelous gastronomy BUT, as the figures from below reveal, it is basically inexistent on the market.

Table 7: Restaurant Types and Authentic Gastronomy

	TOTAL Restaurants	Classic	Specialized Boarding House	Other Specialized	Restaurants with Specific			
					Wine Cellar	Local	National	International
Romania	**2,831**	**2,196**	**295**	**20**	**38**	**30**	**54**	**34**
North-West	386	308	35	3	7	4	9	9
Center	430	331	40	2	14	5	11	4
North-East	405	256	125	3	4	4	9	1
South-East	666	505	32	7	6	5	8	9
South	272	227	30	2	2	3	2	2

Bucharest	164	114	7	1	1	5	10	8
South-West	227	187	22	2	3	3	3	0
West	281	268	4	0	1	1	2	1

Source: (after NTA, *Authorized Public Alimentation Enterprises*, March 2009-April 2010)

One cannot but notice the fact that those public alimentation establishments which offer a somewhat authentic gastronomic product appear in low percentages within each destination (where the region represents 100% for all the alimentation facilities):

Table 8: Restaurant Types and Authentic Gastronomy

	Fast-Food	Classic	Other Rest.	With Specific	Specialized	Boarding House	TOTAL	
							Bars	Restaurants
Romania	**10.45**	**49.83**	**4.17**	**4.01**	**0.52**	**7.79**	**22.19**	**77.81**
North-West	13.80	39.31	1.85	5.03	0.47	8.07	30.38	69.62
Center	6.69	53.81	3.33	4.73	0.19	8.58	21.77	78.23
North-East	4.31	43.72	1.49	4.04	0.76	30.05	14.43	85.57
South-East	16.37	45.94	8.31	4.08	0.74	2.11	21.49	78.51
South	3.86	59.77	0.47	0.84	0.58	11.71	22.46	77.54
Bucharest	17.32	34.67	4.69	6.73	0.71	3.31	31.68	68.32
South-West	2.39	73.31	1.61	5.07	0.05	4.82	11.34	88.66
West	3.14	64.76	1.29	1.86	0.00	2.20	24.81	75.19

Source: (after NTA, *Authorized Public Alimentation Enterprises*, March 2009-April 2010)

Similarly to the accommodation facilities, most of the public alimentation facilities belong to the low-scale categories. Small differences appear in the case of the distribution of the facilities throughout the country (for example, concerning the number of alimentation enterprises, the leading hierarchy is different from the previous one, having the county of Constanța, closely followed by Cluj and only then by Bucharest).

2. Romania's Tourism

Ever since the events of December 1989, the quota of foreign visitors in the number of the total tourists of Romania's destinations has registered an ascending trend (from 12.2% in 1994, to 20.6 in 2008); the average increase rate throughout the entire time span was of 18.1% (our own calculations, based on NIS Yearbook of 2009). Generally, the quota was similar for all the cases, thus we may approximate a number of accommodated persons per type of establishment:

Table 9: Approximation of the Foreign Visitors' Number for 2009

Year 2009	Number of all visitors	~20% (Foreigners)
Hotels	4,546,930	909,386
Motels	202,597	40,519
Villas	228,689	45,738
Chalets	86,806	17,361
Urban Boarding Houses	396,657	79,331
Rural Boarding Houses	284,248	56,850
TOTAL ROMANIA	**5,745,927**	**1,149,185**

Source: (after NIS Monthly Bulletins, 2010 and on previous trends)

We consider that the above figures are relevant for the further determination and estimation of the potential customers' number for a gastronomic tourism product. Obviously, native tourists are not to be ignored either.

Conclusions

The situation that arises from the figures discussed indicates the fact that the Romanian public alimentation market has an almost empty segment, the one of the restaurants based on a local or national

authentic cuisine. On one hand, it is obviously the fault of the entrepreneurs, who do not seek to valorize the opportunities offered by the market and who tend to stick to comfortable solutions, such as classic restaurants or facilities serving international cuisines. Still, while the businesspersons may ignore the signs of the market, the administration may not. Thus, the situation is mainly due to the fact that the authorities have not understood that culture can be relatively easily promoted through a gastronomic tourism product; at this point, Romania still lacks a strategy concerning its integrated tourism promotion. Among other valuable assets of Romania, a special place must be granted to its gastronomy, which can offer a differentiation resource on the more and more competitive market of tourism. Perhaps, a gastro-tourist product can be developed based on the book of the regretted Radu Anton Roman. A more sophisticated gastro-tourist product can be developed for the *connoisseurs* and *gourmets* with the help of the very special writings of Alexandru O. (Păstorel) Teodoreanu, such as: *Gastronomice*, *De re culinaria* or *Inter pocula*.

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THE KEY OF INFLUENCE IN SOCIAL MEDIA

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Abstract: *Social media is currently an evolving "wave" in business marketing. Marketers are beginning to drive the use of social media as a component in their marketing strategy and campaigns to reach out to customers and fans. Among the subdisciplines of marketing that may utilise social media include promotions, marketing intelligence, sentiments research, public relations, marketing communications and product and customer management. However, these methods often lack the depth of information needed to understand why people engage in certain behaviours. This paper will explore recent examples of types of on-line participation and classifications.*

Keywords: web 2.0, on-line, social media, marketing communications , engagement.

JEL classification: M31

1. Social Media part of online Web

1.1. Characteristics

The real power of people can be noticed in the new revolutionized media channel – *social media*. Social media is best understood as *a group of new kinds of online media*, which share most or all of the following characteristics:

Participation & Engagement: social media encourages contributions and feedback from everyone who is interested. It blurs the line between media and audience.

Openness: most social media services are open to feedback and participation. They encourage voting, comments and the sharing of information. There are rarely any barriers to accessing and making use of content – password-protected content is frowned on.

Conversation: whereas traditional media is about „broadcast (content transmitted or distributed to an audience) social media is better seen as a two-way conversation.

Community: social media allows communities to form quickly and communicate effectively. Communities share common interests, such as a love of photography, a political issue or a favourite TV show.

Connectedness: Most kinds of social media thrive on their connectedness, making use of links to other sites, resources and people.

Social media allow us to "listen" to naturally occurring conversations and behaviors... to hear the unexpected. These insights come at us like a continuous river, changing the cadence of research. "Listening pipes," as Pete Blackshaw, executive vice president of Nielsen Online Digital Strategic Services, calls them, go beyond "push surveys" to include social media conversation, search, digital analytics, customer interaction in the "brand backyard," interactions at retail, and managed communities[18, Strategy Analytics Report, pp 25].

Web 2.0

Web 2.0 is a collection of open-source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users ' networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing / refining of informational content ."

Social media and Web 2.0 are two terms which are often used interchangeably in the marketing literature, even though they are not entirely the same. From the marketing perspective, the Web 2.0 should be perceived as the new tools for the marketing communication mix and facilitator and enabler of social media. From technological perspective, there are not many changes in the Web 2.0 compared to Web 1.0 applications; *the real value is created by people not only using this social software but participating in the creation process of it* (by creating and editing the new content or even in some cases modifying the application itself).[12, O'Reilly]

2. Marketing with Social Media

2.1. The Engagement Concept

In the '*Groundswell'* (2008), Charlene Li and Josh Bernoff outlined the following as core activities that define the engagement with the *groundswell*: listening, talking, energising, supporting and embracing. This is the framework that has been developed and proposed by Li and Bernoff to facilitate the transition for companies to understand and engage their customers within the social media space. They argued that social media is predominantly about the people and those relationships and communities must the cornerstone of any social media marketing strategy. Although the framework, as outlined, provides a clear community engagement model, it does not satisfactorily provide an understanding of the long-term value of investment in these activities. Engaging closely with customers and prospects on a broad scale represents a significant cost to most companies. However, Mitch Joel, in his book '*Six Pixels of Separation*' (2009) makes a clear argument for close engagement. People are increasingly becoming digitally connected to each other via social networks and online activities. With current rate of adoption, the online population will represent a significant, easily-targeted market for businesses. By investing in getting connected with their online market and customers now, companies will have the edge and advantage on competitors in the future. Customers' trust and rapport built over time are durable business assets that are hard to encroach on by competitors [6,Godin]

2.2. Objections to Social Media Marketing

Nonetheless, the consensus on marketing via social media is not universal. Tom Martin (2009), in *Advertising Age*, is adamant that social media is not a channel for marketing and that any corporate involvement behind a social identity devalues the conversations. Marketers points out the argument that marketing has no place in 'social' media and that it 'destroys social media's foundations' by undermining its human elements. This, he contends, is because of the very nature of marketing, which is a commercial corporate function. This study however is not in agreement with these views. Even in traditional marketing, engagements with prospects through advertising and promotional channels are activities that involve multiple levels of human interaction, seen or unseen (for an example, an advertising creative devising a copy for an audience). The marked difference at present is

that social media allows for reciprocal, two-way communication between advertiser and customer. Essentially, the core marketing principle of satisfying human wants and needs does not change. Marketing in social media is an evolution of commercial practices in tandem with the times.[3, Brogan,]

2.3. Different Disciplines

Further in this, the prominent blogger and social media expert, Chris Brogan, in his blog post '*Marketing is NOT social media-Social Media is NOT marketing*' (2007), argues that social media and marketing are distinctive disciplines and independent from each other. His primary argument is that social media is a set of tools that 'permits *regular people* access to potential audiences of shared interest' and that marketing should not 'own' these tools. Instead, he suggests that marketers should observe and take advantage of the effect of having the media in the hands of regular people. The same sentiment is similarly echoed by Lee Odden, voted number 15 by peers in 2008's top 100 list of digital marketers. Odden (2009) believes that social media is 'no place for direct marketing' and that people join social networks, and the Web 2.0 space in general, to be social with a like-minded community, instead of being marketed to.[13, Odden]

2.4. Discomforting Truth

Herein lies the disconnect. On one end, consumers are empowered by the internet to have their say and opinions on brands, and some, including experts such as Brogan and Odden, believe that consumers should be given total freedom to decide when to engage with brands. On the other end, marketers are desperately trying to leverage on social media to drive their marketing campaigns and to manage perceptions of their brands online.

2.5. The Believeres

Supporters of social media marketing for enterprise believe that the right approach can be beneficial for both businesses and customers. Eikelmann, Hajj and Peterson (2007) support the notion that companies should re-strategise and profit from this 'threat'. They believe that companies should actively seek to engage

in conversations with their customers. However, companies must observe a condition of moving away from 'controlling the message' and let consumers decide on the flavour of the conversations. Additionally, in their research, they observed that Web 2.0 has caused the fragmentation of marketing channels, in that, communities and websites tend to cater to niches and particular demographics. These should be used to the advantage of companies as they can be efficient through the use of highly-targeted effective marketing messages despite the clutter. [4,Eikelmann, pp 293-295]

This study agrees that the sheer volume of advertising clutter is causing consumers to question the authenticity behind the claims of these messages. It is also agreed that brand recall is suffering from increased consumerism as companies capitalise by developing countless new products and brands. Tellingly, a CBS news report (2006) states that an average person is exposed to about five thousand advertising messages in a day. This report argues that, with the explosion of cheap, one-way advertising channels and growing customer literacy in the art of marketing, the impact of traditional marketing communications has been undermined. Therefore, Meadows-Klue is of the opinion that social media is the right channel for marketers to regain attention from customers.

3. Influencing with Social Media

3.1. The Main Factor: Influencers

Despite the opposing arguments for social media's involvement in marketing, it is ultimately social media's creation of a new layer of influencers that will prove to be beneficial for both marketers and consumers In '*The Tipping Point*' (2000), author, Malcolm Gladwell, emphasises on the importance of influencers in the transference and spread of any new idea or knowledge. Without these idea facilitators, many commercial successes, such as the *Apple*, *Hush Puppies* and *Google* brands, will remain on the peripheral. For consumers, recommendations through peer influence tend to be perceived as highly authentic and objective.

For marketers, whose predominant purpose is the influence of customers to their products, the easy creation of consumer-influencers is a vital benefit that can be reaped from the integration of social media in their campaigns. Moreover, many marketing experts agree that *word-of-mouth* (WOM) is an effective element of promotion. In the Web 2.0 era, the WOM activity can be easily facilitated through the sharing of viral videos, email or peer reviews on Facebook. A research on the effect of WOM on social networks' sign-up, found that the elasticity of WOM referrals is 20 and 30 times higher than that of marketing events and media publicity, respectively. Thus, this study is of the opinion that a major role of social media in marketing practices (if adopted) must be objectively related to the creation of influencers within communities.[19,WOMMA]

3.2. Return on Influence

Another applicable theory in the matter of WOM through social media is the *Return on Influence* .The prevailing idea is that marketing must be strategically carried out through identifying and influencing those with the most influence over others. At present, social media is the only medium that allows for such detailed effort. Despite the intricacy of this tactic, the objective of focussing messages to the right audience is in accord with marketing fundamentals of segmenting and targeting audiences for maximum conversion. The influence of a Connector personality ('Connectors know lots of people') over an ideology or trend will quickly mobilise its spread and reach until it reaches the 'tipping point'. This is when an idea achieves critical mass and universal recognition through a sudden exponential growth.[4,Brogan]

3.3. Brand Advocates

However, traditional marketing philosophies do not explicitly cater for external contribution to a brand by anyone, other than an employee of a company. Commercial marketing objectives are typically aligned to achieve incremental revenue through quality lead generation and brand building. Because of this, no added emphasis is usually given to building external non-sale relations with customers. Nevertheless, with social media, the unpaid brand advocates are a reality. In the'Groundswell' it is proposed that brand advocates are 'grown' through purpose-built community forums for ardent fans of brands such as Lego, Dell and the iPhone. In retrospect, this act of 'energising the groundswell' is in effect a controlled and strategised word-of-mouth effort.[2,Bernoff]

3.4. Stickiness Wins

Another triumphant brand advocate campaign was the successful bid to have Barack Obama elected as President of the United States. The synchronized use of social Media channels gave extended awareness and publicity to the Obama digital campaign and a measurable edge over John McCain, the Republican Senator. This was achieved through endorsements made online by Obama advocates which has a lasting and visible impact as the internet retains a level of permanency and transparency. Again, this observation concurs with another of Gladwell's theory in 'The Tipping Point', *the Stickiness Factor* (2008). This is the study of the strength of a message in a person's mind that will allow it to be relayed from one person to another effortlessly until it reaches tipping point. From a marketing perspective, the Stickiness Factor is an important criterion in the crafting and testing of marketing messages: the viral effect of 'United Breaks Guitars' and Susan Boyle's 100 million YouTube views are evidence that the carefully-crafted message is a powerful tool for the marketer.

Conclusively, the use of external resources, who will evangelise a brand to friends, relatives and colleagues for "the most honest form of marketing" is similar in effect to an over-achieving direct marketing campaign, at minimal or no cost. The Obama campaign is compelling evidence that social media can assist in achieving marketing objectives if efforts are focussed on marketing through influence and brand advocacy.[14, Ostrow]

3.5. Permission and Trust Marketing

Irrefutably, traditional marketers are grappling with the decline of mainstream advertising and the rise of social media which has deeply affected the media and newspaper industry. Forrester Research, in its 5-year forecast, reports that global advertising budget will decline significantly and this will be supplanted by a 34% growth in social media budget This is a strong indication that advertising is fast losing its effect as a promotions tool. Without a doubt, the works of Seth Godin in the area of permission marketing have influenced a new generation of digital marketers. In '*Permission Marketing*' (1999), Godin explores the use of interactive technology, such as email and online games, in order to receive explicit customer permission for a brand to initiate direct interact. Godin argues that only marketing messages and approaches that are *relevant*, *personal* and *anticipated* will be readily accepted by customers. Godin's theory has been proven just as relevant today as customers continue to eschew traditional advertising in favour of word-of-mouth recommendation and peer reviews. With social media, practitioners of digital marketing are able to gain inroads to potential customers through the proven method of permission marketing. Instead of brands pushing and 'shouting' their messages across, social media channels allow for consumers to voluntarily 'befriend' (via Facebook Fan Pages) or accept communication (via Twitter or email newsletters) from brands. The building of trust through such relationships typically benefits both companies and consumers. As organisations become exceedingly visible through social media, it is therefore notable that marketing of trust is important. The experts expounds the theory that if an organisation does not provide value, be open and transparent and create opportunities for two-way communications, the brand will not survive in a time when social media is becoming an accepted platform for brand-building. Joel further states that these ideals are can only be possible through the 'building of community based on trust'. Based on these arguments, this study therefore has the opinion that modern organizational marketing must involve efforts in social media in order to maintain and increase trust and authenticity from customers' perspective.

3.6. The Reality of Social Media

The above arguments indicate that social media can be mutually beneficial for both parties if the boundaries of engagement are specified. In areas where corporate sponsored social media activities are managed (such as product support forums), branding and direct marketing should be reasonably accepted. In public and closed social networks, such as Twitter and Facebook respectively, permission must be sought for marketing messages to be broadcasted or relayed to specific users. Breaching these boundaries is akin to interruption marketing, similar in purpose and effect to untargeted advertising and email spam.

4. Conclusion

The above study has shown that social media do indeed have a significant role to play in contemporary marketing. Although there are dissenting voices in regards to the use of social media as a marketing tool, generally, social media has been proven to have important applications for marketing campaigns, public relations activities and customer relationship management programs.

A balanced and complementary approach is required to integrate social media into marketing practices. The expert consensus calls for marketers to engage in a subtle and restrained manner when engaging customers in social media. Making inroads through influence and permission, rather than direct selling, will more likely provide the benefits of long-term engagement. Therefore, the objective for social media marketers is indeed to turn customers into brand advocates.

The key of influence in communication 2.0

The significance of social media as a possible corporate ideology cannot be ignored. With open and transparent communication through social media, companies can benefit from the increased level of trust by customers and stakeholders. This is important in an era where corporate social responsibility is emphasised in the wake of corporate scandals, Social media has also been proven to be an effective tool for public relations and in the creation of thought leadership for a company.

Although social media is a recent arsenal to the field of business marketing, its potential as a marketing tool cannot be overlooked. However, furtherdevelopment in its practice and usage is required in order to increase corporate adoption. Also, a study into the measurement of social media's effectiveness and its return on investment must also be undertaken. Only then can the real value of social media to an enterprise be ascertained. Nonetheless, social media is a powerful tool for any organisation moving in the Web 2.0 space and beyond.

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THE IMPACT OF DIGITIZATION AND OF THE INTERNET ON THE BUSINESS MODELS

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Abstract: *Today's world is more interconnected and interdependent as ever before. The globalization and the information technology have created an interconnected global economy that handles huge economic exchange flows. In this new context the managers new a new optic in order to adapt to the today's changes. The Internet gives the buyers and sellers the possibility of more interaction and personalization and these possibilities are the virtual business models: generic, B2C, B2B. This paper presents these three models that allow the exchange process to be lead by the client. In these models, the clients define the rules of engagement or they can isolate themselves if they want to using the online intermediaries.*

Key words: generic business models, electronic window, portals, info-mediators, hubs

JEL classification: M10, M30, M31

1. Introduction

The globalization, the digitization and the Internet have generated the appearance of a new economy which is supported on the logic of managing the information and of the information technology (Kotler et al. 2009). This new frame forces the organizations to adopt a new marketing concept: *understand and respond* (it replaces the *produce and sell* concept, which is distinctive for the traditional marketing). This new concept reflects the new frame with regard to the implementation of holistic marketing idea proposed by Philip Kotler (Kotler et al, 2009).

The new economy offers to the sales forces as well as to the buyers' new capabilities (the increase of the purchasing power, a large variety of available goods and services, a great number of information, an increased interaction capacity, interactive communication, the degree of adaptability of the supply at the market). These new capabilities make every business capable to cover two markets: the marketplace and the market space. Taking all this into consideration, numerous commercial banks (like BRD Group Societe Generale, BCR etc.), insurance companies (ING, Allianz Tiriac, Aviva) and tourism agencies (Eximtur, Paralela 45 etc.) are available on bough markets.

The presence of a larger and larger number of companies on the two markets has contributed to the development and implementation of the holistic marketing, as a dynamic concept, resulted from the interaction of the company with its clients with the help of the information technology.

2. Business models offered by the holistic marketing

According to the concept of holistic marketing, the companies must use the information technology and the Internet in order to simplify the processes, the structure, the flow of products and services and information exchange process between strategic partners. Concretely the digital world gives the holistic marketing specialists more business models which are divided in three important groups (1) generic business models; (2) B2C developed business models; (3) B2B developed business models.

The generic business models allow the management process of the production and of the supply of client value. In practice we encounter three types of generic business models:

a) The *one-on-one model* – it takes the shape of traditional e-commerce without a middle man. The one-on-one model assumes that there is a direct relationship between the supplier and the consumer. This type of relation is facilitated by the digital technology which allows the companies to circumvent the middle man that exist along the value creation chain. For example, Ocean.ro, Amoayon.com and other online companies succeed in avoiding the bookstores and sell directly to the consumers. Within this model, the seller develops a simple channel extension and the consumer uses the Internet. The companies that practice the one-on-one model obtain incomes from the commercial addition and from the advertising that they host on their web pages.

b) The *many-to-one model* – gives the company the possibility to act as a middleman of the buyer, offering more products of which the consumer is interested. For example> Edmunds.com offers products and services which hold the interest of automobile enthusiasts, theknot.com offers products and services which hold the interest of future persons that want to get married. These sites are presented by Mohanbir Sawhney as meta intermediaries, and the companies involved have certain prices for these transactions and for the advertising that they host on their web pages. This model is also used by more sand more supply agents that use electronic instruments / software in order to improve their supply capacities (for e.g. General Electric has created the TPN network which allows the company to negotiate contracts, to order merchandise, to ask for prices etc.).

c) The *one-to-many model* – gives the company the possibility to act as a middle man for the seller or sellers. In this case the company establishes relations with the seller-partners, and he receives a commission for the transactions that the company makes. A relevant example is Ingram Micro the biggest independent reseller of computers in the world, which participates to the online auctions in order to help its seller clients to eliminate their over stocks.

d) The *many-to-many* model – gives the company a virtual market in which the supply and the demand meet and where incomes are obtained from e-advertising. E-steel and e-Bay are also virtual markets which allow the buyers and the sellers to buy and sell different products or services. The users pay a procedural tax for each completed transaction.

No matter of the used generic business model, the company which acts as a middle man is confronted with 3 processes: (1) the circumventing of existing middleman; (2) determining the consecrated middleman, which will use the Internet – broker agencies, (3) new types of online middleman : amazon.com, yahoo.com (Gerbert et al, 2001).

The B2C developed models we encounter the following virtual models:

a) *Electronic windows* – are sites that sell products or services. The maximum return of these sites is obtained when their supply is destined to the online trade. The members of the McKenna Group consider that there are 5 important categories of supply that is designated for e-commerce (1) supply with transaction costs that are smaller when they are sold online: books or software; (2) products/services that are of a certain type and for which the added information is very important – travel, body care products etc. ; (3) products that can deliver the feedback of clients in order to improve and personalize the product (s) – cars, computers; (4) high quality products that do not require physical testing – brand products; (5) products that have a high profit rate per unit sold (Gerbert et all, 2001)

b) *Portals and info mediators.* The portals are access points, which in the beginning have derived from temp sites (search engines), which later have become information centers that offer news, opinions or information. The portals' purpose is to hold the users more time on those sites, in order for the users to see a larger number of pages (for e.g. http://www.adresa.ro and http://www.legislatie.just.ro) The income is obtained from advertising (Cunningham, 2001).

The info mediators are creators or resellers by content. An info mediator is an entity which takes and sends information, knowledge and experiences. If Autovit.ro gives information about cars for free, and Kelkoo.com gives encyclopedia information for free, the sites fulfill the role of info mediators. Any supplier can be considered an info mediator. An interesting point of view is presented John Hagel which in an restricted meaning defines the info mediator as a site that retains personal information of the consumer, protects and manages them (Hagel and Singer, 1999). The info mediator acts as a custodian of the consumers' information, evaluating every time the requested information. The site's owner gains because the data that are collected are of a high quality.

Other specialists (Linstrom and Andersen, 2000) consider that portals as Yahoo, America Online and others fight for the position of first page (startup page) in the moment in which someone enters the internet. These portals are transformed in info mediators, collecting information about the users and helping them to contact the sellers.

c) *The facilitators* - are information suppliers that cash in a reduced tax from the transactions which the buyers and the sellers have. An important example in this case is http://www.eurotrading.alfaweb.ro which facilitates the offers of external financing from the USA, Australia, etc. Certain companies consider the facilitators, as added means for increasing the incomes, because they help to cover a bigger share of the market with a lower cost and supplement the force sale.

d) *The aggregators* – take information or other elements from more resources. The aggregators are web portals that bring together information from different sites. In the field of e-commerce we encounter on

line aggregators shops, the so called price comparison sites: http://www.shopmania.ro; http://www.price.ro; http://www.shoping-expert-ro etc. The facilitators and the aggregators are making pressure towards the decrease of prices, forcing the traditional companies to: better exploit the information of the clients, to improve the client's service and to transform the the company into a client oriented one (Deise et al., 2000).

e) The trust intermediary – have imposed them selves on the market because many consumers consider the online transactions as risky. Taking this into consideration, the trust intermediary is a entity that offers a safe environments, were the consumers and the suppliers con make the exchange. According to Amir Hartman, there are two types of trust intermediary: (1) the payment enablers – they insure that the payment is made and they reduce the risks for the buyers and the sellers; (2) the trust enablers – they create a safe environment in which the interacting parties have trust and hope of success (Hartman et all., 2000). The information technology contributes at the creation of many anonymous competitive markets. These markets can not work if there is no trust. For example, the E-Loan company makes the contact between the mortgage brokers and the creditors or The FastParts.com helps the electronic equipment producers to make spare parts exchange, both companies are trusted intermediaries.

f) *The „e-business enablers"*- facilitates the development of activities from partner companies like distribution en order execution. For example: FedEx offers logistics services for its clients, playing the role of an e-business enabler.

The B2B developed business models are modern solutions for the efficiency of business transactions. From this category we can point out the following:

a) *The B2B portals* – are destinations that offer information about a large range of products and services that are specific to a certain field or to a certain activity. The functioning portals are the ones that facilitate the acquisition of publicity space in the mass-media, the logistics service supply, the human resources and other business. Even a country can create such a portal in order to give information on its products or services that are offered by numerous producers. One such example is Chine which has created a portal called "MeetWorldTrade" which presents over 15.000 producers from the electronic industry and that are willing to place their production services at the disposal of foreign companies (Cunningham, 2001)

b) *The B2B info-mediators* – are sites that create, present and supply information to other sites, including to portals. Such an example is ZDNet.com, which presents information about computers and software.

c) *The B2B hubs* – are site created for the development of e-commerce activities with certain suppliers or buyers. Steven Kaplan and Mohanbir Sawhney distinguish 4 types of hubs (figure 1).

Figure 1: The B2B hub types

	Spot supply	**Systematic supply**
Production goods	**Exchange hubs**	**Catalog hubs**
Functioning goods	**Income management hubs**	**Maintenance, repair and functioning hubs**

Source: Adaptation after Kaplan S, and Sawhney M., *„E-Hubs: The B2B Marketplaces"*, Harvard Business Review 78, nr. 3 (May – June 2000), p. 99.

An income management hub allows the companies to buy or to sell functioning goods on the spot market were the prices and the quantities vary every day. These hubs help the suppliers that make large investments to adapt the prices frequently with the purpose of ataractic enough demand fro its production. YoUtilities.com is such an example. A maintenance, repair and functioning hub allows the companies to obtain the low value necessary goods for functioning from certain suppliers. These hubs help the companies by diminishing the transaction costs. For example Arriba and W.W. Grainger ask independent logistics companies to deliver their goods. An exchange hub allows the buyers to make contact and to make contact

and to make transactions with the suppliers from the spot market in order to obtain som goods for production.

The catalog hubs will allow the consumers to see the catalogs and the prices tat are practiced by the sellers from a certain field. These hubs contribute to a better quality of client services and to the reduction of transaction costs. No matter what the type of hub we use, it creates value by the involvement of more buyers and sellers that exchange goods and services at a fixed price or at prices that are negotiated on the spot.

3. Conclusions

No matter what virtual models we present, their efficiency is determined by the efficiency of the web sites. In this context, we share the opinion of Rayport and Jaworski, which consider that the web sites have seven important characteristics: (1) structure and design; (2) the content; (3) the community – or haw the site communicates; (4) the personalized aspect of the site; (5) the communication – two way communication; (6) the connection – links to other sites; (7) the commerce – the capacity for e-commerce (Rayport and Jaworski, 2001).

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VIRAL MARKETING – HOW TO USE THE INTERNET FOR ADVERTISING

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Abstract: *This paper presents the importance of the internet in the development of marketing a global level. It brings forth a new marketing concept that is used today, the concept of viral marketing. We want to present the importance of this new tool for today's companies in the context of the electronic world. The paper presents several approaches for the concept of viral marketing as well as some steps that must be undertaken by a company that wants success with a viral marketing campaign. We present some techniques that a web based company may use as well as the importance of using the new web based social networks in marketing.*

Key words: viral marketing, client, internet, social networks

JEL classification: M30, M31, M37

1. Introduction

In the digital age, the organizations should take advantage more and more of the power and the edge offered by the information technology, in order to inform the present or potential clients or consumers in a better and faster way (Gorski and Fuciu, 2009). In the last two decades an important shift has taken place in the world of communication. The appearance of the Internet and the development of the information technology has brought forth new ways of reaching the clients.

The information technology is one of the main factors pf the globalizations process. The information revolution is probably the phenomenon that has contributed mostly at the shaping of the new global economy. The internet has transformed and globalized the commerce, creating new ways by which the consumers and the sellers to complete their transactions. The appearance of new means of communication , web sites, e-mail, instant messaging chart rooms, blogs, web seminaries, have created a global system that makes life easy for individuals and the companies that want to find each other (Kotler and Caslione, 2009).

The fast pace in which the markets and the economy are moving have been influenced by the new technologies and by the development of new means of communication. In the beginning the Internet has been created for military use and only in the first half of the '90 this new network has been "released" for the general public. In the last years the Internet has offered the marketers a new environment to reach the clients. The increase usage of the e-mail as online communication, the development of instant messaging, from companies like Yahoo or Google, and in the last yeas the appearance of online social networks like Facebook, Twitter, Hi5 and others has created a new market for advertising and thus has brought foreword a new type of marketing – "viral marketing".

2. What is viral marketing?

The viral marketing and viral advertising refer to marketing techniques that use pre-existing social networks to produce increases in brand awareness or to achieve other marketing objectives (such as product sales) through self-replicating viral processes, analogous to the spread of pathological and computer viruses. It can be word-of-mouth delivered or enhanced by the network effects of the Internet. Viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence. Like viruses, such strategies take advantage of rapid multiplication to explode the message to thousands, to millions. Off the Internet, viral marketing has been often referred to as "word-of-mouth", "creating a buzz", "leveraging the media", "network marketing." But on the Internet, for better or worse, it's called "viral marketing". Viral marketing is spreading as a popular, efficient marketing tool, as consumers increasingly pick and choose what ads they watch and when. Viral is today's electronic equivalent of old-fashioned word of mouth. It's a marketing strategy that involves creating an online message that's novel or entertaining enough to prompt consumers to

pass it on to others — spreading the message across the Web like a virus at no cost to the advertiser. (Howard, 2005).

For marketers one of the most important aspects of the web is that when an idea, a product or a service takes off it can drive a brand or a company to fame and fortune for free. Many viral marketing campaigns start innocently, with a funny video or a small joke; this amuses a consumer who sends it to a friend, who sends it to another friend and so on (Mermann Scott, 2007). This paper will present several important aspects with regard to viral marketing and its implication for the company, marketers and consumers alike. Viral marketing has generated a lot of excitement recently, in part because it seems like the ultimate free lunch: Pick some small number of people to seed your idea, product, or message; get it to go viral; and then watch while it spreads effortlessly to reach millions. Unfortunately, for every high-profile example of a successful viral product—Flash Mobs, the Star Wars Kid, or JibJab's 2004 election spoof—there are many more attempts that fail. (Watts and Peretti, 2007).

3. Important steps for an effective viral marketing strategy

In order to have an effective viral marketing campaign for the company, the marketing managers have to use every advantage that the new communication technology offers. Like stated before, the internet has been a very important tool for developing such a campaign.

A classic example for viral marketing is Hotmail.com, one of the first free Web-based e-mail services. They have developed a simple 6 step strategy in order to develop their online products/services. (1) give away free e-mail addresses and services; (2) attach a simple tag at the bottom of every free message sent out: "Get your private, free email at http://www.hotmail.com"; (3) then stand back while people e-mail to their own network of friends and associates; (4) who see the message; (5) sign up for their own free e-mail service, and finally (6) propel the message still wider to their own ever-increasing circles of friends and associates (Wilson, 2005).

Even thou he example presented above was a successful one we have to keep in mind that not all viral marketing strategies work. Some viral marketing strategies work better than others, and few works as well as the simple Hotmail.com strategy. A successful viral marketing strategy must go trough several important steps in order to succeed. It is not necessary to have all the elements presented below, but the more elements it embraces, the more powerful the results are likely to be. An effective viral marketing strategy should pass trough the following steps. :

- **Gives away valuable products or services** – "product or services for free" are probably the most powerful words in a marketer's vocabulary. Most viral marketing programs give away valuable products or services to attract attention. Free e-mail services, free information, free "cool" buttons, free software programs that perform powerful functions but not as much as you get in the "pro" version. "Cheap" or "inexpensive" may generate a wave of interest, but "free" will usually do it much faster. Viral marketers practice delayed gratification. They may not profit today, or tomorrow, but if they can generate a groundswell of interest from something free, they know they will profit "soon and for the rest of their lives".
- **Provides for effortless transfer to others** – the medium that carries the company's marketing message must be easy to transfer and replicate: e-mail, website, graphic, software download. Viral marketing works famously on the Internet because instant communication has become so easy and inexpensive. Digital format make copying simple. From a marketing standpoint, you must simplify your marketing message so it can be transmitted easily and without degradation. Short is better. The classic is: "Get your private, free email at http://www.hotmail.com." The message is compelling, compressed, and copied at the bottom of every free e-mail message.
- **Scales easily from small to very large –** to spread like wildfire the transmission method must be rapidly scalable from small to very large. The weakness of the Hotmail model is that a free e-mail service requires its own mail servers to transmit the message. If the strategy is wildly successful, mail servers must be added very quickly or the rapid growth will bog down and die. So long as you have planned ahead of time how you can add mail servers rapidly you're okay. You must build in scalability to your viral model.
- **Exploits common motivations and behaviours –** smart viral marketing plans take advantage of common human motivations. What proliferated "Netscape Now" buttons in the early days of the Web? The desire to be cool. Greed drives people. So does the hunger to be popular, loved, and understood. The resulting urge to communicate produces millions of websites and billions of e-mail messages. Design a

marketing strategy that builds on common motivations and behaviors for its transmission, and you have a winner.

- **Utilizes existing communication networks –** the majority of people are social. Nerdy, basement-dwelling computer science grad students are the exception. Social scientists tell us that each person has a network of 8 to 12 people in their close network of friends, family, and associates. A person's broader network may consist of scores, hundreds, or thousands of people, depending upon her position in society. A waitress, for example, may communicate regularly with hundreds of customers in a given week. Network marketers have long understood the power of these human networks, both the strong, close networks as well as the weaker networked relationships. People on the Internet develop networks of relationships, too. They collect e-mail addresses and favorite website URLs. Affiliate programs exploit such networks, as do permission e-mail lists. Learn to place your message into existing communications between people, and you rapidly multiply its dispersion.
- **Takes advantage of others' resources –** the most creative viral marketing plans use others' resources to get the word out. Affiliate programs, for example, place text or graphic links on others' websites. Authors, who give away free articles, seek to position their articles on others' web pages. A news release can be picked up by hundreds of periodicals and form the basis of articles seen by hundreds of thousands of readers. Now someone else's newsprint or webpage is relaying your marketing message. Someone else's resources are depleted rather than your own. (Wilson, 2005)

4. Viral marketing techniques used in a web based business

From attracting customers to stores and having salespeople call on offices to making virtually all products available on the Internet. Business-to-business purchasing is growing fast on the Internet, and personal selling can increasingly be conducted electronically (Kotler, 2002). In order to develop and to have success with a web based business using viral marketing it is very important for the top managers and the marketing managers must be aware of several important techniques that help them in their activities (Wilson, 2000).

- **Encourage links to your site -** a company can do a number of things to encourage links to your site. Register with search engines, and seek reciprocal links. Some important approaches in order to develop these techniques are: (1) *Write articles and encourage other to post them free as content for their site* - if you're or your company is an expert in a particular area, write an article about an aspect of it. Then offer it to complementary sites to post on their site as free content, so long as the article contains links to your site. The article could go far and wide, especially if it is carried on the wings of e-mail to others who will distribute the same article to their network of contacts; (2) *Set up an affiliate program to encourage links to your products* - affiliate programs are a form of network marketing that provides financial incentive for other sites to link to yours. Make sure you pay enough to make this attractive to already-saturated site owners; (3) *Send out news releases concerning a free service or product available on your site* - the key here is to have a truly newsworthy event, contest, free service, or digital download. If your news release is carried by just 5% of the media you send it to, you could have your URL in front of tens of thousands of readers quite inexpensively.
- **Encourage word-of-mouth recommendations -** Word-of-mouth (on the Web it's "word-of-mouse") is considered the very best advertising, because it is unsolicited. Here are some ways to encourage friends to share with friends, and use their network to promote your site: (1) *Install a Recommend-It.com referral system* - recommend-It won't save a dismal site, but it will help your visitors promote your site to their network of friends; (2) *Make it easy to e-mail or fax your webpage to a friend* - encourage readers to e-mail your webpage to a friend. This is similar to recommend your site, but allows your visitor to send specific content as well. This is easier to accomplish without a database-driven site; (3) *Encourage people to forward your newsletter to friends* - *a*lways encourage readers to forward your e-mail newsletter to their friends. Do this at the end of a newsletter, and you may jog some readers to do it immediately.
- **Offer desirable products or services that spread your message -** Finally, the company can provide free services or products on the site that help spread the company's message to an increasing number of people who hear about it. Several companies offer free e-mail addresses using their domain name. But it's too late to repeat Hotmail's phenomenal success, and the free services will likely tack their own ads onto the free e-mail messages. Here are some more likely possibilities: (1) *Enable visitors to e-mail post cards or greeting cards from the company's website* - such scripts are

not very expensive. Though you can't compete with the Web's top card sites, if you have a unique spin on your product or service, you may carve out some real interest and traffic; (2) *Offer a digital game or utility for free download that carries your marketing message* - games carrying your ad or screen savers are just a couple of the possibilities. Others are games or graphic demos that people can e-mail to their friends. Most important of all, think of unique ways that the company can build viral marketing techniques into the future marketing programs. Programs that carry a strong viral marketing component get the company much more traffic for the investment than straight advertising.

5. Using social networks in marketing campaigns

In the last years the development of the Internet has given the opportunity and has created the perfect environment for creating and for developing web based social networks. A social network service essentially consists of a representation of each user (often a profile), his/her social links, and a variety of additional services. Most social network services are web based and provide means for users to interact over the internet, such as e-mail and instant messaging.

We define social network sites as web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site (Boyd and Ellison, 2007).

Social networking began to flourish as a component of business internet strategy at around March 2005 when Yahoo launched Yahoo! 360°. In July 2005 News Corporation bought MySpace, followed by ITV (UK) buying Friends Reunited in December 2005 . Various social networking sites have sprung up catering to different languages and countries. It is estimated that combined there are now over 200 social networking sites using these existing and emerging social networking models. Twitter, launched in 2006, has as recently as 2009 eclipsed many other social network services and—although lacking in some of what were considered the essential aspects of a SNS—has allowed add-on services to connect and supply these services via its public Application Public Interface.

Social network marketing or social level marketing is an advertising method that makes use of social network service and to increase their web presence. This ranges from simply advertising directly on social networking sites, viral marketing that spreads throughout the web, email, and word of mouth or providing niche social networking sites focused around the item being advertised. Many sites include features where companies can create profiles. For example, on Facebook companies can create "pages" where users can become fans of this company, product, service, individual, etc. Many companies create MySpace pages for themselves.

The combination of the development of social networks and the development of viral marketing has created the opportunity to further develop in the virtual world. Today’s companies have the possibility to reach the clients at a global level in a faster, better targeted a cheaper way. The new web based social networks like Twitter, Myspace, Facebook and others have become an invaluable resource for the companies. The organizations that want to succeed in this e-world must take advantage of every available resource – social networks are such a resource. Almost all of today’s respectable companies must have a Twitter or a Facebook page / profile. Using these new found resources they can reach the clients faster, they can run a product / service idea to the clients and receive a rapid feed-back or they can advertise a product/service in a faster and worldwide manner cheaper and with better results.

6. Conclusions

The Internet has become a vital tool for every company in today’s globalized economy. The development of the information technology and of this new communication tool at the beginning of the 1990 has given to the market an important push forward. The Internet has a more and more of an important role in the development of the marketing activity. The creation of the virtual environment has brought forth a new resource for the companies.

The viral marketing concept is a new tool the marketers are using in order to better transmit their message to the clients. The viral marketing has been transformed over the years form traditional marketing, to client oriented marketing, to word-to-mouth marketing and finally it has reached today’s form. In our paper we have presented several aspects with regard to this new concept. We have also presented several steps that a company that wants to use viral marketing has to take in order to succeed as well as some techniques that a web based organisation must use in order to have a successful viral marketing campaign.

Another aspect that has to be considered is the development of web based social networks that have become an important player in every viral marketing campaign.

In order to be a successful company you have to use every available resource that exists on the market. Today's companies must use the new information technologies, the internet at everything that it offers in order to be better that its competitors, to create new strategies, to find new ways of reaching, targeting and retaining the clients as well as offering them a product/ service that will satisfy their needs.

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CORPORATE SOCIAL RESPONSIBILITY. ENVIRONMENTAL APPLICATIONS IN ROMANIA

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Abstract: *Corporate Social Responsibility is a concept relating to the contribution that companies must take in order to contribute to the development of modern society. As states and international institutions have realized that adopting the principles of CSR by companies serves to the objectives of sustainable development, it appeared the need for international standards to define what a "desirable corporate behavior" is.*

CSR is a concept increasingly known in the Romanian business environment. An important thing for Romanian companies is to understand the implications of applying the social responsibility concept on long-term and the direct connection that it exerts on economic and social performances and environmental protect.

Key words: CSR, principles of CSR, sustainable development, desirable corporate behavior

JEL classification: M14

1. CSR (Corporate Social Responsibility)

Conceptual framework

CSR (Corporate Social Responsibility) is a concept relating to the contribution that companies must take to the development of modern society. "Responsible" initiatives of the companies had different names such as corporate citizenship, corporate philantropy, corporate societal marketing, community affairs, community development, etc.

As states and international institutions have realized that adopting the principles of CSR by companies serves to the objectives of sustainable development, it appeared the need for international standards to define what a "desirable corporate behaviour" is.

United Nations, European Union and the Organization for Economic Cooperation and Development are the three of most important institutions that were involved in developing of CSR framework to define and establish indicators to be assessed.

The framework was accompanied by recommendations and principles to guide states and local authorities in formulating public policies to promote, ensure transparency and to support CSR initiatives.

Currently, to demonstrate that it is "socially responsible", a company must understand the principles of CSR that are promoted internationally and to report regularly on integrating these principles in its activities.

Among the most important international institutions which are involved in supporting CSR: United Nations Global Compact, the Organisation for Economic Co-Operation and Development, European Union, OECD. These institutions have developed guidelines and directives in the field of CSR, some serving as guides to socially responsible companies.

UN Global Compact is an initiative of UN General Secretary to create a partnership between the United Nations and companies to achieve sustainable development globally. The program became operational in July 2000. Global Compact is a network of United Nations agencies, companies, trade unions, business organizations, academic organizations, civil society organizations, government institutions / administrative. Global Compact acts as a guide for companies that are turning to CSR.

Fields and principles

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption. The UN Global Compact has made The Ten Principles:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

UN recommends companies to integrate the Global Compact principles into their strategy to promote them in all spheres of influence. To integrate the 10 principles need to go through 3 steps that consistin: the company is committed to principles, joining the Global Compact; the company develops a plan to implement the Principles; the annual report of the company regarding the progress made in implementing the Global Compact, according to Communications On Progress Guidelines.

To coordinate actions for achieving globally sustainable development OECD developed, in 1976, “Guidelines for Multinational Enterprises” - a series of directives to be considered by any company, regardless of the operating field, regarding human rights , environmental protection, consumer interests, corruption and competition. In 2000 was published revised "Guidelines for Multinational Enterprises". It can be called *"CSR Code"*:

1. companies contribute to the economic, social and environmental, claiming the principle of sustainable development.
2. companies respect human rights in all activities that take place.
3. companies encourage local community development.
4. companies do not accept exemptions not included in the local legislation on environment, health, safety, labor and taxation.
5. companies support and apply equitable principles and practices governing the company.
6. companies develop and implement effective management systems building trusted relationships with communities in which they operate.
7. companies promote company values among employees through training programs.
8. companies do not discriminate and not sanctioned individuals or institutions that alerts management team about the company’s unfair practices.
9. company encourages its business partners to implement the ”OECD Guidelines”
10. companies are not unduly involve in local political activities.

EU and OECD countries governments support the principles set forth in “Guidelines”. EU is interested in CSR, considering it a means to achieve the goal set at the Lisbon European Council in 2000 to become *"the most competitive and dynamic economic system in the world capable of sustaining economic development through more jobs and best and greater social cohesion"*.

To guide companies in implementing CSR, the European Union has also developed a set of principles. It addresses two dimensions of the relationship between company and community, namely: internal and external dimension size. These are shown in the figure below:

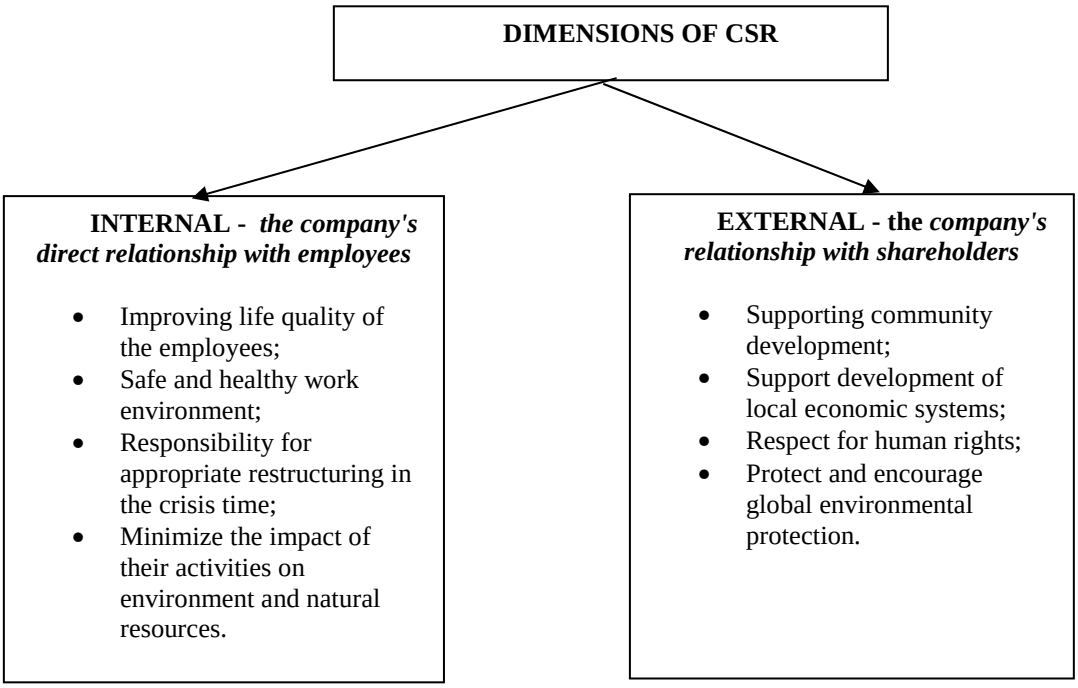

Figure1: Dimensions of CSR

EU recommends companies to integrate these principles into their codes of conduct and report on how they applied them.

Benefits of CSR

Of a company's CSR activities benefit both the civil society and the company. The benefits of the society are considering the good and the public interest. Particularly important are the benefits that can be obtained by the company. These are:

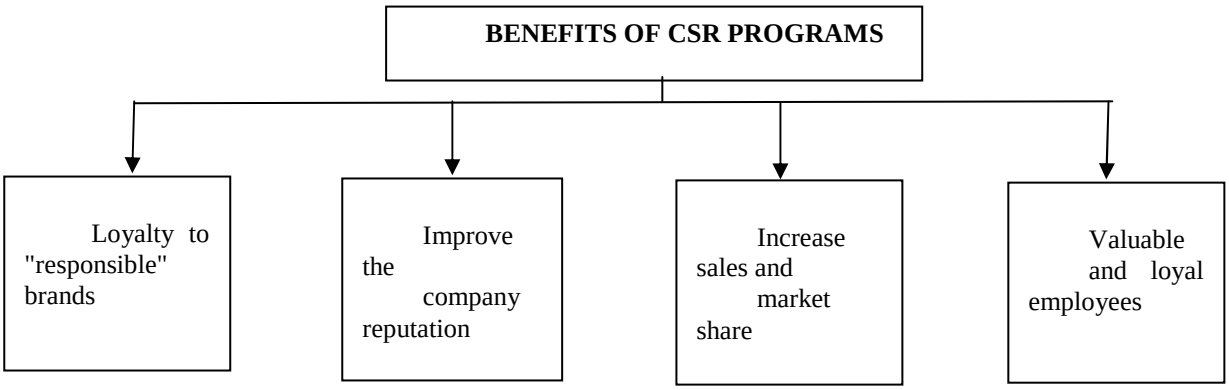

Figure 2: Benefits of CSR programs

Knowing these benefits and tracking them, including general business strategy, are essential to the process of adoption of CSR by Romanian companies to grow.

2. CSR Romania

CSR is a concept increasingly known in the Romanian business environment. The main actors in this field are multinational companies . They brought with them corporate culture implementing it locally. At first CSR was just a fashion, later the companies were becoming aware of its importance in society. In Romania, the idea of social responsibility has been reconsidered more ethical than commercial reasons. Then

companies have understood the importance of this concept to build a good image in the market and increase their reputation in society. Also they understood the success would achieve on the short and medium term.

An important thing for business in Romania is to understand the implications of applying the concept of long-term social responsibility and direct connection that it exerts on economic and social performance, at the same time, protecting the environment.

In Romania, were initiated a series of conferences on sustainable development. However most programs are initiated on fields as social assistance, humanitarian foundations, donations, assistance in education and scientific research.

However, companies have realized, finally, that their involvement in community projects is an essential element in long-term business development and at the same time, can lead to economic and social development.

And also, Romania hosted the first international conferences in Eastern Europe CSR - CSR06 - "Investing in the Future". This conference focused on CSR issues, namely, Business Conduct, relations with employees, Occupational Health and Safety, systems of monitoring and community involvement.

Conference participants proposed enactment of a law in the field of CSR, believing that a legal framework in this area would be useful in society.

It was also considered that a more important thing for now would be the setting up of the European Alliance for CSR.

Because the field of CSR in Romania is not well known and thoroughly, CSR06 had an educational role for the stakeholders, for public and private sector, for society and media.

In Romania was initiated The Social Responsibility project in the Carpathian Region, called “The way it works”, aiming to enhance CSR activities in the Carpathian region by sharing international experience and the involvement of all relevant stakeholders.

The project is co-financed by D-G Employment and includes regions from Slovakia, Hungary, Poland and Romania. It is managed by the Carpathian Foundation. The main target groups of the project will be social partner organisations, SMEs, multinational companies, regional, national and local governments, universities, NGOs and civil society organisations, business and professional associations from the districts within Slovakia, Hungary, Poland and Romania.

The main objectives of this project are:

• raising awareness and improving knowledge about CSR and its impact on society among businesses, governments, education institutions, civil society organisations and other stakeholders in the Carpathian region

• developing expertise and exchange of information on CSR and its existing instruments and practices

• constructing transferable models of CSR practice for new Member States of the European Union and the candidate countries, involving active partners from Member States of the European Union as well as from candidate countries.

CSR Romania is an initiative of the Forum for International Communications Foundation and the Center for Sustainability and Excellence (CSE).

In April 2009, the Foundation launched the Forum for International Communications Portal Resources PR Romania, became, shortly after launching, a resource reference for anyone interested in Public Relations.

CSR Portal Romania wants to promote on the Romanian market the idea of ethical management, generally, and the idea of corporate social responsibility (CSR), particularly. Partnership with prestigious international institutions from Britain, Germany and Greece, as well as part of “Analysis & Research” makes CSR Romania to highlight from other initiatives on the market. The Portal not only wants to impose as a communicator, an intermediary that collects and distributes information, but as a producer of analysis and research, a promoter of ideas on corporate social responsibility.

The site is primarily intended for CSR professionals, representatives of corporate foundations and NGOs, students concerned about ethics in business and, not least, the general public interested in information, analysis, research and case studies in CSR.

The Project is supported by The Echo Research from UK, by Institute 4 Sustainability of Germany and by Centre for Sustainability and Excellence from Greece.

Investment in CSR has become a significant competitive advantage in an economy of the 21st century.

Adoption of CSR principles will be stimulated when the companies will understand how to put them into practice so they bring value to their business objectives.

3. Environmental applications in Romania

A. Our Forest

In Romania in 2006, there were approximately 3 million hectares of deforested land. To stop the negative effects of deforestation, the authorities have adopted national measures that provided afforestation of 20,000-30,000 hectares per year. In 2007, only 10,716 hectares were afforested, while the exploitable wood mass increased substantially.

UniCredit Tiriac Bank wanted to contribute to this national goal.Together with MaiMultVerde Association, the Bank held in autumn 2008, a reforestation project – „Our Forest". The project consisted of planting 2,000 saplings in an area logged in the Mountains National Park.

Entire UniCredit's investment in this project amounted to 26,000 euros. Bank employees contributed in turn to a total of 3,000 euros.

B. "Green003", 2007-2008

"Green003" is a multi annual project started in 2007 by MaiMultVerde and Social Tasuleasa associations, in partnership with Coca-Cola HBC Romania. Project objective is to protect the Dorna water from its source until the watering.

In order to be effective, ecologisation must be accompanied by an education which promotes the protection of nature and learning a proactive attitude towards polution. The initiative has two dimensions: an educational, voluntary and environmental education, and a practice of clearing and reforestation.

In the first year of the project, organizers have developed the campaign „Plant, not vegetate" to raise awareness about the dangers of excessive deforestation.

Cleared Mountain slope area from Dorna Candrenilor, Calimani was reforestation by planting 10,000 saplings. The action of planting was participated 80 youth from Bistrita and Dorna, the children of Coca-Cola HBC employees and volunteers from Germany. In the second year of existence, the "Green003" continued to the action of greening called „Be clear!". It consisted of cleaning the riverbanks of Dorna, Bistrita and Siret.

During the two years of existence, „Verde003" project had the following results: 10,000 pine seedlings planted on the s cleared slope of the mountain Dorna Candrenilor, over 70 tonnes of rubbish gathered from rivers Dorna, Bistrita and Siret in nine cities; mobilized over 2,100 volunteers from the greening actions, trained 130 youth leaders in training sessions at Tasuleasa; getting support of leading public figures for the project; about 200 releases the central and local print, audiovisual and online,; a specific reference to the Civil Society Gala; 5000 promotional items produced and distributed.

4. Conclusions

Lately there has been an increase in firms that have adopted CSR, but at the same time CSR practices have been developed continuously. CSR is able to substantially contribute to achieving economic, social and environmental protection within nations.

It highlighted a direct link between CSR and competitiveness. Among competitiveness indicators that CSR can contribute obviously I can enumerate the costs, human resources, innovation, risk and reputation management, financial performance.

It is considered that CSR is an additional cost for business, This is a reason for companies not to adopt CSR in their business practices.

It is demonstrated that this concept is (according to the CSR definition set by the European Commission) actually an integration of social and environmental problems in the business of firms. It should be stressed that CSR is not just a charity but a way in which companies derive their profits.

Another aspect to be highlighted is the dialogue between shareholders and unions, public authorities, NGOs, business organizations.

CSR refers, in fact, what do companies in addition to what they are legally obliged to do.

Transparency and communication on social performance and environmental protection are particularly important aspects of CSR.

In addition, CSR has a positive impact on competitiveness both at company level, and at macroeconomic. Measure that CSR had helped is depending on the sector, company size, the different circumstances in which the company is at a time.

The impact of CSR on competitiveness is most evident in human resources, innovation, risk and reputation management.

Adopting CSR in their activities, companies are finding that they are opening to new business opportunities, can exploit the available resources in new ways.

For some companies adopting and practicing CSR has become a necessity.

But to really make a difference, CSR must be in the center of business strategy, otherwise it can lose emerging market opportunities. CSR must be integrated into social and environmental concerns of the company, to be the core actions of its decision, to be the promoter of the firm relationships with shareholders.

European Commission reaffirmed its position towards the CSR contribution to economic growth and sustainable development. It recommends member countries of EU to encourage the national business to apply the principles of CSR.

It can be concluded that CSR can contribute substantially to achieving economic growth and sustainable development that the European Commission has set out the Lisbon Strategy. EU may encourage member states to collaborate with stakeholders and trade unions in order to promote CSR as part of national reform strategy. The European Commission will continue to support both politically and practically EU's member countries so that all shareholders to engage in CSR.

Regarding Romania, it is noted that the issue of corporate social responsibility is viewed with interest. Many companies operating in our country take their responsibilities seriously. However, there are more other companies which are trying to avoid such involvement.

During the last two years, the CSR concepts began to be introduced into the vocabulary of Romanian business people, this is mainly owing to multinational companies which seek to promote projects and programs of CSR.

In Romania, social responsibility is changing rapidly and therefore, there are greater expectations from business. Companies that will help define and meet national priorities will register gains along with sustainable economic development.

Companies must find innovative and modern approaches of CSR, must adapt to social and economic context in which it operates, considering local needs. To be credible and to generate confidence, CSR programs should be based on concrete actions and transparency.

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INTERNATIONAL CIVIL AVIATION TODAY AND TWENTY YEARS LATER

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Abstract: *The aim of the paper is to analyze changes at the air transportation market that have been caused by the ongoing globalization and a series of crises in the beginning of the 21st century. We study the current state of the aviation market and look at its probable developments. We identify several principal megatrends the sector is heading to: multilateralism, global liberalization, consolidation, emergence of new business models, growing importance of environmental dimension, fast growth of regional carriers and shift of the center of gravity to Asia. The increased dynamics of the sector will create a completely new market structure.*

Key words: air transportation, megatrends, multilateralism, liberalization, consolidation

JEL classification: L93

6. Introduction

Megatrends can be defined as social and technological changes that have a significant impact on businesses, countries and mankind as a whole. They are not simple quantitative alterations – they are qualitative changes. The term "megatrend" was popularized by American researcher John Naisbitt in 1982 in a publication called "Megatrends – Ten New Directions Transforming Our Lives." Since then the term has been adopted by numerous researchers and politicians and it has become a widely used synonym for any kind of long-lasting structural qualitative change.

This paper studies the megatrends in international civil aviation. First, we focus on past and present megatrends – we analyze the current state of the aviation market and emphasize the changes it has undergone since 1990s. The rest of the paper identifies directions that will most likely become megatrends within the next 20 years.

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7. Civil aviation megatrends 1990-2010

It is widely acknowledged that the amount of change civil aviation has undergone in the last 20 years is only comparable to the amount of change achieved in the IT sector. The structure of the aviation market has been altered; new airports and other airside and groundside infrastructure have been developed; new aircraft substantially decreased fuel consumption and greenhouse emissions etc. Modern economy is characterized by globalization, fast GDP growth and boom of international trade and tourism. All these factors led to an increase in global air traffic from 1.5 billion passengers in 1997 to 2.3 billion in 2008. That implies average annual growth rate of 4.5 per cent (European Commission, 2009).

Significant changes could be seen in the field of government regulation of the industry. Although USA deregulated the sector already in 1978, other governments wavered. Only at the end of the 80s did Australia, New Zealand, Chile and some other countries fully liberalize their internal aviation markets. The liberalization started to be visible on international level as well. Since 1992 USA has signed nearly 100 liberal air transport agreements, so-called Open Skies treaties. Traditionally civil air transport services between two countries can only be operated by one designated airline from each side. The airports to be used, types of airplanes, maximal number of weekly flights and passengers, flight ticket prices and other conditions of business are regulated by a bilateral agreement between the two countries. Open Skies treaties liberalized the rules – they enabled designation of multiple airlines and cut all the price-setting and scheduling restrictions.

In 1997 the European Union created a single aviation market, becoming thus the first case of successful liberalization in the sector on a multilateral basis. Unlike in other parts of the world, free cabotage

now exists within the EU. This means any European airline can operate domestic flights in any European country. For example German Lufthansa can operate flights from Bucharest to Sibiu or from London to Manchester. Even more importantly, the 1997 liberalization eliminated investor nationality restrictions. While prior to 1997 only French citizens were allowed to own French airlines and only Spanish investors could own Spanish airlines (etc.), today any EU citizen can own any EU airline. This level of investment freedom has not been achieved on aviation markets anywhere else in the world.

Liberalization and deregulation have led to higher competitiveness of the airline industry, to cheaper flight tickets, better service, opening of new destinations and they have stimulated development and growth of the low-cost airline model. However, liberalization and deregulation are only two of a number of changes that have been seen throughout the sector within the last 20 years. Rigas Doganis (2006), arguably the most renowned expert in this field, has identified other distinguishing characteristics of the contemporary aviation sector.

As we already mentioned the most important megatrend of the aviation 1990-2010 has been **liberalization.** It has achieved the highest level in the EU and USA. After more than 5 years of negotiations the EU and USA signed an Open Skies treaty in 2007 liberalizing thus air transportation between the two continents. Currently, a more elaborated and complex treaty is under negotiation. If successful, the EU and USA will become the largest internal aviation market in the world with more than 1.1 billion passengers annually (European Commission, 2009).

One of the most important direct results of liberalization has been the emergence and fast growth of **low-cost airlines**. Liberalization eliminates most of the restrictions in air traffic. This enables a relatively easy market entry to newcomers. A traditionally used case study is the success of Southwest Airlines in USA. Prior to liberalization, the company had been a small airline with scheduled air transportation services limited to the state of Texas. Today, it is the third largest airline in the world by passengers carried. Other successful American low-cost carriers include JetBlue or AirTran. The impacts of liberalization in Europe have been even more visible: low-cost airlines, such as Ryanair, EasyJet or others now provide for 34 per cent of the seat capacity (European Commission, 2009)… 20 years ago it was close to zero.

The low-cost model is based on a strict cost control that makes it possible to charge low fares. These fares stimulate demand and help increase passenger traffic. Low-cost airlines do not only capture passengers who had previously used full-service airlines, but also create new demand. Low-cost airlines use various methods to minimize costs. The most common of them are: point-to-point service (no transfers mean less baggage handling and easier scheduling), aircraft fleet standardization, utilization of cheap secondary airports, lower wages, sales through own website and product simplification. The majority of low-cost airlines do not offer any complimentary on-board services. Passengers have to pay extra for everything except for the basic transportation service. The success of the low-cost model can be easily demonstrated by the fact that even many of the so-called full-service carriers have adopted certain features of the model. For example, almost all airlines in USA already charge fees for checked baggage. Also, airlines have started to phase out business class on short-haul routes and many full-service airlines now operate their own low-cost subsidiaries.

The emergence of **internet** has completely changed the way flight reservations are made and has altered many business activities, including marketing and scheduling. The internet has driven down distribution costs. For example, Ryanair sells flight tickets exclusively through its own web site, which leads to substantial savings. Using its own web site, the company does not need to pay for services of global distribution systems (such as Amadeus, Galileo, Sabre and Worldspan) and has to pay no commissions to travel agents. Almost every airline in Europe now relies on internet for a portion of its sales. While in 2000 5 per cent of all flight tickets were sold online, in 2007 it already reached 35 per cent and the number keeps growing (Belobaba et al., 2009). In general, information technologies found broad application in airline business. Thanks to modern technologies, the airline sector is very different from what it was just 10 years ago. The list of relatively recent changes includes e-tickets, e-kiosks, online check-in, new scheduling programs etc. The value of cost savings is innumerable.

Another factor with crucial importance for civil aviation is **fuel prices**. While fuel prices were relatively stable in the 90s, the terrorist attacks in USA in 2001, wars in Afghanistan and Iraq and other external shocks have made the prices extremely volatile. The oil price reached its peak in 2008 at 147 USD per barrel. The lowest price in that same year was 35 USD – that is an enormous difference of 112 dollars! This environment makes it extremely difficult to predict future oil prices and puts a lot of pressure on fuel hedging departments. It is widely acknowledged that the era of cheap oil is over. Even if the most optimist prognoses are fulfilled and the price of oil oscillates between 30 and 40 USD per barrel, it will still be

considerably more expensive than it was in the 90s. In the long term, airlines can only cope with high fuel prices if they concentrate on strict cost control.

From geographical point of view the most important air transportation market has always been the North Atlantic. Due to increased economic activity in China and other East-Asian nations the center of gravity has slowly started to shift to **Asia-Pacific region**. The economic potential of China, India and the Asian dragons is enormous. A clear evidence of the increasing importance of Asian aviation market can be seen in virtually any aviation statistics. For example, the list of 30 busiest airports in the world compiled by Airports Council International (2009) includes 5 East-Asian airports. While traffic at many airports has suffered losses during the current economic crisis, airports like Beijing still grow at a 5-percent rate. Likewise, the list of 50 largest full-service network carriers by revenue passenger kilometers flown (European Commission, 2009) contains 21 airlines from Asia-Pacific and further 5 from the Middle East.

8. Civil aviation megatrends for the next 20 years

All the factors identified in the previous section are dynamic. They started to affect international civil aviation a decade or two ago and their role keeps increasing ever since. However, as the world economy keeps changing, we can identify other megatrends that will shape the sector within the next two decades and will bring aviation to a whole new qualitative level (figure 1).

Figure 1: Civil Aviation Megatrends – today and 20 years later

MEGATRENDS 1990-2010	*MEGATRENDS 2010-2030*
Liberalization Significant role of low-cost airlines High utilization of internet and IT Volatile fuel prices Growing importance of Asia-Pacific region	Multilateral air transport agreements Global liberalization Consolidation – mergers and alliances Emergence of new business models Growing importance of Asia Growing importance of regional flights Environmental accountability Cargo market – integrators

Source: Doganis, 2006 and own research.

The most important megatrend for the future of international civil aviation will be a shift from bilateral to **multilateral air transport agreements**. This process has already begun in 1997 with creation of the single aviation market in the European Union. Multilateral air transport agreements have two levels: first, signatories eliminate all designation, pricing and quantitative restrictions in their mutual air services. They create a zone with mutually accorded first five freedoms of the air (see figure 2). After the first level is implemented, signatories wishing to bring liberalization to a higher level commit to the principle of non-discrimination on the basis of nationality. That means a citizen from any of the signatory countries will have a right to own any airline operating within the zone. This effectively constitutes creation of a single aviation market.

We believe multilateral liberalization of air transportation will sooner or later be accomplished in all world regions. In South America it will most likely happen under the auspices of MERCOSUR. In the Caribbean and the Pacific multilateral agreements will be signed with local aviation superpowers, such as USA, China and Australia. Development in Africa is dubious. As a continent with the lowest Gross Domestic Product per capita and lowest market penetration it would profit immensely from any level of liberalization. The flight ticket prices would decrease sharply and the international trade and tourism on the continent would undergo a boom. However, as of yet African governments are unwilling to make any changes to their protectionist legislations and the situation of African aviation remains dire. Inter-African flights are infrequent, expensive and the safety of passengers is questionable. The only 3 exceptions are South African Republic, Ethiopia and Egypt. The spirit of co-operation between countries, although supported by the African Union, is weak and they prefer protectionism and short-term national interest to long-term Africa-wide solutions. Moreover, the majority of countries are notorious for corruption and nepotism and in this environment it is not realistic to expect liberalization anytime soon.

Multilateral liberalization will lead to creation of several regional aviation zones. While regional integration has significant positive impacts within the bloc, it usually implies protectionism outwards. International civil aviation will obviously be no exception. Effects of trade creation will be accompanied by effects of trade diversion. Relations among the blocs will be governed by bilateral air transport agreements. It might therefore seem that there is no way to escape bilateralism and protectionism in aviation. Civil aviation governed by thousands of air transport agreements will evolve into a system governed by less than a hundred air transport agreements; but the bilateralism and protectionism will be maintained.

Figure 2: Freedoms of the air

1st – the right or privilege, in respect of scheduled international air services, granted by one State to another State or States to fly across its territory without landing.
2nd – the right or privilege, in respect of scheduled international air services, granted by one State to another State or States to land in its territory for non-traffic purposes.
3rd – the right or privilege, in respect of scheduled international air services, granted by one State to another State to put down, in the territory of the first State, traffic coming from the home State of the carrier.
4th – the right or privilege, in respect of scheduled international air services, granted by one State to another State to take on, in the territory of the first State, traffic destined for the home State of the carrier.
5th – the right or privilege, in respect of scheduled international air services, granted by one State to another State to put down and to take on, in the territory of the first State, traffic coming from or destined to a third State.
6 th – the right or privilege, in respect of scheduled international air services, of transporting, via the home State of the carrier, traffic moving between two other States.
7th – the right or privilege, in respect of scheduled international air services, granted by one State to another State, of transporting traffic between the territory of the granting State and any third State with no requirement to include on such operation any point in the territory of the recipient State, i.e. the service need not connect to or be an extension of any service to/from the home State of the carrier.
8th – the right or privilege, in respect of scheduled international air services, of transporting cabotage traffic between two points in the territory of the granting State on a service which originates or terminates in the home country of the foreign carrier or (in connection with the so-called Seventh Freedom of the Air) outside the territory of the granting State.
9th – the right or privilege of transporting cabotage traffic of the granting State on a service performed entirely within the territory of the granting State.

Source: www.icao.int.

Multilateralism will lead to **global liberalization** of civil aviation. The questions remaining are: “when will this happen?” and “which international organization is going to oversee it?” It is improbable that any major changes will happen before 2020. A much more realistic date is 2030. There has already been a few failed attempts to accomplish global liberalization of the sector – the first of them more than 65 years ago. In 1944 delegates of more than 50 countries met to discuss possible post-War structures of international civil aviation. The US delegation came with an idea of free civil aviation with no protectionist rules. However, the idea did not find sufficient support. It was opposed primarily by European countries led by the United Kingdom, who feared that their war-torn aircraft fleet would not be able to compete with US airlines. Another failed attempt took place in 1986-1994 as a part of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations. Conversely to what many hoped to achieve, air transport services were explicitly excluded from liberalization: The Annex on Air Transportation Services to the General Agreement on Trade in Services (GATS) states that the Agreement shall not apply to measures affecting traffic rights and services directly related to the exercise of traffic rights (WTO, 1995). Excluding GATS, the most viable forum for global liberalization of civil aviation is arguably the International Civil Aviation Organization (ICAO). The institution is widely respected and it regularly organizes seminars on numerous topics including aviation safety or climate change. If – for some unknown reasons – it is unable or unwilling to support global liberalization efforts, the only option left will be mutual negotiations of regional aviation blocs. Whatever the method is, global liberalization is inevitable. We believe efforts of the European Union, Canada, Australia and New Zealand will shortly be joined by other countries, pushed by the interests of their major airlines.

International liberalization is closely connected to **consolidation of the sector** and **increasing importance of airline alliances**. While on one hand liberalization simplifies market entry and leads to establishment of many new airlines, on the other hand it causes loss of competitiveness to many airlines and

leads to their exit from the market. For example, creation of internal aviation market in USA in 1978 led to establishment of more than 100 airlines. Out of these, only single airline still exists (Sheth et al., 2007) – all the others have bankrupted. This was also the fate of huge airlines like PanAm who where not able to compete with more flexible smaller and younger airlines. Creation of internal aviation market in the European Union led to establishment of many low-cost carriers as well. Researchers believe the vast majority of them will collapse and only a few market leaders will survive (e.g. Doganis, 2007). This has already started to happen and many companies, such as Sky Europe or Sterling Airlines have bankrupted.

In general, airline business is a volatile sector with high numbers of market entries and bankruptcies. Liberalization intensifies competition and leads to lower flight ticket prices. Consequently airlines are under pressure to lower their cost base. However, costs tend to decrease at a slower rate than prices. Doganis (2006) demonstrated this in a research based on the data from 1989-2003. In that period average yield of world's airlines fell by 40 per cent. Therefore only airlines which are able to react fast to the constantly changing environment can be successful. Moreover, airline business – with income elasticity of demand considerably higher than 1.00 – is vulnerable to all kinds of crisis. It is one of the first expenditures households are willing to cut in case of financial issues. Family visits and holidays are postponed until a later date or cancelled. Also businesses typically react to crises lowering their budgets for business trips. As business passengers represent a considerable part of airline revenue, any fall in business traffic has an enormous impact on financial position of airlines. Current economic crisis has caused major problems for large airlines, such as Alitalia, Austrian Airlines or Japan Airlines. Preliminary losses of the global airline industry in 2009 reached 9.4 billion USD and the forecasted loss for 2010 is 2.8 billion USD (ATW, 2010).

Taking into account all the factors that led to high volatility and enormous losses of the airline industry, consolidation of the sector by means of mergers and alliances is inevitable. Airline alliances developed as a substitute for mergers in an environment where mergers were impossible. Protectionist air transport agreements often effectively prohibit mergers. A so-called "nationality clause" only allows operating scheduled airline services between two countries to citizens of those countries. Foreign airlines are typically prohibited from entering the market. Under these conditions, cross-border mergers would lead to a loss of traffic rights. Another problem with cross-border mergers is strict anti-monopoly legislation. In an effort to overcome these issues airlines have started creating alliances.

Last 15 years have seen a birth of 3 major global airline alliances: Star Alliance, oneworld and SkyTeam. Joint sales, purchases, aircraft maintenance, code-sharing and other activities enable them to achieve significant economies of scale. However, an alliance is always the second best option to a merger. It can therefore be claimed that once liberalization leads to elimination of the "nationality clauses", alliances will lose their weigh and mergers will gain on importance. After this happens, the structure of the global airline industry will undergo large changes. National airlines will cease to exist and a new class of transnational mega-airlines will emerge. To a certain extent the process has already commenced. Air France and KLM merged in 2004, creating thus the largest airline in Europe. The merger of Delta Airlines and Northwest Airlines, completed in January 2010, created the largest airline in the world. Other mergers (e.g. between British Airways and Iberia) will probably follow soon.

Changing environment will lead to **emergence of new business models**. Today, we distinguish between three airline models: traditional full-service network airlines, low-cost airlines and charter airlines. The most dynamic of these are low-cost airlines. Their increasing role in passenger traffic and innovations they implement have been gradually changing the market structure since 1990s. Various features of the low-cost model have already been adopted by network carriers. The role of charter airlines is important especially in Europe and in Canada; they have not been very successful in USA yet.

Progressive liberalization and increasing importance of cost management will lead to gradual convergence of the three models. For example, many low-cost carriers will enter long-haul markets. To date, the majority of low-cost airlines have focused on short-to-medium-haul markets. The specifics of long-haul flying constitute a significant challenge for airlines like Ryanair or Southwest. Their revenue potential is large, but successful cost management might prove difficult. Low-cost airlines will not be able to use all the tools they traditionally use to keep their cost level to a minimum. Utilizing cheaper secondary airports and keeping fast turn-around times might be hard. Moreover, full-service airlines do long-haul business in a much more efficient way than on the short-haul market and can therefore offer reasonable prices low-cost airlines might not be able to match. A return flight from London to New York costs less than 500 USD, all inclusive. The majority of full-service carriers compensate this low price from high yields in the business traffic segment. It will be interesting to see whether low-cost carriers are able to beat the price without introducing business class cabin. Another problem for low-cost airlines will be their no-on-board-service

policy. For flights longer than 5 hours passengers generally expect in-flight catering and personal multimedia systems. If low-cost airlines decide to provide the service, they will effectively come closer to a full-service carrier status. On the other hand, on short- and medium-haul level full-service carriers have been increasingly imitating their low-cost counterparts. US airlines already charge fees for checked baggage, they limit in-flight catering to soda and pretzels and provide no newspaper service. Full-service airlines have started to concentrate on providing the best service to business and first class passengers on intercontinental flights. Service to all other passengers has already lost the prefix "full-". On short-haul routes there will soon be no difference between what once used to be full-service carriers and low-cost airlines, except for the possibility to have one's baggage automatically transferred to a connecting flight. Another option is that the current market structure based on 3 cabin classes (first, business, economy) will develop into a complex system of all-economy and all-business flights.

The center of gravity of the airline business will continue with its **eastward shift to Asia**. Fast growth of China, India and other countries in the region and increased investment opportunities in the Middle East will multiply passenger numbers and cargo transport. Asia's population reaches almost 60 per cent of the world total; Asia's air traffic is only at 25 per cent of the world total (European Commission, 2009). This will clearly change in the decades to come. Fast growth of airports in Beijing, Dubai or Singapore and expansion of airlines such as Emirates, Etihad or Air China are obvious signs of the trend. By 2028 China alone will be the second largest aviation market in the world. Air traffic in Asia will triple in volume (Airbus, 2009).

Regional flights (ultra-short haul) are another segment with high predicted growth. Regional flights will continue to serve as feeders of hub operations at large airports. Origins of successful regional operations can be found in the 1990s when Bombardier introduced a 50-seat Canadair Regional Jet 200, the first mass-produced regional jet. Since then small regional jets have been gradually replacing turboprop aircraft. Their high speed and low costs of operation enable airlines to operate short flights between regional towns that had been unprofitable before. As a result, airlines have opened hundreds of new destinations and improved the concept of hub-and-spoke operations. This process will intensify in the future and many communities will gain air service. Even very narrow markets that are not able to support an A318 or B737-sized aircraft can be commercially attractive when using a regional jet. For example, small Romanian airports like Satu Mare, Suceava or Craiova can serve as feeders of Lufthansa's hub in Frankfurt. Naturally, the most important market for regional airlines will be China.

Another factor that will play a crucial role in future development of the airline market is **environmental accountability**. The European Union has been trying to minimize greenhouse impacts of civil aviation by means of emission trading schemes, planned to enter into effect in 2012. However, this initiative is not supported by any other leading aviation market. USA and the International Air Transport Association (IATA) openly talk about a breach of international law and are planning to file lawsuits. Airlines, aviation authorities and other actors understand the importance of environmental accountability, but as of yet no agreement about methods to be followed exists.

The efforts to decrease CO_2 emissions and eliminate noise have been taken on by airports. Landing fees on many airports have been differentiated according to noise and emission class of the aircraft. This encourages airlines to purchase modern aircraft and phase out old models. It is necessary to note that emissions of modern aircraft are 70 per cent lower than emissions of 40-year old models (Boeing, 2008). As modern aircraft have significantly lower fuel burn than old airplanes, efforts to decrease emissions are rewarded with lower operating costs. Environmental issues have also been addressed by a co-operation of aircraft producers, engine manufacturers and airlines conducting test flights using bio fuels.

Capacity saturation is becoming a serious problem at numerous airports in Europe and North America. Waiting for a runway slot at peak times leads to flight delays and to increased fuel burn and emissions. Moreover, civil air space in many countries is interrupted by numerous military zones. Airlines have no right to enter the zones and have to bypass them instead. Thus, airline routes are longer than great circle distances and aircraft burn more fuel than necessary. This led to creation of NextGen initiative in USA and SESAR in the EU. The programs aim to modernize air navigation services and overcome air space fragmentation. As a result, air space capacity will increase and emissions per passenger will be reduced.

Cargo market will be dominated by **integrators**. Integrators are businesses that provide transportation of goods on a door-to-door basis. They own large aircraft fleets and thousands of ground vehicles. They specialize in express deliveries between virtually any two points in the world. Today, the four most important global integrators are FedEx, UPS, DHL and TNT. They already dominate the US market and own more than 25 per cent of global air cargo capacity (Boeing, 2008).

The majority of air cargo is transported on scheduled passenger flights. We believe the status quo will remain unchanged for decades to come. International passenger flight network covers almost all countries of the world and the space under the main cabin is conveniently available for cargo transport.
Situation on the all-cargo market is different. Competition between cargo airlines and integrators has been intensifying. Whereas a decade ago integrators specialized almost entirely in express deliveries, recently they have been trying to diversify their business into regular cargo markets. They dispose of numerous comparative advantages: they own large aircraft fleets (FedEx and UPS especially), operate several hub airports, have an extensive network of sales points and their brand name is well known throughout the world. Conversely, most cargo airlines operate only a few aircraft and their number of destinations is limited. Taking into account these differences, integrators will continue increasing their share on the cargo market and will cause collapse of many cargo airlines. Only the largest airlines and small niche carriers will be able to survive.

9. Conclusions

Since 1990, civil air transportation has undergone two decades of radical changes. All fields of the airline business have changed: scheduling, marketing, sales, operations, etc. The market has become increasingly dynamic and there is no reason to believe this will change in the future. On the contrary, the dynamics will keep accelerating. The aviation market of 2030 will be very different from the aviation market of today. We have identified numerous megatrends shaping the industry: multilateralism, global liberalization, consolidation, airline alliances and mergers, emergence of new business models, growing importance of Asia, growing importance of regional flights, environmental accountability and crucial role of integrators on cargo markets.

Our predictions are not without risks. They are based on the assumption that international civil air transport liberalization will not slow down. Recent developments on Transatlantic and Transpacific markets support this assumption. However, there is always a risk of exogenous shocks that might reverse the trend (deep economic recession, major war, global pandemics or other events). If liberalization comes to a standstill, the future of civil aviation will be very different from the one we predicted: consolidation of airlines, emergence of new business models and environmental sustainability will become impossible. There is only one megatrend that seems to be irreversible: shift of the center of gravity to Asia. The continent where more than half of the world's population lives is destined to become a leader. That will not change.

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THE ROMANIAN INBOUND TOURISM BEFORE AND DURING THE ECONOMIC CRISIS

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Abstract: *Today, the Romanian tourism industry is faced with challenges linked to the economic downturn. More than ever the overarching challenge for the tourism sector is to remain competitive but not only: environmental and social sustainability in tourism are more than ever crucial when foreseeing the future of this sector . Past crises show that people continue to travel and that tourism does not stop altogether but requires adaptation on behalf of the policy makers and stakeholders. Tourism possesses the inherent ability to diversify Romania's economy, to stimulate entrepreneurship, catalyze investment, create large numbers of sustainable jobs, and help social development.*

Key words: global crisis, the national development plan, inbound tourism, tourism and economic regression
JEL classification: L83, M31, M37

11. Introduction

Tourism is especially vulnerable to economic uncertainty and volatility for a simple reason. Most travel and tourism involves discretionary expense. During tough economic times people conserve their cash to cover the essentials of life, food, shelter and family necessities. However, this does not mean that tourism stops. The trend that we have learned from past crises whether we refer to past economic crises or the global tourism scare resulting from the events of September 11 is that people continue to travel but they will travel differently from the way they do during times of economic buoyancy. Those tourism and hospitality businesses which will survive and indeed thrive in the months ahead are those which can adapt because there are always winners and losers in any outbreak of economic volatility.

12. Tourism- a high priority in Romania's National Development Plan

The National Development Plan is the fundamental instrument by which Romania will try to recover as quickly as socio-economic disparities towards the EU. It is a specific concept of european economic and social cohesion and is a strategic planning document developed by a broad partnership, which will guide and stimulate socio-economic development of Romania in accordance with Policy EU cohesion. In a global economy, Romania's development strategy should focus on catalysts factors for economic and social change, to promote economic growth, while strategy must be flexible enough to adapt to shocks and processes change. To achieve the overall objective and specific objectives for 2007-2013, the actions are grouped in six national development priorities:

a) increase economic competitiveness and development of knowledge economy

b) development and modernization of transport infrastructure

c) protect and improve environmental quality

d) human resource development, promoting employment and social inclusion and strengthening administrative capacity

e) developing the rural economy and increasing productivity in agriculture

f) decrease development disparities between regions of the country

As we can see from the sixt's priorities, one factor which may play an important role in increasing the overall competitiveness of the economy over the medium term objective is to increase the competitiveness of Romanian tourism and improving Romania's image by promoting the tourism potential. Tourism means development and modernization of transport infrastructure, protect and improve environmental quality and also protect and improve environmental quality. This objective requires further action to develop and promote international destination Romania tourism with sustainable development of a national interest. This economic sector is developing as a result of natural advantages particularly diverse cultural and historical heritage and evenly distributed throughout Romania.

13. Romania's inbound tourism and the economic crisis

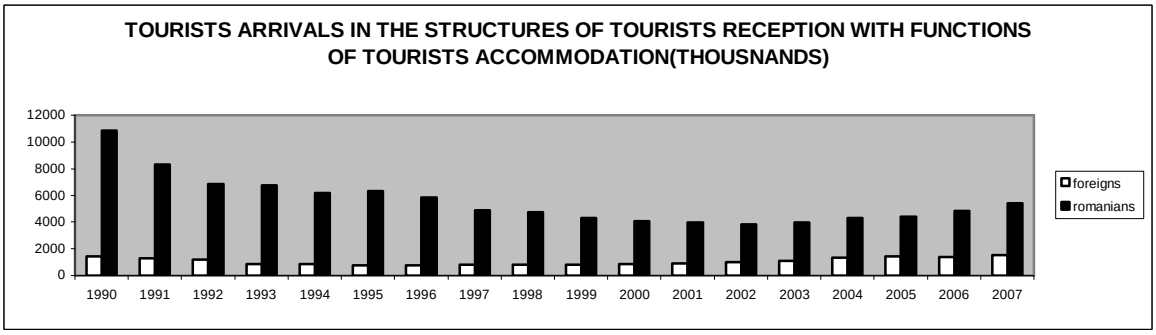
After two decades of declining visitor numbers and under-investment in development and modernization, Romania's tourism industry seemed to be regaining profile and pace. As Romania heads towards modernization and is consolidating infrastructure, governance and legal systems, tourism will have an increasing role to play – particularly in creating sustainable jobs for the country's population. The challenge now is to fully embrace the commercial world in order to develop a competitive tourism product, using the country's considerable advantages – including its prime central European location and rich cultural and natural diversity – as a base. Unfortunately, 2008 brought the economic crisis and it occurred in all areas, including tourism. Let's see together how our inbound tourism looked before the economic crisis.

3.1. Romania's inbound tourism before the economic crisis

As a Communist country granted 'most favoured nation' status by the USA due to the government's anti-Soviet policies, Romania was a well-known tourism destination in Western Europe in the 1970s. US-backed credits spurred economic development and, popular with visitors from Germany, the UK, Scandinavia, France, Italy, Austria and Belgium, the country's Black Sea coast resorts were booming. However, by the end of the 1980s – as a result of under-investment and an increasingly unstable political situation – visitor numbers began to dwindle. After the international media documented the fall of Ceauşescu in December 1989, this trend continued as the full impacts of the communist regime were realized. The opening up of Romania opened the world's eyes to the extreme poverty of the Romanian people, often embodied in the images of orphanages - images far from that of a tourist haven.

The slow privatization process combined with lack of investment in infrastructure over the 1990s, as Romanians readjusted to life after Communism, resulted in an increasingly ailing tourism industry. However, new-found freedom and an emerging middle class saw a boost in outbound travel, encouraged by cheap deals in nearby Greece and Turkey. In the 90's a favourable exchange rate with the US dolar, euro or the improved image of Central and Eastern Europe were beginning to attract international tourists to Romania.

Figure 1. Tourists arrivals in the structures of tourists reception with function of tourists accommodation(thousands)



According to WTTC's research, in 2005 Romania ranked fourth out of 174 countries in long-term growth in demand. Membership of NATO in 2002 and the accession to the European Union (EU) ment that international awareness of Romania is growing. The mid-1990s saw renewed interest in tourism from central government, when the industry was identified as a national priority. Romania's inbound tourism has had a rough ride over the past seventeen years in terms of international arrivals. Apart from a slight rise in 1999, which held its level in 2000, arrivals in the country have consistently declined since 1995, although the falls in 2001 and 2002 mirror the global economic downturn in the wake of spetmeber eleven. Recent years, however, have seen impressive growth – more than 16 per cent in 2003 and some 18 per cent in 2004, although preliminary estimates based on data for the first ten months of last year point to a drop of 12 per cent in arrivals in 2005.

3.2. Some key figures in the last three years

In January 2008, compared to the previous year, both arrivals and overnight stays in tourist reception with functions of accommodation increased by 6.9% and 5.1%. Compared with January 2007, in January 2008 there have been increases in both arrivals of foreign visitors at border points of entry (58.1%) and the departures of Romanian visitors abroad, border registered (51.9%). Arrivals in tourist reception in January 2008 were 383.4 thousand, 6.9% more than January 2007.

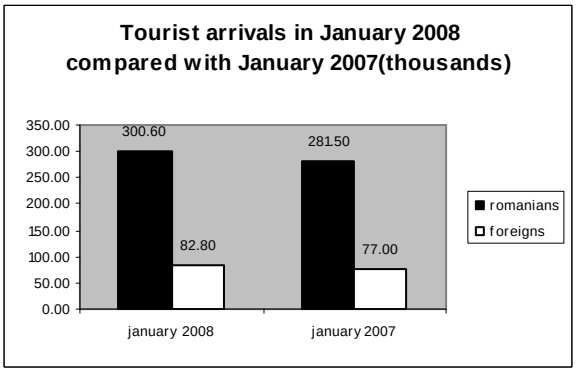


Figure 2. Tourist arrivals in January 2008 compared with January 2007(thousands)

Romanian tourist arrivals represented in January 2008, 78.4% of total arrivals, while foreign tourists accounted for 21.6% of total arrivals, similar to those of January 2007. Arrivals in hotels in January 2008 have accounted for 71.9% of total arrivals in tourist reception with functions of accommodation, with 4.3% more than January 2007. There were 854.9 thousand overnight stays registered in tourist reception in January 2008 , up to 5.1% more than those of January 2007. Romanian tourists' overnight stays in tourist reception accommodation with functions represented in January 2008, 76.3% of total overnight stays, while foreign tourists accounted for 23.7%, approximately equal to those in January 2007.

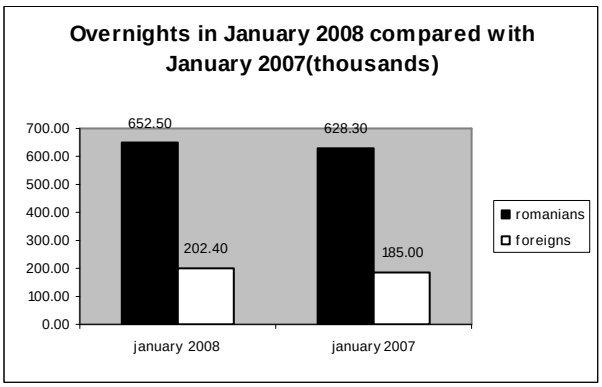


Figure 3. Overnights in January 2008 compared with January 2007(thousands)

The arrivals of foreign visitors in Romania, registered at border checkpoints were in January 2008 up to 536.7 thousand, 58.1% more than January 2007. Most foreign visitors were from countries located in Europe (95.7%). 60.2% of total arrivals of foreign visitors in Romania were from the EU countries, Hungary (37.9%), Bulgaria (20.6%), Italy (9.0%) and Germany (8.2%).

In January 2009, compared to the previous year, arrivals and overnight stays in tourist reception with functions of accommodation decreased by 10.6% and 16.2%. Compared with January 2008 in January 2009 the arrivals of foreign visitors at border crossings decreased by 7.8%.

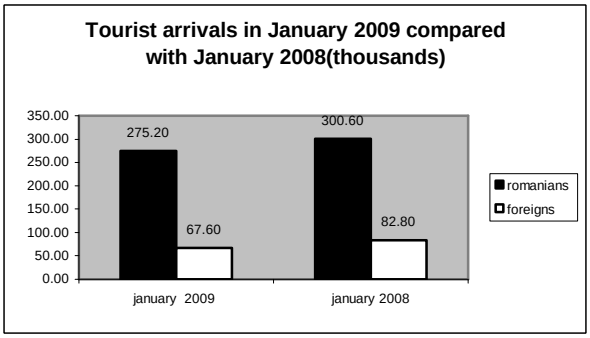


Figure 4. Tourist arrivals in January 2009 compared with January 2008(thousands)

Arrivals in tourist reception in January 2009 accounted 342.8 thousand tourists, down to 10.6% in January 2008. Romanian tourist arrivals in January 2009 accounted for 80.3% of total arrivals, while the arrivals of foreign tourists represented 19.7% of total arrivals, weights close to those January 2008. Arrivals

in hotels in January 2009 have accounted for 69.8% of total arrivals in tourist reception with functions of accommodation. Arrivals in hotels had decreased by 13.2% compared to January 2008. Overnight stays registered in tourist reception in January 2009 totaled 716.7 thousand, decreasing by 16.2% compared to those in January 2008. Romanian tourists' overnight stays in tourist reception accommodation with functions represented in January 2009 77.9% of total overnight stays, while overnight stays of foreign tourists accounted for 22.1%. Arrivals of foreign visitors at border crossings in Romania were in January 2009 to 494.7 thousand, down 7.8% from January 2008. Of the total foreign tourist arrivals in Romania, 62.5% came from EU countries, Hungary (41.4%), Bulgaria (21.7%), Italy (8.1%) and Germany (7.5%). The index of net use of accommodation places in January 2009 was 17.7% on all tourist accommodation, down 4.5 percentage points from January 2008.

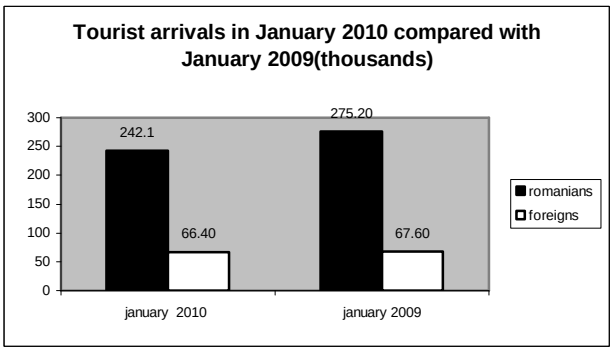


Figure 5. Tourist arrivals in January 2010 compared with January 2009(thousands)

In January 2010, compared to the previous year, both arrivals and overnight stays decreased by 10.01%, respectively, with 10.6%. Compared with January 2009, the month of January 2010 there were border decreases, both arrivals of foreign visitors (5.0%) and the departures Romanian foreign visitors (5.3%). In January 2010 there were 308.5 thousand arrivals, decreasing by 10.1% compared to those in January 2009. Romanian tourist arrivals in tourist reception with functions of accommodation in the month of January 2010 represented 78.47% of total arrivals, while foreign tourists accounted for 21.53% of total arrivals, weights close to those of January 2009. Arrivals in hotels in the month of January 2010 have accounted 75.4% of total arrivals in tourist reception with functions of accommodation, 2.8% down from January 2009. There were 629.1 thousand overnight stays registered in tourist reception in the month in January 2010 , 10.6% less compared to those in January 2009. Romanian tourist overnights in tourist reception with functions of accommodation in the month in January 2010 represented 77.6% of total overnight stays, while overnight stays of foreign tourists accounted for 22.4%. Index of net use of accommodation places in January 2010 was 15.4% on all structures tourist accommodation, down 2.4 percentage points from January 2009. Most foreign visitors came from countries located in Europe (96.3%). 63.3% of total arrivals of foreign visitors in Romania were from EU countries. Among the EU countries most arrivals were registered in Hungary (44.8%), Bulgaria (16.9%), Italy (7.7%), Germany (7.2%) and Austria (4.0 %).

14. What can we do ?

Tourism has traditionally centered on the resorts of the Black Sea coast but in reality Romania has a great deal more to offer. For the domestic market, spa tourism has long been popular, and significant work and investment are going into developing the country's cultural sites for tourists. The country's ski resorts are already well established, and the same facilities offer great potential for adventure tourism and walking in the off-season. Bucharest is also not to be ignored for the business tourism that already exists and that will inevitably increase.

The domestic market has driven tourism in Romania and it is still an important sector of the industry. However, increased competition from countries such as Greece and Turkey, to which cheap flights and deals are luring romanians away from holidaying in their own country. In general both government authorities and the private sector are open to developing Travel & Tourism, but there is a need for deeper understanding of the industry, how it works, and what it needs to be successful. Travel & Tourism should be factored into mainstream policies for employment, trade, investment, education, culture and environmental protection. In order to facilitate this, an industrial image campaign should be undertaken to ensure that all public and private stakeholders are aware of the industry's contribution and, in particular, its potential with regard to

rural development. The government should take advantage of opportunities to raise awareness of Romania as a tourism destination, both within the country and internationally.

The vast majority of Romania's visitors arrive by road. Considerable EU structural funds have been allocated to the upgrading of the country's highways. Although further investment is desperately needed, main arterial routes are adequate and should not be used as an 'excuse' for delaying the development of other infrastructure in the regions. Improvements in the formerly extensive rail network would reduce pressure on road links. In order to facilitate and increase visitor arrivals, a liberalized aviation policy should be pursued. In particular, the introduction of low-cost carriers should be encouraged. Furthermore, the development of regional airports, so that visitors do not have to connect via Bucharest, should be prioritized. Romania also benefits from extensive accommodation facilities. However, the absence of any national quality standards affects the overall quality of the country's tourism product. Modernization of existing facilities and implementation of national standards are vital to increase Romania's competitiveness.

Considerable steps have been taken to clean up and protect the natural environment in Romania. Now, it is vital that tourism development plans be integrated into environmental management systems and vice-versa. In the same way, preservation of cultural heritage should go hand in hand with tourism development. In both cases, careful monitoring is needed to ensure that high standards of preservation are maintained. Romania does not enjoy a high profile in the global market, and its image as a tourism destination has been undermined by images of poverty, orphans and environmental degradation. These perceptions are gradually changing and the creation and promotion of 'Brand Romania' should be urgently prioritized. Within this brand, there is also a need to promote Romania's diverse and touristically-unique regions. Adequate funding, both at national and regional levels, should underpin all promotion and marketing activities, allowing for concerted advertising campaigns, high-profile presence at international events and a strategic approach to target markets.

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CUSTOMER VALUE: THE CRITICAL SOURCE FOR COMPETITIVE ADVANTAGE

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Abstract: *This paper explores service sector and its potential to take into account different opportunities to gain a competitive advantage. The major objective is to determine the opportunities and limitations in which service sector growth is fuelled by advances in information technology, and innovation. Information technology has a substantial impact on the growth of digital services. Our findings illustrate that the profitability of manufacturers depends on exploiting value-added services. The contribution of this paper is to aid academics and researchers to better understand how services are the crucial force for today's change toward a global economy.*

Key words: Customer value, competitive advantage, services

JEL classification: L8, L63, M21

15. Introduction

Firms compete with the introduction of new products or services to capture new markets and to reach fast-changing customer expectations. They also seek new processes for production and service delivery in order to reduce costs and increase customer satisfaction. By examining drivers of firm performance from service perspective, the author conceptualizes the capabilities that are critical for attaining the competitive advantage.

A service is an intangible personal experience that cannot be transferred from one person to another. Instead, a service is produced and consumed simultaneously. Service firms have the opportunity to build long-term relationships because customers conduct their transactions directly with the service provider, most often in person. In contrast, manufacturers traditionally have been isolated from the eventual end user by a distribution channel consisting of some combination of distributors, wholesalers, and/or retailers, Bart (2003).

Service industries are now the largest contributors to employment and GDP in most countries. Although the significance of the service sector can vary significantly when comparing developed and developing countries, the rise of the service sector can be considered a general trend. In some Eastern European countries the service sector is following the same pattern as in developed market economies – that is, the relative importance of services is increasing. However, the actual share of the service sector in GDP is still below the level of the development market economies. In Romania, for example, the agricultural sector still very large. The main explanation, however, is that during the Communist era more priority was given to the manufacturing sector.

The paper examines the process by which knowledge, information technology and capabilities of firms can offer a wide range of opportunities in service sector. Dynamic capabilities for integrating external knowledge and competencies are of highest relevance for innovation and attaining competitive advantage.

For example, the diffusion of mobile phones and wireless networks provides opportunities for new services, such as video mail. Improved LCD screens, large capacity storage, and support for digital photos suggest an opportunity for an MP3 player to be integrated with a digital camera. Similarly, many of the components used in MP3 players are also used in mobile phones. Therefore, it was a natural progression for mobile phones to provide MP3 play-back capabilities. MP3 and other compression technologies, encryption technologies, and new interface designs provide the technical support for digital music development.

From a practical perspective, our research aims at providing managers with a framework and tools for managing the process of value co-creation and developing relationship experiences. In our model we developed processes maps of how customers and suppliers interact to determine the best use of their resources.

We review a variety of relevant perspectives and propose a new conceptual model of "value added" services that incorporates and integrates key concepts from the prior literature and offers new ideas as well. The conceptual model provides a vehicle for structuring and for communicating how a company may gain competitive advantage from service delivery.

In the subsequent sections, we first review the existing literature relevant to create competitive advantage through service delivery. Using this literature we develop a conceptual model. Finally, the theoretical and managerial implications are discussed.

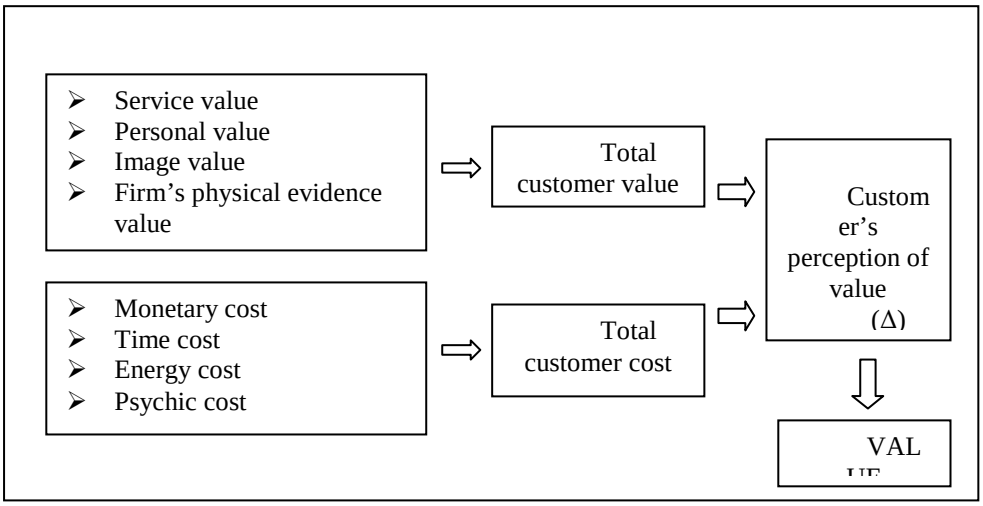
16. Literature review and hypotheses

Companies are confronted by increasing customer expectations in terms of additional support in and reconfiguration of the customer activity chain. Thus, all companies have been seeking possible means of exploiting the opportunities of services.

The *business model* connects technological potential with economic value. An architecture for services and information flows including a description of various business actors and their roles. In addition, *value proposition* is the value of the service in meeting a customer's need or solving a customer's problem. For example, IBM offers a program to let its partners use its research for innovation in vertical market.

How customers perceive of value? Customers' perceptions of value represent a trade-off between the perceived benefits of the service to be purchased and the perceived sacrifice in terms of the costs to be paid (see Figure 1), Hoffman (2006).

Figure 1: Customer's perception of value



Source: Kotler Philip, Marketing Management, 12th Edition, 2006 (adapted)

Customer pays a non-monetary price in addition to the monetary price. The monetary price should already take into account, and compensate for, this non-monetary price. These non-monetary customer costs result primarily from the fact that consumption and production of services coincide, and thus that customer participation is required. The customer has to invest time and effect to be able to receive the service which implies *opportunity costs* (the customer is prevented from doing something else in the meantime) and *convenience costs*. The customer also has to invest time and effort or *search cost* to select the right service. *Psychological costs* are also incurred resulting from the uncertainty felt while selecting, consuming, and evaluating a service. Search costs and psychological costs can be quite high because of the intangibility of services.

Overall, if the signal sent by total customer cost is an indicator of sacrifice relative value, then price will have a negative or repelling effect and may reduce demand. If the signal sent by the price is an indicator of benefit or value, then price will be an attractive and may increase demand. Because of the perceived connection between cost and benefit, customers have both lower and upper price thresholds. As long as the total cost to the consumer is less than the reservation price, he will be prepared to buy, and there is a net value.

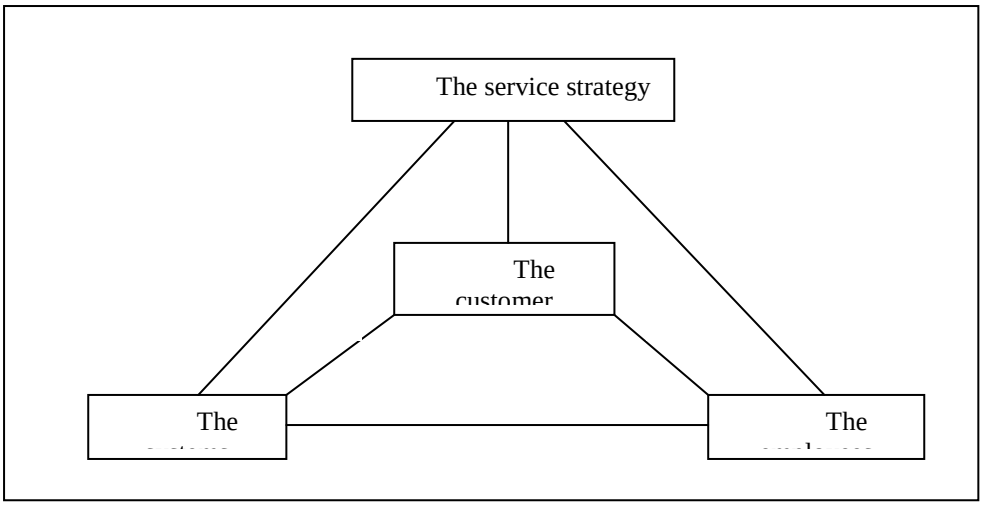
For example, mobile has overtaken fixed telephony and broadband Internet deployment shows rapid growth. These trends are leading to the fixed-mobile convergence, which establishes the integration of mobile and fixed technologies enabling distribution of services over fixed and mobile broadband networks. In the case of broadband mobile access networks, the state-of-the-art solution comes in the form the 3G cellular system (total customer cost decreases).

Recent advances in broadband wireless access networks aim to fill in the gap between long range and broad coverage systems. Mobile WiMAX is such a system aiming to deliver video rate transmission at high speeds. Mobile WiMAX network deployments are expected to provide up to 30 Mbps of capacity within a typical cell radius deployment of up to 3 km (total customer value increases).

The specific features of the services will influence the perceived value. For example, the sport centre's attributes such as its name, the opening hours, the location, the availability of parking, the infrastructure, and so on.

The service triangle (see Figure 2) depicts six key relationships. First, the firm's service strategy must be communicated to its customers. If superior service is the focus of the organization and the key point of differentiation on which it distinguishes itself from competitors, the customer needs to be made aware of the firm's commitment to excellence. Second, the service strategy also needs to be communicated to the firm's employees Hoffman (2006).

Figure 2: The service triangle



Source: Karl Albrecht and Ron Zemke, Service America, IRWIN, 1985, pp. 31-47

Good service starts at the top, and management must lead by example. If top management is not committed to the process, front-line employees who interact with the firm's customers will be ineffective at best.

The third relationship depicted within the triangle focuses on the consistency of the service strategy and the systems that are developed to run the day-to-day operations. The systems, like those discussed as the invisible components of the servuction model, should flow logically from the service strategy and chance the service encounter for employees and customers alike. The fourth relationship involves the impact of organizational systems upon customers. Interactions with the firm's systems should facilitate the customer's service experience. Too often, systems are designed for the sole purpose of keeping a small minority of customers from taking advantage of the company. Meanwhile, the majority of honest customers are forced to suffer through systems and policies that treat them as suspects instead of valued assets.

The fifth relationship within the service triangle pinpoints the importance of organizational systems and employee efforts. Organizational systems and policies should not be obstacles in the way of employees wishing to provide good service. For example, a frustrated METRO employee informed a customer that policy dictated that he was not permitted to help customers load merchandise into their vehicle. His frustration stemmed from the firing of an employee who, a week earlier, turned down a woman's request for assistance. In fact, the employee was fired not so much for his refusal, but due to the content of his response or behaviour. Finally, the last relationship is perhaps the most important of them all – the customer/service provider interaction. These interactions represent critical incidents or "moments of truth". The quality of this interaction is often the driving force in customer satisfaction evaluation.

There are intrinsic and extrinsic attributes. *Intrinsic attributes* cannot be changed without altering the nature of the service itself. They are part of the delivered service. For example, the infrastructure and the

skills of employees are intrinsic attributes. Extrinsic attributes are not really part of the service the customer. As such, they are not really an essential part of the service, but are secondary variables that determine the total framework in which the service is offered. Objective price, advertising, and brand name are the most important extrinsic attributes. Building on these arguments, we hypothesize the following:

H1: *The higher the level of the total customer value, the higher the level of customer's perception of value*

H2: *The lower the level of the total customer cost, the higher the level of customer's perception of value*

A strategic service vision is formulated by addressing question about the target market, service concept, operating strategy, and delivery system. However, the competitive environment of service presents challenges such as low entry barriers, product substitution, and limited opportunities for economies of scale that must be overcome. Three generic strategies have been found successful in formulating strategies that allow a firm to outperform competitors. The strategies of overall cost leadership, differentiation, and market focus are approaches that service firms have adopted in various ways to gain competitive advantage, Fitzsimmons (2008).

The cost leadership strategy aims at minimizing the costs of products or services delivered to the marketplace. For example, Blue Air applies this generic strategy by low cost operations. Policies such as limiting the service range, formalizing, standardization, automation or harvesting economies of scale, and simplification of business processes perfectly fit this strategy.

Differentiation strategies aim at creating competitive advantage not by striving for the lowest possible cost structure, but by maximizing value created for customer. Companies like Lufthansa, Hilton, and SANADOR pursue a differentiation advantage in their sectors. The rationale behind the strategy is that the higher value that has been created will be rewarded in the marketplace by means of a price premium that is sufficiently large to cover the higher costs that may have been necessary to create the added value and to bring this higher value to the attention of the potential customer. Within this strategy, typical policies include highly personalized "on-the-spot" procedures and harvesting *economies of scope*.

With a focus strategy, the firm applies a cost-leadership or a differentiation strategy within a particular market segment in a specialized way, and as a result of this focus, gains competitive advantage over firms applying their generic strategy on a wider market. Specialized medical units apply a focus strategy and can as a result gain competitiveness over general hospitals. By concentrating on one type of medical intervention and organizing the whole hospital accordingly, the medical unit was able to become the leader, with the lowest price, and the highest service quality.

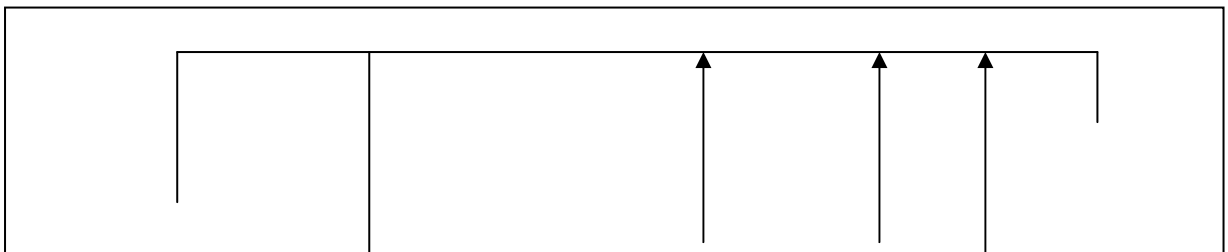
The customer's value creation process can be defined as a series of activities performed by the customer to achieve a particular goal. One key aspect of the customer's ability to create value is the amount of information, knowledge, skills and other operant resources that they can access and use. If a supplier wants to improve its competitiveness, it has to develop its capacity to either add to the customer's total pool of resources in terms of competence and capabilities, or to influence the customer's process in such a way that the customer is able to utilize available resources more efficiently and effectively.

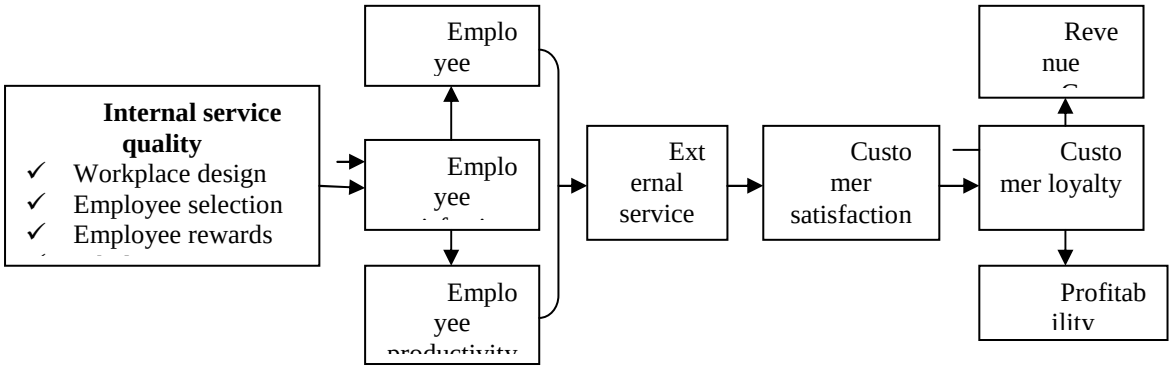
The customer's experience of a supplier and its products is a culmination of the customer's cognitions, emotions and behaviour during the relationship. These elements are interdependent and involve the customer in thinking, feeling and doing as an integral part of their role in value creation. Importantly, the relationship experience leads to customer learning. Customer satisfaction and the degree of customer involvement help determine whether the relationship is ongoing. The supplier's role is, therefore, one of providing experimental interactions and encounters which customers perceive as helping them utilize their resources.

The service-profit chain presented in Figure 3 reveals that employee satisfaction and customer satisfaction are directly related. Employee satisfaction is derived from a workplace and job design that facilities internal service quality. Hiring, training, and rewarding effective personnel are also major contributors to internal service quality, James (1994).

Satisfied employees remain with the firm and improve their individual productivity. Hence, employee satisfaction is linked with increases in the firm's overall productivity and decrease in productivity coupled with a sincere desire to assist customer's results in external service value.

Figure 3: The service-profit chain





Source: James, H.; Thomas, J., and Leonard, S., "Putting the Service-Profit Chain to Work", Harvard Business Review, 1994, March-April, pp. 164-174

Customer satisfaction is directly related to customer loyalty, which is demonstrated through repeat purchases and positive referrals to other customers. The net effects of customer retention are increased revenues and profitability for the firm. The outcomes associate with employee satisfaction – external service values, customer satisfaction, customer loyalty, revenue growth, and increased profitability.

From the supplier's perspective, creating value for the customer begins with an understanding of the customer's value-creating processes. A recursive process of organizational learning and knowledge management places continual emphasis on knowledge as the fundamental source of competitive advantage. In other words, a supplier can design its own processes to align with those of its customers. In this case, suppliers consider at least three significant types of value co-creation opportunity.

Opportunities provided by technological breakthroughs. As new technology solutions develop (e.g., broadband, digital TV and third generation mobile services), they create new ways for suppliers to engage with customers to co-create innovation goods, services and experiences. For example, technological solutions such as the iPod instigated a dramatic change in how consumer relate to buying, storing and enjoying music, audio and literary content.

Opportunities provided by change in industry logics. The transformation of industries is partly driven by the development of new channels for reaching customers. Electronic channels, for example, make activities performed by different suppliers more "liquid" and "movable" in time and space. The blurring of industry borders and convergence of different types of industry represent opportunities to combine competences, capabilities and knowledge, and initiate new ways of co-creating value. Traditional industries can also effect such changes. For example, IKEA has changed the logic in the furniture business by re-distributing activities in the traditional value chain. IKEA designs the furniture, controls the logistics and retails the product, while manufacturers undertake the production and the customer does most of the assembly, Militaru (2009).

Opportunities provided by changes in customer preferences and lifestyles. Based on their learning and knowledge of the customer, suppliers should be constantly looking for opportunities based on changes in customers' preferences and lifestyles.

The encounter process involves a series of tw0-way interactions and transactions occurring between the customer and the supplier. Encounters, sometimes referred to "touch points" or "contacts" between customers and employees. Encounters between customers and suppliers can be considered exchange practices in which the parties exchange resources (e.g., money, products, work, information, time), as well as collaborative practices in which the parties jointly perform activities. Organizational learning necessarily involves a deep understanding of the content and form of these interactions.

Managing the co-creation of the value in customer experiences involves determining which channels might be used by customers and the types of encounter inherent within them, for different types of encounter will impact customers differently. Communications should aim to influence customer and supplier practices better in a way that helps customers to utilize resources better – both their own resources and those of the supplier, Payne (2007). Hence,

H3*: The more the customer understands about the opportunities available, the greater the value that can be created*

The importance of customers' participation in the co-design and creation of the core values package must be emphasized. Internet travel agencies offer so called "value added" services, which allow the consumer to, in addition to the airline ticket, select hotels, car rentals, insurances and other services related to the planned trip. Companies need to avoid offering services which are of minor importance to consumers and diverting customers' attention to marginal benefits rather than to the core value creating elements.

An examination of the processes necessary to provide the service suggests that effectiveness of the co-creation is partly dependent on achieving an appropriate division of activities. Successful value co-creation requires the ability to manage expectations, communications and promises between both parties throughout the co-creation process.

The effects of an *innovation* on the competitive environment are classified as sustaining or disruptive. Sustaining innovations are those that maintain or increase market value with existing services by providing better performance resulting in higher margins. Disruptive innovations are those that help redefine the market place. A disruptive innovation frequently requires a company to adopt a new business model, Gregory (2008).

Disruptive technologies like VoIP, not only change the dynamics of market competition in terms of the service bundle offered to the user or the required infrastructure. This business focus transformation is characterized by voice services, data services, video services, and convergence drivers cost down. For example, Skype has zero costs of getting new users and zero costs of running traffic. Skype software allows users to treat voice as another IP application that runs over their broadband connections. Skype has recently moved toward revenue-generating premium services. These services are all prepaid, eliminating billing surprise to customers, Sadowski (2003).

The spillovers of knowledge generate positive externalities to firms by stimulating innovation activities and productivity. Knowledge from universities flows in the economic system and generates new market opportunities for companies. Indeed, new entrepreneurial opportunities are generated by new knowledge. As a consequence, new firm are created in a process involving the spillover of knowledge.

The added value for the customer is then the sum of the added value in the tangible components, the added value in the service component and the added value by combining both types of components. An excellent example of this transformation (tangible) process can be observed in software companies. The added value of software package is less constrained by time than public transport and thus allows the software company to raise earnings and to maximize the earnings of time spent.

The primary difference between goods and services is the property of *intangibility*. By definition, intangible products lack physical substance. Building competitive advantage by using intangible assets protects competitive advantage against imitation, mainly due to the intangibility of assets and the resulting causal ambiguity. For example, in a Blue Ocean, firms create new value for their customers. There are two ways to create Blue Oceans. One is to launch completely new industries, as eBay did with online auctions. The other way is when a firm expands the boundaries of an existing industry or by digital convergence.

Price sensitivities will vary across different types of services, but in general the demand for services tends to be inelastic. Different groups of consumers will likely weigh the importance of each price sensibility factor differently

Four mechanisms are used to erode or destroy competitive advantage: imitation, substitution, resource mobilization and resource depreciation.

- *Imitation* is the best-known erosion mechanism.
- *Substitution* often involves product or service innovation whereby existing services are replaced by new ones. The essence of substitution is that the same function with the same customer group on a new or different technology. For example, the substitution of traditional bank operation by Internet banking method. It is interesting to note that substitution can also be the result of "process innovation" which can eventually lead to "changing the rules of competition".
- *Resource mobilization* is a mechanism by which resources contributing to a competitive advantage start to move or when ownership over them is changed. Resource mobilization can have different causes. It can result from an internal loss, for example, when an important employee having an important body of knowledge leaves the firm. It can also result from external causes involving a competitor's action, for instance, when an employee leaves the firm to join the competitor after having been invited by the competitor to do so.
- *Resource depreciation* is a direct attempt by competitors to reduce the value-creating potential of the firm's resources. Resource destroy is a frontal attack which takes the form of competitors spreading

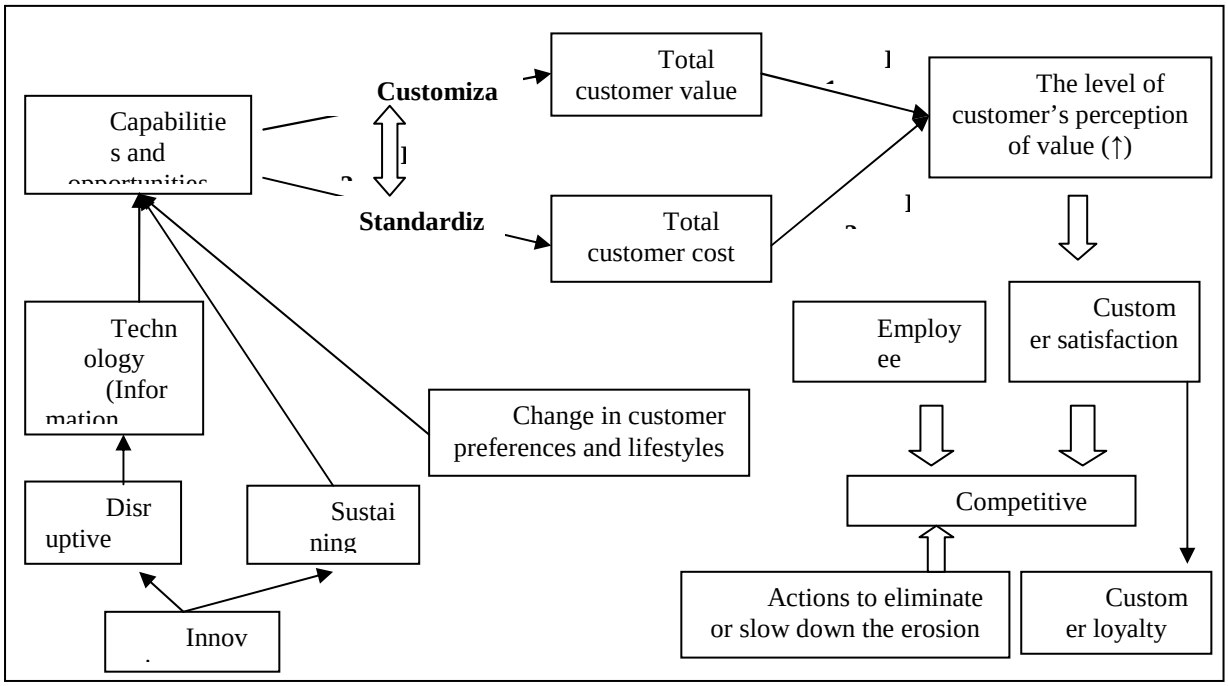
rumours, provoking false complaints, using negative comparative advertising, or lobbying for the enforcement of laws that prevent their competitors from using its resources.

Therefore, one of the important issues of service firm is to define actions that eliminate the erosion mechanisms or that at least slow down their deployment or effects.

17. Conceptual model

The objective of this study is to investigate the capabilities of services firm combine with other resources to create the competitive advantage. Essentially, capabilities involve learning and acquiring the knowledge. The conceptual model is shown in Figure 4.

Figure 4: The conceptual model



In this figure we can see how a service firm can increase the added value by customization or standardization. *Customization* develops services that meet each customer's individual needs. However, because both the customer and the service provider are involved in the service delivery process, it is easier to customize the service based on the customer's specific instruction. Customized services take extra time to provide and deliver. Consequently, the provider can obtain higher prices, which lead to higher profit margins for the provider. However, some customers may not be willing to face the uncertainty associated with customized services.

In our opinion for customized services, more flexibility is necessary, high levels of technical and analytic skills (innovation), because the service process is by chance and not well defined. To achieve customer satisfaction the decision making is delegate to service workers who can perform their tasks with some autonomy and discretion (capabilities).

Standardizing the service is a second possible solution to the problems created by heterogeneity. The goal of *standardization* is to produce a consistent service product from one transaction to the next. Service firms can attempt to standardize their service through intensive training of their service providers. Standardization leads to lower consumer prices, consistency of performance, and faster service delivery.

Process standardization we think is based on technology and a very good training of providers. This process can be applied in any case where the client is not actually involved in the service delivery or when standardizing the interaction with the client adds value to the client. In addition, standardization output will often be necessary if the service delivery process involves a high degree of unpredictable involvement on the part of the client. In order to guarantee continuity of competitiveness in this kind of process, it makes sense only to standardize the output.

Finally, differentiation strategies aim at creating competitive advantage not by striving for the lowest possible cost structure, but by maximizing value created for the customer.

18. Conclusions and discussion

This paper offers a number of contributions. First of all, we presented a conceptual model for understanding how service sector using dynamic capabilities for integrating external knowledge and competencies are of highest relevance for innovation and attaining competitive advantage.

Second, customer loyalty is based on the degree to which the consumer has obtained satisfaction in the past. If consumers have been satisfied in the past with their supplier of service, they have little incentive to risk trying someone or something new. Maintaining a long-term relationship with the same service provider helps to reduce the perceived risk associated with the purchase.

Third, substituting technology for the human factor encourages the company to clearly define in what respect and to what extent the improvement of the human service delivery process, and how and where the "personal touch" that only the human service provider can deliver adds value to the service provider. Any service firm should therefore thoroughly question when and how the personal touch that can be delivered by the human factor can add value to the service. All characteristics of the service delivery process in which this "personal touch" does not add value should lead the service provider to investigate whether and how the substitution of the human factor by technology can contribute to the competitiveness of the service delivered. Generally speaking, technology can add to the firm's competitiveness by lowering the service firm's costs or improving its competitive performance and increase the added value.

Finally, the competitive service company should be able not only to take over a limited part of the value-creating activities of its client, but should be able to take over the interconnected value-creating activities as well or should at least be able to "manage the interface" between the value-creating activities that the client continues to perform itself.

Further research is therefore required to test this framework in other markets and sectors to achieve a more comprehensive view of value co-creation.

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THE IMPACT OF MIXED EMOTIONS AND RELATIONSHIP MARKETING ON CONSUMERS BEHAVIOUR

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Abstract: *Relationship marketing is one of the concepts that are based on loyalty. The ideal customers are purchasing companies products frequently and in large quantities, are not price sensitive, and recommend them to everybody. It is well known that emotions have a lot of influence on the consumer behavior. Turning mixed emotions and especially negative ones into all positive is the dream of every company. An interview was conducted on BMW owners that want to prove the existence of consumer's ambivalence of preferences and the importance of the quality of products and services.*

Key words: relationship marketing, mixed emotions, consumer, brand loyalty, interview.

JEL classification: M31, M39.

It is necessary to understand that relationship marketing can be transformed into strategic marketing and every company should develop a relationship marketing programme.

Relationship marketing is not only a concept that we use to be in trend with everyone else, but it can bring real benefit to the company if it respects only one basic rule: it should be a partnership between the company and the consumer in which everyone gets what it needs.

Relationship marketing is one of the concepts that are based on loyalty. Loyal customers cost less money and they become advocates of the brand. The ideal customers are purchasing companies products frequently and in large quantities, are not price sensitive, and recommend them to everybody. More and more it has raised the popularity of loyalty programs such as cards and other types of rewards. Unfortunately not always a satisfied customer is loyal forever. Marketing is offering no guarantees.

Sometimes customers are loyal to the product not the brand. For example coffee drinkers are passionate about the coffee taste and they can consume this product from different brands so the battle is to make them sense a difference not only in the taste but in services as well.

Brand loyalty is helped a lot by using all kind of programmers but the only guarantee that clients will come back to purchase companies products is quality. If the quality of the products is combined with services quality then it is a guaranteed success.

Relationship marketing although is quite young it already has its skeptics. They argue that companies are making presumptions about the customers that they really do not know anything about and they pressure its customers to give up vital information's leaving them with nothing in return. That is in contradiction with what relationship marketing suggests and that is to attend to the consumers every need so they can be happy and loyal and never give up on the company's products and services.

We are dealing with a new consumer, that is more enquiring, that cannot be fooled by cheep advertising, but it can be convinced to have trust only by having responsible behavior as a company.

It can be an advantage to really understand the customer's needs. Many companies are making presumptions that soon prove to be wrong by the dates showing that about 80 per cent of launches of new products tend to fail (Wilson M.S., Richard, Gilligan, Colin, 2008). That is a sign of misunderstanding of level of consumer's satisfactions and expectations. Relationship marketing is not a wrong concept that is dying as the skeptics say. It is only the classic difference between theory and practice. Every company should be careful as they are putting their ideas into practice.

We have an excellent example of success in the story of Sony Walkman that was very disappointed by the poor services regarding stereos on the plain. So its idea of developing a product that will satisfy, first of all, global travelers need it has expended a great deal into a global business.

An example of bad understanding of the consumers is when the Harley Davidson Company celebrated in 2003 its 100 years anniversary since its foundation and invited Elton John to perform, almost all participants hurry up to leave early.

That proves in a way that marketing is not a science but an art. Many people succeed in business not only because of all the knowledge they have accumulated, but to a small amount of inspiration.

BMW Company has an excellent product that creates a certain addiction to the customers. Almost any BMW buyer will continue to purchase an automobile from this company with no regrets or ever wanting to experiment anything else. Their products are impeccable and the services may be the best in their industry. But any story has a bad guy that is trying to ruin everyone else's happiness. The BMW Company is a victim of their own success. Their products are preferred also by thieves that are interested in mirrors, wheels or even the entire auto. That creates a bitter taste to the customers that can make them purchase a car from another brand just to never go through that bad experience again. He can think that buying an unattractive car will keep the thieves at a distance.

The big challenge, in the present, is to create a better system that protects customers. So not only the others competitors are a big problem but there can be trouble even after the car was sold. A big company is not interested in making a deal once in a lifetime, but trying to make the customer prefer their products again and again. In our times nobody buys just one car and it is obviously that in just a few years an old buyer is a potential new client so it is in the company's best interested to keep them as happy as possible.

These are mainly the principles of the relational marketing that divides company's attention into two moments equally important: before and after purchasing a certain product. A respectable company will look after its customers even if they have already purchased its products.

Companies have to adjust to what can be called the „new consumer" (Wilson M.S., Richard, Gilligan, Colin, 2008). That means people are far more informed as they were in the past, they are media consumers and have strong opinions about everything. Products and services should correspond to the customer's needs or their voice will be heard. In the present, as the law allows, there are more complains than ever before, as special institutions are facilitated to solve them and ensure that the customer is respected.

Thanks to a lot of studies it is now proven the role of moods, feelings and emotions in understanding consumer's behavior. Even the weather outsides seem to be responsible for some moods (Arnold, M., Reynolds, K., 2009) of the people and it is affecting the shopping experience (willingness to spend money and time in order to buy a product).

Individuals are different concerning the control they have on their moods and emotions. For the ones in control, a feeling of happiness is installing and the buying experience is always positive because they are people that know what they want and what satisfies them. For them buying a certain product only increases them feelings of well-being. Other people, which have a depression are searching miracles in the products and sometimes can be disappointed. This type of persons does not always know what they want and do not buy products and when they buy they can be really critical about it.

It is well known that emotions have a lot of influence on the consumer behaviors from taking the decision to buy, using the product and further more until maybe making a complain to the company. Turning mixed emotions and especially negative ones into all positive is the dream of every company. Good selling personnel may convince a person that has negative emotions to buy and feel great. Every person is in a certain degree hedonistic, meaning that everybody wants to feel pleasure and to be perceived in a positive way by others. So when the sales person tells the customers that a certain product makes him look younger, more beautiful and that the friends will like him better and fell a little envy, then a person that hasn't a good control of its emotions can be won as a customer. The persons that are always in control do not need a lot of attention in order to buy because they know what they want but it can make a good impression when the sales person provides them the attention and respect they need.

The sales personal must be trained that if they are dealing with a positive person their mood must be preserved and if the customer is a little depressive his mood must be improved. It is ideal to determine the causes of their anxiety and worry and then turn these feelings into happiness by knowing what is good for them.

All persons want to be happy and to avoid pain. Advertising for products and the selling personnel's approach must be focused on one of them. So either it is accentuated the idea of happiness, either that customers will have no bad experience with the product (avoid pain).

The shopping experience can have two approaches: hedonistic (described above) and utilitarian.

The utilitarian goal of customers refers to products that they are buying systematical and in most cases they are looking just for efficiency (in terms of time and money) and put very little emotion in the

buying process. It is important for a product to enter in a customer's routine (such as the favorite newspaper or buying simple things such as soap). Most customers feel that they already made a decision and are not willing to try something else. Buying what they know makes them content and they do not need an emotional process of choosing something else.

It is important for companies to know as much as possible about their customers and stay always in a state of alert.

Companies must offer products that are satisfying a large group of customers that have different needs and aspirations. Some people may put accent on safety while others are looking for a nice design and others. The beautiful thing is that people are different and it is never boring to explore their personalities.

The ambivalence of consumer's preferences can be determined by: the difference between expectations and reality, to high expectations, the role of influences in the process of buying and the conflict between the customer's values.

Mixed emotions are the result of situations that occur on the market during the process of buying. It is important to fully understand the ambivalence of consumer's preferences because sometimes customers love this mixed emotions that are the motor that determine them to participate in a certain activity.

The ambivalence of consumer's preferences is a state of multiple emotions, as a result of an interaction between internal and external factors (Otnes, C., Lowery, T., Shurum, L. J., 1997).

This ambivalence can be: psychological, sociological and cultural.

The psychological ambivalence was discovered by Sigmund Freud that comments the ambivalence of consumer's preferences is due to the love – hate conflict. This conclusion is the result of the fact that Freud studied mainly family relationships, in which these two emotions were predominant.

The sociological ambivalence is caused by external forces (the multiple roles played by everyone in the society).

The cultural ambivalence represents the conflict between cultural values.

All three types presented above are interconnected in the human behavior.

The difference between expectations and reality can be related to the study conducted in the following pages if a customer wants a special color and is not possible or in order to receive the car that he wants then he has to wait a long period of time. At the end of the wait he is happy so the negative emotions end positive.

Expectations to high can come from not having a lot of information. The customer must be enquiring, must accept help from different people regarding his choices and has to be realistic about what is and what is not possible considering his budget. Also some persons may believe the commercials that are may be saying that by using certain face cream it will remove all the wrinkles or by having a nice car you can have any boyfriend (girlfriend) you want. People must always keep their expectations correlated with reality.

The role of influences in the process of buying means the family members and friends that sometimes become aggressive in terms of defending their own opinions and to not let the real customer to make his personal decisions.

The conflict between customers values are referring for example at the fact that the customer may not buy something that he really enjoys from fear of the friends laughing of his choices.

In the process of buying people can experiment fear (as well as other negative emotions) especially at first but all the stories end happily and the customer is satisfied with his decisions. For example a shy person may want to travel in a far place but he/she may be afraid of flying. Still if he/she decides to make this trip at the end they will be very happy and have a lot of fun memories even if the moment of facing their fears will not be very pleasant.

Multiple emotions can be discussed either on short (an episode) or a long term. It is interesting to study if people have mixed emotions all at once or in sequences.

It was chosen a research based on an interview among BMW customers.

Definition of the problem that will be researched is in this case whether the process of buying implicates mixed emotions and what is the role of relationship marketing

This study investigates all kind of emotions experimented by car owners from the moment they decide to buy a new car until owning it in present.

It is also interesting to study the impact of the relationship marketing on the subjects.

So, the definition of the problem that will be researched is in this case whether the process of buying implicates mixed emotions and what is the role of relationship marketing in building consumers loyalty.

The necessity of this study is to understand better all the emotions experimented by customers that are leading to a happy end (a satisfied consumer that becomes loyal to the brand).

The solicited information will be: what is the element that makes them buy this product in the first place and why do they come back for buying products from the same brand; what emotions did they experimented during the whole process of buying and using the product and very important if the relationship marketing has an impact of their decisions.

All the answers will be carefully analyzed before drawing a conclusion about the whole target.

The target are BMW owners from each we have selected only six representative because of the amount of time for collecting and analyzing information an interview requires.

The age of the people asked to participate on this interview was between 25 – 56 years old.

The interviews were made during a week as period of time. Each interview lasted one hour. Also we had a discussion before analyzing the information's with the BMW dealer's representative.

The variable used were: basic (quantity of the products, expectations from the product, customers sensibility to the price, life style, buying intentions), descriptions (age, occupation, marital status, level of education), others (income, fidelity).

As a method of gathering information it was used the profound partly conducted interview, that had an interview guide as premises.

The profound partly conducted interview is a qualitative method of market research, which implies an operator (a specialist in marketing and preferably psychology) and a subject (the person that will be interviewed) with the purpose of obtaining multiple and accurate information. It is based on an interview guide that has the main themes proposed for discussion. The subject is also free to share whatever experiences and personal opinions he feels comfortable to share with the operator. This type of interview usually lasts from 30 minutes to one hour. It has the advantage of allowing the obtaining of much valuable information, but has the disadvantage of being hard to generalize and analyze them.

The interview began with the presentation of a set of images with BMW car models. The subjects were asked to relax and watch them for a few minutes. The purpose was to make them think and talk about their buying and after-buying experience. They were asked about the models they are currently driving and the motives that led them to choose this particular car.

The participants were asked about their buying history and whether it is linked or not with BMW companies. Also they had to identify the emotions that they have experienced during the entire buying-owning process.

The development and results of the interview of six BMW very different BMW owners is presented in the following paragraphs. Their personal information's are accurate but in order to preserve their identity only their name will be changed (the first six letters of the alphabet will be used instead of the real name of the persons who participated on this research).

The interview was summarized for a better focus on the objectives.

The subject A is a male. He is 25 years old and he is a master student. He is not married and he is working in a small company. He drives a sport car, the 335 Model from BMW. He used to drive an A3 Model from Audi, but he declared that is a passionate BMW fan and he is never going to change this brand from now on. He become loyal to this company in the first place for the unique feeling that you have when you are driving a BMW car and not the least important aspect is the BMW client service that is impeccable. The dealer becomes your good friend and with the entire team they are making you feel that you are an important member of the BMW family.

He declared „For me there are no other brands in the market that can compare to BMW. The only choice that I had to make was in terms of which model to choose. Again the choice was simple. I wanted a sport car that will reflect my personality and the 3rd class is the best that I could afford. I love BMW autos for their quality but also by the way other people perceive you, especially girls. The boys respect you and the women love you. This car is a women magnet."

The subject B is 56 years old and married. He is a top manager and had a 3rd class BMW when he was younger. Then changed this model for a Volvo S60 but he returned to his first love that is BMW, promising that he will never buy cars from another brand. He is currently driving a 645 Model from BMW that is a very expensive sport model. „I am not a child any more but I still need a favorite toy that makes me feel young again and brings a smile to my face every time I get behind the wheel. Every trip that I make especially abroad is simply an excuse to get on the driver seat. I simply enjoy driving it and I love the details

of its design and the amassing interior. It looks like a space ship." He also declared that the representative from the BMW dealer was very helpful and they become good friends.

As negative experiences thieves took the mirrors from the car two times, but now the car number was written on the new ones and he is hoping to put all these behind.

The subject C is a 51 years old male, married, also a top manager, a passionate BMW owner and a jeep fan. He had several jeep cars from other brands, such as Rover, but in the present he owned an X3 Model, then X5 and afterward an X6, that unfortunately was stolen. He was so sad that he was determined never to buy a BMW car again. He bought an Audi Q5 but he decided that it is not for him and gave it to his wife. He decided to buy another X6 BMW because is in love with this brand. „It is a very strong addiction. It feels that any other car is not good enough. And after possessing a BMW Model I never want to have anything else again. I always loved jeep models for the sensation of freedom that I have when I can drive on any type of weather of land (when I am in the mountains for example)." The dealer becomes a very good friend.

The subject D is a 33 years old male, single, that has also a 335 BMW, a sport car that makes him irresistible in the eyes of the women's. He used to be a sportsman and now he has his own business. He also has a lot of friends that share its passion from BMW cars and meet from time to time just to drive together. He is organizing fan meetings discussing about the cars from this brand and also driving them. „I am very satisfied with this car. I just wish to have more money to buy a model from the 6 class. This car is like possessing an animal. It requires be loved and walked, you don't just buy it to put it into a garage. You must display it so that everyone sees it."

The subject E is 47 years old, married, a top manager and most important, an extreme fan. He never owned any car from another brand and he has tried a lot of BMW models. His first car was a 316 Model, but as he becomes successful in business and he could afford more expensive models he owned X3, X5, a 525 Sedan, then 525 Touring twice, as he owns a brand new car that has few new improvements. „I think I have found the car of my dreams and it is just like the case of good women. When you find it you never let it go. I am so in love with my car that I prefer to drive myself even when it would be simpler to go on business meetings with my driver. Also I like a big car because I want my whole family to have a nice experience when we travel together."

The subject F is a 32 year old women, married. She is driving a 116 Model. „I requested my father to buy me this car as a present when I become 30 years old to help me overcome this age crises. It helped a lot because I feel incredible confident driving this car. It makes me feel very sure, very beautiful and respect worthy. My only problem is that it made me want a bigger model as my family increased with another young member that needs a lot of space for luggage. The BMW representatives were always incredible careful and nice, the car offers an amazing driving sensation, so I never want anything else again. I declare myself completely conquered by this brand. I had a wrong perception about the brand that is very masculine but the new models, especially the small once, have very fine lines that are appreciated also by women's. My husband likes my car a lot and will be for sure their next customer." As a bad experience she had her wheels stolen twice and also the mirrors. She said that the thieves force you to be inventive, to write the car number on the mirrors, to buy safe model of wheels, more expensive but harder to steel. It gives you a bitter taste but it is all worth it.

Conclusions:

This interview showed that buying a car is an emotional moment. For mens is maybe as serious as buying a wedding dres for a women.

The big conclusion is that the buying and also owning processes are filled with mixed emotions, positive and negative, but always the overall experience is a very pleasant one. Another conclusion is that the subject is always surrounded by friends and family that are increasing its emotions. It is very interesting that by affording a car that you really want makes the persons feel very good about themselves. It is like a good therapy; when the life is not satisfying at least the car is there, as our ancestors had their faithful horses.

The main emotions that are expressing the subject's experiences were: happiness (buying and enjoying it by driving the car), pride (to be the owner and receive congratulations from others), fear (that bad people may scratch or harm it, or to be involved in an accident), gratitude (if someone else is giving you the money such as family or the company), pleasantness (to own and drive it), sadness (a bad experience such as steeling the mirrors; also because you have to pay the price for the car), anger (against thief's) and guilt (to possess a sport car that only has two spaces when maybe you came from a large family, or even having a very expensive car when you have friends that are not wealthy). This result also suggests that people are

dealing with mixed emotions, that sometimes they are not aware that are there. Also by studding the responses it is obvious that mixed emotions tend to co-occur, only in just few cases they happen in sequences (anger because of losing the car due to the steeling process and then trying to fell happy again by returning to owning the favorite model).

It is very interesting that the thiefs have not absolute power in the way that BMW customers that went to a bad experience will never buy such products again. The customer are joining the dealer in the attempt to keep the thiefs away.

Another conclusion is that relationship marketing is very important and BMW owners really become what are called advocates of the brand.

The BMW dealer's representative made the remarks that BMW owners are mainly men and over 90% are loyal to the brand.

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HOW SUSTAINABLE ARE THE FIRST SIGNS OF EUROPEAN TOURISM RECOVERY?

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Abstract: *The first signs of a rebound in European travel and tourism demand are expected to be seen this year, but still many uncertainties remain with regard to 2010's prospects. It is also quite clear that, once we do finally come out of the recession and see sustained recovery in demand, the marketplace will be very different from what we had grown used to before the crisis. The industry has its work cut out to adapt to this new operating environment.*

Key words: European tourism, economic crisis, tourism recovery

JEL classification: L83, L1, M31

1. Foreword

The Europeans took a total of 395 million outbound trips in 2009, 6% fewer than in the previous year and accounting for 3.5 billion overnights, a 2% decline from the previous year.

Travel expenditures for outbound trips dropped by 13% in 2009 and amounted to 331 billion euro. The European source market to record the greatest decline in 2009 was Great Britain. The British took 8 million outbound trips less than in the previous year. Outbound trips fell by 3 million in the German market as well, and by 2.6 million in the Russian market. Similarly, the Spaniards, Swedes and Danes also went on considerably fewer outbound trips than in the previous year.

The "Tour" segment was the segment most strongly affected by the decrease in outbound travel (14%), "Countryside holidays" fell off by 6%, "CityBreaks" and Sun&Beach" holidays were the most stable segments, each recording a percentage drop of 3%.

2. Europe - Overall travel demand

In 2008 European adults aged 15 years and over made 418 million trips abroad of a minimum one night's stay, according to IPK International's European Travel Monitor. In the first four months of the year trip volume was up 4% on the same period a year earlier, but the increase dropped to 2% in the period May to August and fell into negative figures (-1%) in the last four months of the year. For 2008 overall, outbound trip volume rose by 2%.

These 418 million trips generated 3.9 billion overnights and €396 billion in spending. There was no increase in the number of nights spent abroad, which, coupled with the 2% increase in the number of trips, produced a 2% decline in average length of trip (which was a little over 9 nights). The 2% increase in spending was rather less than average inflation in Europe (3% in the Euro zone and substantially more in Central & Eastern Europe). Spending per trip rose 1% to €903 and spending per night was up 3% to €98.

Remarkably, given the slackening in overall demand in 2008, the growth in the number of holiday trips, at 5%, was just as fast as it had been in 2007. This confirms anecdotal evidence from the European travel trade that the economic troubles have taken some time to bite into holiday demand.

In spite of the much-publicised increase in social and employment mobility in the enlarged European Union, visits to friends and relations (VFR travel) did not increase in 2007-08. Indeed, the European Travel Monitor shows that they fell back by 4%, after stagnating in 2007. The trend was not surprising as VFR travel usually suffers a drop in demand when disposable incomes are squeezed. Corporate travel was also seriously affected by the events of 2008.

Companies in Europe reacted quickly to the financial and economic crisis by curtailing business travel. This segment of the market had shown a sustained recovery from 2005, increasing by as much as 9% in 2007 in terms of trip volume. However, corporate travel rose by only 1% in 2008, with a sharp contraction in the last part of the year.

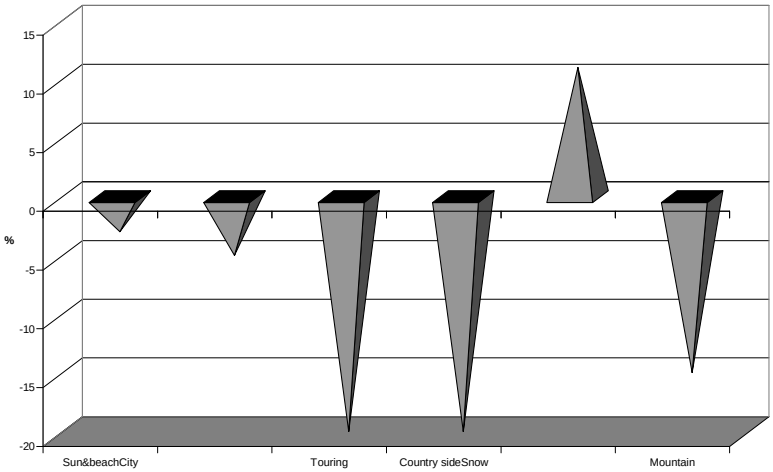
This is not simply a matter of reduced trade volumes and business opportunities. Because of the liquidity crisis, companies came under intense pressure to reduce cash spending, and started resorting to

other forms of communication, such as telephones, emails, new video-conferencing techniques, and other ways of reducing travel expenses. This trend has also intensified in 2009 as companies receiving bail-outs from governments make efforts to cut back on things like incentive travel – often perceived as simply a perk.

Once again, touring, sun & beach holidays and city trips were the fastest growth segments of the European outbound holiday travel market last year. As far as touring holidays were concerned, this is somewhat surprising given the high prices of automotive fuels through most of 2008. The European Travel Monitor shows a 14% increase in the number of touring holidays taken in 2008, after a 15% increase in 2007. But the rapid growth in countryside holidays was not sustained last year (IPK International's European Travel Monitor).

Holiday travel continues to sustain European demand, but VFR travel declines sharply and corporate travel growth shows marked slowdown. Touring holidays are still doing very well. Meanwhile, sun & beach holidays – the largest segment by far (accounting for over 40% of holiday trips) – grew by 5%. This was the fourth successive year of moderate increases for sun & beach holidays (they were up 6% in 2007).

Figure 1 Trends in European holiday by main type of holiday (%)



Source IPK International's European Travel Monitor

The sustained level of growth in 2008 may be a little deceptive: most summer holidays had been booked, and even completed, before consumers became aware of the seriousness of the economic downturn. However, city breaks are spread more evenly throughout the year, and they too held up relatively well in 2008, with a growth of 5% to around 48 million trips. This was in spite of speculation that, having been the main beneficiaries of the boom in low-cost/low-fare flights in recent years, demand might be approaching saturation levels in key markets.

The number of trips of one to three nights, which had fallen by 2% in 2007, rose by 9% in 2008, accounting for 26% of all trips abroad by Europeans. The majority of these were short leisure breaks, although business trips also tend to be shorter than average among Europeans.

Following a 7% increase in 2007, trips of four nights and longer remained approximately stable. The trend towards shorter but more frequent trips, which appears to have been re-established in 2008, cannot be expected to continue in 2009. Given the current economic climate, Europeans are more likely to reduce their frequency of leisure travel in favour of one longer annual holiday when their disposable incomes are squeezed.

For the first time in many years, air travel did not really increase its share of outbound trips in 2008. Trips by air increased by just 1%, compared with rises of 7% for ship/ferry trips, 6% for travel by rail, 1% by bus/coach and 3% by car.

This was the second year in succession recording a sharp rise in trips by train, reflecting the extension of high-speed rail services However, the growth in low-fare air travel (costing less than about €200 for a return trip) in Europe did continue, albeit at a more moderate rate. The number of low-fare trips increased by 4%, while the number of more expensive trips fell by 3%. Low-fare air trips accounted for 37% of total air travel out of European markets – up from 35% in 2007.

The continuing popularity of low-fare trips is hardly surprising given the strains on household budgets coupled with falling disposable incomes. However, low-cost airlines are only likely to prosper if oil

prices remain low. Otherwise, an increasing number can be expected to suspend services in the short to medium term through lack of demand.

2.1. Short versus long-haul travel trends

Although the growth in long-haul travel slowed significantly in 2008 – it increased by 3% as against 8% in 2007 – demand for long-haul (interregional) destinations continued to outpace that for short-haul (intra-regional) travel. However, the main reason for this was a double-digit increase in trips to the USA due to the cheap dollar for most of the year. If travel to the USA were taken out of the count, the growth would have been less than 1% (IPK International's European Travel Monitor).

It is important to note that popular destinations in the southern Mediterranean – such as Egypt, Morocco and Tunisia – are counted as short-haul/intra-regional destinations out of Europe. This boosts the numbers of so-called short-haul trips, which account for as much as 88% of total outbound European trips.

The top three destinations for European long-haul travel, in terms of percentage growth, were Malaysia (+22%), Indonesia (+20%) – both from relatively low bases – and the USA (+14%).

While the growth in total long-haul trips was 3% in 2008, total overnight volume in long-haul destinations fell by 4% – in large part attributable to a rise in demand for short breaks to New York and other US cities. Long-haul business travel rose by 4%, but VFR trips declined by a massive 12%.

2.2. Major source markets and destinations

Germany and the UK continue to be Europe's leading outbound travel markets by a wide margin, ahead of France in third place. But the Netherlands overtook Italy to become the region's fourth largest source in 2008, and Belgium outplaced Switzerland, moving into eighth place in the ranking. Together, the top eight markets accounted for very nearly two thirds of total trip volume.

Of these top eight markets, France and Belgium were the only ones to record a decline in outbound trip volume in 2008, but most of the remainder also turned in mediocre performances. Only Russia and the Netherlands achieved healthy growth. And evidence suggests that both suffered a slowdown in growth as the year progressed.

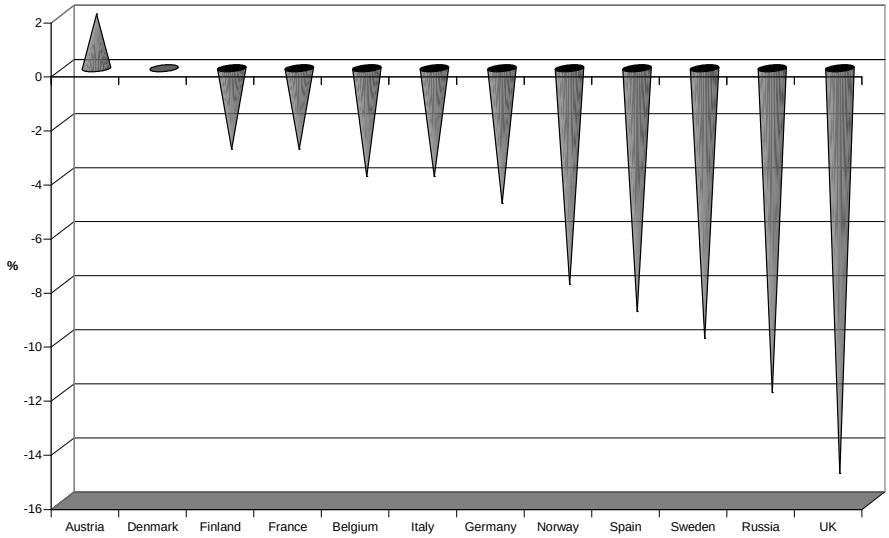
In terms of generating additional trips in 2008 (as opposed to percentage growth), the largest contributions were made by Russia (+1.8 million trips), the Netherlands (+1.1 million) and Poland (+1.0 million), followed by the UK (0.8 million), Ireland (0.7 million) and Greece (0.5 million).

The Swiss, Europe's biggest spenders per head of population – due to their high GDP per capita – spend 12 times more on travel abroad per capita than the Poles or Hungarians, for example. They are followed in the ranking, in order of level of spending, by the Irish, Danish and Norwegians. It is interesting to note the relatively low spending per capita on outbound travel among the French, Spanish and Italians, but this is due in large part to a high share of short cross-border trips and a predominance of car-based travel.

Conversely, the British, Dutch and Belgians are heavy spenders on outbound travel as they tend to travel further afield and, in the case of the British, air travel is usually the preferred means of transport.

The top ten destinations for European travellers are all within Europe, with the exception of the USA, in ninth place. The ranking of the top nine remained unchanged in 2007 and 2008, but Croatia is a newcomer to the ranking. By far the best growth among all these destinations was achieved by Turkey in both 2007 (+16%) and 2008 (+15%) – more than compensating for its decline in 2006. At the other end of the scale, trips to Spain – the leading destination for Europeans – fell by 2%. This was mainly attributable to a sharp drop in demand from the UK, Spain leading market.

Figure 2 Performance of some European outbound travel markets (%)



Source IPK International's European Travel Monitor

More generally, travel to Northern, Western and Southern Europe stagnated in 2008, although trips to Austria rose by 6% and those to Germany and the UK were up 4%. Meanwhile, the boom in travel to Central & Eastern would seem to have subsided – at least temporarily.

Paris once again outranked London as the most popular city destination for Europeans although it must be remembered that this is only with regard to the European market. If all long-haul source markets are included in the count, London ranks well ahead of the French capital. Vienna recovered its third position in 2008, and Rome moved back into fourth place. Munich, Prague, New York and Istanbul also climbed up the ranking. The city showing the strongest growth was New York, followed by Rome, Prague, Berlin and Munich.

2.3. Booking patterns

In 2008 71% of European outbound trips involved advance booking and, of these, 41% were for a package or 'dynamic package' including transport and accommodation – up 4% over 2007. 'Accommodation only' bookings also increased, by 5%, to take a 14% of total trips, but there was a 3% decline in trips involving 'transport only' bookings (to 16%). However, the number of trips involving no advance bookings also increased (by 4%).

For the first time, the proportion of holiday trips booked online exceeded those booked without the help of the internet. The focus of growth is now firmly on trips actually booked (if not paid for) online, which are rising by about 15% a year. The number of people gathering information about their holiday trips, but not actually making a booking, on the internet is still rising, but more slowly. Traditional travel agencies continued to lose ground in 2008 in favour of online intermediaries – a trend that is also encouraging direct bookings with hotels, airlines and other carriers. About 161 million trips were booked online in 2008. The proportion of trips booked through travel agents (including those selling via the internet) has fallen to 24%.

Business travel, which had prospered in 2005-07 and through the first eight months of 2008, turned down relatively quickly in the last part of 2008, as companies reacted to the uncertain future, the difficulties of obtaining finance for working capital and the poor prospects for drumming up extra business by imposing restrictions on travel.

By the second quarter of 2009, leisure travel was also falling quickly, and the travel industry feared for the summer season. This turned out to be less bad than expected since many consumers were waiting until the last moment to make their bookings, and poor weather in many European countries stimulated foreign travel.

IPK International estimates that in the first eight months of the year, business trips were down 7%, holiday trips down 8% and VFR and other leisure trips (which had already been weak for several years) down 3%.

Confirming the trend towards late bookings, IPK International also estimates that bookings within a week of travel increased by 18% in these eight months, while trips booked one week to one month before

departure fell by 5%, those booked 1-3 months before fell by 13%, and those booked three months or more in advance fell by 12%.

In the European market, touring and countryside holidays have been the main casualties of the slackening demand in 2009: both were down 20% in volume terms in the first eight months of the year. It is interesting that snow holidays – concentrated in the first months of the year – were up 11%, while mountain holidays – often to the same resorts later in the year – were down 15%. Many ski resorts of course benefited from plentiful and late snowfalls this year, and from popularity among young affluent people who were not then much affected by the recession and rising unemployment.

2.4. Trends in European holiday travel by main type of holiday

Sun & beach holidays, which form by far the most important category of outbound holidays among Europeans, have performed relatively well in both 2008 and 2009, following three years of only modest growth. But, holidaymakers have been abandoning traditional destinations such as Spain, Portugal and the Caribbean for newer ones in North Africa, the Eastern Mediterranean and further afield.

The comparatively strong performance of city holidays is worth attention. City breaks, in a symbiotic relationship with low-cost carriers and high-speed railways, had been growing quickly year after year, but faltered in 2008. Once again, the suspicion re-emerged that European demand was approaching saturation. But in spite of that reported tendency to sacrifice short breaks rather than main family holidays, and in spite of the weakness of the UK market (one of the most important sources of city-break demand), they have declined by only 5% in the first eight months of this year. That figure is calculated on the relatively weak performance in 2008, so it is too early to draw firm conclusions from this trend, but it is clearly worth watching.

The long-term trend in European travel has been for a steady increase in the use of air travel. Car travel has been weak for several years, but this trend was reversed in the first eight months of 2009, with a 2% increase in trips. The rise in air travel paused last year, perhaps because of rising fuel prices and a growing awareness of the hassles and environmental costs of travelling by air. And it fell heavily this year, recording a decline of 8% in the first eight months. Rail travel has been enjoying a recovery, from low levels, in terms of tourism demand, associated with the introduction of new high-speed services, and this too continued in 2008. Cruising has been a booming market, and ferry travel has been doing well, but trips by ship declined by 10% in the first eight months of the year. Coach travel, among European travellers at least, continues to slide, suffering a drop of 20% so far this year.

2.5. Trends in European outbound travel by means of transport

Very few European markets have provided any growth in outbound travel so far this year. Among the 12 markets monitored by IPK International's European Travel Monitor, only Austria shows an increase, with Denmark unchanged over the first eight months of 2008.

Declines are much more plentiful. Among these 12 markets, declines range up to 10% for Sweden, 12% for Russia and 15% for the UK. And year-to-date statistics posted by many members of the European Travel Commission (ETC) on the TourMIS database generally confirm the trends.

Evidence, backed by less comprehensive statistics, suggests that trends in outbound travel for many smaller European markets have been towards the bottom end of the range. For obvious economic reasons, outbound travel from Ireland, Iceland, Spain, Portugal, the Baltic States and most countries in Eastern Europe has been very weak this year. Travel from the Nordic countries, which have generally not been seriously affected by the recession, might have been expected to hold up relatively well, but the figures for Sweden suggest otherwise.

Concerning the leading destinations, the general consensus within the travel industry is that long-haul travel has been much more seriously affected than short-haul, and IPK's findings that European long-haul trips are down 12% and short-haul 6% this year bear this out. However, some long-haul destinations continue to report good, or relatively good, performances from individual European markets (especially France and Germany). The Canadian Travel Commission, for instance, was 'pleased' by declines of only 2-3% from these markets. South Korea has also seen an increase in European demand.

2.6. Almost all European markets suffer declines. Long-haul destinations are the hardest hit

The notion that a strong euro is damaging euro-denominated destinations was perhaps played out in 2008: in 2009 some Euro zone destinations (e.g. the Netherlands, Italy and Germany) had been doing relatively well, and some non-Euro zone destinations (e.g. the UK and Hungary) had failed to capitalise

further on their competitive exchange rates. But it is clear, both from the year-to-date figures and from reports from the destinations themselves, that euro denominated 'sun & beach' destinations, such as Spain, Portugal, Malta and Greece, had been suffering from competition from cheaper destinations such as Turkey, North Africa, Croatia and Montenegro.

Another widely reported trend is for neighbouring destinations to have benefited from the tendency to holiday closer to home – a trend confirmed by detailed figures for arrivals from neighbouring countries in, for instance, Germany, Austria, Switzerland and the Nordic countries.

Very few destinations outside Europe and North Africa have performed better than average. They include, as already mentioned, South Korea, as well as Cuba and the Dominican Republic (which make a contrast with other Caribbean destinations reporting large declines from Europe).

IPK estimates that European trips to North America, South America and Asia Pacific were all down by 10% or more and those to Southern Africa were down the most, even though international travel generally to Southern Africa has been rising this year.

Table 1 Performance of the European market in selected destinations (%)

Very weak performance (declines of more than 10%)				
Finland	Spain	Malta	Romania	Cyprus
Check Republic	Baltic States	Poland	South Africa	Kenya
USA	Brazil	Mexico	Chile	China
Japan				
Weak performance (decreases of 5-10%)				
Denmark	Norway	Ireland	Belgium	France
Germany	Switzerland	Portugal	Greece	Hungary
Russia	Canada	Thailand	India	
Not that weak performance (decreases of 1-4%)				
UK	Netherlands	Austria	Italy	Bulgaria
Croatia	Egypt	Tunisia	Dominican Republic	Cuba
Positive performance (increases of 1%and more)				
Sweden	Turkey	Morocco	South Korea	

Source IPK International's European Travel Monitor

2.7. Four out of ten Europeans will change their travel behaviour this year

The European Travel Monitor's 2009 Crisis Impact Study suggests that four out of ten European travellers will change their travel plans in 2009, although this average masks wide differences in behaviour from one market to another across the region. The proportion of these 'crisis-sensitive travellers' in the 14 countries covered by the study varied between 19% and 64%. However, IPK's research confirms that, in Europe, travel has become a high priority among consumers with incomes of over €20,000 per annum, and that these consumers will continue to travel – indeed they will scarcely reduce their spending on travel – even if they switch to cheaper destinations closer to home. But those with smaller incomes, although they remain keen to travel, now have a real fear about providing for life's basic necessities, especially since gas and food prices have shot up. They will reduce their spending, possibly cutting out leisure travel altogether, or otherwise going further downmarket and travelling more locally. In many 'emerging markets' in Central & Eastern Europe – people already ceased travelling outbound as early as May 2008.

If unemployment in Europe begins to soar, as it is already doing in the USA and industrial Asia, the numbers of people on high incomes will shrink, and those still in employment will suffer from a rising burden of taxation, a decline in purchasing power, and – most critically – a serious lack of confidence.

3. Conclusions

For the first time since statistical data has been collected on international tourism, the year 2009 exhibited a decline in the number of outbound trips taken throughout the world, by a total of 4%. The downturn can be primarily attributed to the global financial and economic crisis.

European and American overseas destinations were hit the hardest by this global decline; Europe by 6% and America by 5%. Recording a 2% decline, Asian destinations were somewhat less impacted. Meanwhile, African destinations managed to post a plus figure of 5%, although based on a comparatively lower travel volume.

In the short to medium term there is almost certain to be a trend of travelers spending less on travel. Those tourism and hospitality businesses which can adapt to service travelers on a tighter budget will do well. The demand for the luxury end of the market is likely to decrease while demand for either low cost or perceived good value products and services is likely to grow. Airlines and hotels especially need to rapidly adapt to this trend. Ironically, the surge in value of the US dollar and the Euro may stimulate Americans, Europeans and Japanese to resume traveling overseas. The growth of Chinese and Indian outbound travel may slow but will continue because these economies are still growing. There is likely to be a growth in domestic travel or short haul international travel as people choose to stay closer to home. If governments seek to help bail out industries they could help the global tourism industry by reviewing the plethora of crippling departure and other obscure taxes which have inflated the cost of international air travel.

However gloomy some pundits have depicted the current economic environment most people worldwide will continue earn income from their jobs. People will want to get away from home, make a religious pilgrimage and travel will remain part of the way people do business.

The optimistic growth forecasts of tourism associations such as the WTTC, UNWTO and PASTA will almost certainly require some revision but tourism will survive this challenge as it has overcome a wide range of challenges. The tourism industry will have a rough ride over the months ahead but those who think and act strategically and have the ability to adapt their business model quickly to the new realities will overcome this challenge.

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BUILDING SHOP IMAGE BY USING THE STORE AS A MEAN AND A PLACE OF COMMUNICATION

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Abstract: *Store image designates public attitudes towards the shop and has a role in the success of the store's overall activity. Because 70% of the buying decisions are taken in the store and the consumer can get to spend more than 2 hours shopping, especially as all the products are found under one roof. Large commercial areas with shops, supermarkets and hypermarkets have been transformed into a communication medium for large audiences and can generate a traffic of about 800,000 to 1,000,000 customers per month. The goals of this paper are (1) to argue that the store image, as it has been previously developed by marketing academics, is a necessary target for store performance and (2) that consumer buying and shop selection behaviors can be influenced by using in-store communication.*

Key words: store image, in-store communication, consumer behavior, promotional materials, brand equity

JEL classification: M37

1. Introduction

Since the introduction of store image as a concept in store personality development made by Martin in 1958 marketing researchers have paid considerable attention to the development of store images in the minds of consumers in an attempt to influence store selection (eg, Chowdhury et al., 1998; Berry, 1969; Kasulis and Lusch, 1981, Kunkel and Berry, 1968, Marks 1976, Mazursky and Jacoby, 1968).

Consumers get to use store image as selection criteria in making purchasing decision. The situation can be described thus: “In concentrated and relatively saturated retail markets, the position that a retailer etches out in the consumer mind is a vital element of its strategy. Customers must be given a good reason to shop with one retailer rather than another.” Varley (2005, p. 19).

Although definitions of the store image vary and there is not one universally accepted, store image was first defined by Martin in 1958 who took into account both functional and psychological attributes of the consumer mind, but other marketers have added other attributes related to the consumers store selection behavior as store loyalty, patronage decisions, brand image perceptions and brand perceptions and communications (Assael, 1992, Collins-Dodd & Lindley, 2003, Hawkins, Best & Coney, 2004, Jacoby & Mazursky, 1984, Peter & Olson, 1990; Wong & Yu, 2003).

It is clear that in store communication is an important part of the store image and it should be studied separately by specialists. In an environment with fierce competition, in-store communication is an essential part of the marketing strategy to attract consumers and build store image and personality streamlining purchasing process and increasing comfort and alertness of consumers.

2. Importance of the store image

Store image and its reputation designate public attitudes towards him and that image has a role in the success of the overall activity. P. Martineau, an American authority on internal trade, compares the image store with an active force that causes buyers to shop. Martineau said that there is an active force in determining the mass of buyers of the store, besides obvious functional factors of location and product range offers catalog,. This force is defined as the personality or image of the store, the way that is defined in the minds of consumers, some by its functional qualities, and another part by a halo of psychological attributes. (Brengman, 2009).

Kunkel and Berry, two other U.S. experts, define store image as a whole conceptualization and expectations for a specific store, a person associated with a customer of that shop. Another expert estimated that store image is a complex of meanings and relationships that serve to characterize the store (Bloemer, 1998).

Store image is defined and based on a set of attitudes derived from the evaluation of those store attributes that are important to the consumer.

Although there are many definitions of store image, at least four common points to be drawn from these definitions:

- Store image is a complex phenomenon;
- Store image includes both tangible and intangible factors;
- Store image is dynamic.
- Image storage is not only physical, tangible operations of retail and commercial furniture, window, etc. but also the intangible such as store atmosphere, tradition and its trade policy, even the store employee attitude and personality, especially seller personnel.

These intangible factors can be as important as or more important than tangible ones. In some cases, intangible elements can lead to creation of favorable image of the store, allowing it to distinguish from the competing stores. For example, a design driven atmosphere inside the store, staff politeness and kindness and seller which helps customers as well as good communications and consumer guidance may leave a good impression about the store.

Another important factor is creating the perception of store image.

Commercial Unit perception is fundamentally determined by how consumers perceive the projected image thru communication and good customer management in the store. Manager of a store that tries to project a certain image does not necessarily mean viewers will perceive the same. In fact, great differences may exist between what the manager is trying to project and what is perceived by consumers.

Image that is projected by the store manager has to go through the process of consumer perception. Output of this perceptual filtering are represented either the same or a similar picture to that presented by the manager or a completely different way than projected.

Retail managers must distinguish between what they believe is the image of the store and the one that is actually perceived by the consumers. Often, managers talk about creating a new image, but this newly created image can be one imagined by them, but not the one perceived by the public. Therefore, commercial retail unit leaders must always remember that store image is derived from the analysis that determine consumer perception.

3. In-store communication

Because 70% of buying decisions are taken in the store and the consumer can get to spend 2 hours in the store, especially that he finds all products under one roof, this communication channel is an environment that can influence consumers buying behavior.

Large commercial area with shops, supermarkets and hypermarkets have been transformed into a communication medium for large audiences and can generate traffic of about 800,000 to 1,000,000 customers per month.

Therefore, it appeared the need for communication at store level, where consumers go, the last time, in contact with brands before shelf.

Within the store, the act of promoting a product contains, in fact, at least three major coordinates: a dynamic and logistics one, related to the actions and techniques, another strategic and material that refers to promotional materials subordinate to activities or used by itself and the last one, emotional, transmitting care and attention to the customer.

The main role of brand promoting materials in the store is a polyvalent: on the one hand, they draw attention to the product, on the other they remind messages that the product launch on other media channels and, not least, influence purchasing decisions on the spot.

One of the major operational objectives in-store communication strategies is to keep costs in-store campaign at a minimum, where the relationship between quality and quantity is very balanced, clear and measurable results in terms of sales efficiency. In terms of quality versus efficiency there should not be any rebate when we talk about point of sale promotional materials. Starting with a strategy to implement such a campaign, continuing with its realization in terms of graphics and execution and ending with the degree to which it is implemented correctly, an in-store campaign (which can contain simultaneously merchandising, sampling, sales promotions, cross-promotions, etc.).

Increasing importance as a medium of communication shop is part of a broader trend, which already occurs in developed markets, where marketers have realized that it's time to return to direct communication with their customers.

Thus, promotion shift from mass communication to the communication on consumer segment and, in the same segment, to the dialogue with consumers. In parallel, communication channels have become more refined and began to gain increasing share of marketing budgets in new channels, more "narrow", but more efficient than classical.

4. Communication media

Promotional materials are tools with which they are put in motion integrated or specific campaigns.

Designed to signal the product at a milestone for the marketing effort, namely at the moment of acquisition, these materials can be thought of in many forms and site choice.

They are adaptable to any area store (cabinet, shelf, shelf ends, the entrance of the store, floor and ceiling) and can be done in any version, from simple to complex, from static to interactive. They greatly improve store perception and, none the less, sales thru good consumer guidance and improving consumer awareness about store routs and product promotions. The aim is to provide the customers with accurate, up-to-the-minute and highly-tailored information at the point of sale.

Poster: printed material, in different sizes, which strengthens brand communication messages about related benefits or promotions.

Sticker: promotional material with wide utility, from sticking it to the shop door to handing them in the form of collectable or gift item.

Shelf talker: promotional item that can be made of cardboard, plastic, wood or metal and which provides both signal for product on the shelf, as well as support for the brand message or communication of promotions.

Stopper (Wobbler type): strongly marking product on the shelf by protruding out of the shelf. May be round, oval, triangular or square and can be realized in many types of materials. They are very advantageous from the impact of signaling point of view as they have a generous surface exposure and they are extensions of the product shelf which contributes essential in capturing consumer attention.

Floor Stander: vertical support made of cloth or vinyl, with support made of wood, plastic or metal. It is an area that allows both atmosphere presentation and transmission of a visual add which repeats themes from other media commercials. It is slim and very visible, and if strategically placed correctly it can be a real “friend” of that brand. Is part of the promotional materials that are designed to meet and direct the consumer to visit the store.

Shelf dividers: signaling materials made from plasticized cardboard or plastic, are designed to emphasize the identity of a product or product classes. Occupy less space on the shelf and they are highly effective.

They have a strong visual impact, clearly delineating the diversity of product offerings.

Danglers / Parachutes: elements characterized by dynamism and multiple perspective. They are suspended from the ceiling and signal from a distance, in large spaces, the presence of a product or product category. They have the advantages that are seen in all directions, with three or four sides of exposure.

Material attached to the product: neck hangers, coupons, inserts, labels, scratch items and collectable.

Floor ads: advertising stickers on the floor. They have exceptional graphic achievements, the most spectacular being 3d executions. Flag this brand surprisingly, are very useful for cross promotion and induce feelings of spectacular and original.

Fixed displays: product support media accompanied by a visual add, They are practical and can be achieved in many ways from plastic, wood, cardboard, metal or plexiglass. They can resume different themes and forms: traditional, classical or modern. They serve to detach the product from shelf, to emphasize its importance and rank in the range of products hosted by the store.

Mobile Displays: similar to the fixed ones, but enriched by dynamism and interactivity. May be enriched with information systems that give them the opportunity to transmit acoustic, sound, smell or motive messages.

Totems: usually rectangular or geometric shapes or that represents characters. They are located generally without product, but are meant to add the product a component of strength and a detached competitive advantage. In addition, it can be illuminated from the inside and/or external, which heightens their effect, and can "host" brochures or fliers with information about the product or store.

Info tents an kiosks: devices and systems that run various data, a mini-computer that interacts with the consumer, that allows them to learn more about the product by accessing a screen or some buttons, or

that it offers them access to information related to their history as customers (loyalty card, points accumulation, credit check, promotions, etc.)..

Plasma screens, suspended or attached to the shelves: the extension of shop TV channel, presents information about products and promotions, repeat present advertisements on TV stations and shows designed to maintain for the consumer a good mood state in the downtimes at the cash register.

Human mascots: costumes dedicated to promoters disguised as characters from the commercials that are related to brand promotion.

Inflated mascots: nonhuman elements that can have audio or dynamic devices.

Cards: a real marketing tool, provided they are connected to the database to ensure dialogue with consumers. Through them you can run promotions, you can add data for market research and can think communication strategies or loyalty programs.

Dispenser: branded media are installed on shelves or independently, they are containing leaflets or coupons. They are useful both in terms of brand image and from a logistics standpoint.

Flyers: promotions brochures or product presentation. They can be developed depending on the brand communication strategy.

Catalogs: printed for submission of offer or of sales promotions made through coupons either through other marketing techniques.

Litter lottery: although, apparently, they appear as some simple cases in the service of sales promotions and lotteries, these urns are used for the possibilities of brand graphics exposure and for the location selection.

Other media: strollers, safety bars, next client bar, bars separating the cash registers, backlit, bags.

In essence, the products promotional materials at point of sale are designed by the structures and the kind mentioned above, but make a difference through creative achievement. Visual impact and accuracy are key elements that justify the presence of these materials in the store.

5. Conclusions

Until now, customer behavior regarding promotion activities have not changed significantly, say communication companies. "Regarding the behavior of active clients who have projects in progress, so far no changes were felt about their work", says Marilena George GrupSapte Client Service Director. "Many major FMCG players have not finalized the strategy and budgets for the new year, but until this moment I can not say I have noticed signals of budgets cuts for activities from shops," says Adrian Paculea, Field Marketing Manager at Mercury360.

In some cases, the current economic climate has led to focus on BTL activities detrimental to other types of advertising. It is expected an intensification of activities in store, especially on the part of shopper marketing. Moreover, the activities planned since last year (recovery of products, launching new versions etc.) benefits from the current number of stores, which is higher than initially taken into account. But, because of the crisis we faced, budgets are allocated carefully: according to the specific activities for specific locations, or expected results.

Most buyers have become more calculated, pay more attention to how they spend their money, so it matters very much how we can influence their decision making in the final point of purchase, meaning the shelf. Shelf space belongs to the retailer and is where you can add certain elements that distinguish visibility for the customer. In the context of the economic crisis, the consumer is more calculated using a much better product for value ratio, especially when the product is not part of the essential ones.

A seemingly paradoxical fact in the retail industry is that in some cases, product quality offered by a company counts less rather than the image that a company has in the eyes of customers in most sales. Why, for example, consumers buy unreservedly from a luxurious supermarket in downtown, but instead have serious problems when it comes to buy the same product from an obscure periphery shop? The product is no longer influencing the purchase decision but the image store makes the difference.

First steps in building store image are the media you use and even the shop. Importance of building effective means of communication and the development of a shop that communicate its true value it is given by the fact that the image of the shop in the mind of the consumers is the base value of its brand.

The brand equity and value to a retailer consists of consumers who respond positively to the personality or image transmitted by the functional characteristics of the store thru any means of communication used by the retailer. Thus, one can easily see the importance of communication in and thru the store.

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INTERNAL PUBLIC RELATIONS – THE PANACEA FOR COMPANIES IN TIME OF ECONOMIC CRISIS

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Abstract: *For many companies, 'PR' is still a fad which only those who have nothing to do with their money can afford it. In times of crisis, when companies are facing problems such as: staff reductions, relocations, freezing salaries, etc.., efficient communication with employees is more necessary than ever to maintain a productive work environment, to boost productivity and to keep the employees as "reliable partners" in selling company's image, products and / or the services offered on the market*

This paper presents how internal public relations is a advantage hard to imitate of a company in times of economic crisis

Key words: public relations, crisis, internal communication

JEL classification: M30

20. Introduction

If 15 years ago somebody would said that a company is judged by the way the secretary's is dressed at the office and how she responds to the phone and these things will reflect company's sales volume it would be considered a great exaggeration. If we make the same statement today in circles of experts and people involved in marketing, communication, human resources, will be considered a truism. Most people, when they hear talking about public relations, they think it represents a communication process designed to attract the external public's sympathy and the confidence that the company wants or is already in contact with. But what about internal audience – employees, who often are or should be, the top consumers of products / services that the company sells them?

Nowadays, when information is transmitted at light speed and competition is increasing, when companies try to cut costs and find resources, the consumer is a generic concept and the first consumer product / service should be the employee manufacturing company. Before being sold, the product / service communicate, talks about the benefits that it offers and first people that hear the messages are company's employees. They are responsible for transmitting the brand's promise and they assume all the responsibility they make to consumers. Therefore, their behavior, style of dress, tone of voice, and other related arguments must be in agreement with the values expressed by the mark/brand/product. There is an external effect, visible, especially where employees are those who "deliver" brand promise and give it personality (e.g. services). However, public relations books do not show more than two pages on this field, many companies spend very little money in communicating with the internal public. Only a few companies take into account the need for employees to understand and communicate brand's values more accurately.

The impact of economic crisis on internal companies environmental

During 1924 – 1927, Harvard School, led by Elton Mayo, has revealed that human relations is a factor of productive labor. Thus, it was concluded that the harmonization of relations between actors in a corporate conduct and promote institutional development activity. As a result, public relations specialists believe that through these relationships, there is a "brainwashing" of staff with a philosophy and an organizational culture of the company where the predominant element is understanding its social and economic sense.

Internal audience includes all staff employed in the undertaking business. Internal public relations staff investigate and evaluate the attitude of the company's employees and the implications of their attitude. Based on the information obtained, I may suggest new procedures or methods which do not change the expected positive results. What is desired is to develop a positive attitude towards the company.

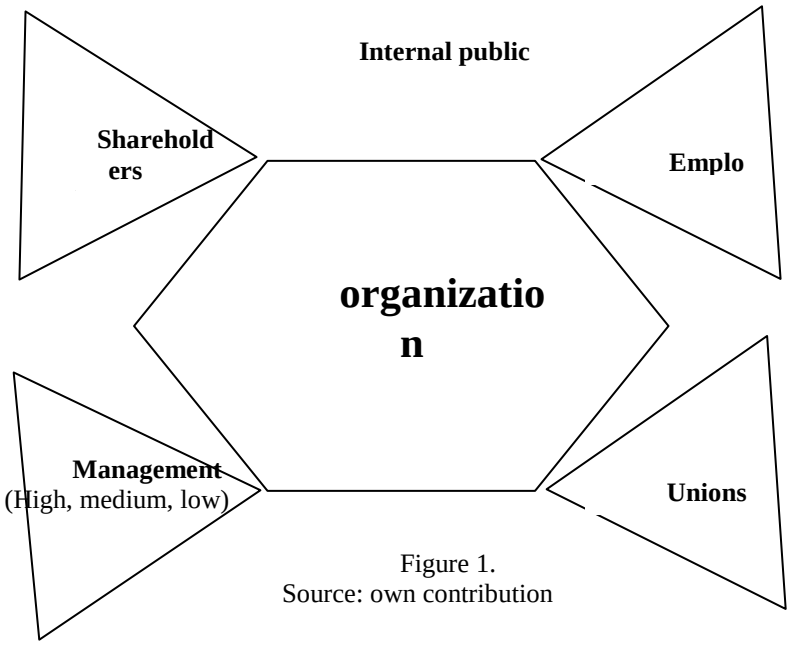

Figure 1.
Source: own contribution

People live their own traumatic experiences through their own unique ways of thinking and feeling. Some people may have less of a reaction while others may develop more severe symptoms, depending on the trauma. Employees fears this worldwide economic crisis and are unsure how it will affect their jobs and financial security. These fears may lead to lower quality and productivityof their work. The main problems faced by companies in times of crisis, in terms of internal climate are: fluctuations staff, absenteeism, employee complained to the conditions of employment and wage conditions, staff reductions, increasing the stress accumulated from work due to job insecurity, the higher volume of work, etc.. They generate high costs: the recruitment, staffing, breach the terms of service under contracts resulting in loss of a percentage of customers. Company image externally and internally begins to alter.
A manager at a automotive company in the southern United States says : "We've lost twenty-five percent of our workforce in my division, so I'm putting in an extra twenty hours a week or more. Yet my division head is on her second cup of coffee when I get in, and I have no idea what time she leaves at night." (Jennifer Robison, The Economic Crisis: A Leadership Challenge, 12 May 2009, http://gmj.gallup.com/content/118315/Economic-Crisis-Leadership-Challenge.aspx).

Potential impact of the problem of the activity and / or company's reputation may materialize in:
- Increasing vulnerability of negative publicity, the defense mechanisms of customers, employees over moral issues.
- Worsening problems with staff
- Breach the terms of services under contracts
- Loss of quality services
- Loss of a significant percentage of customers
- Company image degradation (internally and externally)
- Loss of balance (stability)
- Lower turnover
- Reducing staff to limit business activity performance

Which are the things that a company could do to settle / minimize the problem?

- First, the manager must be convinced that every aspect of business with employees means public relations,
- organize a public relations department or at least, hiring a public relations consultant. Reasons why companies should improve internal communication are many:
  - effective communication, especially on crisis time, increase company loyalty and longevity in business. Migration is expensive and employees through internal public relations work,

employers still provide a method which can reduce the percentage of turnover or reduce the unpleasant consequences caused by the departures.
• employees can help customers better understand when the brand promise
• employees who believe in the brand works more with better growth
• lawyers activity takes place in court, but those in public relations endeavor to represent the organization in court of public opinion.

- creativity. Internal communication needs creativity as much as external communication. - Internal audience must be captured and stimulated as well as the external offering greater flexibility of the company's program (all levels)
- findings strategy meant to make the employees feel safe:
- rewarding longevity in the company, valuation of that which seems to be why employees respond by loyalty. Following research within the company, revealed that key in the feel valued is not the salary or benefits of both materials, but quality time spent at work - adequate space and improved communication from management, things that provide building stronger relationships. In general, people feel interpersonal communication with their managers more important and more effective than written on paper or electronically. The impact is greater when management only deal directly with employees through a general message or intermediaries.
- an effective internal communication program must involve all company employees, even if they work on the premises or outside the organization, and personnel working in sales, technicians and engineers working in the field, people working at home, employees branches, distribution centers and service, staff on sick leave or maternity. If you need to transmit a message in a given day or at a certain time, should consider how to communicate with those who will not learn to work in that timeframe.
- repeating messages. A message broadcasted once is not enough. In addition, consider the fact that the new organization's employees have no way of knowing what was communicated earlier. Public relations specialist must ensure that new members receive important messages.

Internal public relations ensure prosperity of the companies

Public relations addressed to the public aim to create a favorable climate for domestic work, the ongoing cooperation for the purposes of permanent and profitable activities, in-depth knowledge of all company activities, products and services that make up its supply, etc.. Besides that, internal balance and proper functioning of a company determine, to a large extent, its image abroad. Meanwhile, through internal public relations the company management team may know the opinions and suggestions of employees, the use of which leads to improvement of its work. There are many levers (moral, material, etc..) used in order to stimulate interest and initiative in pursuit of an efficient staff, the increasing prestige of the company.

One of the most important tasks that a public relations department can perform is to study and interpret the way employees think about the company, how they express goals, needs, frustrations. To this end, the public relations department does research and studies on how employees react towards the company, its policy and working conditions. Some of these surveys are informal and based on interviews with the managers. They have limited value and often reveal more about the managers than about employees. But a coordinated and structured research can be useful in designing areas of dissatisfaction and employee needs. For these kind of studies it is necessary to ensure employee anonymity and confidentiality.

Specialists in the field believes that public relations process aims to build confidence. It can be represented by a set of vectors acting in several stages and at several levels. It aims to change representations about an object or phenomenon. Promoting public relations techniques ensures that the organization would accept a new version of an object (or phenomenon).

In the sphere of relations with employees, public relations policy have a particular importance. Employees assume loyalty only when the company have a positive attitude and earns their trust, by acting in the employees' benefits. The first step public relations can do is to convince the manager that every aspect of business with employees means public relations.

Best management philosophy is useless and even harmful if not acting in the interests of employees. The most effective response to public relations management can give is that every employee is a potential ambassador and that her/his image about the company is often the same as the one transmitted to others. The ongoing process of recruiting new employees (especially for specialized areas) is an activity akin to that of relations with employees. To this end, experts in public relations helps the HR department (staff) to prepare materials to present the advantages of employment at the firm.

It is important also that each new employee to be properly informed. This is achieved by a booklet written and illustrated by public relations department and human resources. It is a public relations tool designed to develop a spirit of good humor between people. It also provides valuable information for them, which are well targeted, are an important motivational source. A good book is one that expresses the idea that the organization is the one the employees want to be identified with. Such a presentation should include:
- A welcome letter from the President Company;
- A short and clear history of the company;
- A lucid presentation of the company through phases;
- Personnel policy - insurance, vacation policies, pensions, etc..
- Methods of promotion in the company;
- A final note, made by director of public relations, noting how employees contribute to the organization's reputation.

The action of public relations experts refers to:
- Meetings with their staff in order to gather information on internal environment
- Broadcasting films on topics which are business specific;
- Publication of a magazine or a newspaper dedicated to employees;
- Editing of brochures dedicated to employees explaining company's policy;
- Preparation of audiovisual materials for training or transfer business strategies;
- Scheduling meetings or workshops with the management company staff;
- Training people to become spokesperson (both among management, and the immediately lower echelons that the functions of communication with employees).

It is essential that each employee considers itself co-participants in the work organization or company concerned, and his organization appear to mind as one that allows him to show the full spirit of inventive, creative personality.

All this helps to maintain open channels of communication and shows employees that managers consider them part of the institution. Also it helps create a sense of pride in the company and a sense of confidence in the progress and success. "Around the world, there's a giant ball of fear," says Tom Rath, Gallup global practice leader and coauthor of Strengths Based Leadership. "Almost all leaders are focusing on just keeping their companies together." (Jennifer Robison, The Economic Crisis: A Leadership Challenge, 12 May 2009, http://gmj.gallup.com/content/118315/Economic-Crisis-Leadership-Challenge.aspx). Keeping a company together is a big effort under such conditions, but employee engagement can help in this effort.

21. Conclusions

Times of economic prosperity, requirea ways to engage the employees to compete for talent and drive commitment beyond compensation. In difficult times, when difficult decisions are required, communication and engagement can be the difference between a demoralized and fearful team and positive and proactive team.

For many small and medium entrepreneurs, "PR" is still a fad which only those who have nothing to do with their money can afford it. As long as we see only the costs for public relations activities, not income, it seems only an abstract notion. PR does not sell immediately like promotions and advertising, the results are not seen in numbers but public relations buids a good reputation in the market and, ultimately, it raises healthy and safe among other hundreds of thousands of companies, without recourse to spectacular recipes.

Internal communication is a well known fact, at least in Romania. Internal communication is treated as an activity which falls under human resources, when not only is the prerogative of management.

"Most companies are now in a state of non-active communication, that often creates a misunderstanding about what they do good or bad. We communicate something, even when we are not doing anything. When you get a e-mail and not respond, the sender communicates that you do not really care what you wrote, "says Eliza Rogalski, PR Manager at Tempo Advertising

But there are already many small and medium companies that matures and renounce to the mentality of " it is fine as currently" business requires consistent communication, and managers are becoming more open to act in this regard. Every company needs a coherent and effective communication with the end customer, business partners, basically any public interacting.

But most importantly, when employees become brand advocates it is created a real differentiation for a real customer - something very difficult to counter the competition.

The issue that the personnel faces is not how to design needs and standards of the workforce in a firm, but how to convince the best people to come in the company - and then remain and work to their full capacity.

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A DYNAMIC CLUSTER ANALYSIS OF THE LOGISTICS PERFORMANCE INDEX. A ROMANIAN CASE STUDY

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Abstract: *The paper presents a comparison of the Romanian situation in view of the 2007 and 2010 World Bank Logistics Performance Index. The method chosen for analysis is cluster analysis, due to the possibility of comparison to regional groups.*

Key words: Romania, cluster analysis, Logistics Performance Index

JEL classification: F14, F23

23. Introduction

In the context of the evolution of the international business environment towards an integrated, globalized system, struggling with ever-growing obstacles, such as scarcity, a wider distribution of finished products and a much larger scope of sourcing for supplies, need for efficiency and sustainability (European Commission, 2007), the streamlining of the supply chain is in continuous demand (Popa *et al*., 2010). This process, with a desired added value, relies mostly on the ability of the logistics chains within a company and between companies, especially on the ability of logistics to provide an uninterruptible flow of goods. (Lummus and Vokurka, 1999, Rushton and Walker, 2007).

To this respect, the World Bank has created in 2007 the Logistics Performance Index (LPI), meant to provide information on the capacity of a country to join the globalized system of trade. This paper focuses on the Romanian position in the two analyses of the LPI, in 2007 and 2010.

24. Research methodology

The chosen methodology for the study of LPI is cluster analysis, due to its versatility in grouping countries based on a single determinant. The main goal of the analysis is to provide an image of the Romanian position in the European Union based on the index values, especially in comparison to other Eastern European countries.

Cluster analysis is based on the concept of similarity, by definition being 'a multivariate statistical procedure that starts with a data set containing information about a sample of entities and attempts to reorganize these entities into relatively homogeneous groups.' (Aldenderfer, Blashfield, 1984). Starting from each separate entity in its own group of one, clustering creates hierarchical trees (also known as dendrograms) by sequentially aggregating clusters of increasingly dissimilar elements, to the final instance (iteration) that creates a group joining all entities observed. This method of clustering, called Joining or Tree Clustering, is, alongside the two-joining and the k-means clustering methods, one of the most used instruments for grouping observations based on a series of determinants. An application of the method for a wider range of indicators may be found in the Cojanu and Voicu-Dorobanțu study on competitiveness in South-Eastern Europe (Cojanu et al., 2006).

Defined by the World Bank as 'a multidimensional assessment of logistics performance, rated on a scale from one (worst) to five (best)' (World Bank, 2010), the Logistics Performance Index calculates, based on a survey where the respondents are representatives of the industry, the countries' performance based on a two-pronged approach: domestic and international. It rates six of the most important areas in the logistics world (according to the World Bank):

- Efficiency of the customs clearance process.
- Quality of trade and transport-related infrastructure.
- Ease of arranging competitively priced shipments.

- Competence and quality of logistics services.
- Ability to track and trace consignments.
- Frequency with which shipments reach the consignee within the scheduled or expected time.

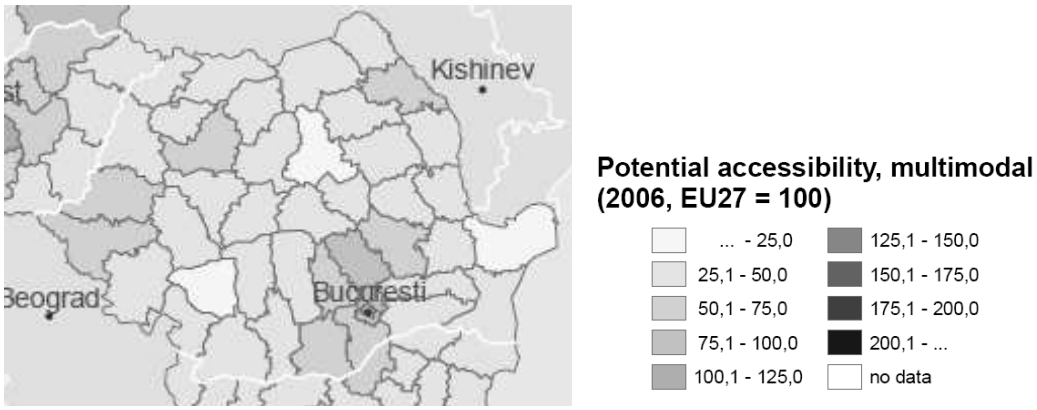
Grades are given for each component, and each component carries a weight of approximately 0.4, considering the LPI as a construction of these indicators based on principal component analysis.

The final aim of the analysis is to provide a comparative view of Romania in an European context in its evolution from the accession point in 2007 to the present moment, as evidenced in the 2010 LPI World Bank report.

25. The Romanian Logistics performance

From a logistical point of view, geographically speaking, Romania may be considered privileged at a European level, by providing access to the Black Sea, the Danube, as well as a connection to the most important railways in Europe and outside Europe (including a transfer point from standard rail gauge to Russian rail gauge). Its multimodal accessibility has been the object of an Epson study (EPSON, 2009), whose conclusions are reflected in the figure below. As far as positioning on the European market, Romania is placed rather outside the usual hotspots (Popa et al., 2010), although it ranks7th in Europe in terms of railway length. However, in this respect, according to experts, there is an intense need for investments at continuous rate for more than a decade in order to reach a level similar to European average and achieve full connection to European transport corridors (FRD Center, 2010).

Figure 1 : Multimodal Accessibility of Romania



Source: (EuroGeographics Association for administrative boundaries, EPSON, 2009)

Other logistical issues surrounding Romania concern the road infrastructure, where most investments have been made, for instance in A1 and A2 alone the amount reached in 2008 almost 290 million Euro. However, the need for a highway connecting the center of the country (linked to Bucharest via A1 and from there with the Black Sea via A2) is obvious, in order to increase accessibility to and from the logistical centre which is represented by the capital. Apart from infrastructure, logistical investments, such as additional warehouses, have been made, by far the largest receiver being A1 (FRD Center, 2010).

In a developing system, where the goods transportation sector amounts to 500,000 thousand tons in 2008 (INSSE, 2009), out of which 70% being road freight transported (most of the goods being transported in within a 150 km radius), in a market that reached in 2009 the level of 1.9 billion euro, the inland waterways and the connection to the Black Sea are important from an international point of view, yet not from a domestic side. Interesting to remark in this context is the ALSO Danube project, which creates an advanced European concept for managing intermodal transport chains, as well as sets up and runs highly integrated logistics networks and operational platforms, as means to improve the accessibility of the Romanian logistics network at an European level and to provide an improved efficiency and valorization of the geographical potential.

Considering the indicators forming the LPI, Romania had in 2007 a rate of physical inspection of imports of 24%, while in 2010 that rate has diminished to 7% of import shipments, with only 1% receiving multiple physical inspections. Customs clearance, in days, has decreased from 1.2 days to 1.0, although in 2010, the duration is actually 1.59 in case of an additional physical inspection. In 2010, the number of documents was 4 for imports and 4.33 for exports, a like figure not being calculated in 2007. The number of agencies for imports has decreased from 3.5 in 2007 to 1.67 in 2010, in case of the agencies for exports the

numbers diminishing within the same period considered for analysis from 4 to 2. Another important figure calculated for the first time in 2010 is the percentage of shipments meeting quality criteria, which, in case of Romania is 88%.

The lead time is calculated in 2007 as a median, with 2.2 days for export and 3.0 days for imports, while in 2010, a distinction is being made between port or airport supply chain and land supply chain. In these cases, the figures for Romania lead time in 2010 are:

- For exports: lead time for port or airport is equal to the lead time for land and is 2 days, a decrease from 2007
- For imports: lead time for port or airport is 2 days, lead time for land is 6.35 days (a median would be around 4.17, an obvious increase from 2007).

Equally important are the costs, calculated as the typical charge for a 40-foot import/export container or a semi-trailer. In case of 2007, the cost for export was 783 USD and for imports 794 USD. In 2010, again the distinction is being made between port or airport and land supply chain. Thus:

- For exports: the cost in case of port or airport supply chain is 2236 USD, while for land supply chain is just 500 USD.
- For imports: the cost in case of port or airport supply chain is 1000 USD, while for land is higher with 1357 USD, an obvious increase from the level of close to 800 USD in 2007.

26. Cluster Analysis of LPI 2007 and 2010

The first observation in terms of cluster analysis is the position of Romania in the LPI rankings in both years. In 2007, Romania ranked 51 out of 150 countries analyzed, while in 2010, its position was 59 out of 155 countries. In terms of value of LPI, in 2007 Romania had an index of 2.91, its value deteriorating over the three years of European integration and global financial crisis to 2.84.

The situation must be analyzed from the point of view of each component. Thus,

- **The customs component of the analysis**: in 2010, Romania ranked 85th with a value of 2.36. The ranking was from this point of view 56th in the world, with a value of 2.60. Both indicators have clearly deteriorated over the three-year period.
- **The infrastructure component of the analysis**: in 2010, Romania ranked 99th with a value of 2.25, the lowest value of all components. In 2007, the ranking was 50 from 150, with a value of 2.73. This may be considered strange, having in view the amount of investment in infrastructure from the past years. However, in terms of classification, it has obviously lost close to 50 places, and half of point in value of the indicator.
- **The international shipments component of the analysis**: in 2010, Romania ranked 34th with a value of 3.24. It is its second value from high to low from all components and its best positioning in all countries. In 2007, it ranked 35th with a value of 3.20. The appreciation in value in this case, very small from all points of view, has been compensated with an increase in rank.
- **The logistics quality and competence component of the analysis**: in 2010, Romania ranked 66th with a value of 2.68. In 2007, it ranked 52nd with a value of 2.86. In this case, both values have depreciated, the decrease in the value of the indicator being reflected into an loss in positioning.
- **The tracking and tracing component of the analysis**: in 2010, Romania ranked 66th with a value of 2.90. The situation in 2007 reflected a position of 56 and a value of 2.86. Yet again, both values have depreciated, losing 10 ranks due to a decrease in component.
- **The timeliness component of the analysis**: in 2010, Romania ranked 73rd with a value of 3.45, the highest grade in all components. In 2007, the situation was slightly different with a value of 3.18 and a position of 66 from 150.

As to the groupings, Romania is the best positioned from all its geographical neighbours in both instances analyzed.

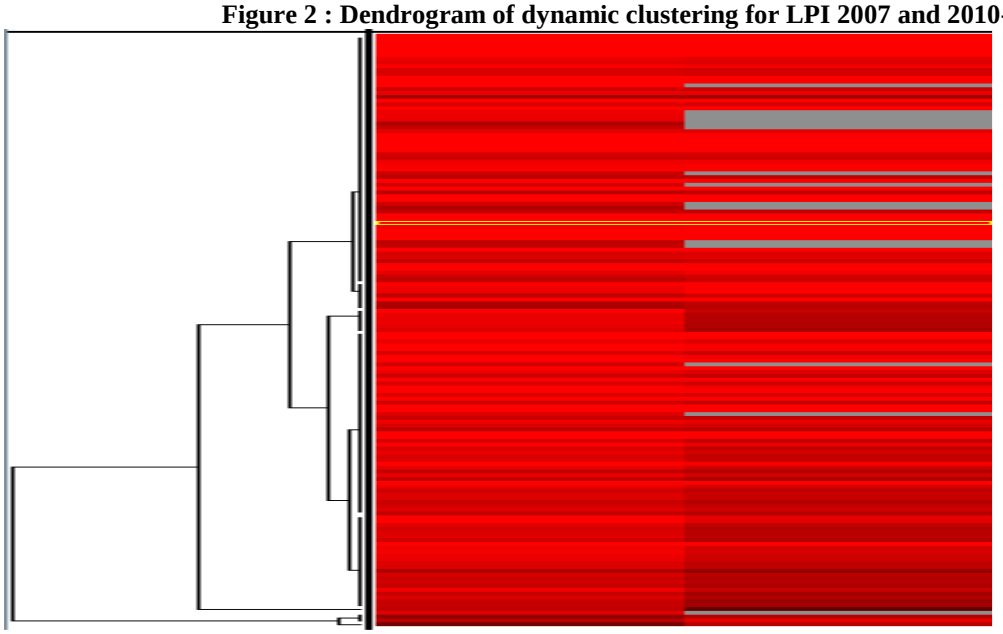
From the point of view of the dendrogram presented in the figure below, the cluster from which Romania (in yellow) is part of is formed of:

- Burkina Faso
- Denmark
- Sweden
- Congo
- Iraq

- Mozambique
- South Africa
- Singapore
- Romania
- Oman
- New Zealand
- United Arab Emirates
- Netherlands
- Fiji
- Lybia
- Hong Kong
- Pakistan
- Guinea
- Zambia
- Chile
- Hungary
- Jordan
- Cambodia
- Sri Lanka
- Greece
- Slovenia

To be noted the close similarity with Oman.

Figure 2 : Dendrogram of dynamic clustering for LPI 2007 and 2010-04-12



Source: Authors' analysis

27. Conclusions

The logistical situation of Romania has deteriorated slightly over the three-year period after acceding to the European Union. The most important deterioration has been perceived to be in the component of infrastructure. The geographical situation as well as the European integration, did not represent an asset in terms of clustering from the point of view of the logistical performance.

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ADAPTATION MARKETING STRATEGIES OF PUBLIC ORGANIZATIONS IN TIMES OF CRISIS

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Abstract: *Public organizations must be increasingly subject to analyses of efficiency because a public sector that is transparent and public-oriented facilitates both the necessary social comfort needed for the implementation of macroeconomic programs for economic recovery and the premises of a superior sectoral economic performance. The structure of a model of the public organizations' adaptation to the crisis, from a marketing perspective, could be the following:*

1. *analysis of planning effectiveness during the period prior to the crisis*
2. *reassessment of the institutional position*
3. *analysis of the public activity's beneficiaries*
4. *reconfiguration of public strategies and ways of action*

Key words: reassessment of the institutional position; public marketing strategies; institutional image.

JEL classification: H00

1. Introduction

The international crisis triggered in 2008 affected just as strongly the private sector and the state, profit-oriented and not-for-profit organizations or public purpose establishments, the economic and the social environment. It is clear that the analysis of the impact of such a complex phenomenon – by its power of manifestation and the areas it affects – cannot be assessed in an effective manner globally. The specificities of every field of activity demand a differentiated approach to the crisis, even if there is a red thread to follow, emerged from the need for a rational and optimistic behavior in the design of strategic organizational and social reactions.

The public sector – and the entities operating within it – represents a distinct organizational environment by its mission and its instruments of action. For this reason, the analysis of how public sector organizations should react in times of crisis becomes a specific and challenging approach. In times of crisis and beyond, public organizations must be increasingly subject to analyses of efficiency because a public sector that is transparent and public-oriented facilitates both the necessary social comfort needed for the implementation of macroeconomic programs for economic recovery and the premises of a superior sectoral economic performance.

In this respect, we think that an approach to the adaptation of public organizations to the crisis from a marketing perspective would be an appropriate one because the marketing philosophy promotes awareness and the ability to obtain and perpetuate a positive feedback from beneficiaries satisfied with the programs developed and implemented. Another argument is that social marketing objectives, as the ultimate conceptual-applicative approach in marketing theory, identify with elements of the public institutions' mission: institutional effectiveness in providing public services, care for the citizens' comfort and wellbeing, for the quality of human life and the environment. In sum, the role of the public sector must have three dimensions of quality: a social, an economic, and an ecological one.

The structure of a model of the public organizations' adaptation to the crisis, from a marketing perspective, could be the following:

1. analysis of planning effectiveness during the period prior to the crisis
2. reassessment of the institutional position
3. analysis of the public activity's beneficiaries
4. reconfiguration of public strategies and ways of action

2. Analysis of planning effectiveness during the period prior to the crisis

This analysis aims to see if the public system was prepared to face situations of major change and what information existed in this regard. The following elements must be identified and analyzed:

- reliability of prior planning in relation to the dynamics of the economic and social environment.
- actions and previous forecasts that were or were not met
- where and what went wrong or right in long-term planning before the crisis.

Following this analysis we can identify the elements of immunity to the crisis whose evolution was not disturbed by its event and also the causes that determined their immunization in order to further develop effective approaches or models of behavior.

After this assessment, the public institution can address the second step of the model of adaptation to the crisis: the reassessment of its institutional position.

3. Reassessment of the institutional position

In Romania, the public sector is still tributary to a very cumbersome bureaucratic behavior that is inflexible and lacks the imagination necessary to manage effectively or to seem to manage the social interest. Like in any other analysis of institutional re-positioning, the first step is to identify the opportunities and threats of this difficult period. Opportunities should arise from EU funded projects, from public-private partnerships, from the capitalization of the assets held at an offer price lesser than that of the private environment – real estate and lands that are publicly-owned. Finally, it should be borne in mind that most people and companies actually accept the crisis and the need to focus on cost and efficiency. Threats are primarily related to the decrease in the income of the population and the increase in the economic and social pressure due to a rising number of layoffs. Also, the restrictions and especially the growing costs related to credits could lead to financial and management pressures in the approval and the carrying out of projects financed from such sources. Along with the analysis of threats and opportunities we should also evaluate and anticipate the movements of the economic, social and political environment. In times of crisis, when things seem to be unpredictable, control is more important than ever for public organizations in order for them to fulfill their true mission. Adaptation means anticipation in this period. Every institution should have or create a department of planning and foresight that should work closely with the promotion department in the design of effective strategies.

The second step is to determine the factors that influence activity directly and significantly and to identify the sensitive points that should be carefully monitored. Practices in public service activities, public actions, attitudes toward partners and suppliers, toward the citizen, payment options for people - they all need to be addressed in a much more differentiated manner as it should be noted that the economic crisis has not affected everyone equally.

Figure 1: Factors that influence directly and significantly the activity of public institutions

Hig

Influence on public perception and institutional image

Lo

Factors that influence directly financial outcomes			
public acquisition system	prioritization of budget expenditures	cost of financial resources	population income, financial situation of companies
Factors that influence the quality of public services			
training and motivation level of the staff	level of technical equipment	existence of efficient work structures	existence of a beneficiary-oriented institutional culture
Factors that influence the credibility of public initiatives			
ability for institutional communication	relationship with the mass media	harmonization of communication and promotion policies with organizational objectives	good faith of the public institutions' leadership

Hig

Difficulty of adjustment during crises

Lo

If we group factors into categories and analyze them in terms of the difficulty of their adjustment to the crisis and in terms of their influence on public perception and the institutional image we should see the context of differentiation to be made. These factors can be grouped as in figure 1.

The third step is to review organizational objectives so that they are realistic and achievable. It is high time that the political way of defining public objectives be left for times of prosperity, and that the public organizations express their proposed targets honestly. The objectives established should be of the SMART type and they should be coupled with a series of performance indicators to assess their level of achievement.

The major objective of public institutions during the crisis should be that of getting as near as possible to the beneficiaries of their services: people or organizations. Achieving this goal would lead to benefits in terms of gaining their support for institutional initiatives and thus ensuring continuity in times and in implementing specific activities. Local institutions should be the pressure valves of government. Without a real taking over – through concrete objectives – of accountability for problems arising at Community level, in times of crisis, they become quickly regional, sectoral or national issues.

In such a period, organizational structure should be centered on objectives. This means that, for example, a town hall, instead of being a functional structure that assigns to the Mayor, senior executives and heads of services decision-making responsibilities structured by directorates and management departments, should organize their work on specific skills for the objectives to be achieved. So, if a major goal would be to develop the local road infrastructure, there should be created a department for infrastructure that should include directions and services that are traditionally separated in terms of management and activities: departments of heritage/cadastre services, of urbanism, of technical- investment services, of debtor tracking and enforcement, of contracts-sales.

Also, overall objectives should be detailed on specific targets, and then on measures and expected results. Even if they cannot achieve the same success rates as in product sales, certain public services can quantify the work to be done based on expected results.

Step four in the reassessment of the institutional position is to select the key processes and efficient services needed to achieve the organization's objectives. Once selected, the public resources should be focused on them. In times of crisis it is very important not to waste financial resources and not to dissipate human potential in activities with low impact or in investments with less value-added for beneficiaries. Overestimation of potentials, just as the underestimation of opportunities, is a costly mistake in times of crisis.

The reassessment of the institutional position is not feasible without a revaluation of the role and place of marketing. In the social and administrative sphere, where sensitivities about the use of public money are high, sporadic communication activities are irritating, being less credible due to their opportunistic nature. To enjoy credibility and support, communication and the institutional image must be constant priorities. People in charge must identify promotion activities with a maximum impact and the lowest budget. Any event should be an opportunity for visibility and institutional communication.

The last step is to determine the institution's response capacity to the changes brought by the crisis. The main resources of public organizations are people and their main beneficiaries, the citizens. In other words, the most part of public service activities imply communication. Staff evaluation will highlight existing problems in work and the solutions to fix them. It should be borne in mind that, just as in areas of profit, in the public sector, the crisis makes it possible for truly efficient and talented employees to be more easily identified and kept.

4. Analysis of the public activity's beneficiaries

The beneficiaries of public activities may be citizens or other organizations, be they of public or private interest.

Any analysis of this type should begin with a comparative study regarding the feedback of countries with similar economies and similar problems in the public system. Thus we can identify effective ways of adapting social strategies and actions.

Since not all categories of target groups are similarly affected by the crisis and do not react the same, they should be subjected to a segmentation from this point of view, in order to run specific actions. As a result, the effort is more concentrated and results can be more easily evaluated.

The segmentation of beneficiaries according to the effects the crisis has on them can be carried out using the following criteria, according to the nature of public services:

Table 1. The segmentation of beneficiaries according to the nature of public services

Nature of public service	Segmentation criteria according to the crisis effect
Public administration	- rate of frequency in accessing the public service - degree of urban development - level of responsibility in the use of public services
Financial administration	- frequency of payment - period of payment/ payment delay - means of payment used
Security and public order	- population migration - level of equipment with security systems - degree of home individualization
Education and culture	- number of people by level of education - development of access to self-paid and distance education - rate of frequency in accessing educational and cultural services
Health	- percentage of people with diseases - number of contagious diseases - volume of income generated by pharmaceutical sales
Justice	- number and structure of pending lawsuits - degree of access to legal information (advice and notary services)
Protection and social care services	- number and structure of requests for social services - rate of frequency in accessing protection or social care services

After segmentation, we must identify the beneficiary's expectations. As a rule, in times of crisis, people are concerned about the quality-price-time ratio. Depending on its typology, the beneficiary will valorize more one of the three components.

5. Reconfiguration of public strategies and ways of action

The strategic model of response to the crisis should be build on according to two major axes:

- an improved approach and communication with the public and beneficiaries
- an efficient allocation of existing institutional resources

An improved approach and communication with the public and beneficiaries must start with a consistent budget for communication. Even if we live in times of crisis, it is not advisable for the total amount allocated to promotion and organization communication to be reduced. However, it is likely that this budget needs to be restructured so that communication actions are more effective. Thus, the effect/effort ratio would be a favorable one. A people-oriented philosophy geared is also needed; it should be guided by principles like: inform properly, provide permanent availability and be thankful for attention.

Among the solutions that can improve communication in public institutions we note:

- to dilute the image of authority adopted by most public organizations in relation to the beneficiaries of public services. A relationship based on training and cooperation would be more appropriate, especially in these institutions that, by their status, serve the public interest and do not manage it for other purposes. The style of speech and the language used in written or oral briefings often puts pressure on the citizens, a pressure that will generate a negative image of the institution.
- to maintain direct contact with citizens, outside the organization, through employees. Bringing social communication from the institution in the street facilitates a more open dialogue, the contextual visualization of the citizens' needs, the exploration of the interaction between the service provided and beneficiaries.
- people responsible for designing institutional strategies and the heads of departments who do not manage directly public relations should be involved in front-office observation. These regular traineeships will eliminate the errors that occur in the communication process within the organization and will give the staff a realistic perspective on the smooth functioning of the institutional machinery. Furthermore, it is possible to observe the citizens' reactions when public servants are supervised and when they adopt a daily behavior.
- to facilitate direct contact between the organization and people, both out-door and in-door by: suggestion forms, online or on paper, audio, video or digital support. In this regard, lists with the data and services that are requested by people most frequently could also be drawn up. Then, the

process of broadcasting information in the outlined directions should be streamlined and made more accessible.

- the quick and efficient management of complaints is an imperative in public service. Employees should avoid quoting organizational policies, even if they are real, because the citizens will tend to perceive this behavior as ill will or incompetence.
- the involvement of the customer relations department in all communication activities of the institution, be they daily or occasional, provides unity to its image and builds the trust of the personnel that is untrained in this area. Proper motivation of this department's members becomes a causal condition.

Orientation towards the people should be the basic concern of public institutions during the crisis. It must overpass the stage of anniversary declarations and intentions and must be implemented in all communication and service processes. Special attention should be paid to beneficiaries who access public services on a regular basis because, in this case, the value offered must be proportional to their effort.

As central ideas in the communication policy of public organizations we should retain: the identification of a model of how to respond to the beneficiaries of public services, a model that must be adapted to the means and forms of communication, and the respect of the promises made in press statements and releases.

The purpose of making more efficient the allocation of existing resources should follow the financial, human, and technological components. The first step is to centralize existing information and carry out a SWOT analysis on each component.

Then, the value offered should be estimated by beneficiary and sufficiency level in relation to its expectations. The introduction of new programs dedicated to beneficiaries tends to give them more advantages than to previous beneficiaries, the most plausible and convenient excuse being the legal support that does not allow the possibility to take retrospective measures. There is a major risk at the level of the image capital and people loyalty, a risk that can sometimes generate manifest social reactions. When such situations cannot be avoided, they should be anticipated and the representatives of earlier beneficiaries should be involved in brainstorming campaigns or in social programs that would make them partners in the proposed approach. Also, they should be involved in promoting the results of the measures taken.

At the financial level, except the circumstances required by governmental measures or the affiliation to European or international programs, accountability and balance must become key words in times of crisis. An efficient solution is also the externalization of certain activities or services, or, on the contrary, the integration of upstream and downstream services at prices below contracted costs.

Also, alternative solutions should also be envisaged to implement zero-cost actions such as:

- communication barters with the mass-media;
- service barters with suppliers;
- to use public relations budgets of great companies in order to promote the institutional image.

In order to make the available human resources more efficient, stress tests should be carried out, particularly in the departments that interact directly with the public, and the staff's degree of involvement in addressing of the citizens' needs should be evaluated periodically. The behavior of public servants and their communication with beneficiaries represent the most visible deficit of the Romanian public services.

The improvement of technological resources requires, above all, the integration of IT systems and the Internet into public service activities. IT systems facilitate the rapid and accurate processing of information and the Internet smoothes dissemination and easy communication by such means as: Google AdWords, contextual campaigns, newsletter marketing, blog marketing, social media, micro-sites, viral campaigns, sponsorships, special projects, pay per action & per lead, SEO (Search Engine Optimization). However, the level of computerization should be appropriately coordinated with the level of information offered in traditional ways, especially in certain categories of beneficiaries and services.

6. Conclusion

In times of crisis, the best thing to do is to focus on services that add value to the organization and not on those that consume resources. The value brought to the organization may be represented by receipts, by image capital or by budget support. Efficient services should be supported through an appropriate allocation of budget funds and a better valorization in the public. Providing guarantees on the services provided and their diversification is also a solution to increase organizational value. The differentiation of services in contrast with similar units in other areas creates the premises for the imposition of higher prices

leading to higher returns. Besides, through differentiation and diversification the public perception is changed without the need to change prices.

The creation of a strong institutional image and culture correlates with the communication strategy in order to reconfigure public strategies. Often, the image of an institution is influenced by that of its leadership. The aim to create an organizational image and culture subscribes to the careful planning of an integrated image campaign whose major coordinates are:

- to communicate and to reward institutional achievements at any level;
- to sign partnerships with the mass-media that enjoy credibility at local and central levels and to make them aware of the positive role that they must play in such times;
- to involve the beneficiaries in image partnerships.

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THE SME ANALYSIS WITHIN THE CURRENT ECONOMIC CONTEXT

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Abstract: *The specialists' particular interest for the small and medium enterprises (SME) comes from the important role it holds in the economies of most countries of the world.*

The Small and Medium Enterprises contribute to the creation of an important number of jobs, absorbing part of the available labour force as a result of economy's restructuring. Besides all these, Small and Medium Enterprises may influence, through their mobility and flexibility, the production's adjustment process to the market's requirements. In Romania, small and medium enterprises successfully act towards diminishing the monopolist role of big enterprises.

Key words: enterprising, crisis, strategy, investments.

JEL classification: M20.

29. Introduction

The evolution and functioning of small and medium enterprises have both a strong contextual determination – influenced by the more or less favourable conditions where they develop their activity, by the mutations that occurred in their external environment with the change of the system – and a managerial determination, consisting of the different quality of the management used at their level and the insufficiencies in the field: indolence, orientation towards current issue, structural inflexibility.

Under the European context, the small and medium enterprises' field (SME) has been, during the last years, the pillar of the EU member states' economy. The SME are the key sector to generate economic growth and a sustainable and continuous economic development. The SME contribute to a large number of jobs, absorbing part of the available labour force as a result of the economic restructuring: approximately 23 million SME provide around 75 million jobs and they represent 99% of all enterprises.

Moreover, the SME may generate, by their mobility and flexibility, a strong impact on the process of adjusting production to the market's demands.

The foundation and development of SME in Romania experienced a relatively sharp increase between years 1990 – 1995, due to the existence of unsatisfied demand, the need for private property development and tax incentives in this stage. Between years 1996-2000 there was a stagnation in the number of SME due to unfavorable economic situation and fiscal complications.

In Romania there are now approximately 600 000 companies of small and medium enterprise character, which make 72% of the national gross product (NGP). The important percentage of the national gross product provided by the contribution of this sector proves the necessity to mitigate the effects of the globalization phenomenon and to identify some practical ways to ensure the medium and long term survival and development.

The Romanian Government has committed to consolidate the Romanian companies' competiveness under the perspective of getting access to the Internal Market, according to the stipulations of the European Charter for Small Enterprises adopted at Lisbon, in 2000. The Charter of Lisbon was designed to contribute to the improvement of European SME competitiveness, under the context of globalisation and of the knowledge-based economy.

Globalisation (Grama, 2006) is a new and necessary "progress of limits" within which humanity produces and reproduces. It brings changes similar to those that emerged after the discovery of America, five centuries back: the world becomes smaller, and commerce extends. The characteristics of the globalisation flow aim the production internationalization, the new international division of labour, the new competitive environment which generates these processes, as well as the state's internationalization, turning the states into agents of the globalised world.

Everybody agrees that small and medium enterprises are more dynamic and more flexible, thus they can easily handle any type of competitive pressure. A large number of small and medium enterprises offer

together more stability to the zone economy than a large international company which operates in the same area. This view, combined to the appreciation of individual initiative is at the basis of the entrepreneurial culture in the United States.

2 The SME under the impact of worldwide crisis

The enterprise system recovery, after a major deviation from the stability parameters has occurred, – a situation specific to many enterprises in the current **transition period** and mostly affected by the **worldwide crisis started in 2008** – and its inclusion on the profitability path is theoretically possible, either if external pressure has stopped, or if the system managed to adjust its structures by internalizing external constraints, insuring its functioning within the new conditions.

In this respect, an important role belongs to the promotion within the Romanian enterprises of the **strategic management,** a management method which, as the experience of the economic-social companies prove it, characterised by an appreciable dose of randomness, because it allows the company to become aware of threats and opportunities and to find the most adequate answers to the changes that come along, by formulating and implementing some coherent and realistic strategies.

Under the present worldwide economic context, Romania finds harder and harder to face the crisis' challenges.

From the statistic data provided by the National Trade Register Office, during January-September 2009, at the national level, a number of 112.893 commercial companies have suspended their activity (12,2 more than during the similar period from last year, when a number of 9.186 such cases have been registered), the number of voluntary dissolutions increased by 472,50% (14696 dissolution this year as compared to 2567 in the same period of last year) and the voluntary cancellations in the same period have increased by 173%.

Based on the specialists' analyses, considering the above mentioned indicators and the existing statistic data, it obviously results that the SME sector has been and will continue to be the most affected one.

The importance and necessity of supervising the governmental actions and measures that affect the vulnerable sector of the SME also comes from the fact that this sector is approximately 90,2% of the total commercial companies registered in Romania.

According to a survey conducted by the National Council of Private Small and Medium Enterprises in Romania (NCPSMER), 80% of entrepreneurs believe that the measures applied by the public authorities to reduce the impact of the economic crisis on the SME are unsatisfactory, only 13% of them believe they are satisfactory and 1% of the questioned persons considered these measures good.

The analyses made at the level of the SME have revealed that the main **negative effects**, as a result of the worldwide crisis are (Nicolescu, 2009):

- ✓ The financing hindering through banks, practically creating a banking blocking, with two defining coordinates – the credits' accessibility has diminished, simultaneously with the exaggerated increase of financial costs.
- ✓ Exports decrease due to the economic crisis that reached almost all countries in the world.
- ✓ Internal demand decrease caused by the foreign and national investments' decrease, the diminution of the amounts sent home by the Romanian immigrants and the decrease of nominal incomes of some categories of the population.
- ✓ Increasing the economic financial blockage due to the non-payment or the delayed payment by the state of the acquisitions made previously (2,1 billion Euros), the increasingly higher non-payment of products and services contracted and bought by some private companies, the impossibility to get necessary financing from banks in order to pay their previously assumed or foreseen obligations by various economic agents and natural persons.

The continuously stronger existence, psychologically speaking, of the "fear of the crisis" syndrome which consists of over-evaluating the crisis' effects from the economic point of view, the tendency to stop the economic actions begun or planned previously, even if these are feasible and profitable.

Through the analyses made within the National Council of Private Small and Medium Enterprises in Romania (NCSMER), a set of solutions has been formulated to prevent the crisis and re-launch the SME sector in Romania, divided in six areas. These areas are:

1. Re-launching financing from banks;
2. The implementation at a national level of Small Business Act (SBA) adopted by the EU in December 2008, in close partnership to the parties involved in the social and economic sectors (especially the employers' organizations and the representative organizations for the SME);
3. Stimulating investments and suporting the SME development;

4. Increasing the access to structural funds;
5. Stimulating work;
6. Improving the legislative framework.

By analyzing the European context with the passing of the Treaty of Lisbon and of the Small Business Act for Europe, as programme documents for the European space, the Government has to give a bigger support to the SME, by acknowledging their role as engines for the European economic development.

The main European financing programmes aim to promote the growth and to create new jobs for the European economy and the SME play the basic part in reaching these objectives. The variety of programmes allows various possibilities; this instrument's role being to help the SME to find opportunities which best fit their particular situation. The instrument allows fast and easy access to information on the opportunities within all European programmes relevant to the SME.

The SME non-reimbursable funds' scheme, which has the purpose to help investment projects for the establishment of new enterprises and the development of small enterprises and of newly-created enterprises. The SME access to business and training consultancy services is also aimed for the improvement of the necessary abilities to elaborate and manage projects, as well as to improve the SME access to information, communication and business opportunities.

The SME have access to funds of 1,2 billion euro until 2013 and in 2010 they can access 200 million euro.

The SME have spent only 5 million euro from the budget of 700 million euro allotted by the European Union for the 2007-2009 period. The manager of the SME financing programme, Catalina Melia, says that at least one beneficiary from 10 give up on approved projects due to co-financing problems.

In a research of the NCPSMER, according to the interviewed entrepreneurs, **the causes of the difficulties** encountered by the SME when accessing non-reimbursable funds are: increased procedure bureaucracy (69,23%), the lack of communication between financers and the finances' beneficiaries (40,38%), corruption (25%), the training of the programmes' management departments employers (13,46%).

The priorities and short and medium term actions have to be conceived and integrated in a **sustainable strategic** approach. It is considered that there must be considered, as its basis, the three major transitions that Romania has to go through during the following years, inevitable, objective processes:

- ✓ **Finishing the transition from the command economy to the functional market economy.** Unfortunately, the adhesion to the European Union has partially made us forget that this transition has not yet ended in Romania and what is now happening in the economy can mostly be explained by this delay.
- ✓ **Finishing the integration of the Romanian economy into the European Union's economy,** a process found in a beginning phase. The convergence "de facto" of the Romanian economy to the structures and functionality of the European Union economy is a relatively long process which requires the continuation of existing reforms and their acceleration, with elements of financial, commercial, managerial, technological, ecological, human novelty, directly and indirectly requested by the latest national, European and worldwide evolutions.
- ✓ **Establishing the knowledge-based economy,** a very complex process which means strategic changes in all elements of the company and economy, different, additional and superior to those previous two transitions. The current **knowledge revolution** offers huge opportunities for Romania, the companies and its population an, at the same time, serious threats whose recovery and respectively counteraction may be achieved based on a special and professionally designed and implemented approach.

According to a study made by the international market research company MEMRB and quoted by Wall-Street, among the most important opportunities during the economic crisis there is, according to half of the SME included in the study opinion, **the business's reorientation towards more profitable activity areas**. The study was conducted during the 16th of February – the 13th of March 2009, on a sample of 431 small and medium enterprises in Romania, from different fields of activity. Therefore, according to the study, 45% of the SME believe that other opportunities during this period would be the weaker competition and the lower prices for equipment or raw material. Only 15% of the companies consider as opportunities the result of some investments on the real estate market.

The MEMRB analysis also shows that almost 80% of the Romanian companies have taken special measures to better go with the economic and financial crisis. Therefore, most of the entrepreneurs have retorted to cost reduction for services delivered by third parties and cost reduction for utilities. On the other hand, the rarest initiative of the SME was the launching of new products or services.

As far as the duration of the crisis is concerned, almost half of the companies expect that the difficult period will end at the end of 2010, while the other half could not foresee a period, but for almost 60%, the economic and financial crisis has shown its first signs since November 2008. As an example, for three out of four companies in Romania, the economic crisis is the equivalent of the decrease of demand for the offered products or services.

Wall-Street indicates another solution to save the SME: **the taking over by investment funds or by strategic investors.**

The transactions' value on the mergers and acquisitions market (M&A) in Romania where SME have been involved has risen in 2008 to a value of approximately one billion euro, the medium enterprises having almost 25% of the investments, the small enterprises – 40% and the big companies – 35%, according to Sequoia consultancy company. The SME sector is not very closely monitored on the mergers and acquisitions market and many of the transactions are not quantified. Direct investors will wait until summer to close the transactions if they will not find a very big opportunity.

With regard to the strategy for this year, the Romanian companies will mainly try to reach the objectives related to the consolidation of current clients' portfolio.

3 Investment strategies for the SME

Investments are the material support of the economic development; they stand at the basis of quality supplementation, diversification and increase of all production factors (Nicolescu, 1998).

Depending on the company's economic power, on the correlation between what it produces and the market's demand, the investment strategy may be:

- ✓ **of recovery –** it is the case of a company or which the demand for finished products has decreased very much and it requires initiatives such as production reorganization, changing the equipment and technology, etc;
- ✓ **of consolidation -** it applies where small changes in the market's structure are noticed, but where other suppliers of finished products have also appeared, where an increase of competition has been noticed and there is the risk of losing old commodity markets of finished products;
- ✓ **of development –** companies must a maximum economic efficiency which would allow it to keep its place on the commodity markets.

During this transition period that our country in facing, most of the companies' investment strategies, should be **recovery strategies**, adjustment strategies to the principles of a competitive, market economy.

The elaboration of an investment strategy supposes a lot of ability from the one who elaborates it because any investment involves risks, but still, the highest rate of risk leads to the highest profits.

The elaboration of an investment strategy also requires a lot of work, knowledge and ingenuity. In order to be successful, the strategy has to be based on own forces; from the multitude of occasions that occur, you must rely on what fits the company, to respect what you are doing and to be receptive to all information that belong to you.

The ideal entrepreneur for an institutional investor is the one who (Ferrara, 2006):

- ✓ has the ambition to grow;
- ✓ shows a development project approved by the associates, the company's manager and the family members, showing the ability to manage strong conflict situations or tensions;
- ✓ is experienced in expansion activities of other companies;
- ✓ it is permanently able to collaborate with the investors and agrees to manage the business in a transparent way;
- ✓ to see in the development of the business a self professional accomplishment and an increase of profit possibility;
- ✓ to be able to bring to life some correct and professional relations between the company and the family, avoiding fanatic behaviour;
- ✓ to not be a project supervisor who would create conflict situations between the management and the associates;
- ✓ to not question the company's financial management from the institutional investors.

4 Conclusions

Although in Romania the SME have meant during the last years a progress generator factor at economic level, during January-September 2009, a number of 112.893 commercial companies have

suspended their activity, for almost 60% the economic-financial crisis has shown the first signs beginning with November 2008.

The priorities and short and medium term actions have to be conceived and integrated in a **sustainable strategic** approach. It is considered that there must be considered, as its basis, the three major transitions that Romania has to go through during the following years, inevitable, objective processes, namely finishing the transition from the command economy to the functional market economy, finishing the integration of the Romanian economy into the European Union's economy, establishing the knowledge-based economy**.**

Investments are the material support of the economic development; they stand at the basis of quality supplementation, diversification and increase of all production factors. During this transition period that our country in facing, most of the companies' investment strategies, should be **recovery strategies**, adjustment strategies to the principles of a competitive, market economy.

According to a survey conducted by the National Council of Private Small and Medium Enterprises in Romania (NCPSMER), in the next period a great number of SME may go bankrupt because they are seriously or very seriously affected by the economic and financial crisis. Only 2% of the companies do not feel the effects of the financial crisis, which is very serious.

According to some studies, among **the most important opportunities during the economic crisi**s taken into consideration by the SME there is the business's reorientation towards other more profitable fields of activity, the weaker competition and the lower prices for equipment or raw material, investments in the real estate market (only 15%). Wall-Street mentions another solution for saving the SME: the taking over by investment funds or by strategic investors.

The small rate of structural funds' absorption, these ones using only 5 million euro of the budget of over 700 million euro allotted by the European Union during 2007-2009, is due to various difficulties that the SME have faced when accessing the non-reimbursable funds, whose main causes are: the increased bureaucracy of procedures (69,23%), the lack of communication between financers and the finances' beneficiaries (40,38%), corruption (25%), the training of the programmes' management departments employers (13,46%).

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STRATEGIC MARKETING OBJECTIVES FOR A GREEN DIMENSION OF THE CUSTOMER SATISFACTION MODEL

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Abstract: *This paper started from the implementation of the sustainable development concept, for modern organization. We consider that the utilization of the specific methods, techniques and instruments request a new approach of the dimensions of the evaluation model for customer satisfaction by including a new one, which we called The Green Dimension.*

This article presents some considerations regarding an integrated approach of strategic mix from a 'green' perspective. We started from the classical approach of the problem considering SMART objectives and we added three new characteristics, resulting ECOSMART objectives.

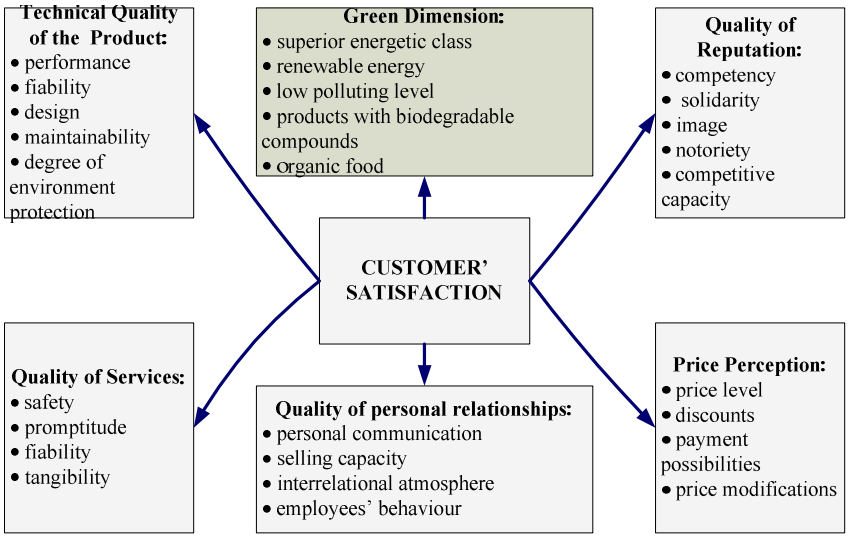
Key words: 'Green model' of customer satisfaction, ECOSMART objectives, Design for Environment, Cleaner Production, Organic Goods

JEL classification: M31, Q57

30. Introduction

In this crisis period, a new trend emerged in the business environment, which means to give a special attention to the relationships with the customers, giving them the utmost importance and seeing them as an asset needing to be kept and taken into account. From another point of view, another trend can be observed: everything is turning green. Managers have recognized the pressure of ecological problem as a serious challenge and a major strategic issue. Although pressures vary across industrial and national contexts, they are increasingly changing the rules of competition, making existent competencies obsolete, creating new winners, losers and opportunities for niche players. Over the past years, many companies have jumped on the green, revealing products and packaging "natural" or recycled. They concern a growing niche market: *green consumer*. An increasing number of consumers ask for 'green' products. Customers are increasingly drawn to businesses, products and services that are green, organic, natural, clean, and sustainable, because they become aware of environmental issues. An increasing number of consumers (over 20 percent in 2009) (Greendex, 2009) say that buying green is important to them.

Figure 1: A new model of the assessment of customers satisfaction



Source: (Sima, Gheorghe, 2008)

In this respect, we consider that 'the utilization of the specific methods, techniques and instruments request a new approach of the dimensions of the evaluation model for customer satisfaction by including a new one, called by us *The Green Dimension*' (fig.1) (Sima, Gheorghe, 2008).

31. Motivation

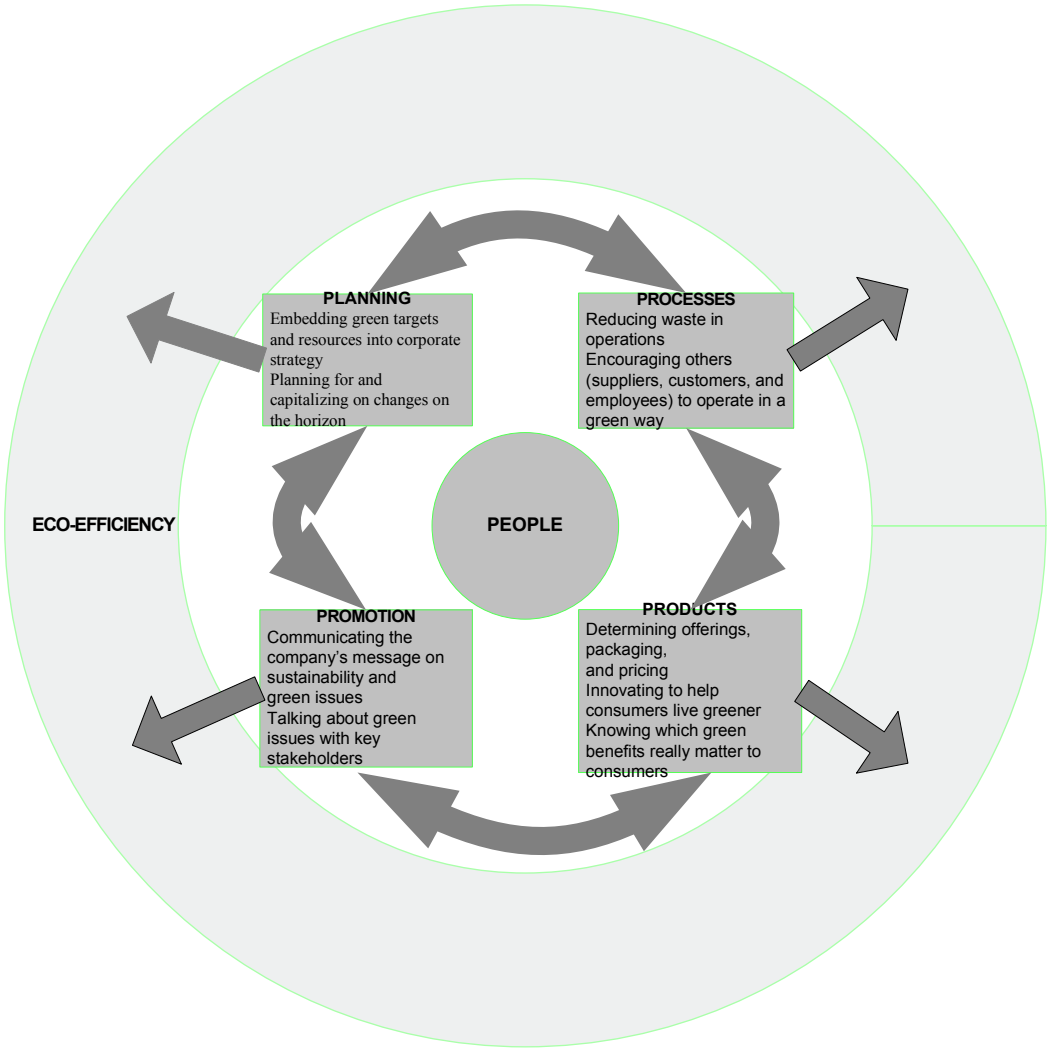
Being 'green' has become a business plan itself. There is a 'green' Competition, in which each company tries to move forward in order to gain a larger share of the market.

A wave of interest from consumers for the ecologic aspects is found. Because of this, managers realized that eco-methods of production and environmental protection can have values of profitability.

In January 2009, the U.S. consultancy Boston Consulting Group (BCG) presented the conclusions of their study, 'Capturing the Green Advantage for Consumer Companies'. This study aimed to know if and how the attitude of consumers towards the green products and services has changed because of the economic crisis. As a conclusion of the report, BCG advises companies on how to respond to consumer expectations regarding green issues and how to reach, in the same time, their business goals. At the end of the study, the authors offer ten tips, divided on four dimensions, by which companies will be able to meet the requirements of environmental protection of consumers and also to achieve their business objectives. The four dimensions are: *Planning, Processes, Products, Promotion*. (BCG, 2009)

'In our opinion, the green products and services are designed, manufactured/realized, priced and promoted by people for people. Starting from this reality, we believe that, into a holistic approach of the green satisfaction, people and their dual capacity as producers and consumers should be taken into consideration. […] Thus, in terms of green strategy, we consider that a fifth element can be added, namely *The People*.' (Sima, Gheorghe, 2009).

Figure 2: The 'Green Strategy Marketing Mix'



Source: (Sima, Gheorghe, 2009)

So we can say that in a complex, holistic approach, the strategic mix can be enhanced. In this respect, we identified six dimensions of the green strategies of the companies (fig.2). We called them The Green Strategy' Mix (5P+EE). The six dimensions are:

- Planning Strategy
- Processes Strategy
- Product Strategy
- Promotion Strategy
- People Strategy
- Eco-Efficiency Strategy (Sima, Gheorghe, 2009).

32. ECOSMART Marketing Objectives

In recent decades, there is an increasing concern of the specialists, to know of emerging trends related to the marketing mix. This can enable organizations to reorient marketing policies. This shift takes into account, directly, marketing objectives. These objectives, in the current conditions, should be ECOSMART defined.

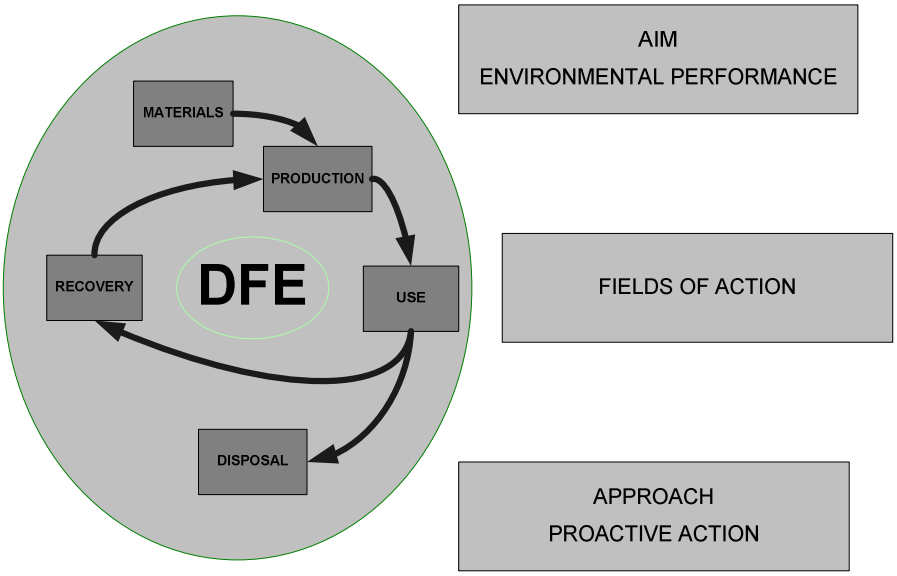
Table 1: ECOSMART Marketing Objectives

E	NVIRONMENTAL (Design for Environment)
C	LEANER PRODUCTION
O	RGANIC GOODS
S	PECIFIC
M	EASURABLE

A	CHIEVABLE
R	EALISTIC
T	IMED

Environment (Design for Environment DFE)

Figure 3: Characteristics of DFE



Source: (Sima, Gheorghe, 2009)

Design for Environment, also known as eco-design and green design, assumes that environmental impacts must be considered during the new product design process, along with all of the usual design criteria. DFE aims to evaluate and to identify ways to minimize the environmental harmfulness resulting from products (Graedel, 2003). It represents an approach to reduce the environmental impacts of products by introducing improvements at the design stage. Essentially, this means minimizing the quantity and toxicity of materials used, or, reusing and/or recycling at the end of a product's useful life.

Considering a continuous growth of customer preference for 'green' goods, a product having less impact on the environment is often better in terms of quality and marketability.

Implementation of Design for Environment in Romanian companies

Implementation of Design for Environment is accomplished through three successive stages:

- *Scoping*, which consists of defining the target of the intervention (product, process, resource flow), identifying possible versions, and determining the depth of analysing process
- *Data gathering*, which consists of collection and evaluation of the most significant environmental data
- *Data translation*, which consists of transformation of the results from the preliminary analysed data, into tools (from simple guidelines and design procedures to more sophisticated software systems, assisting the Design team to apply environmental data in the design process).

Starting from the fact that 60-80% of the environmental impacts, for a whole life cycle, are determined at the level of conception-project phase (EIPRO, 2006), Eco-Design must have in sight the fact that placing of the environmental parameters at the level of conception phase of the products', processes' or activities' conception must be effective, so that environmental parameters become business opportunities.

In Romania, changes in current procedures, must also take into account some issues:

- Changes of the product, process or activity specifications

- A Life Cycle Analysis conducted in order to identify weaknesses
- Setting up of Guides for Eco-Design.

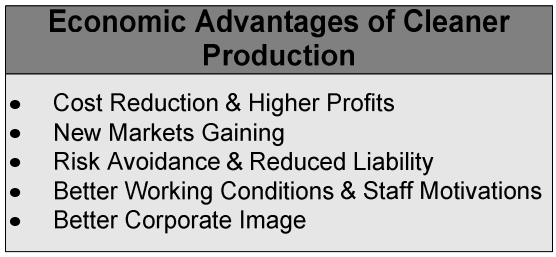
Cleaner production (CP)

The concept of *cleaner production* referees to 'the continuous application of an integrated preventive environmental strategy applied to processes, products and services to increase eco-efficiency and reduce risks to humans and the environment', being introduced in 1989 by The United Nations Environment Program (UNEP) (Huisingh and Bass, 1991).

Cleaner production aims to reduce or eliminate pollution at the earliest point of the industrial process, using non-technical as well as technical solutions.

This approach requests measures such as pollution prevention, resources' consumption reduction, waste minimization and eco-efficiency. Originally, the concept is about the prevention, rather than the control of pollution.

Figure 4: Economic Advantages of Cleaner Production



Source: (Sima, Gheorghe, 2009)

The concept of CP aimed to generate a new approach of processes and products, in order to be made to be less harmful to human and environment. For a successful implementation, it is important that the concept to be effectively communicated within the organization and employees at all levels.

Cleaner production aims to reduce environmental risks and liabilities, thus leading to greater competitiveness. Implementing cleaner production, companies can also improve their public image. Thus they can gain a higher confidence of consumers.

Cleaner production is, also, a strategic tool for enhancing productivity and environmental performance for overall socio-economic development

Cleaner production aims to offer some economic benefits such as waste decreasing, the recovery of valuable by-products, improved environmental performance, increased resource productivity, increased efficiency, lower energy consumption, determining an overall costs' reduction. (fig. 4).There are Romanian companies which have achieved environmental and economic benefits by implementing cleaner production programs.

Organic Goods

Wier and Anderson (2003) considered that the 'organic consumer' is that person who is responsible for buying food for the household and who buys organic food at least once or twice per month. So, if there are people who buy randomly or less than once a month then they are not considered regular organic consumers.

Consumers purchase of green or sustainable organic products are not just motivated by the produces themselves but by the values they represent. We can change non-organic consumers minds to make them believe that organic products are better in different ways-for the taste, health or the environment and demonstrate that people who are important to them, whether it's people who are related or not, such as celebrities, if they buy and consume organic product, then we might be able to move these consumers into the organic market.

33. Conclusions

Over the past two and half decades, there has been a rapid expansion of green products. The rise of 'low polluting', 'cleaner', 'organic' and a wide variety of environmental labels is testament to growing consumer awareness of the importance of individual decision-making power and responsibility in achieving sustainable development. Worldwide consumers of 'green products' associate them with the idea of reducing

consumption and saving, despite the fact that the main barrier for acquisition of these products is perception that the price is higher than the classical ones.

With the growing awareness, mainstream markets are also increasingly tapping into ecological initiatives as a basis for reducing the production and consumption impacts global of economic activity.

Companies that adopted the green goals about reducing waste and minimizing human impact on the environment, offering differentiated green products and bringing down costs across the entire value chain have been rewarded with higher margins and market share.

Companies which include the ecological factor into their business plans, embed green values throughout their supply chains, develop measurable goals and reporting structures, and communicate in a credible way with consumers about their products obtain a better image, increasing their market shares.

The strategic objectives of the model of customer satisfaction lead the current company to take into consideration the green dimension. This causes a trivalent organizational development: economic, social and ecological. This type of development, in turn, requires a move towards low polluting productions, so-called 'cleaner production'. These, in turn, will lead to a development of the green dimension, depending directly on the strategic objectives of the market. In these conditions, these marketing objectives must be 'ECO', besides, SMART.

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STATISTICS IN THE ECONOMICAL IMPACT OF TOURISM

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Abstract: *From a global point of view tourism is one of the worlds largest industry. Evaluating the economical proportions of tourism is a complex procedure which involves specific statistical tools. A primary such tool used for quantifying the economical impact of tourism is the "tourism satellite account" This tool provide macroeconomic indicators able to describe the size and economic importance of tourism. The perseverance, the advanced stage in the preparation of the procedure from the conceptual, methodological and application point of view, the effectiveness of the specialized institutions and work-teams in ordering, organizing and aligning the economies for this field of activity, make me believe that we face a new start in the national statistics and in the international statistics.*

Key word: impact of tourism, tourism statistics, satellite account, differentiations in concepts.

JEL classification: A20

1. Introduction. The economical impact of tourism.

In the contemporary evolution of economics, tourism is a guiding vector especially for receiving countries and regions since it implies investments, employment and generate income.

From a global point of view, some authors consider tourism to be the worlds largest industry. This opinion is backed by the (height and?fără) evolution of the main indicators in this branch (World Travel and Tourism Council, Tourism Satellite Accounting, 2008 Travel and Tourism Economic Research, Executive Summary). According to results of simulations conducted by the World Travel and Tourism Council in 2008 the sector of tourism and travel contributed with 9,9% to the global gross domestic product and it holds 238 million jobs worldwide. Concerning international tourism, statistics of World Tourism Organization show that in 2007 there were 903 million tourists worldwide and that the overall income reached 856 billion usd, which is 625 billion euro.

Evaluating the economical proportions of tourism is a complex procedure which involves specific statistical tools. A primary such tool used for quantifying the economical impact of tourism is the "tourism satellite account" (TSA) (ro. CST). At present there are two versions of this statistical tool: the one of World Travel and Tourism Council and that of Recommended Methodological Framework (ro. CMR) (a common approach of WTO, OCDE, Eurostat and the Statistic Division of ONU). The two versions represent the viewpoint of respectively the private and public sectors and differ in methodology and conceptually sometimes.

The implementation of CST involves two stages (Metodology for produsing the 2007 WTTC/OEF Travel and Tourism Simulated Satellite Account, March 2007):

1. Regarding the domain of tourism and travel through the viewpoint of GDP devided on components (consumption, investments, governmental costs, net exports)
2. The usage of input-output tables in order to translate the computations for the demand (outlined in the first stage) into offer: engagement and payment of the employes, indirect net assessments, etc.

The WTTC version measures the extend to which the economical capacity(?) of a country is dependent, is because tourism and travel, while CMR approaches, from the perspective of the consumer, measures the expenses of tourists and travelers or the amount of output(/production) generated directly in the industry of tourism and its adjacent branches.

Between the two versions there are differences in level) for the obtained values of up to +40% (as in the case of Italy and Canada) and -40% (as in the case of Slovenia).

The differences in methodology of the CMR and WTTC versions arise from the difference in objective that the organizations have. WTTC is aiming at rising awareness in governments and private sectors of the importance of tourism as a major factor of economical growth. On the other hand CMR, through a more temperate approach, is measuring tourism like any other activity sector in agreement with SCN.

2. STA - Appearance of the tool

Tourism Satellite Account (TSA) is the result of a considerable effort, dating already since 1970. In that year, France has used the wording « satellite accounts » as a modality to denominate those practices of accounting, at national level in horizontal plane, which are not identified exactly with SNC but can, anyhow, be considered a "satellite subsystem" in the national system.

In 1982, the World Tourism Organization (WTO) has appointed Jose Quevedo (Spain) to prepare the basic document to describe tourism, following the recommendation available in the national account system existing at that date – since 1968.

In 1983, the fifth session of the General Assembly of WTO in New Delhi has highlighted the importance of such an exercise, the document submitted at this session has highlighted the importance of such an exercise as a uniform and comprehensive mean of measurement and comparison with other areas of the economy. It was not immediately implemented, but was considered to be a guideline for many activities of WTO (by that date) designated to lead to international harmonization of concepts and statistics in tourism.

The Committee for Tourism of OECD (Organization for Development and Economic Cooperation) has also analyzed in advance the tendencies, nature and role of performances of tourism in the economy of OECD.

The organization investigates by now some of the difficult problems referring to the measurement in tourism, with the view to issue the Manual for Economic Accounts in Tourism.

In 1991 WTO has organized the International Conference for Statistics of Tourism and Traveling, in Ottawa. Here are set the basics of the program for establishing of a common and credible method for evaluation of the economic activities in tourism, in correlation with other industries of the home economy. The scheme (program) is based on a examination project of the feasibility in using the principles of satellite accountancy in tourism.

After being adopted by the Committee for Statistics in 1993, the Recommendation in Statistics for Tourism are reanalyzed and WTO and OECD start to develop the conceptual frame for issuing TSA. The Department for Statistics, Economic Analysis and Marketing Investigation is founded; it is headed by Enzo Paci and Marion Libreros (France) and John Joisce (Canada) have been appointed responsibles for the development of thr project in WTO, resp.OECD.

In 15-18 June 1999 is orgenized the World Conference "Enzo Paci" for measurement of the economic impact of tourism. After that conference, the work group of the inter-secretariate WTO-OECD-Eurostat has been founded, with the target to set a common conceptual frame for the development of the methodological draft for TSA. Responsibles for the final technical recommendation were appointed Antonio Massieu (WTO), Louis Kincannon (OECD), Alain Dupeyras (OECD), Carl Obst (OECD) , Pedro Diaz (Eurostat) and Sofia Eriksson (Eurostat).

In 2000 is approved the Satellite Account for Tourism: Methodological Frame Recommended by the Committee for Statistics in the 31st session, based upon the existence of the institutional platform created during this time interval. It is published in 2001.

In parallel, starting with 1990, have been developed simulations and practical models, taken from the real world, to illustrate the economic contribution of Travel & Tourism, depending on the needs of the leaders of the private area, of the politicians in the public area and of researchers in industry, based upon the interpretation of the National Account System.

3. STA – The trend.

During the last 20 years, the World Tourism and Travel Council (WTTC) and its economic consultants from the Oxford Economics (OE) have developed and published researches referring to the economic contribution of Travel and Tourism in the world, regional and national economies.These researches are tightly connected in the international norm for satellite accounts for tourism, approved by the Statistics Committee of the United Nations.

In the same way, the Committee of Experts from the private or public areas, founded under the umbrella of the World Tourism Organization, has the responsibility to monitor the final setting of the conceptual frame of CST.

The update of the investigation proceedings, in 2008, of CST researches, is equal to that one of the previous years. After a series of improvements to the simulation methodology of TSA, made by WTTC in 2003, and the extension of country coverage in 2004, the work of OE from 2006 linked to this simulation has been focused on guaranteing that the sources of data about tourism (especially about business travels) are updated as much as possible and are of the best achievable quality. Especially the number of visitors has been precisely forecasted (using a weighted mean of real expenses for travels abroad, on target countries)

and that indicator has been correlated with the travels estimated to ensure for each country a richer image for the expenses tendency (consumption) of tourists.

In 2007, two new countries joined (Armenia and Azerbaidjan) and, for all countries included in the investigation program, this tendency of yearly updating of macro-economic data with the newest available figures.

The methodological documentation is structured as follows:

• Section A consists in an introduction in the problematic and approach mode of CST.

• Section B shows a conceptual overview image of the approach, including definitions of some key-denominations used in the simulated accounts.

The following sections describe in detail the approach for measuring different elements of the request for T&T.

• Section C analyzes the personal consumption in Travel & Tourism;

• Section D is referring to the measurement of consumption and investment made by the government for T&T;

• Section E is focused on investment in T&T in the private area;

• Section F describes the approach for measuring the foreign trade in T&T;

• Section G explains the estimations referring to the expenses for business travels, for both employees from the private and public areas;

• Section H describes the attempt to measure the supply part of the T&T economy;

• Section I describes the attempt to approach less relevant data, to estimate the main T&T notions for non-OECD countries.

Additional details are presented in two annexes:

• Annex A gives a description of the consumption part of the United States basis used in T&T ;

• Annex B lists the detailed equations used by themselves for the model systems OE, for producing simulated TSA for the countries members of OECD.

4. Notions and differentiations.

WTTC and OE have implemented TSA starting from two points of view:

• Applying a definition of tourism to develop a method to calculate the components of the e part of PIB: consumption, investment, government expenses and net export.

Using in-out tables for showing the request part in shares of the offer parts: occupation of the manpower and compensation, depreciation, exceedent in exploitation and taxes.

The recommended methodological frame defines tourism as being “activities of persons traveling to and staying in places different from their usual environment for not longer than one year for pleasure, business or other reasons, not paid at the visited place”.

The syntagm “usual environment” is used to exclude from the concept “tourist” the persons traveling daily between home and work or education place, or other places, visited frequently.

The definition of “usual environment” in terms of distance, duration or location has obviously some limits. The travel to the work place, on one side, or the travek in holiday, on the other side, have a wide coverage and are overlapping in time and distance. That’s why the definition of various travel types included in Travel &Tourism could vary and vary from one period to another, from a place to another, from country to country and so on. For avoiding this problem, we believe that the definition Travel &Tourism should rely strictly on the criteria of distance, duration and location and to be based on the large perspective of travel “beyond the usual environment”, by using statistical approach for the cases where data are available to allow an interpretation of the “usual environment”. The philosophy of the team working to implement the STA is to leave people traveling to use their data when separating their usual environment from Travel&Tourism. That’s why they have approached this exercise in two ways:

• In the case of transportation polls which distinguish between travels according to mode, distance and scope, they understand “usual environment” for each mode and scope of travel as being the distance average minus two standard deviations. Two standard deviations are generally admitted by the statisticians to be outside the standard.

• In the case of polls referring to the expenses of the traveler as the value of the expenses made “outside the town”, “during a travel” or “during a vacation”, that is considered to be the average outside the “usual environment”.

This method allows the “usual environment” to be defined by the travelers, more than by a factor defined arbitrary and potentially not adequate to this area.

According to Travel&Tourism, it is necessary to identify which economic activity of the traveler corresponds to the frame of the Satellite Account of Travel&Tourism. TSA;RMF suggests that all personal consumptions from before, during and after a travel, directly linked to this one, and also the expenses related to travel, accommodation, nourishment and other various purchases should be included in the satellite account. The expenses made by friends, relatives and business associates are also included.

The most difficult problem is how to handle durable consumers by jeans of TSA1 elements. A durable consumer is defined as "a consumption good which can be used repeatedly or continuously for more than one year, with a normal average of physic wear". A consumption good is defined as a good "used without subsequent transformation in production, by individuals, and also by the government to cover the direct individual or collective needs of the members of the community".

Such elements have not being included traditionally in the national studies of the economic impact of tourism, but TSA:RMF stipulate the inclusion of certain goods for long usage, consisting of:

• Goods for longer usag "with a single purpose", like these ones used only for traveling, like luggage, ski equipment and others.

• Goods for long term usage "with multiple purposes", used also outside the usual environment, like photo cameras, services due to motor vehicles and rest homes, or cars etc.,but only if they were bought during a travel. This research aims the WTTC approach which stipulates the inclusion in TSA of a share of the expenses made for goods with long term usage, used for touristic, but also for other purposes; only goods purchased during travels are counted. The expenses for long term usage goods are recorded separately in simulated TSA, with a view to allow comparisons with and without included expenses. This category is called "charged services".

5. Concerns for implementation of CST in Romania

Starting with 2004, Romania, by its authorized institutions, National Institute for Research-Development in Tourism, National Institute for Statistics, Ministry of Tourism, has launched a training for the implementation of he Satellite Account for Tourism in Romania (Cristi Frenț, 2009, pag. 179). The central importance of the results is that thay reveal the dimension of tourism as an economical sector of the national economy CST was implements in Romania by using mainly the tabular form proposed in the CMR version. As a whole, the CST implementation in Romania with both versions point out a relatively low contribution of national(tourism to GDP of approximately 2,2%, whereas worldwide the direct contribution of tourism to GDP is 2-7%.

The Satellite Account for Tourism provides macroeconomic indicators able to describe the size and economic importance of tourism, like the Added Value in Tourism and how much the tourism GDP is from the national GDP; detailed data about the consumption of visitors and how this consumption matches with the internal offer; basic information requested for the development of the economic impact models of tourism, for the preparation of an analysis of the tourism market; the link between economic data and other non related to currency information, like:

Number of travels, duration, transportation means, etc. For two days, 13 and 14 July 2006, at the headquarters of ANT was organized a presentation session and a training session, organized by an expert of Oxford Economic Forecasting, partner of the World Tourism and Travel Council (WTTC).

It was concluded that the indicators like the arrival numbers of tourists, the number of accommodations, capacity for accommodation (number of places and rooms) indicators of utilization (degree of occupation), data provided by the National Bank of Romania, meaning incomes and expenses from international tourism and characteristic features of tourists, their conditions during travel and accommodation, are considered as being insufficient. There is a need o new information with a view to enhance the credibility of the quantification of tourism activities. They need to have following characteristics: to be statistical data and to be obtained using an appropriate data collecting system, meaning that the estimations have not to be realized only once, but along the entire statistical process; the estimations have to rely on credible statistical sources, both visitors and service providers should be investigated, the data should be comparable in time, within one country, but also with data coming from other countries and from other fields of activity.

For this purpose it was proposed and started an inventory of data sources which make reference to tourism. Following have been counted: statistics obtained from inquiries addressed to visitors, statistics get from the tourism companies, statistics get from administration units, statistical synthesis, other data sources (AMIGO a,o,). Also available statistic indicators from actual sources, like money indicators or work force indicators, have been reviewed, the statistic system of tourism has been evaluated and existing statistic

research has been improved and new statistic investigation necessary for STA have been identified (Inquiry for foreign tourists in Romania, Research referring to touristic packages offered by tourism agencies/ touroperators from Romania, Evaluation of tourism to private persons (component of "private accommodation") and also the case of secondary residences used for tourism, Research activities referring to the work force, gross formation of fix assets and government consumption in the tourism industry, a.o.).

In 2008 an exhaustive investigation in this area was performed. The research was sponsored by Accenture and performed by Oxford Economics. Within this research have been founded accounts for 176 countries and it was aimed the standardization of the methodology of the United Nations for measurement of the impact of the activity of Travel&Tourism (T&T) on the personal consumption, business expenses, investment, export, import, thus quantifying the contribution in the domestic product and occupation of the work force.

As a summary of this research it was shown that T&T has almost 240 million employees and creates 10% of the global Gross Domestic Product. The international tourism has reached almost 900 million and the visitors' expenses were accordingly high.

With respect to the contribution of T&T to the DDP, following of the research from 2008, following has been concluded:

• In Romania: the Industry of Travel and Tourism ensures 2.2% from GDP in 2008 (RON9.1 mld or US$3,630.5 mn), and a growth in nominal terms at 25.6 mld RON or 9,099.2 mn US$ (3.0% from total) up to 2018 is estimated. The contribution of this economy (% from total) should grow from 5,8% to 7,0% during this time period.

• In the European Community: the Industry of Travel and Tourism contribuyes with 3,6% from GDP in 2008, and the Economy of Travel and Tourism with 10,2%.

• At global level: In 2008 the Industry of Tourism contributes with 3,4% directly to the global GDP; the Economy of Tourism with 9,9% from the global GDP.

Referring to the occupation of the work force in activities of tourism, following have been recorded:

• In Romania: the occupation of work force in the Economy of T&T is of 600.000 workplaces in 2008, 6,9% from total of employees or 1 for each 14,5 workplaces. Until 2018 it should reach 705,000 workplaces, 8,4% from the total number of employees or 1 at each 11,9 workplaces. The occupation for the Industry of T&T is in 2008 of 3,5% from the total of workplaces from 2007 and it will grow to 376000 or 4,5% until 2018.

• In the European Community: the Industry of T&T generates 8709000 workplaces in 2008 (3,9% from total), whereas the Economy of T&T generates 23938000 workplaces, or 10,8%.

• At global level: T&T creates workplaces covering the whole spectrum of employment. In 2008 one from 11.9 workplaces is generated by the Economy of Travel &Tourism. This economy has created 8,4% from the world employment. Today there are 80.7 million workplaces directly within the Industry of Travel &Tourism and 238,3 million in the Economy of Travel&Tourism; they will grow to 98 and respectively 296,3 million until 2018.

Conclusions:

The Tourism Satellite Account is a statistic method which aims the measurement of the economic impact of tourism; a direct comparison of the size of the tourism area to the other areas and its influence on other areas is possible. CST was created also to ensure a methodological standard in the definition, collecting, analysis and interpretation of tourism data, at the country level.

The advanced stage in the preparation of the procedure from the conceptual, methodological and application point of view, the effectiveness of the specialized institutions and workteams in ordering, organizing and aligning the economies for this field of activity make me believe that we face a new start in the national in international statistics.

With effort and perseverance a new model was launched; if it reaches the proposed target, it can serve as a basis for new "satellite" schemes. Over years we will talk about "Satellite System for Agriculture", Satellite System for Industry" and so on.

The split of economics national systems in satellite systems is a favorable auspice? I wonder if this new schematic does not "break" the unity of economies, placing them in fragile component parts?

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THE IMPACT OF CLIMATE CHANGES ON THE TOURISM CLIMATE RESOURCE USING "TOURISM CLIMATE INDEX" (TCI)

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Abstract: *Climate has a strong influence on the tourism and recreation sector and represents one of the natural resource on which the tourism industry is predicated. There has been little consideration of how climate change might affect the tourism climate resource or how such changes could alter the competitive relationships between tourism destinations. This study use the 'tourism climate index' (TCI) to explore the impact of projected climate change on the tourism climate resource of a sample of tourism destinations in Sibiu area.*

Key words: Tourism Climate Index, Tourism Planning, Tourism Marketing, Climate Change

JEL classification: Q54, L83, M31

1. Introduction

Climate is a key resource for many types of tourism and as such can be measured and evaluated. An index approach is required for this task because of the multifaceted nature of weather and the complex ways that weather variables come together to give meaning to climate for tourism. A method who integrates the various facets of climate and weather into a single index is the Climate Index for Tourism (CIT). CIT rates the climate resource for activities that are highly climate/weather sensitive, specifically, beach "sun, sea and sand" (3S) holidays. CIT integrates thermal (T), aesthetic (A) and physical (P) facets of weather, which are combined in a weather typology matrix to determine a climate satisfaction rating that ranges from very poor (1 = unacceptable) to very good (7 = optimal).

Parameter A refers to sky condition and P to rain or high wind. T is the body-atmosphere energy balance that integrates the environmental and physiological thermal variables, such as solar heat load, heat loss by convection (wind) and by evaporation (sweating), longwave radiation exchange and metabolic heat (activity level). Rather than use T as a net energy (calorific) value, CIT requires that it be expressed as thermal sensation using the standard nine-point scale ("very hot" to "very cold"). In this way, any of the several body-atmosphere energy balance schemes available may be used, maximizing the flexibility of the index.

2. Tourism Climate Index and Climate Change

Tourism is a major sector of the global economy. Domestic tourism is estimated to be many times larger in terms of economic activity. Climate has a strong influence on the tourism and recreation sector and in some regions constitutes the resource on which the tourism sector is predicated. Inter-annual climate variability influences the length and quality of recreation seasons and the profitability of the tourism industry. A 1°C above normal summer temperature increases domestic tourism expenditures by approximately 4%. Consequently, the vulnerability of the tourism sector to current climate variability and long-term climate change has not been adequately assessed. This study compare nine thermal states (T) with different sky conditions (A) and the impact of high winds or prolonged rain on the perceived quality of the overall weather condition. The data was analysed statistically to complete the weather typology matrix, which covered every possible combination of T, A and P. Conditions considered to be optimal (CIT class 6–7) for 3S tourism were those that were "slightly warm" with clear skies or scattered cloud (≤25% cloud). Acceptable conditions (CIT = 4–5) fell within the thermal range "indifferent" to "hot" even when the sky was overcast. Wind equal to or in excess of 6 m/s (22 km/h) or rain resulted in the CIT rating dropping to 1 or 2 (unacceptable) and was thus an override of pleasant thermal conditions. Further cross-cultural research is underway to examine whether climate preferences vary with different social and cultural tourist segments internationally

The tourism climate index (TCI) was originally conceptualized by Mieczkowski (1985) as a composite measure that would systematically assess the climatic elements most relevant to the quality of the tourism experience for the 'average' tourist (i.e., the most common tourism activity of sight-seeing

and shopping). The TCI developed by Mieczkowski (1985) was based on previous research related to climate classifications for tourism and recreation and theoretical considerations from the biometeorological literature related to human comfort, particularly with reference to tourism activities. Initially, 12 monthly climate variables were identified from the literature as pertinent to the TCI. Meteorological data limitations reduced number of climate variables that were integrated into the TCI to seven (monthly means for maximum daily temperature, mean daily temperature, minimum daily relative humidity, mean daily relative humidity, total precipitation, total hours of sunshine, and average wind speed). These seven climate variables were combined into five sub-indices that comprised the TCI.

The TCI provides a method to systematically rate the tourism climate resource for locations around the world, using an easily interpretable scale (-20 to 100) that is divided into 11 categories, where 50-59 is 'acceptable' as a tourism climate, 80-89 is 'excellent,' and 90-100 is 'ideal.' Though not designed for climate change research, the TCI also represents a potentially useful empirical tool for exploring the impact of climate change on the tourism climate resource.

The purpose of this paper is to investigate the relationship between climate and tourism by using a modified version of the tourism climatic index developed by Mieczkowski (1985) to explore the spatial and temporal patterns of the tourism climate resource in Sibiu area. The study will also attempt to validate the TCI in the tourism marketplace and examine how climate change scenarios may impact the tourism climate resource in the studied area.

The analysis of the long data ranges offers an ensemble image regarding the succession of periods with thermic and pluviometric surplus and deficit for Sibiu area. This approach allows the identification of a possible cyclicity of the episodes with pleasant weather conditions.

The statistical data come from meteorological stations that have been selected on the basis of the representativeness and homogeneity of the data range. For Sibiu station, there have been used the monthly temperature and precipitations values from the interval 2005-2009. For Păltiniş, the data have regarded the same interval as for Sibiu., 2005-2009, which is a common period for all the selected points of interest. The chosen period benefits from a coherent observations programme, in which the meteorological instruments and apparatus, as well as the locations of the points of measurement have remained almost the same.

Table 1 Sub-indices within the tourism climate index

Sub-Index	Monthly Climate	Variables Influence on TCI	Weighting in TCI
Daytime Comfort Index (CID)	maximum daily temperature & minimum daily relative humidity	Represents thermal comfort when maximum tourist activity occurs	40%
Daily Comfort Index (CIA)	mean daily temperature & mean daily relative humidity	represents thermal comfort over the full 24 hour period, including sleeping hours	10%
Precipitation (P)	total precipitation	reflects the negative impact that this element has on outdoor activities and holiday enjoyment	20%
Sunshine (S)	total hours of sunshine	rated as positive for tourism, but acknowledged can be negative because of the risk of sunburn and added discomfort on hot days	20%
Wind (W)	average wind speed	variable effect depending on temperature (evaporative cooling effect in hot climates rated positively, while 'wind chill' in cold climates rated negatively)	10%

Source: after Smith K., 1993, modified (Smith K., 1993, pg. 398-404)

The TCI index was calculated with the formula:

(1)

$$TCI = 8\ CID + 2\ CIA + 4R + 4S + 2W$$

Where: CID means Daytime Comfort Index; the ideal value is 5

CIA means Daily Comfort Index, a combination between daily temperature and relative humidity

R means monthly rainfall quantity (precipitation)

S means total monthly hours of sunshine
W means wind speed (average)

Table 2 Sub-indices R and S used in the tourism climate equation

R	Monthly rainfall quantity	S	Total monthly hours of sunshine
5.0	≤14.9	5.0	10
4.5	15.0-29.9	4.5	9-10
4.0	30.0-44.9	4.0	8-9
3.5	50.0-59.9	3.5	7-8
3.0	60.0-74.9	3.0	6-7
2.5	75.0-89.9	2.5	5-6
2.0	90.0-104.9	2.0	4-5
1.5	105.0-119.9	1.5	3-4
1.0	120.0-134.9	1.0	2-3
0.5	135.0-149.9	0.5	1-2
0.0	150.0-209.9	0.0	≤ 1
-1.0	210.0-269.9		
-2.0	270.0-329.9		

Source: Beçancenot, 1990 (Beçancenot, 1990)

For wind (W), the index is calculated from three ways of air circulation; normal, warm and hot. The normal mode is with a maxim temperature ≤ 24^0C, without wind or thin windy. For the warm mode, maxim temperature is 24^0C -33^0C and a little wind. For the hot mode, maxim temperature is more than 33^0C. In this way, wind is totaling uncomfortable.

Table 3 Sub-indices W used in the tourism climate equation

Wind speed m/s	Normal mode	Warm mode	Hot mode
<0.8	5.0	2.0	2.0
0.8-1.5	4.5	2.5	1.5
1.6-2.5	4.0	3.0	1.0
2.6-3.3	3.5	4.0	0.5
3.4-5.4	3.0	5.0	0.0
5.5-6.7	2.5	4.0	0.0
6.8-7.9	2.0	3.0	0.0
8.9-10.7	1.0	2.0	0.0
.10.7	0.0	0.0	0.0

Source: Beçancenot, 1990

For the ITU, the comfort index temperature- humidity, the formula is:

(2)

$$ITU = (Tx1.8+32)-(0.55-0.0055xU)[(Tx1.8+32)-58$$

T means daily temperature
U means daily relative humidity

If ITU ≤ 65, it is a comfortable time concerning temperature and humidity; for values 66 ≤ ITU ≤ 79, it is an alert concerning the biometeorological situation; ITU ≥ 80 indicate a discomfort situation.

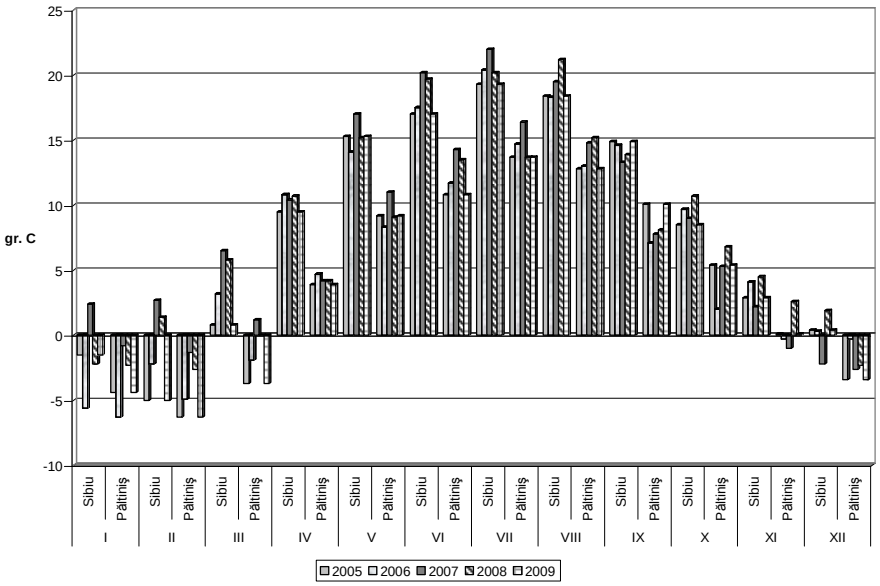

Figure 1 Variation of the monthly air temperature in Sibiu and Păltiniş (2005-2009)

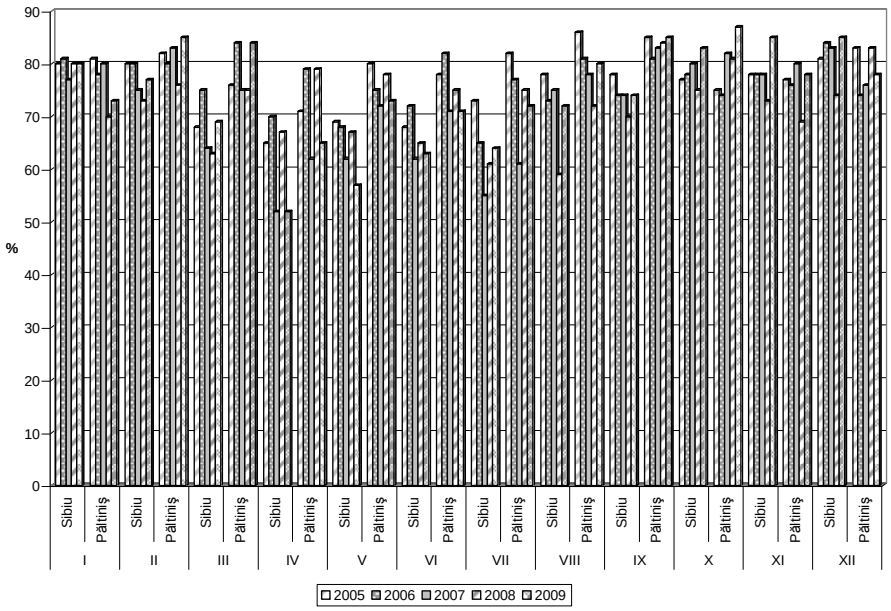

Figure 2 Variation of the monthly humidity in Sibiu and Păltiniş (2005-2009)

Theoretically, the tourism climate resource of every location can be classified into one of six annual TCI distributions. The spectrum runs from the ‘optimal’ year-round tourism climate (TCI rating of 80 or above for each month of the year) through to a ‘poor’ year-round tourism climate (TCI rating under 40 throughout the year). The TCI scores are indicative of Sibiu and Păltiniş locations where summer is the most pleasant period of the year for tourism.

If the climate resource is a determinant of tourism demand at a location, then theoretically measures of tourism demand should follow similar seasonal patterns as the TCI scores described previously. A range of tourism demand indicators including: number of flight arrivals, number of visitors, visitor expenditures, hotel/resort occupancy rates and hotel/resort accommodation costs. A lengthy data research revealed that none of these variables is readily available at the temporal and spatial resolution required, for hotel/resort accommodation rates.

One important dimension of the tourism sector that will be sensitive to climate change is the length and quality of tourism season. The TCI can be is used to explore how the tourism climate resource is expected to change seasonally and how the length of the tourism season might be affected.

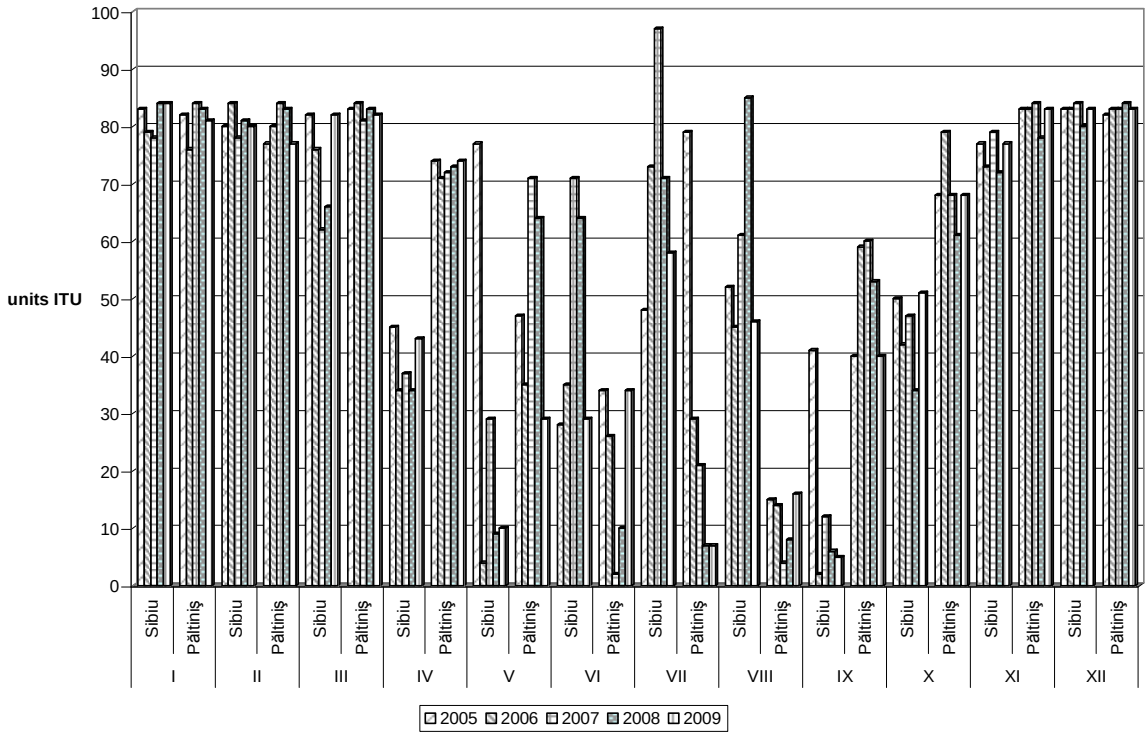

Figure 3 Variation of the monthly comfort index temperature- humidity (ITU) in Sibiu and Păltiniş (2005-2009)

3. Conclusions

The analysis of TCI from the point of view of the effect on the tourist movement is an illustration of the environment-organism report.

Based on the stress and on the capacity to react an implicit conformation of the tourist to the environment factors takes place.

The climate is a determining factor that contributed to the development of Păltiniş resort that initially focused on curing and relaxation, and later on relaxation and sport. The study of the meteorological parameters registered in Sibiu and Păltiniş area are proof of the privileged habitat that the resort has, both from the point of view of the landscape, and from that of the climatic conditions.

Building on the work of Mieczkowski (1985), this is an empirical study of how the tourism climate resource could be impacted by projected global climate change in the coming century. The findings and methods used are a positive step, that "Although the implications for tourism are likely to be profound, very few researcher have begun to formulate relevant questions, let alone develop methodologies which will further understanding of the nature and magnitude of the challenges that lie ahead (Mieczkowski, Z., 1985)."

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(TRANS)CULTURAL VALUES AND MEANINGS IN INTERNATIONAL MARKETING

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Abstract: *Based on the network society paradigm conceptualized by Manuel Castelles and the cultural dimensions identified by Geert Hofstede, this article aims to provide a theoretical background for new approaches, regarding cultural patterns in the consumer behaviour and mindset. The research among young people from seven different cultures, Romania, United Kingdom, Japan, Austria, Spain, Pakistan and the USA attempts to identify possible shared values and meanings which can be applied in marketing strategies across cultures, in an international business environment.*

Key words*:* shared values, international marketing, network society, globalization

JEL classification: M31

1. Introduction

In the context of globalization, many companies, especially the multinational ones, seek for new and efficient marketing strategies to produce value for their customers and implicitly to increase market shares. As a result of the companies' growing activity on emerging markets, specialists in the marketing field are confronted, more and more often with cultural barriers and cultural related issues. An answer to the question regarding the optimal strategy when going on the international market has become imperative : standardization, localization or structured standardization? Moreover the world is facing today unprecedented changes and reconfigurations of cultures, values and meanings. Since many aspects of the consumer behavior are culture related, a very good understanding of the cultural dynamics and its impact on international marketing is required.Our research focuses on the following questions: Are there any shared values among young consumers, which have resonance across cultures and if yes, which are these shared values and meanings and how can marketing strategy be redesigned accordingly?

Based on the network society paradigm defined and conceptualized by Manuel Castelles and on the cultural dimensions identified by Geert Hofstede, my research aims to identify possible shared values in the mindset of youth, which can be applied in the international marketing strategies

2. Network Society & Cultural Dimensions

Over the years several scholars have approached and defined culture from various different angles. However it has not been agreed on one single, general accepted definition.

According to Jeannet and Hennesy culture represents the entire heritage of one society which has been passed on by word, literature or any other form. (Jeannet; Hennessey, 1995, p. 69). Geert Hofstede believes that "Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others" and refers to culture as "software of the mind"(Centre of Cross-Cultural Research, http://www.ac.wwu.edu/~culture/hofstede.htm). In other words, we can state that culture is not strictly related to geographical borders or historical data, rather to the common values shared by a certain group of people. Edward T. Hall divided the cultures into two categories, based on communication and language criteria: low-context cultures (explicit) and high context cultures (implicit).(http://changingminds.org/explanations/culture/hall_culture.htm.) According to Harris and Moran culture can be divided in ten different categories: communication and language, beliefs and opinions, values and norms, self conscience, relationships, time and perception of time, the mental process and learning, awards and recognition, clothes and outfits, food and eating habits (Walters; Toyne, 1989, p. 166). Further, Geert Hofstede as a result of a research undergone among IBM employees in 50 countries worldwide, he distiguished five dimensions of culture: Power Distance, Individualism vs. Collectivism, Masculinity vs. Feminity, Uncertainty Avoidance , and Long term orientation vs. Short term orientation. (Hofstede, 1991, p. 13-16)

In the context of globalization there have been different approaches on cultures. Some authors (Robertson, 1992) argue that globalization implies not only the world becoming a single place but the

increase of the actors' consciousness regarding the phenomenon of the world becoming a single place and reffers to a global culture and a global discourse. On the other hand authors like Hofstede or Castells state that cultural differences can not be ignored and moreover the world is witnessing rather a fragmentation of cultures and not a homogenization (Castells, 2004, p.39). According to Castelles the "social structure is global but most human experience is local". Moreover Geert Hofstede argues that Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster." *(* http://www.geert-hofstede.com*)*. Wolfgang Welsch attempts to provide a new approach on culture by conceptualization of transculturality, as an alternative to the monoculture, interculturality or multiculturality. "Furthermore, transculturality is found at the individual micro level too: most of us are cultural hybrids. Transculturality aims for cultures with the ability to link and undergo transition whilst avoiding the threat of homogenization or uniformization." (http://www2.uni-jena.de/welsch/Abstracts/transculturality.html, 29. Oct. 2000.) According to Welsch new cultural networks arise, as a result of several cultural influences in different moments in time.

In his attempt to define the global network society and its characteristic Manuel Castelles states that, since all societies are cultural constructs , if there is a network society indeed, we should be able to identify its specific culture. He suggests however, that the culture of the global network society is a culture of communication protocols, based on sharing the value of communication and not necessarily on shared values. The communication protocols enable the communication between different cultures. Thus, the new culture is not made of content but of process. In this article I argue, that the process invoked by Manuel Castells generates the content of the new culture. That is to say, by sharing the value of communication, social actors share the value of sharing not only information and knowledge, but the entire discourse of the „self" and implicitly cultural values. As a result of this sharing process, new shared values, symbols and significations of the network society are being shaped. These transcend on one hand the national borders and on the other hand the borders of the self(ish)ness and the otherness. The content of the new culture is given by sharing platforms, that is, organizations, communities or technological platforms, where the performance is determined by communication and relationship building, and their power to (re)define the meaningful values for the network society.

3. Network Society & Global Marketing

As a result of the growing overseas activity of companies, two terms have emerged: global marketing and international marketing. Some authors regard them as synonims while others tend to give them two distinct meanings. The term *global marketing, originates in* Theodore Levitt's article *The globalization of markets* which appeared in 1983 (http://www.vuw.ac.nz/~caplabtb/m302w07/Levitt.pdf) and reffers mainly to standardised marketing strategies of the companies. The premise of this theory is that the consumers are basically similar regardless of their origin, culture, habits etc and will therefore react in the same way despite of appearant differences between them. Global marketing is dreffered to as applying advertising and marketing strategies on a worldwide scale (Russel; Lane, 2003, p.801). The supporters of global marketing believe that standardisation of products in all the markets is possible as long as quality, reliability and low prices are highlighted in commercials. (Belch; Belch, 1995, p. 627).

Since global marketing appeared as a necessity and as a result of the several business networks created by multinational companies we should be able to identify the correct approach when marketing abroad. The experience of several companies has shown, that most difficulties in the global market are culture related. Therefore in order to avoid loss of time and money it is imperative to apply the appropriate marketing strategy.There have been distinguished three approaches of gloabal marketing: standardization, localization and structured-standardization. The latter refers to adopting a global strategy and a local implementation. (Russel; Lane, 2003, p.802). However these approaches have been developed by looking into the globalization phenomenon as a process only and not as key driver in establishing an entire new paradigm, the one of the network society. Since marketing is a consumer directed activity and every consumer belongs to a society I propose a marketing approach from the network society perspective. That is to say the cultural specificieties that should be taken into consideration are the ones of the network society as such and not the ones of many societies within a national framework. If the culture of the network society is characterized by any shared values we should be able to direct the marketing activity accordingly and address these particular values in order to achieve successful results.

4. Research

The approach from a methodological point of view is quantitative and consists of a standardized online questionnaire. The questionnaire has been applied to 350 subjects with age between 18-28 years, from seven different cultures: Romania, Austria, Germany, USA, England, Pakistan, and Japan. The research design relies on the five cultural dimensions identified by Geert Hofstede. The objective of the questionnaire was to reveal possible shared values among young people from different cultures on one hand and on the other hand to establish the impact of culture on the consumer behaviour. It has been assumed that the following parameters will be related to each other and therefore the focus was on three main relationships: religion-society, family-friends, family-career. Out of the subjects, 64,45% were female and 35,55% male and 84,68% are students while 15,32 already have a job.

4.1 Religion-Society

The belief and attitude towards religion may differ a lot from a society to another. While in some cultures people's behaviour is strongly determined by religious views, in other cultures religion is totally disregarded. Among the questioned subjects 26,59% are atheists. The country with the highest scoring in atheism is Spain followed by Japan. Pakistan (98%) and Romania (94%) on the other hand, have shown a high scoring regarding the religious conviction. In case of Pakistan the importance of religion is confirmed by respecting the norms and values, which are reflected in the everyday behaviour. Concrete 50% of the Pakistani admits, that there are things in their life that they would like to do, but they don't because it is disrespectful towards religion. In the case of Romanians, 38% state that, there is no restriction in their behaviour, 44% state, that rather yes than no, while only 6% consider that there are things they would like to do but give them up because of religious reasons. Therefore we can conclude that Romanians recognize their church affiliation, but their conviction is not so strong like in the case of Pakistani. Also Romanians may consider Christianity less restrictive than Pakistani consider Islam.

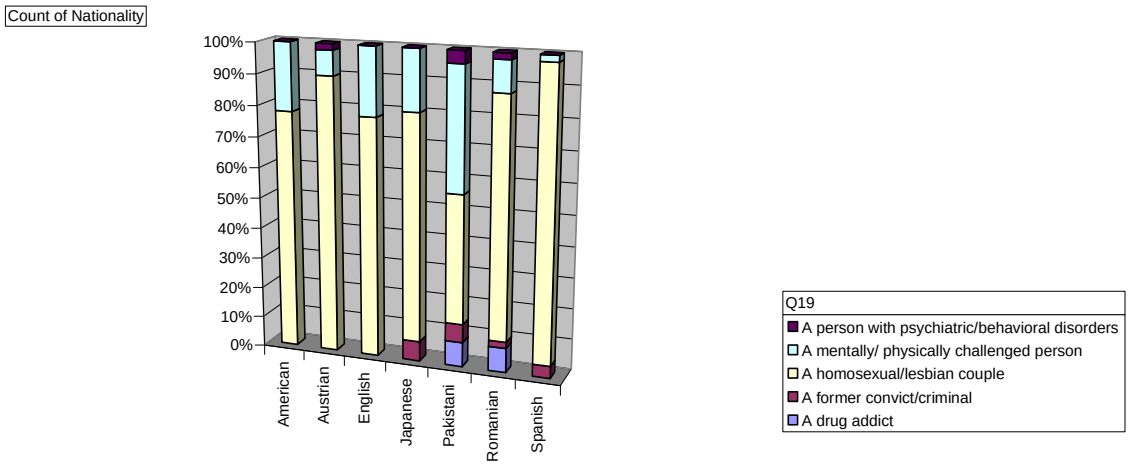
Even though only 26,59% of the subjects declared to be atheists an overall of 55,5% state that their everyday actions are definitely not influenced by religious boundaries and 12,72% feel restricted in rare situations. For instance 76,30% prefer as neighbour a homosexual/lesbian couple in comparison with 17,63% who would rather live next to a mentally/physically challenged person, even if the first category is strongly punished by religion.

The percentages pro category homosexual/lesbianism in the case of Austria is 90% while 92% have previously expressed they affiliation to Christianity.

The preference for the homosexual/lesbian couple shows a high degree in uncertainty avoidance on one hand –all other categories imply several risks when being in contact with them-and tolerance on the other hand.We can conclude that the majority declares an affiliation to a certain church, nevertheless performs actions independent from the implicit norms and values.

The young generation shows in some respects concern towards society. Only 4,05% wouldn't donate blood under any circumstances while 19,65% donate constantly and 36,71% would help in emergency situations. Except for the Japanese out of which only 4,35% donate blood constantly, the tendency among the rest of the cultures is similar. The results are similar in case of volunteering. Only 2% of the Americans, 26% of Austrians, 14% of English, 14% of Pakistani, 26% of Romanian und 34% Spanish have never volunteered. Exception in this case are again the Japanese out of which 43,4% never took part in a volunteer activity. The results in case of Japan can be the expression of the Japanese cultural values and religion, according to which nature is regarded as a part of man's life and people are educated to protect nature constantly by default. Therefore it is possible that Japanese do not perform as many volunteer activites as other nations or they do not regard them as such and rather as a regular behaviour. According to the dominant religion in Japan the relationship between men and every part of nature is very important. Overall though it might be concluded that young people do not score very high in long term orientation.

Figure 1-You prefer as a neighbour



	American	Austrian	English	Japanese	Pakistani	Romanian	Spanish
A person with psychiatric/behavioral disorders	0,00%	2,00%	0,00%	0,00%	4,00%	2,00%	0,00%
A mentally/ physically challenged person	22,00%	8,00%	22,00%	19,57%	40,00%	10,00%	2,00%
A homosexual/lesbian couple	78,00%	90,00%	78,00%	73,91%	42,00%	78,00%	94,00%
A former convict/criminal	0,00%	0,00%	0,00%	6,52%	6,00%	2,00%	4,00%
A drug addict	0,00%	0,00%	0,00%	0,00%	8,00%	8,00%	0,00%

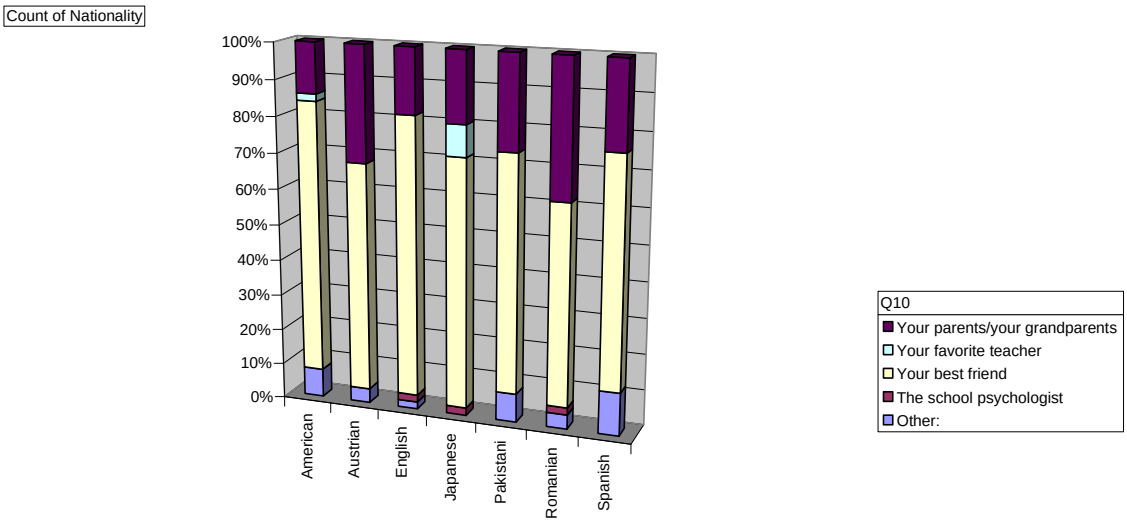
Nationality

4.2 Family-Friends

The importance of the family in the young people's lives does not show strong difference from one culture to another. Except for the Pakistani subjects who don't mind leaving with their parents on a long term (34%) or move out after marriage (38%) , the young people from the other cultures have the same tendency, to move out as early as possible from the parents house, some of them after high school(41,62 of the total) and some after university graduation (39,60% of the total).

In case of the majority of the questioned people, the family comes second after the best friend, when it comes to advice regarding a personal problem. Only 24,5% of the total would ask their parents/grandparents for advice in a personal issue. The percentage is higher (28,26%) for school related issues, however it is comparable with the percentage scored for the friend's advice. This could mean that young people do not have confidence in the elder's generation capacity of understanding their problems and on the other hand it could be the expression of an intrinsic desire of taking responsibility.

Figure 2-Advice Personal Problem



	American	Austrian	English	Japanese	Pakistani	Romanian	Spanish
Your parents/your grandparents	14,00%	32,00%	18,00%	19,57%	26,00%	38,00%	24,00%
Your favorite teacher	2,00%	0,00%	0,00%	8,70%	0,00%	0,00%	0,00%
Your best friend	76,00%	64,00%	78,00%	69,57%	66,00%	56,00%	64,00%
The school psychologist	0,00%	0,00%	2,00%	2,17%	0,00%	2,00%	0,00%
Other:	8,00%	4,00%	2,00%	0,00%	8,00%	4,00%	12,00%

Nationality

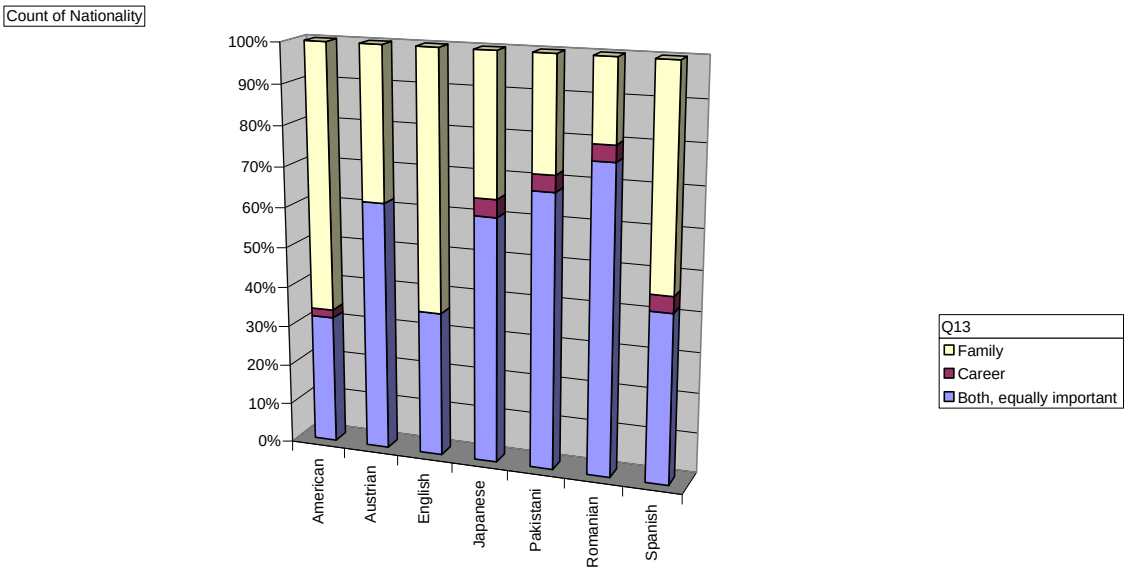
When it comes to spare time, precisely shopping, the questioned young people prefer to go by themselves or with the best friend. Only a small percentage prefers to go shopping with parents (10,69%). The results are very similar among the cultures, except for Pakistani who in a percentage of 33% prefer to go shopping with the family. Also remarkable in case of Pakistan is the fact that 44% prefer to go shopping with a group of friends, which highlights the high scoring in collectivism.

The majority of the questioned young people 51.45% consider the statement “there is no place like home” definitely true and 33.53% slightly agree, while only a very small percentage of 3,18% disagree completely. Even though the parents don’t appear as main actor in their lives or decision making process, young people have strong feelings towards their homes. This could mean that even if the young generation considers the interference or influence of their parents in personal concerns inappropriate, this does not diminish the importance of home and implicitly of the family.

4.3 Career-Family

The young generation appears to seek for a balance between career and family. 53,76% consider that career and family are equally important. Only 2,60% subjects from all cultures chose career over family.

Figure 3-Career-Family



	American	Austrian	English	Japanese	Pakistani	Romanian	Spanish
Family	66,00%	38,00%	64,00%	34,78%	28,00%	20,00%	54,00%
Career	2,00%	0,00%	0,00%	4,35%	4,00%	4,00%	4,00%
Both, equally important	32,00%	62,00%	36,00%	60,87%	68,00%	76,00%	42,00%

Nationality

Related to becoming successful in career we note some differences from a culture to another. 33,53% of subjects share the opinion that succeeding in career is a lot easier for a man than for a women and another 22,83% believe that it is little easier for a man than for a woman. Only 2,02% think that the way to success is easier for women. The overall opinion (37,28%) was that, it is equally hard for both genders to achieve great results career wise. The countries with the highest scoring in gender equality from a career perspective are Spain and Pakistan with over 50%. In spite of the religious views the young generation of Pakistan has a tendency of equality in career development. To be mentioned that 56% of the respondents were male.

A general conclusion is that the young generation recognizes the importance of career, moreover it is a controversial subject between genders but the general tendency is to choose family over career.

5. Discussions

Our findings indicated the existence of shared values among young people from seven different cultures. Before examinig these values it is important to mention that as assumed in the beginning the parameters family-friend, family-career and religion-society were correlated.

The results of the research have conducted to the conclusion that young people share certain values which appear to be local and global at the same time:

- Balance Family-Career
- Friendship
- Independence
- Personal experience
- Tolerance

First, young people value the balance family-career (53% from the total). Taking into consideration the previous analysis based on the family importance in everyday life and by correlating this to a percentage of 43,64% young people who chose family over career we can conclude that one shared value among young people is the balance family-career with focus on the importnace of family.

Secondly, friendship plays a very important role in young people's lives. Most of them choose to spend time in a group of friends or in the company of the best friend, despite of their activities or the issues they have. Even if there are different approaches toward friendship in different cultures, it is regarded as main pillar for youth.

Thirdly another shared value by young people is independence. Young people chose to become independent very soon and do not embrace the idea of living with their families on long term.They want to take responsibility for their actions. Considering the importance of the family revealed from the research we exclude the possibility that young people prefer to live on their own because of a poor relationship with their family.

Fourth, young people have shown interest in valuing personal experience. Therefore in case of personal problems they prefer to consult their friends, because they consider the experience of people of the same age rather relevant. Still when it comes to school related issues, they prefer to take the advice from a schoolmate or from their parents/grandparents, because of their expertise and life experience. Correlating the importance of other people's experience with the strong independence desire we may assume that the own experience and learning by experiencing plays an important part in the life of young people.

Finally, in spite of the religious conviction stated in the beginning a high degree of tolerance towards homosexual/lesbian couples has been revealed. Young people appear to accept this controversial social category with no reserves. Moreover young people believe in equality of chances when it comes to gender related issues.

Therefore a few shared values among young people in the network society have been identified. Moreover the research revealed a strong relationship of the young people with their "home" and with the culture of origin.51,45% of the total consider the statement "there is no place like home" definetly true and 33,53% slightly agree. Moreover 50,29% prefer commercials in their own language and 37,57% in English. It must be mentioned that among the latter are also the American and the people from UK whose mother language is English. The fact that young people from several cultures share several values and on the other hand the strong sense of belonging to a certain "home" show that the network society is developing under the sign of sharing the "self" with the "other" , accepting and acknowledging the differences and enriching the own by adopting the alien.

6. Conclusions

The research on young people from seven different cultures shows that the young generation has many similar preferences, bahviours and habits determined by shared values. Therefore a commercial illustrating a young man or woman taking the life in his/her hands or simply taking responsibility in a sitation-e.g moving out from the parents house, could be a real success among young people from different cultures. Considering personal experience as shared value we may assume that a slogan "Experience yourself" or "Try it yourself" will resonate across cultures. Still the way in which a certain action is performed or the circumstnces may not be always identical. The needs and desires may be mainly the same but the way they can and will be fullfilled as well as the way of dealing with a certian issue can vary from a culture to another.e.g the denial/acceptance of having atheist attitudes, shopping in groups or individually etc.

Therefore the importance of cultural differences is not to be ignored in the strategic marketing planning. To conclude with, standardization can be an appropriate business solution in some cases and up to a certain level. The current data provides a direction of research towards a shared value marketing model. However many of teh analysed aspects remain subject of further research and development.

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CONSUMER SATISFACTION, FIDELITY AND LOYALTY – A CONCEPTUAL FRAMEWORK

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Abstract: *The paper's purpose is to review important aspects of the speciality literature regarding the three concepts of consumer satisfaction, fidelity and loyalty. Furthermore the authors try to deliver new theoretical insights of how the mental evaluation process of the consumer can generate different levels of satisfaction. The article is structured in three parts; the first part contains a description of the consumer satisfaction concept – mental evaluation process and levels of satisfaction, the second part describes the concept of consumer fidelity and actions through which a firm can retain its consumers, the third part emphases aspects of consumer loyalty and theoretical correlation between the different types of loyalty and the firm's profitability.*

Key Words: consumer satisfaction, consumer fidelity, consumer loyalty, relationship marketing, consumer retention.

JEL Classification: M31

1. Introduction

Specialty literature (Bruhn, 1999) indicates the '50s' period the first phase in the development of the marketing concept - phase of production orientation. This phase is characterized by demand exceeding supply, successful companies being the ones that managed to develop mass production. The next stage is known as the selling orientation (60s), a stage which is characterized by a crowded supply and a frequent change of consumer brands. The '70s have witnessed a fundamental change in the marketing approach of the companies, as they oriented towards the market (market orientation). This optic involved efforts by the management of the companies in identifying customers' specific needs (their expectations) and treating different markets in a differentiated way, linking production programs with demand. The stage of competition orientation (90) was the result of the firms' concerns to differentiate their offering from that of competitors. Following Porter's (Porter, 2001) contributions, a new business approach has been developed as a "business – client - competitor" triangle. The 90s period is characterized by an expanding and refining of the marketing concept. Firms are increasing their concerns regarding the factors of the marketing environment, in which they are evolving; trying to identify the environmental requirements in a timely manner, in order to react quickly and flexibly to them.

Customer orientation must be defined in the context of market orientation. The relationship between these two concepts is like a part of whole relationship, as there are clear differences in their definitions. In this respect, market orientation refers to a broader context. It includes not only the orientation of the company to its existing customers, but is also takes into consideration all the participants, in that market, who get into a business relationship with the firm. Market orientation involves building competitive advantages, in order to ensure long-term business competitiveness (Plinke, 1996).

Unlike this definition, customer orientation is seen as a dynamic relationship between firm and customer. The company's efforts are directed towards satisfying customer needs, their expectations, ensuring maximum utility of the product and / or customer service and not by acquiring an advantage over competitors. Bruhn defines customer orientation as the comprehensive and continuous identification and analysis of customers' expectations, transposing them into manufacturing those products and services, in order to develop and maintain long-term and economically beneficial relationships with the customers.

From the definition stated above, four stages can be identified, so that a better application of that concept can be achieved by firms. Thus, strict observance of the four phases - analysis, planning, implementation and control – forms the framework of reference to the customer orientation strategy. In my attempt to emphasize customer satisfaction as a determinant factor of customer orientation, I will present in more detail what the first stage entails - the stage of analysis – in the development of the customer orientation strategy. During this stage, information is obtained to help in a better understanding of the

customers' needs and expectations, regarding the company's offering, and the communication with him/her (customer satisfaction analysis, customer loyalty analysis, customer migration analysis).

2. Defining consumer satisfaction

Customer satisfaction is a basic principle used in implementing the customer orientation vision of the company. As a vision, customer orientation is considered to be part of the third stage regarding the development process of the marketing concept.

From the foregoing, it can easily be seen that all the analyses, which need to be conducted by the firm, regarding their customers, have, as a starting point, customer satisfaction. The concept of customer satisfaction describes the outcome of a complex information processing process of a customer (Oliver, Swan, 1989). Bloemer (1998) describes customer satisfaction for a particular brand as the experience he/she felt by consuming certain brands, a customer's subjective assessment of the extent to which the brand's performance met, or not, his/her initial expectations. In general, satisfaction is the result of the pleasure or disappointment that someone feels when they compare their impression on the performance of the goods or services consumed, with the expectations they had before buying the product or service (Kotler, 2008). Following the evaluation, the performance of the product or service can exceed customer expectations, the latter ones feeling a higher level of satisfaction. In the opposite case scenario, the product's or service's performance is below customers' initial expectations, generating a sense of dissatisfaction. The intermediate level represents an equilibrium point towards a moderate satisfaction felt by customers, for an equalization of the initial formed expectations regarding the product's or service's performance. Different levels of satisfaction have to be rigorously investigated by the firm, as customer satisfaction is the key factor influencing fidelity, and their loyalty to that firm.

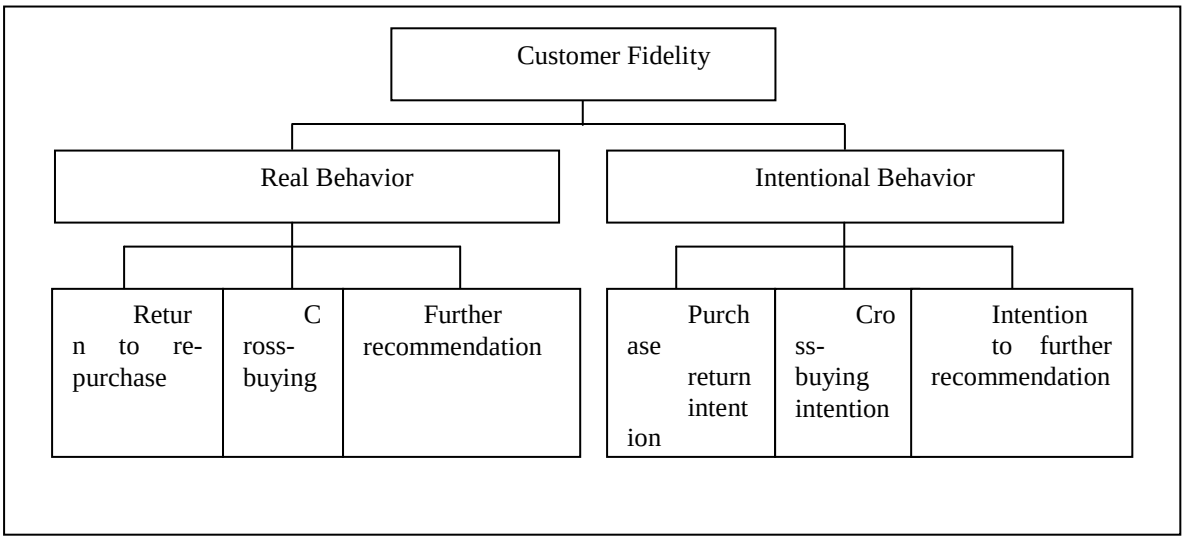
3. Defining consumer fidelity

Customer fidelity to a particular brand is the result of the satisfaction they felt by consuming this brand. As mentioned above, there are three levels of customer satisfaction, and these levels are the result of a customer's subjective evaluation regarding his/her initial performance expectations, by consuming that brand. After skimming through specialty literature and developing a few personal ideas regarding the mental process of evaluating the brand's performance on the base of the initially formed expectations, I believe that a customer manifests his/her fidelity to a particular brand if his/her expectations are exactly or exactly equal to the brand's performance. In order to provide further explanation to this statement, I will start from the consideration according to which initial customer expectations in relation to the performance of a certain brand, forms a unique multi-dimensional space for each consumer. The dimensions of this space are variables (but which have initial values), that are individually set by each customer, based on two broad categories of factors that influence its behavior or consumption. These dimensions or variables can be part of directly observable factors' category on his/her consumption behavior (economic and demographic factors, specific marketing mix factors and situational factors) and / or from the category of factors that can not be observed directly. The latter category includes factors such as endogenous factors (perception, information / learning / personality, motivation, attitude) or of an exogenous nature (family, group membership and reference groups, social class, culture and subculture)(Catoiu, 2002). Initial expectations form a point characterized by a limited number of coordinates, which actually represent the initial values that the customer appoints for each pre-established dimension or variable. Following the acquisition and the subsequent consumption of a certain brand, the customer "compares" the brand's performance, represented by the provided values for the same pre-established dimension, with his/her initial expectations, represented by initial values provided by the customer for the same dimension. If these values are equal, the customer is satisfied with the brand's performance, opting, in the future, for a repurchase. If after the comparison one or more values associated with the pre-established dimensions are perceived by customers to be significantly lower than the baseline, he/she will feel a sense of dissatisfaction regarding that particular brand and will choose, in the future, to purchase another brand (if his/her initial attitude regarding that brand is unfavorable) or will ignore this feeling if his/her initial attitude is favorable. This last idea represents a personal starting point in the definition of customer loyalty to a particular brand.

Fidelity is a condition of the customer resulting from an evaluation process. This evaluation process can be influenced partly by companies through specific actions regarding customer loyalty. Meyer / Oevermann (Meyer, Oevermann, 2006) believe that customer fidelity includes past behavior and the

intentional behavior dimension. The figure below shows, through which factors / variables, fidelity can be expressed (Homburg, 2006):

Figure 1: Factors expressing fidelity



Source: Homburg, 2006

The three determinants, repurchase, cross-buying and further recommendation, form the real behavior, in the authors' opinion. On the other hand, the three variables, earlier mentioned, may appear as expressions of intention to return for purchase, cross-buying intention and intention to further recommendation. Bruhn defines fidelity from the firm's perspective as a firm's set of measures, through which a positive orientation of behavioral intentions, of current customers and prospective ones, in relation to a firm and / or offerings, is sought to be to achieved for a stabilization, and for a development of the relationships with them. The two concepts of creating consumer fidelity and consumer fidelity are fundamentally different, in terms of their perspective approach, so customer fidelity is specific to the applicant (client is attaching to a bidder) and creating customer fidelity is specific to the bidder (bidder's actions for creating consumer fidelity). Subsequent actions taken by the bidder forms the concept of customer fidelity management. Bruhn defines customer fidelity management as the analysis, planning, implementation and systematic control of all the measures that are oriented towards the current customers of the company, in order to maintain and develop business relationships with them.

4. Defining consumer loyalty

Some authors consider the client loyalty regarding one brand as a condition superior to the fidelity condition. Such a condition can be achieved when the initial expectations of the client about the brand's performances are being exceeded by the actual brand performances. To understand better the different meanings of the client loyalty, the theory and practice of relationship marketing should take in consideration the differentiation between a fragile and a strong client loyalty.

The authors consider that a fragile loyalty represents a high level of satisfaction felt by the consumers when their initial expectations are being exceeded by the brand performances. If the difference between the initial expectations and the brand performance decreases (the initial consumer expectations are growing in a higher degree than the brand performance does or the brand performance is decreasing in a higher degree than the initial expectations do), the probability that the consumer will change the brand will grow. A strong consumer loyalty exists when the consumers are aware of the upper mentioned difference, are ignoring it and are rebuying the product, generating positive recommendation to other potential consumer. This ignorance can be explained by the favorable attitude of the consumers regarding the brand, attitude that has been cultivated and developed in time by the company. The development of the fragile loyalty represents the first step in creating a strong loyalty. The ideas of this paragraph are not being proved through empirical studies, but may serve as subject for future researches for a better understanding of the levels of consumer loyalty.

Speciality literature defines loyalty (Brody, Cunningham, Scott 1968) as the act of repurchasing a product or service within a certain time period. Thus, purchasing frequency of a product and probability of purchase are considered two indicators which measure the level of consumer loyalty regarding a product. Generally, to determine the level of consumer loyalty, researchers are measuring five dimensions of the buying behavior during a settled time period: percentage o consumers who are buying a certain product, buying frequency, percentage of consumers who are buying the product, percentage of consumers who are 100% loyal and percentage of consumers who are buying other products too – double buyers (Ehrenberg, 1988).

Jacoby and Chestnut (1978) researched the psychological sense of loyalty, considering the three components of the human psychic: affective, conative and cognitive – as being factors which influence directly, but in different degrees of intensity the consumer loyalty regarding a certain brand. On this line, Oliver (1989) defines loyalty "as a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior". The author includes in his definition of loyalty a new dimension (besides the behavioral dimension) – the consumer attitude. Taking these two dimensions in consideration, some authors (Dick, Basu, 1994) classify consumer loyalty in four categories: loyalty, spurious loyalty, latent loyalty and no loyalty.

The article entitled "Building and sustaining profitable consumer loyalty for the 21st century" by the authors V.Kumar and Denis Shab published in 1994 in the prestigious Journal of Retailing contains an explicit description of the two loyalty dimensions (behavioral and attitudinal loyalty) and the links that can be settled between the consumer loyalty and the firm's profitability. The authors consider that the consumer loyalty (behavioral loyalty) is directly associated with the benefits they get because of their membership within a loyalty program developed and operated by the firm and because of the actual product. Another aspect underlined by the authors is referring to the weak correlation between the behavioral loyalty and the firm's profitability (Reinhartz, Kumar, 2002). There are some advantages for the firm based on the behavioral loyalty of the consumers, such as:

- the costs of serving loyal customers are less
- loyal customers are less price sensitive
- loyal customers spend more time with the company
- loyal customers pass one positive recommendations about their favorite brands and suppliers.

The upper mentioned advantages are due to the additional benefits created by the firm for the consumers, benefits which represent costs for the firm. These additional benefits are part of loyalty programs developed by the firms. Several researches demonstrated that most of the loyalty programs are not profitable for the firms in the line of idea that the earnings gained by the firms due to such loyalty programs are exceeded by the costs involved in developing and operating these programs. These results prove that there is a need for taking a second dimension – attitude – in considering customer loyalty. Attitude of consumer is clearly underlined in the definition of loyalty given by Shoemaker and Lewis (1999) : "truly loyal customers are customers who feel so strongly that you (company) can best meet his or her needs that your (the company's) competition is virtually excluded from the consideration set; these customers buy almost exclusively from you (the company)".

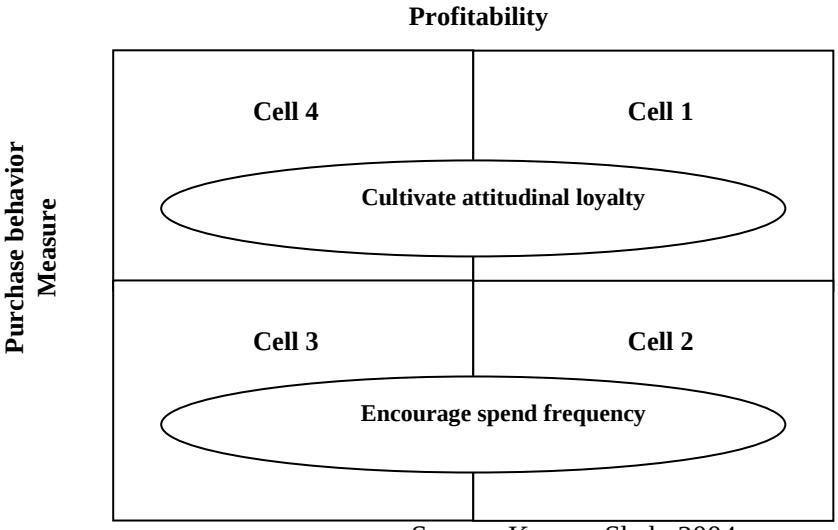
Attitude is defined (Eagly, Chaiken, Shelly) as being a psychological trend of agreement or disagreement regarding a certain situation, a trend which results after an evaluation process. Attitudinal loyalty represents a long time engagement of the consumer which cannot be determined by the simple observation of his repurchase behavior (Shankar, Smith, Rangaswany, 2002). This type of loyalty is very important due to the information regarding the future behavior of the consumers like future repurchase or probability of the firm's recommendation to other potential consumers (Reichheld, Frederick, 2003). Several authors (Pritchard, Howard, Havitz, 1992) underlined the importance of considering simultaneously the two dimensions – behavioral and attitudinal – in defining the consumer loyalty. In this line of idea, to obtain a strong consumer loyalty, firms should develop both the behavioral and attitudinal aspects of consumer loyalty.

In their article, Kumar and Shah (2004) propose a model for constructing and maintaining the consumer loyalty. The model tries to explain how the different types of clients' attitude regarding a certain product are influencing their buying behavior. The two loyalty dimensions – behavioral and attitudinal – are measured and saved within a central data base. The results of analyzing the data offer the firm the

informational support needed to act in three different directions: build behavioral loyalty, cultivate attitudinal loyalty and correlate consumer loyalty with the client's profitability.

Behavioral loyalty can be measured through two dimensions: purchase behavior and client's profitability (as result of the buying behavior). Based on these two variables, the authors divide the actual clients of a firm in four segments (figure 2).

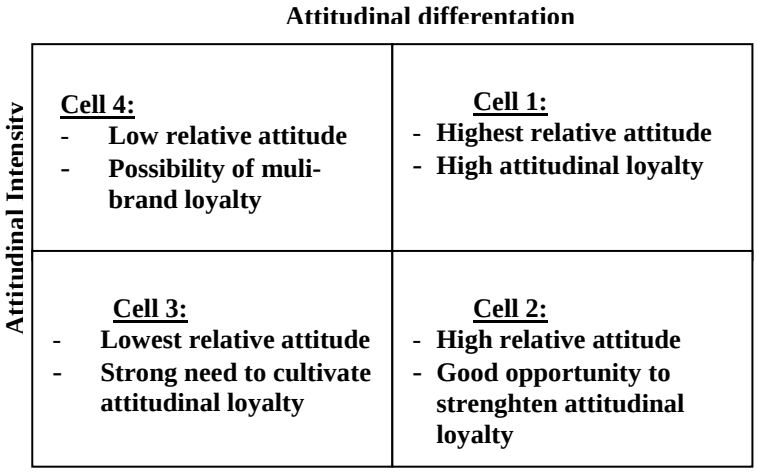
Figure 2 – Consumer segments based on consumer's purchase behavior and consumer's profitability



Source: Kumar, Shah, 2004

The results of such an analysis offer the firm great insights in discovering the clients who present a strong behavioral loyalty (Cell 1) or regarding the actions that should be taken by the firm to increase the purchase behavior of the consumers – cross-selling – (Cell2). Cell4 contains consumers who are characterized by a high buying behavior and a low profitability for the firm. In this case, the firm's actions should be focused in increasing their profitability. Cell 3 contains consumers who manifest a low behavioral loyalty and a low profitability for the firm. This segment should be targeted through reduced cost marketing actions.

Figure 3: Consumer segments based on their attitudinal differentiation and intensity



Source: Dick, Bassu, 1994

Figure 3 – adapted from Dick and Basu (1994) – divides the firm's consumers according to their attitude strengths and their attitude differentiation. By attitude differentiation, the authors understand the

consumers' intention for "blocking" themselves in a relation with the firm. Consumers which are part of the first two segments (Cell 1 and Cell 2) represent for the firm an opportunity to invest in cultivating their attitudinal loyalty. Consumers within Cell 3 are characterized by a low intensity of their attitude regarding a certain product or firm. Consumers described by a low intensity of their attitude and a low degree of their intention of "blocking" themselves in a relation with the firm can have a multi-brand-loyalty.

The several levels of consumer loyalty will have no practical appliance if they don't generate profit for the firm. In this line of idea, the firm must identify the degree in which one loyalty level generates profit for the firm through studying the correlation between the consumers' loyalty and the generated profit. One of the most used instruments is the CustomerLifetimevalue Indicator (CLV). This indicator is defined as the measure of the future value of the firm's profit obtained from the firm's relation with its clients throughout a certain period of time.

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FLOATING ROMANIA – AN ANALYSIS OF FLOATING VOTERS IN THE 2009 PRESIDENTIAL ELECTIONS

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Abstract: *Using the data from presidential elections in 2004 and 2009, I have analysed the scale of floating voters from one candidate to the other. After identifying two groups of floating voters, I have tried to explain their swing vote using the median voter theorem. I have discovered a positioning swing approving the median voter theorem and a political swing disapproving of the median voter theorem.*

Key words: swing voter, ballot, median voter

JEL classification: C16, C72, D72

1. Introduction

The 2009 presidential elections were the tightest elections in 20 years of Romanian democracy. The difference between the candidates in the second ballot of elections was only 70.048 votes, in favour of president Traian Băsescu (BEC, 2009). In the first democratic elections, in 1992, the score in the second ballot was 61,43% to 38,57% in favour of Ion Iliescu. In 1996 the score in the second ballot was 54,41% to 45,59% in favour of Emil Constantinescu against former president Ion Iliescu. In 2000, the score in the second ballot of elections was 66,83% to 33,17%, the largest margin so far in favour of Ion Iliescu. In 2004, the score in the second ballot was 51,23% to 48,77% in favour of Traian Băsescu (Institutul Național de Statistică, 2005).

The smallest margin before 2009 elections was recorded in 2004, 2,43% (BEC, 2004), but still higher than 2%, the margin of error of exit polls. Anyhow all three institutes that were involved in exit polls gave both candidates 50-50 chances to win.

What about 2009? In the second ballot of election four institutes were involved in exit polls. Three of them gave the wrong winner and the fourth gave a tie between the two candidates. One element that is worth analyzing whenever there is such a close finish in presidential elections is swing voters or floating voters.

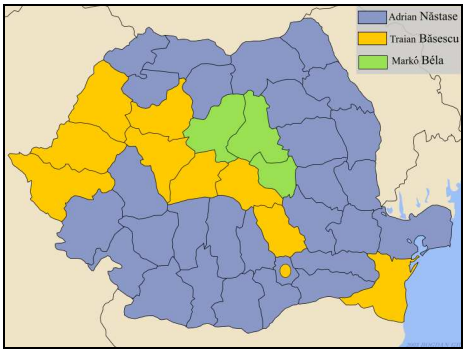
This article tries to define the Romanian floating voters, tries to identify them and gives an incentive on how candidates shall position themselves in relation to floating voters using the median voter theorem.

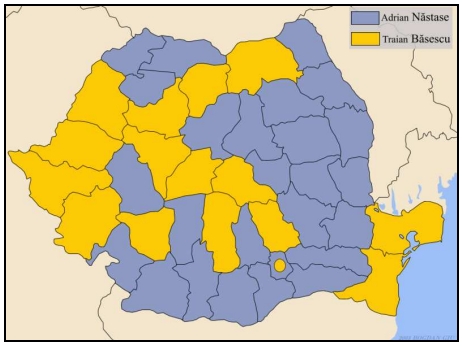
2. The data

In 2004, the counties that in the first ballot voted for one candidate and in the second ballot voted for the other candidate were: Tulcea, Suceava, Bistrița-Năsăud, Argeş, Gorj and Caraş-Severin. But these counties cannot count as swing counties in the proper meaning, because there's no precedent of swinging and all these counties changed their option from Adrian Năstase to Traian Băsescu. There's no county that voted in the first ballot of elections with Traian Băsescu and in the second ballot with Adrian Năstase.

Another observation is that the Hungarian speaking counties, Harghita, Covasna and to some extent Mureş, voted in the second ballot of elections with Adrian Năstase.

Figure 1: Votes by county in 2004, first ballot (left), second ballot (right)



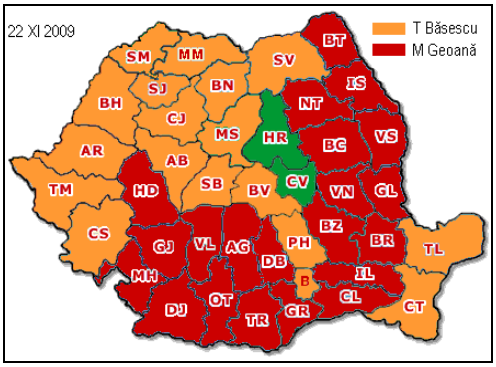


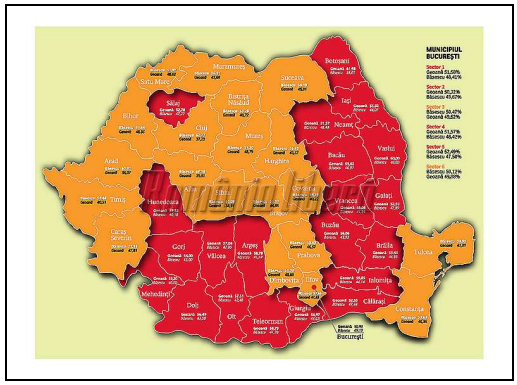
Source: Wikipedia

In 2009 though, things were slightly different. In the first ballot of elections Dâmbovița county voted for Mircea Geoană (38,03%) as president as opposed to Traian Băsescu (36,59%), but in the second ballot voted for Traian Băsescu as president (51,19%). The other anomaly was Sălaj county. In the first ballot voters picked Traian Băsescu (29,61%) in front of Mircea Geoană (26,54%) but in the second ballot they picked Mircea Geoană as president (52,77%) (BEC, 2009).

Another interesting event was how citizens from Bucharest voted: in the first ballot, Traian Băsescu won with 31,21% in front of Crin Antonescu (28,49%). Mircea Geoană came third in Bucharest (25,28%). In the second ballot, Mircea Geoană won in Bucharest with 50,70%. In 2009 the Hungarian speaking counties, Harghita and Covasna, voted in the second ballot with Traian Băsescu (BEC, 2009).

Figure 2: Votes by county in 2009, first ballot (left), second ballot (right)





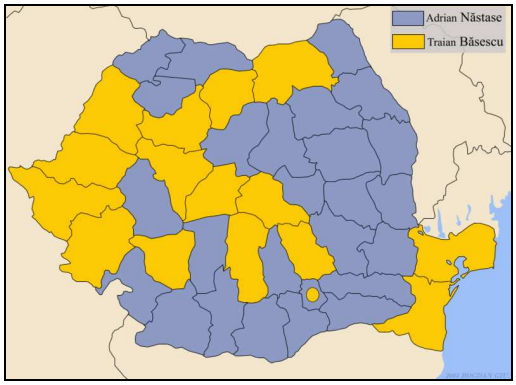
Source: Point Public Affairs Blog

The change in opinion from one ballot of election to the other is very subjective and thus is really hard to come up with a pattern. The negotiations that go on between the two ballots, the lobby and campaigning in counties with bad results, all these shift the popularity of one candidate or the other.

The most interesting analysis is the swing from the second ballot of elections in 2004 to the second ballot of elections in 2009. The reason is that candidates in both elections came from the same parties, although in 2009 they addressed different kinds of electorate. In the following maps you can see the counties that shifted their opinion from one candidate to the other from 2004 to 2009.

The changes on the map were the following. Traian Băsescu "won" Dâmbovița, Satu Mare, Maramureş, Mureş, Harghita, Covasna and Ilfov compared to the 2004 elections map. Mircea Geoană "won" Gorj, Argeş and the capital, Bucharest.

Figure 3: Votes by county, second ballot 2004 (left), second ballot 2009 (right)



Source: Wikipedia, Point Public Affairs Blog

This is what the map shows up, but the data gives us somewhat different results. The largest positive swings for Traian Băsescu were: Harghita (33,01%), Satu Mare (13,10%), Covasna (10,70%), Giurgiu (9,11%) and Maramureş (8,29%). The largest positive swings for Mircea Geoană (that is negative swings for Traian Băsescu) were: the capital Bucharest (14,10%), Braşov (10,78%), Hunedoara (9,45%), Argeş (9,41%) and Gorj (7,64%) (BEC, 2009).

The most constant counties (less than 1% swing) were in this order: Brăila, Teleorman, Mehedinţi, Ialomiţa, Iaşi, Alba and Arad. Out of these constant counties Alba and Arad voted for Traian Băsescu and the others (Brăila, Teleorman, Mehedinţi, Ialomiţa and Iaşi) voted for Mircea Geoană.

Table 1: Percentages by county and swing from 2004 to 2009

	2004		2009			
County\Candidate	Băsescu (%)	Năstase (%)	Băsescu (%)	Geoană (%)	Swing (%)	Top ups/downs and constants
Alba	60.89	39.11	60.19	39.81	-0.7	Constant
Arad	63.04	36.96	63.93	36.07	0.89	
Argeş	50.63	49.37	41.22	58.78	-9.41	4th negative
Bacău	45.76	54.24	46.98	53.02	1.22	
Bihor	55.36	44.64	51.65	48.35	-3.71	
Bistriţa Năsăud	52.67	47.33	59.28	40.72	6.61	
Botoşani	33.79	66.21	38.02	61.98	4.23	
Braşov	65.92	34.08	55.14	44.86	-10.78	2nd negative
Brăila	44.54	55.46	44.56	55.44	0.02	Constant
Buzău	41.02	58.98	43.94	56.06	2.92	
Caraş-Severin	56.53	43.47	52.19	47.81	-4.34	
Călăraşi	43.94	56.06	47.45	52.55	3.51	
Cluj	58.13	41.87	62.78	37.22	4.65	
Constanţa	60.92	39.08	53.64	46.36	-7.28	
Covasna	49.09	50.91	59.79	40.21	10.7	3rd positive
Dâmboviţa	44.65	55.35	51.2	48.8	6.55	
Dolj	48.34	51.66	43.51	56.49	-4.83	
Galaţi	49.51	50.49	47.9	52.1	-1.61	
Giurgiu	35.92	64.08	45.03	54.97	9.11	4th positive
Gorj	53.13	46.87	45.49	54.51	-7.64	5th negative
Harghita	23.43	76.57	56.44	43.56	33.01	1st positive
Hunedoara	49.63	50.37	40.18	59.82	-9.45	3rd negative
Ialomiţa	43.64	56.36	44.15	55.85	0.51	Constant
Iaşi	44.73	55.27	44.08	55.92	-0.65	Constant
Ilfov	48.61	51.39	52.67	47.33	4.06	
Maramureş	48.03	51.97	56.32	43.68	8.29	5th positive

Mehedinți	47.25	52.75	46.81	53.19	-0.44	Constant
Mureş	46.33	53.67	51.21	48.79	4.88	
Neamț	45.28	54.72	48.43	51.57	3.15	
Olt	41.46	58.54	42.49	57.51	1.03	
Prahova	57.18	42.82	53.43	46.57	-3.75	
Satu Mare	38.88	61.12	51.98	48.02	13.1	2nd positive
Salaj	40.92	59.08	47.23	52.77	6.31	
Sibiu	66.99	33.01	61.09	38.91	-5.9	
Suceava	50.94	49.06	54.2	45.8	3.26	
Teleorman	40.86	59.14	41.21	58.79	0.35	Constant
Timiş	65.94	34.06	59.49	40.51	-6.45	
Tulcea	57.21	42.79	59.2	40.8	1.99	
Vaslui	37.7	62.3	40.01	59.99	2.31	
Vâlcea	45.41	54.59	42.96	57.04	-2.45	
Vrancea	43.85	56.15	44.95	55.05	1.1	
Bucureşti	63.4	36.6	49.3	50.7	-14.1	1st negative
Total	51.23	48.77	50.33	49.67	-0.9	

Source: Biroul Electoral Central (2004, 2009)

I have drawn the following conclusions out of this data:

1. Traian Băsescu had the greatest positive swings in counties where there's an important Hungarian minority. Actually four out of five counties with positive swing have an important Hungarian minority: Harghita (84,61% Hungarians), Covasna (73,81% Hungarians), Satu Mare (35,22% Hungarians), Maramureş (9,06% Hungarians). I went on and tried to correlate the positive swing for Traian Băsescu with the percentage of Hungarians in 6 counties where the Hungarian minority is greater than 10%. I got the following results:

Table 2: Positive swing for Traian Băsescu and the Hungarian minority

County	Positive swing for Traian Băsescu (%)	Hungarian minority percentage (%)
Harghita	33.01	84.61
Satu Mare	13.1	35.22
Covasna	10.7	73.81
Mureş	4.88	39.26
Salaj	6.31	23.07
Cluj	4.65	17.37

Source: Institutul Național de Statistică (2002), Biroul Electoral Central (2009)

The correlation coefficient between the two columns is 77,83%. If we add Maramureş, the county with the 5th greatest positive swing for Traian Băsescu, but with a Hungarian minority of only 9,06% (9th county as Hungarian minority) the correlation coefficient drops to 74,46%.

2. Mircea Geoană had the greatest positive swings in the capital and in counties where the urban population rises above the national average of 52,74%: Bucharest (100% urbanization), Braşov (74,03% urbanization) and Hunedoara (75,92% urbanization). I went on and tried to correlate the positive swings for Mircea Geoană with the percentage of urbanization in 6 counties where the degree of urbanization is above the national average. I got the following results:

Table 3: Positive swing for Mircea Geoană and degree of urbanization

County	Degree of urbanization (%)	Positive swing for Mircea Geoana (%)
Bucuresti	100	14.1
Brasov	74.03	10.78
Hunedoara	75.92	9.45
Constanta	70.19	7.28
Timis	60.14	6.45

Sibiu	65.81	5.9

Source: Institutul Național de Statistică (2002), Biroul Electoral Central (2009)

The correlation coefficient between the two columns is 93,47%, which indicates a very strong correlation.

3. The general swing was in favour of candidate Mircea Geoană and counted for 0,9% of the total population.

3. Definition of swing voters

With growing competition in Romanian politics and elections and I don't mean only presidential elections but local, Parliament and European Parliament elections, it is natural that campaigns and political advisors focus on those voters who are uncertain about who they will vote for in an election. These politically unreliable voters are known as swing voters or floating voters. By not being committed to vote for a candidate, these undecided or persuadable voters can swing their votes towards one candidate or the other.

Politicians and political advisors all over the world have tried for decades to determine the characteristics of these swing voters in a hope that, once they are identified, messages could be created to make them decide one way or the other.

The first identified group of swing voters were called „Reagan Democrats". They were identified as white, working-class, Northern States (Michigan) Americans who voted for republican Ronald Regan in both 1980 and 1984. A smaller share of these Americans also voted for republican George Bush in 1988. Afterwards, this niche of voters disappeared and couldn't be traced by political advisors.

The attention for swing voters is based, at least in part, on an implicit assumption that swing voters swing elections, that the votes of swing voters decide who wins presidential elections. The rising competitiveness of all kinds of elections makes the importance of the swing vote a necessary assumption. It is an especially important assumption when the first two parties are relatively equal when it comes to the core of electorate.

<u>It is very likely that the median voter positioned to decide the election is also a swing voter.</u> This sentence is of great importance and I will go into detail later in the article. The fact that a share of the median voter is a swing voter does not mean that a majority of swing voters will vote for the winning candidate or that the winning candidate requires a majority of the swing vote. It may be possible to win elections with a large and activated core electorate and a small fraction of the swing vote.

In order to determine the impact of swing voters in determining presidential elections, they must be identified first. What is distinctive about swing voters, what distinguishes them from non-swing voters, is that they are to some degree undecided about how they will vote. It is clear that this is a matter of degree, that all voters are potentially open to changing their vote until the moment the vote is in the poll. But voters differ in their uncertainty about how they will vote and some are much more open to being moved than others. At some level of this uncertainty, they can be labelled as swing voters.

Three aspects of this vote uncertainty should be noted. First, the voter is not aware of his/her uncertainty about the vote choice. What makes a swing voter is the actual uncertainty of how the voter will vote and not if the voter is willing to admit to this uncertainty. Many voters may have the illusion that they are open to either side in an election, when their vote choice is decided and predictable. Someone is not a swing voter because they say they are a swing voter. There must be a real possibility that their vote can go to either sides.

Second, for the purposes of this article, a swing voter is a voter. That is, swing voters are assumed to have turned out to vote. It is understandable for many potential voters, who have doubt on who to vote with, to miss on voting. The non-voters are both potential voters and potential swing voters who, by opting not to vote, did not fulfil their potential. Vote turnout in Romania has shrunk constantly since 1990: 1990 – 86%, 1992 – 76,3% first ballot, 73% second ballot, 1996 – 76% first ballot, 75,9% second ballot, 2000 – 65,3% first ballot, 57,5 second ballot, 2004 – 58,93% first ballot, 55,2% second ballot (BEC, 2005). In 2009, vote turnout was 54,37% in the first ballot and 58,02 in the second ballot. It was the first time that vote turnout in the second ballot was higher that turnout in the first ballot (BEC, 2009).

Third, the uncertainty about how a voter will vote can change over time. For instance, for many voters, their vote choice may be significantly less certain four or five months before the election than four or five days before the election. With more information and focus on that information, voters may become more settled in their vote for a candidate. It is very important to be time-specific in ascertaining who is and who is not a swing voter.

Given the Romanian presidential election system, with two ballots of elections, it's very hard to identify swing votes. There are other things to consider: the negotiations that take place between the two ballots of elections, the Hungarian minority that always has a representative in the first ballot, candidates that enrol in the presidential race very late (in 2009 was the case of Sorin Oprescu, who in the first survey after he announced his candidacy scored 12% in polls but ended up scoring 3,18% in the actual elections) and candidates to give up running (in 2009 was the case of Radu Dudă).

We can analyze the score in the surveys for the first ballot to determine the core electorate and the data from surveys if Traian Băsescu and Mircea Geoană would have ended up running in the second ballot of election. For the first ballot of election I found 18 available surveys. Traian Băsescu had an average score of 33,01% and Mircea Geoană had an average score of 25,57%. The actual results were 32,44% for Traian Băsescu and 31,15% for Mircea Geoană. We can say that the core electorate for Traian Băsescu is around 33% and for Mircea Geoană is 29%.

For the second ballot of election, I found 9 available surveys made between June 28th and November 9th in case Mircea Geoană and Traian Băsescu ended up running. The average score for Traian Băsescu was 49,37% and for Mircea Geoană was 50,63%. Besides the average scores I was interested in the extremes. The largest margin between the two was 8%. This large margin between the two taking into account the close results was found in six out of nine surveys (1 survey 8% margin, 5 surveys 6% margin). I can we say that 6% of voters were swing voters, pending between the two candidates given a moment in time between July and December, the period when these surveys were taken.

There are two kinds of swing voters: pre-campaign swing voters and campaign swing voters. Pre-campaign swing voters are voters who are uncertain who to vote well before the campaign begins. Campaign swing voters are voters who are uncertain in their vote once the election campaign is underway. These are swing voters who are undecided in their vote after having information about the presidential candidates running in an election.

4. The median voter theorem

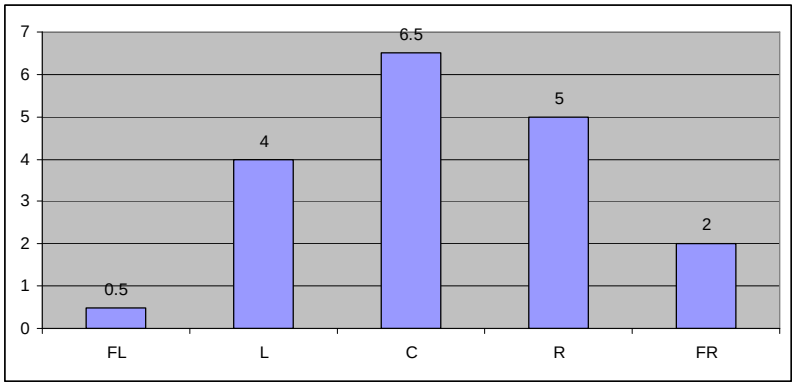
I now go back to the underlined sentence in the previous section: it is very likely that the median voter positioned to decide the election is also a swing voter. Many swing voters are at the median of the political spectrum but not all voters at the median of the political spectrum are swing voters.

Let's go into detail on what does the median voter theorem say. Given a particular distribution of voters and voter preferences, candidates need to determine their strategies in building their political platforms. When there are just two candidates in an election, when voters are distributed along the political spectrum and when each voter has consistent singled-peaked preferences, the median voter theorem tells us that both candidates will position themselves on the political spectrum at the same place as the median voter. The median voter is the middle voter in that distribution: more precisely, the one at the 50th percentile.

The theorem has two stages. In the first stage, candidates choose their locations on the political spectrum. In the second stage, voters elect one of the candidates. When there are only two candidates left, second stage votes will directly correspond to voter preferences and the first stage location decision of the candidates remains the interesting part of the larger game.

Let's first consider a population of 18 million voters (on October 1st 2009, 18.347.397 people were registered to vote in Romania), each of whom has a preferred position on a five-point political spectrum: Far Left (FL), Left (L), Centre (C), Right (R), and Far Right (FR). The discrete distribution of their locations is shown by the histogram.

Figure 4: Random discrete distribution



The height of each bar indicates the number of voters located at that position. In this random example, we can see that, of the 18 million voters, 0,5 million are Far Left, 4 million are Left, 6,5 million are Centre, 5 million are Right, and 2 million are Far Right.

Voters will vote for the candidate who publicly identifies himself/herself as being closer to their own position on the spectrum in an election. If both candidates are politically equidistant from a group of like-minded voters, than each voter will theoretically flip a coin to decide which candidate will vote.

We can observe three important characteristics of the equilibrium in the candidate location game. First, both candidates locate at the same position in equilibrium. This illustrates the principle of minimum differentiation, a general result in all two-player games of locational competition, whether it's political platform choice by presidential candidates or product feature choices by electronics firms.

When the persons who vote for or buy products can be arranged on a well-defined spectrum of preferences, candidates and companies do their best to look as much like their rivals as possible. This explains a diverse collection of behaviours on the part of political candidates and companies. This is why there is never just one gas station on a heavily travelled road or why all brands of four-door cars seem to look the same, even though every brand claims to be coming out with a "new" look.

Second, both candidates locate at the position of the median voter in the population. In this example, with a total of 18 million voters, the median voter is number 9 million from each end. The numbers within one location can be assigned arbitrarily, but the location of the median voter is clear. Here, the median voter is located at the C position on the political spectrum. So there is where both candidates locate themselves, which is the result predicted by the median voter theorem.

Third, the location of the median voter doesn't have to coincide with the geometric centre of the spectrum. The two will coincide if the distribution of voters is symmetric, but the median voter can be to the left of the geometric centre if the distribution is skewed to the left and to the right if the distribution is skewed to the right.

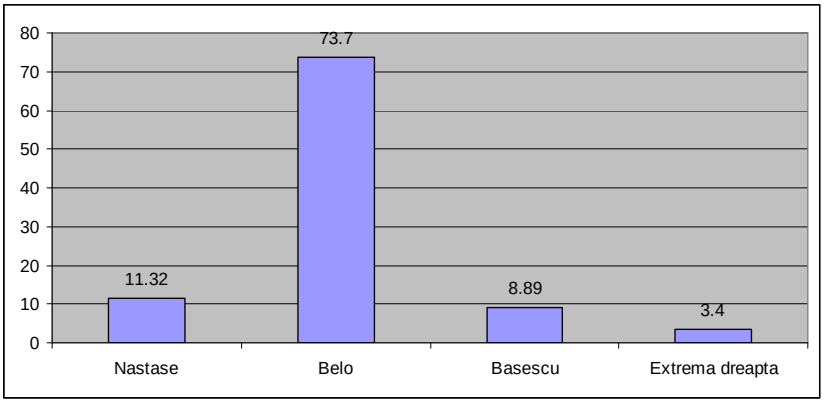
The most important limitation of the median voter theorem is that it applies when there is just one issue at hand. If there are two or more dimensions then the population is spread out in a two-dimensional "issue space" and the median voter theorem no longer holds. The preferences of every individual voter can be single peaked, in the sense that the individual voter has a most-preferred point and his/her payoff value drops away from this point in all directions. But we cannot identify a median voter in two dimensions, such that exactly the same number of voters has their most-preferred point to the one side of the median voter position as to the other side.

In the presence of imperfect information, voters may decide whether to vote strategically on the basis of their beliefs about others' behaviour and their knowledge of the distribution of preferences. This is how swing vote occurs. Candidates also may behave strategically in building a political platform.

5. Can the median voter theorem explain swing votes in Romania?

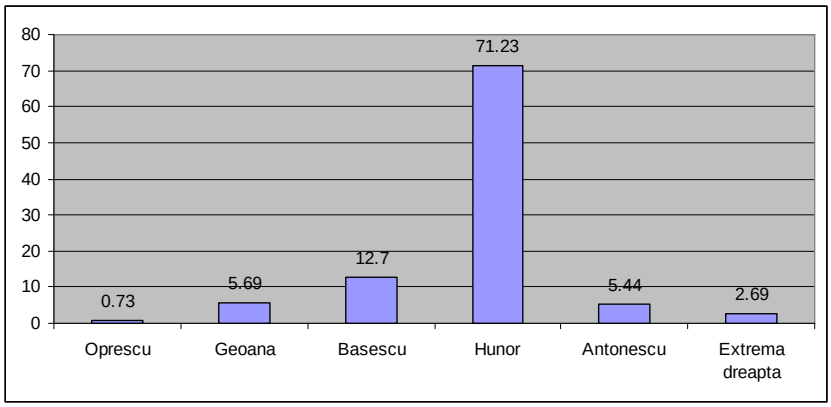
Let's concentrate know on why the Hungarian minority voted in 2004 with Adrian Năstase and in 2009 with Traian Băsescu, using the median voter theorem. The discrete distributions are as follows:

Figure 5: Results in Harghita county in 2004 first ballot



Source: Biroul Electoral Central (2004)

Figure 6: Results in Harghita county in 2009 first ballot



Source: Biroul Electoral Central (2009)

This is the example of Harghita county, but the discrete distributions in all counties with a considerable Hungarian minority (Covasna, Mureş, Salaj and Satu Mare) follows the same pattern. In 2004, Traian Băsescu was the candidate of the political entity "Alianța DA", a centre-right political entity, but in the right side of the Hungarian minority candidate in the general political spectrum. I've taken into account the general political spectrum because nor Mircea Băsescu nor Adrian Năstase/Mircea Geoană did promise the Hungarian minority anything special concerning their issues as a minority in Romania.

In 2009, Traian Băsescu was the candidate supported by Liberal Democrats (PDL) and positioned himself at the left of Hungarian minority candidate. In 2004 the median voter in Harghita county (but we can extend the result to all counties mentioned before) voted for Marko Belo in the first Ballot and for Adrian Năstase in the second one. In 2009, the median voter in Harghita county voted for Kelemen Hunor in the first ballot and for Traian Băsescu in the second ballot because Traian Băsescu took more votes from his "right" than Mircea Geoană did, given the positioning of the two candidates in the second ballot.

Now let's focus on the urban population who did swing in favour of Mircea Geoană in the 2009 presidential elections. In 2004, Traian Băsescu, as candidate of Liberals (PNL) too, got the votes of the core of electorate from this party, which is mainly urban population. In 2009, the Liberals had their own candidate for the presidential elections, but he came third at national level. But in the counties with large urban population Crin Antonescu, the Liberals' candidate, came second after Traian Băsescu (Bucharest, Braşov, Sibiu, Timiş, Bihor and Cluj). In the two weeks between the ballots Crin Antonescu sent the message to his core electorate to vote for Mircea Geoană. That's why in Bucharest and the counties with a large urban population there was a positive swing towards Mircea Geoană. We have here an example of political issue swing and not just a positioning swing like in the case of the Hungarian minority. It's obvious that is not a positioning swing because if it were, Traian Băsescu would have get positive swings in counties with large rural population.

To answer the question in the title of the section, we can draw the conclusion that positioning at the same place with the median voter does not guarantee winning and that negotiating with other parties may bring benefits.

6. Conclusion

The limitation of the analysis consists in the fact that there's simply not enough information in just two election cycles to establish a certain pattern of swing voters. We have seen an example of positioning swing explained by the median voter theorem, in which the Hungarian minority shifted from Adrian Năstase in 2004 to Traian Băsescu in 2009, because the latter positioned himself closer to the Hungarian minority than challenger Mircea Geoană.

On the other hand we saw a disapproval of the median voter theorem in the case of the urban population, partisan of the Liberals who shifted away from Traian Băsescu and in favour of Mircea Geoană in a political swing sealed between the Liberals and Mircea Geoană.

Anyhow the study of swing voters or floating voters will be of great importance in the coming election cycles, as we see a growing competition between parties and more expensive campaigns from on election cycle to the other.

The question that political advisers need to pose is whether winning presidential candidates in recent and coming elections have carried or won a majority of the swing vote and whether they won because of the swing vote. If presidents are elected because of the swing vote, then the importance attributed to swing

voters by campaigns is warranted. If, on the other hand, the swing vote has not decisive in electing presidents, then the role of the swing voter in the political landscape should be reassessed.

If getting the swing vote is not the key element to a majority vote in the second ballot, then how much of the swing vote do candidates need to win to achieve an assuring victory? Let's hope that the coming election cycles will answer this questions more precisely.

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THE ROLE AND IMPORTANCE OF EVENTS TOURISM IN CONTEMPORARY ECONOMY

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Abstract: *This paper aims to examine the link between tourism activities and events on tourist destinations, with a focus on implementing their development strategies. In this research will pursue the development of tourism events and to direct such events on cities, regions and countries. It will consider the important role that tourism eveminente positive steps can play in regional or national economies.*

Key words*: event tourism, strategic plan, organizations, conference centers, visitor*

JEL classification*: L83*

In general, in developed economies but also in emerging economies, governments promote and support the expansion of tourism events macroeconomic microeconomic level. Should be noted that, on one hand the state invests in infrastructure and on the other hand is more interested in achieving specific investment events (stadiums, conference centers, exhibitions, etc.). To justify these claims can exemplify with events such as the International Tourism Fair, the Olympic Games or why not, FIFA World Cup.

Strategic approach to issues of development of tourist destinations confers important advantages. These advantages are reflected in the coordination and capacity building in tourism and events but the current and future business. Operating time with the strategic plans of tourism events may vary between 5 and 15 years.

May be a situational analysis which should promote decisions on tourism purposes of events that may be the choice of destinations. This analysis should reflect the different perspectives of key shareholders in events such as tourism structures, community living in that area, with sections related government agencies such as humanities and sports and major organizers of the event. (Figure 1)

Thus the SWOT analysis could be a defining factor in assessing the situation facing the destination in its efforts to develop tourism events. This analysis is necessary because one could enumerate several factors that can lead to development of tourism destination events. Understanding this analysis is particularly important because it provides the fundamentals of establishing goals Enterprise of tourism events on the one hand, and secondly a better perception of the destination brand and positioning efforts strategiaunui event that might promote. Purposes must be stressed that each event is different destination can be identified and common considerations in setting such goals. Some examples may be those such as the International Tourism Fair in Berlin where every year about 200,000 visitors register or FIFA World Cup organizing country where you are visited by hundreds of thousands of guests. Even in developing countries can generate significant demand events for tourists (and hence export revenues). (Figure 2)

It should be noted and that the destination brand can be considered an impression associated with a general feeling that the name or symbols are generated in the minds of consumers. Events are an opportunity for support, creating, changing and strengthening their brands. According to a study made by Jago, Chalip, Brown, mules and Ali in 2003 (Australia), such efforts depends largely on local community support and strategic and cultural match between destinations and events taking place there. This study also established that in individual events, differentiation events, longevity and tradition associated with an event planning and media are central factors in the successful integration of the event marking the general efforts of destinations. To exemplify this we argue the

general category of food festivals and / or wines that have this function for a large number of destinations. Another aspect of the relationship between events and creating a destination brand is using the events of tourism marketing structures as full section in years theme. Sibiu Cultural Capital can be a significant example in this aspect. Events arising from this event are gathered together from all segments of business events, cultural, sports, birthday, etc. Such an event has attracted over 1,000,000 tourists, prompting an unprecedented local economic development. Proved once again that, if more were needed, that from an event such as the appearance shown above, but tourism and the economy can grow and create a strong growth prospects of businesses and local communities while, regional or national.

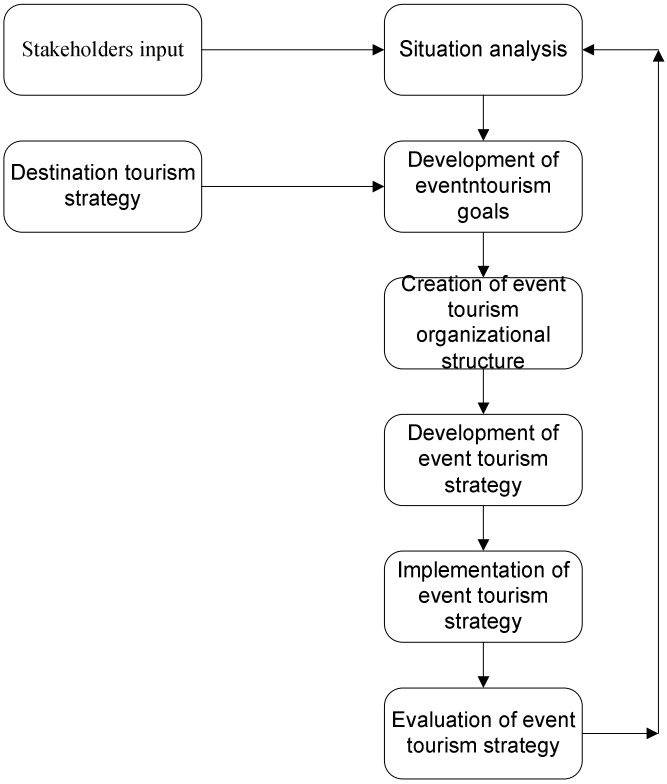

Figure 1 Event tourism strategic planning process

It is noted that with the announcement by the Olympic Committee to conduct future Olympic Games location (another event that generates movement of tourists), and the trend in the number of tourist inflow will increase significantly, knowing the peak Of course with such events as.

There are many situations where events can be scheduled in periods of limited demand of tourists, the airlines and accommodation providers often have a surplus capacity and therefore can easily cross seasonal period. In this sense events can be used to extend the period of seasonal and organizing demonstrations in front on or after the defining event tourism.

Strengths / Weaknesses	**Opportunities / Threats**
Existing stock of events	*Potential for partering with selected organizations to progress one or more events and the tourism industry*
Tipe	Possibile partnering bodies:
Quality	Government departments
Uniqueness/competitive advantage	Cultural organizations
Number	Tourism bodies
Duration/timing	Chamber of commerce
Current financial situation	Tourism businesses
Image/reputation	Enviromental groups

Level of current demand from regional, national and overseas visitor markets and level of understanding of this markets Economic, social and environmental impacts Existing links between events and the destination`s tourism industry Stage of individual events in terms of their `product` life cycle Evidence of long-term strategic planning	
Venues/sites/facilities/supporting services Number, type, quality and capacity of venues/outdooor event sites Capacity of local suppliers to support various types of events Stock of supporting local tourism services *Human resources* Level/type of destination event venue/event management expertise Capacity to draw on volunteers to suport event delevery Range/type of event-related training conducted in the area, or accessible to people from the area via means such as the internet *Stage of event sector development* Existence of organization such as industry associations, convention and visitors bureaus and major event agencies	*Level and type of competition from other events in other destinations* Direct competition from similar events Competition from dissimilar events conducted in the same time period *Market tastes/preferences for events* Ability of area to respond to market needs through existing and new events Impact on existing/planned events of changes in family structures, age of population, patterns of work/retirement and attitudes to health etc. *Availability of external funds* Capacity to attract government grants or loans Likelihood of attracting sponsorship Potential to link events with overall destination branding efforts
Destination location relative to major tourist markets Travel time and costs Types and frequency of public transport to the area	*Local cultural/environmental attributes that have the potential to be leveraged for event purposes* For example: unique flora or fauna, a strong and vibrant indigenous culture, hystory, ethnicity, arhitecture, local agricultural pursuits
Degree of political support Level of availible funding for event tourism Potential for legislative support Location of major event agency inside local or nationalo government	*Level/type of links between local/regional sporting/business/cultural bodies and their national or international associations* For example: strong links between a regional sporting body and its national associatin may facilitate sucessful bids for regional/national championships in the sport concerned
Level of community support Community perspectives on economic outcomes Level of anticipated local patronage for events Level of willingness of the community to absorb short-term negatives, such as crowding and traffic congestion Willingness of a community to support events via volunteering, provision of home hosting services etc.	*Capacity of destination to absorb event tourism impacts without negative environmental or community outcomes* Perspectives of community groups, such as non-government environmental organizations, on events of various types and scale
Extend and nature of existing relationships between events and tourism industry Extent of event packaging evident Type/nature of links with tourism companies and organizations	*General economic conditions* Employment levels Interest rates Inflation Consumer confidence levels
Local weather patterns Rainy seasons or periods of extreme heat that may restrict the times in whtch events can be conducted	*Other* Changes in weather patterns due to global warming Security and healt issues Political climate

Figure 2 Possible factors for inclusion in a destination`s event tourism SWOT analysis

Events joins a series of experiences that gives purpose and thus joins its ability to attract and retain visitors for longer periods of time. They can deliver change, innovation and support the interest for residents and attract new visitors to a large extent. Centers and historical sites, museums, archeological sites, buildings and sports stadiums, conference centers, thematic exhibitions, all hold special events programs. Important in this regard is that there is an opportunity to retain tourists in the area when they took part in this event.

Given that we are to achieve the goals of events tourism destination, should focus on its allocation of responsibility in one of several organizations both in terms of financial and administrative management. It can thus see that the tourism development strategy requires events to address issues crucial to the organizers should take the best decisions. Thus the steps must include the following levels of approach:

- Develop existing events - it comes to identifying an event or more that have the potential to be developed as major attractions for both area and for a region or country;
- Bidding event - many events are moving, not in the same place. This is the need to tender to bring strong arguments in favor of an organizer or another;
- Creation of new events - the main element reflects situational analysis should be based on activities in creating new events. What is created by new events will fluctuate depending on the strategic needs of each destination with a number of generic options based on active participation, including events, sports, religion, culture, music, business, etc.;
- General considerations in the choice of events tourism strategy - elements underlying portfolio choice are (or combination) of events (festivals, sporting events, business events) and benefits accruing to a destination of tourism events;
- Implement a strategy of tourism events - after the strategy was adopted, organizations have the lead role in implementing appropriate action of its status. These actions can range from providing advice and marketing support to develop new and effective organization of events;
- Grants - in developed countries, grants are a common means of providing support for events with tourism potential;
- Sponsorship - some organizations sponsoring events, acting directly as a means of supporting events and a means of influencing oportunității event presented by establishing a brand for the destination ad methods such as advertising or other visual identification;
- Equity - an organization of events of interest may invest directly in that event to better facilitate its implementation;
- Ownership - are common situations in which some structure develops and produces events for tourism boost in visitor destination;
- Developing support services for auctions and tenders - attention is important auction usually involving several organizations. These organizations work to research, develop and bid collaboration with professional or associative structures to facilitate marketing;
- Services sector development events - these services include research, training and education, and establishing partnerships and connections;
- Research - the role of this activity takes into account market trends in visitor event, development of competitive destinations, visitor perceptions of quality event experiences, events and economic impacts of general practices menegement sector;
- Training and education - there is the possibility of forming links between individual events and other organizations that have the potential to improve visitor attraction. Organizations for events tourism may also find that they have much to gain by communicating their strategies public and private sector organizations, thereby

encouraging dialogue that can lead to identifying opportunities for improving the program normally;

- Partnerships and links - in tourism events, the organizers have the ability and opportunity to establish partnerships and networks both within the sector between the events and international events and structures;
- Coordination - the role of this work includes developing a schedule of events to reduce conflicts with other events;
- Services to promote the event / destination - especially marketinul tourism plays a very important role in promoting delivery of services;
- Other elements.

In conclusion these efforts are advanced in an organizational structure created for this purpose. Naturally, such a structure would involve establishing a single organization for such area or allocation of responsibilities of existing structures. The other option, no such structures may have the same intent. How successful have these practices in developing strategies for events tourism destination and their related goals requires assessment both at your destination and at those organizations to influence events in the development of tourism. Information gained from this process can then be used in further improvement of efforts to develop tourism events.

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TOURISM INFLUENCE ON THE ROMANIAN ECONOMIC ENVIRONMENT

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Abstract: *Tourism is represented as the most complex world industry, in its progress being involved the entire society. It reflects both the society state, representing its barometer and the potential of this sector to bring prosperity and wealth, creating a large added value. The economic impact of tourism can be measured in many ways, using a range of base fundamental indicators, which proves the contribution of the economic field in a broad sense. This article describes as follows the tourism estate in the current context and also the importance of the balance payment as economic indicator in tourism assessment.*

Key words: tourism, foreign currency, balance of payments, economic impact.

Jel Clasification: P 40, O11, O18

1. Tourism, economic fundamental field

The remarkable growth of the tourism activity indicates that this activity is one of the most important phenomen both economic and social of the past 100 years. Today, tourism is one of the largest industries in the world. It has an important positive impact and contributes directly or indirectly to the economic development of the areas, countries and regions with touristic attraction.

Why tourism? Because it can be:

-The most dynamic activity sector;

- Important jobs generator;

-Fundamental source of recovery for national economies

Contributes to:

-Equilibration of the external balance of payments,

-Varying the local industry

-Limiting disturbances in certain areas

-Increasing population's incomes

-Increasing GDP in the national economy contribution

Fundamental reason for these investment efforts is the potential of international tourism receiver to make a ***substantial contribution to foreign currency.*** Tourism occupies one of the first 5 places in the export of approximately 83% of the world countries and it is a main source of foreign currency for at least 38% of countries, conform with the data provided by Word Tourism Organization.

Currency intake is so important because it may help ***to balance the balance of payments or its surplus.*** Tourism potential to contribute to the balance of payments balance is widely recognized and many developed countries would have been deficient in balance of payments without the contribution of tourism. Question to ask with acuity lately is the following: '***Who really benefits from tourism profits***?' Often rich countries are often more able to profit from tourism than poor ones, although the latter the most urgent need of revenue, of jobs and of raising living standards.

1.1. Tourism impact over the Romanian economy

Which is the current situation in the national context?

-Valuable tourist potential, but poorly exploited;

-Poor economic performance results, but moderate growth trend.

Romania represented an important tourist destination for the area, promoting, in particular, the products of tourist season, resorts spas, cultural programs and monasteries in northern Moldavia and Bucovina. The Romanian tourist offer hasn't changed lately, this proving to be uncompetitive in relation to the requirements of tourism demand and the tourism similar products on international markets. Tourist reception structures and especially the supply of recreational opportunities are obsolete and are made stereotype.

Economic impact of tourism can be measured in many ways, using a scale of fundamental indicators, which

proves the sector contribution in the economy weight in broad sense. Among these indicators, is included the income from foreign operations and their contribution to travel account from the Balance of Payments, expenses and income from tourism, tourism contribution to GDP (both represented through the currency gain and the earnings from tourism in the broad sense), the contribution to the State's earnings (mainly from taxes), the multiplier effect and job creation, analyzing, as follows the situation of tourism and of **balance of payments.**

2. Tourism and balance of payments

Balance of payments reflects the overall flow of claims and debits of a country with the abroad relation, and tourism influence over it can be played through the currency balance of tourism, which, according to its nature - positive or negative - can compensate, reduce or exacerbate a poor balance of payments.

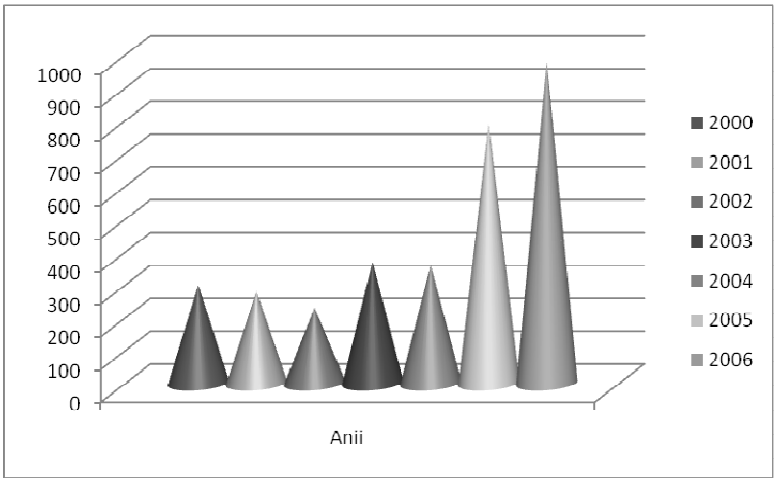
The estimation of tourism influence on the balance of payments must have in view its meaning and its ampleness. Depending on the sign of balance, the countries can be grouped into countries with a positive balance, known as the receiving countries of tourists (France, Spain, Italy, Austria) and countries with negative balance, as the issuing countries of tourists (Germany, Japan, UK, Netherlands, Sweden).

Tourism potential to contribute to the balance to the payments balance is widely recognized and many developed countries would have had a poor balance of payments without the contribution of tourism economy in these countries.

To complete the influence of tourism on the balance of payments besides the balance analysis job "Travel" is needed and transport analysis of tourist receipts, capital investment in tourism industry, in training and refining tourism manpower.

In these circumstances, the overall outcome of the international tourism, reflected by "The tourist exploitation", may appreciably vary from the balance job "Travel"- usually without changing the sign – providing a more accurate, more close to the reality of the intake rate of tourism.(Minciu,2004)

Figure 1. The absolute value of earnings from foreign exchange in Romania during 2000 – 2006



Can be noticed from the figure above that the absolute value of earnings from foreign exchange transactions follow the changes from year to year of arrival of visitors, except in 2005 when we confront the anomaly of duplication of earnings from operations of foreign exchange in the same year when the international visitor arrivals decreased by 11.5% (Data provided by INSSE and NBR.) This may be partly explained by the fact that the value of earnings from tourism, took over from the tourism credit account from the Balance of Payments, depends on the nature and practice of the methodology of data collection, which actually has changed in early 2005.

It is also known that the data include foreign exchange operations of the currency returned to Romania for many Romanian citizens who had the opportunity to work abroad because of visa relaxation regime in 2004 for those who work in the European Union (Master Plan for National Tourism Development from 2007 to 2026)

Once the changeover to the Euro, which will not be possible before 2015, the revenues from foreign operations and their contribution to the Balance of Payments will become more limited, given that over 50% of arrivals and an even higher contribution of revenue from total arrivals will be generated by EU members that use the Euro, which by then will be "national" currency,

More trivial value of this indicator is already recognized by the National Bank of Romania, whose concern about the contribution of this indicator is shown through the interest in finding a new vision of replacement, which can generate a more accurate method of settlement the economic contribution of tourism to the national economy.

2.1. Revenues and earnings in tourism

Complexity of tourism claims for specific activities to be recorded in the balance of payments both in current account transactions and account as capital movements. Thus, tourism receipts and expenditure are highlighted under "Travel"(current account transactions), which are contained in credit costs in the country receiving foreign tourists, accommodation expenses, food, public transportation, spa and other services and flow expenditure of the same kind by residents abroad.

However, a more important issue is the extent to which the system of official registration of accommodation reflect the actual situation of supply and demand in this sector, due to the existence of numerous hostels, accommodations and breakfast and other similar operations unregistered. It considers that the value of such accommodation or unregistered "black" economy in this sector would be considerable, but, is not registered in official statistics and even if the National Household Survey includes a component of expenditure on holidays and spending free time, could provide more details regarding this area, it is still at an early stage and requires review and improvement to the data they provide to be considered as reliable data.

Multiplier effect on the structure of local economy

Tourism has multiple effects in any region, spreads in both periods in which there is an increase rate of tourism investment in the selected area and in which the investments generates economic effects. For example, links will be stronger and revenue will experience a high multiplier if resorts from a specific area tourist destination can absorb labor force, local plant and animal purchase of existing farms in that area, purchasing furniture for structures tourist reception from traders who specialize in that area and so on(for example seaside resorts absorb much of the population of Constanta during the season, tourist facilities are supplied by firms and thus largely Constanta County economy felt a revitalizing during summer.)

Tourism and tax

Tourism participates in the formation of state budget revenues through direct and indirect contributions. Direct contributions are generated by taxes on wages of workers in tourism and taxation of profits earned in tourism and direct taxes imposed on tourists.

Contributions from indirect taxes on goods and services to tourists.

Tourism as an economic activity, increase revenue, jobs, investment and revenue budget and local governments. The most important source of revenue contribution of tourism to central and local authorities is the taxes in various forms, including:

- VAT
- Personal income tax
- Tax on company profits
- Boarding fee airports
- Aircraft landing fees
- Rates of entry to museums
- Municipal taxes
- Customs duties on imports

Figure 2. Estimated revenue from value added for 2005,2011,2016,2021 and 2026 in million Euros to the amount in 2005

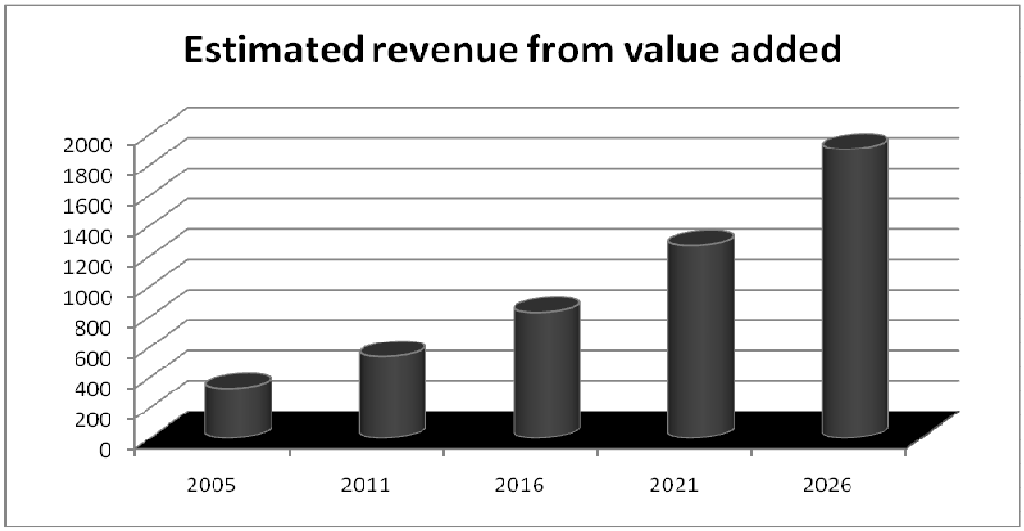
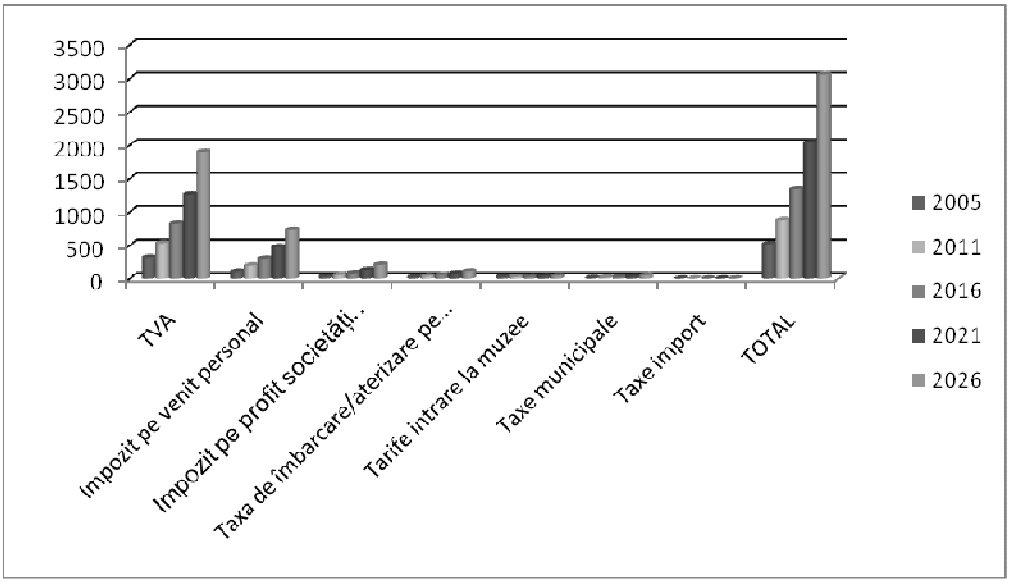


Figure 3. Cumulative contribution of tourism to central and local government revenues for 2005, 2011, 2016, 2021 and 2026 in million at 2005 values (processed data)



The data from the table which are in Romanian language have the following equivalent in English:

- VAT
- Personal income tax
- Tax on company profits
- Boarding fee airports
- Aircraft landing fees
- Rates of entry to museums
- Municipal taxes
- Customs duties on imports

As a conclusions, generally, the incidence of tourism on the national economy is manifested both through the direct and indirect effects. Tourism makes felt its advantageous action on other branches of national economy, primarily through demand for goods and intended

services.
In this context, countries with rich tourism potential, tourism is acting as an important chapter of exports.

Currently tourism is a factor of national economy-wide imbalance. So you can interpret that in comparison with other countries, Romania has one of the lowest per capital revenues reported in foreign currency.

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A MARKETING VIEW OVER THE CONSUMER PRIVATE SPACE

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Abstract: *As an effect of the organizations' extended attempts to capture, process and use the consumers' personal data in their marketing efforts, the concept of privacy, in connection with the consumer's private space, has gained an increasing importance.*

Paper intends to identify the content of the consumer's private space based on the types of personal data the consumer is willing to disclose, and to provide a reference in the process of clarifying what is and what is not personal, and, consequently, what personal data – in terms of the consumers' characteristics and behavior – should be carefully employed by the organizations conducting direct marketing campaigns.

Key words: privacy, consumer private space, personalization

JEL classification: M31

35. Introduction

In the article "The Right to Privacy", written in 1890 as a response to the loss of privacy experienced at the end of the nineteenth century, Louis Brandies has approached and explained the individual's "right to be left alone" (Wirtz, Lwin, and Williams, 2007). Three years earlier, the Pacific Railway Commission has found that "of all the rights of the citizen, few are of greater importance or more essential to his peace and happiness than the right of personal security, and that involves, not merely protection of his person from assault, but exemption of his private affairs, books, and papers, from the inspection and scrutiny of others" (Langenderfer and Cook, 2007).

In spite of their historical roots, the attempts to define ***privacy*** were rather difficult due to the wide number of related interests such as the personal information control, reproductive autonomy, access to places and bodies, secrecy, and personal development (Kemp and Moore, 2007). Many definitions given have tried to explain the content of privacy from at least the following angles: the right to be let alone, limited access to the self, secrecy, control of personal information, personhood and intimacy (Solove, 2002).

Considering the information perspective, privacy is an ambiguous term and consumers may have different privacy thresholds depending on internal or external factors associated mainly to the context of the data collection process (Long, Hogg, Hartley and Angold, 1999).

Addressing the consumer privacy problem may involve several ethical issues such as the human dignity and value and consequent rights to consumer privacy, autonomy, territoriality, anonymity, security and protection (Mascarenhas, Kesavan and Bernacchi, 2003). In the information age, due to the many invading ways, mainly through the internet, the consumer privacy has become a luxury to maintain (Pan and Zinkhan, 2006). Frauds, identity thefts and deceptive consumer surveys made consumers more discrete and sensitive to the need of protecting their privacy (Pitta, Franzak, and Laric, 2003).

From a ***marketing perspective***, definition of privacy should focus on the personal information regarding the consumers. In this respect, privacy has been defined as the claim of individuals, groups or institutions to determine for themselves when, how, and to what extent information about them is communicated to others (Westin, 1968).

Definition proposed by Schoeman in 1984 adapted the content of privacy at individual level presenting it as a claim, entitlement or right of an individual to determine what information about himself (or herself) may be communicated to others; the measure of control an individual has over information about himself, intimacies of personal identity, or who has sensory access to him; and a state or condition of limited access to a person, information about him, intimacies of personal identity (Jóri, 2007).

Privacy must be seen in connection with the particular area where its content is applied. The above definitions suggest the existence of a ***consumer's private space*** including an amount of information referring

to the demographic, psychographic and behavioral characteristics of the individuals (frequently described in the literature as ***personal data***), and the rights the consumer should have, on a hand, to disclose or not this information and, on the other hand, to have this information protected through the appropriate laws and means (Veghes, 2009).

Knowledge of the consumer's characteristics, buying and consumption behavior provides the basis for approaching the consumer's private space in a personalized manner. Peppers and Rogers (1997) have defined ***personalization*** as a process in which the customer's information is used to supply solutions oriented towards that customer. Vesanen (2007) concluded that the significance of personalization varies due to the interpretation of the often similar terms used to describe its content.

The personalized consumer approach can not be separated from the drawbacks associated with the inappropriate administration and use of personal data (collected with or without the consumer's consent), due mainly to the insufficient knowledge of the consumers' personal information. As, on a hand, consumers often wants to exert control over the amount and nature of marketing information transmitted to them and, on the other hand, they will be eager to absorb only the information they have requested (Solomon, 2003), this knowledge becomes essential. Supposed to create value for consumers (Postma and Brokke, 2002), personalization could produce unfavorable effects due to the insufficient or inappropriate understanding of its mission (Peltier, Schibrowsky and Schultz, 2003).

36. Methodological Notes

Data regarding the content of the consumer private space, defined through the information he/she would be open to disclose have obtained within a research approach with a larger overall scope: to assess the exposure, attitude, reactions and future behavior of the consumers in connection with the direct communication efforts of the organizations, respectively to measure the attitude and behavior of the investigated consumers in terms of the protection of their personal data.

To identify and assess the content of the consumer private space, a set of 27 variables, grouped in four categories of data – demographic, psychographic, individual, and relational – has been considered:

- ***demographic data***: gender, age, profession, occupation, level of education, income, and personal and family wealth of the respondents;
- ***psychographic data***: political preferences, religious options, sexual orientations, websites visited, household access to different goods, household access to different services, and hobbies and passions of the respondents;
- ***individual data***: first and last name, place of work, e-mail correspondence, personal id. number, id. serial number, health status, legal status and biometrical data of the respondents; and
- ***relational data***: mailing address, phone number, mobile phone number, e-mail address, and personal web address of the respondents.

Data have been collected in January 2010 at a level of a sample including 78 Romanian consumers from the Capital and other cities, aged 18 to 30, with higher education, which have been asked about the:

⇨ personal data, corresponding to the demographic, psychographic, individual and relational characteristics, they prefer to have protected; and

⇨ importance they associate to the possibility of being approached in a personalized manner when receiving marketing information about different products and services.

Based on the responses provided by the investigated consumers, it has been built a structure including four categories of data organized according to the frequencies associated with the respondents' needs to have their personal data protected:

- ***personal data*** (associated with frequencies of 75 % and more, corresponding to a primary or a core area of the consumer's private space);
- ***rather personal data*** (associated with frequencies between 50 and 74.9 %, and corresponding to a secondary area of the consumer's private space);
- ***rather not personal data*** (associated with frequencies between 25 and 49.9 % and corresponding to a tertiary area of the consumer's private space); and
- ***not personal data*** (associated with frequencies less than 25 % and corresponding to a peripheral area of the consumer's private space).

37. Main Findings

Definition of the consumer private space should begin with the identification of the consumers' personal data they prefer to not have disclosed, to have protected or, generally, to control in a certain way

and/or to a certain extent the processes of their capturing, administration and employment.

Table 1: Consumer preferences in terms of their personal data protection

Demographic	%	Psychographic	%	Individual	%	Relational	%
Gender	7.7	Political preferences	24.4	First and last name	61.5	Mailing address	62.8
Age	9.0	Religious options	21.8	Place of work	51.3	Phone number	67.9
Profession	37.2	Sexual orientations	23.1	E-mail correspondence	49.2	Mobile phone number	84.6
Occupation	38.5	Visited websites	17.9	Personal id. number	96.2	E-mail address	50.0
Education	16.7	Household access to goods	20.5	Id serial number	91.0	Personal web address	15.4
Income	84.6	Household access to services	17.9	Health status	37.2		
Personal/ family wealth	74.4	Hobbies and passions	10.3	Legal status	41.0		
				Biometrics	62.8		

Frequencies associated to the personal data the respondents prefer to have protected illustrate the significant differences (tested using the Chi-square test at a level of significance of 0.05) between, on a hand, the four categories of personal data and, on the other hand, inside three out of four (including demographic, individual and relational data) of the considered categories. Due to the higher frequencies associated, individual and relational data seem to be better positioned as consumers prefer to disclose personal data regarding rather their demographic and psychographic characteristics then their individual and relational ones.

Table 2: Personal data and the private space of the consumer

Areas of the Consumer's Private Space	Types of personal data			
	Demographic	**Psychographic**	**Individual**	**Relational**
Primary area (>75 %)	Income		Personal id. number, Id. serial number	Mobile phone number
Secondary area (50–74.9 %)	Personal/family wealth		Biometrics, First and last name, Place of work	Phone number, Mailing address, E-mail address
Tertiary area (25–49.9 %)	Occupation, Profession		E-mail correspondence, Legal status, Health status	
Peripheral area (<25%)	Education, Age, Gender	Political preferences, Sexual orientations, Religious options, Household access to goods, Household access to services, Visited websites, Hobbies and passions		Personal web address

Content of the consumer's private space appears to include in this context:

- individual, relational and demographic data in the ***primary (core) area***: personal identification number (mentioned by 96.2 % of the respondents), serial number of the identification documents

(91.0 %), the mobile phone number and the income of the respondents (both with 84.6 %) are perceived as being the most private information although, at least in the case of the first two, the concrete risks associated to the capturing and employment of these data can be prevented or are significantly limited;

- another combination of individual, relational and demographic data represents the content of the ***secondary area*** of the consumer private space: investigated consumers seem to be rather reserved in disclosing data about their personal or family wealth (74.4 %), in providing their phone number (67.9 %), mailing address (62.8 %), and the e-mail address (50.0 %), as well as in allowing their identification through the biometrical data (62.8 %), first and last name (61.5 %), and the place of work (51.3 %); a special mention should be made for the personal or family wealth, due to its frequency that is very close to the minimum level of the primary (core) area;
- three individual – personal e-mail correspondence (49.2 %), legal (41.0 %) and health status (37.2 %), respectively two demographic variables – occupation (38.5 %) and profession (37.2 %) describe the content of the ***tertiary area***; a special mention should be made for the personal e-mail correspondence, due to its frequency that is very close to the minimum level of the secondary area;
- finally, almost a half of the considered variables (including here all the psychographic ones!) describe the content of the ***peripheral area*** of the consumer private space; respondents seem to be less concerned by the fact that organizations could get the data about their education (16.7 %), age (9.0 %) and gender (7.7 %) – in terms of demographics, about their political preferences (24.4. %), sexual orientations (23.1 %), religious options (21.8 %), household access to the different goods (20.5 %) or services (17.9 %), the websites they have visited (17.9 %), the hobbies and passions they may have (10.3 %), and about their personal web address (15.4 %). Political preferences could worth a special mention due to its frequency that is very close to the minimum level of the tertiary area.

Investigated consumers seem to not seek an excessive protection for and to be relatively open to disclose their psychographics and some of their demographic data but tend to have a rather protective attitude toward their individual and relational data. This fact suggests a certain difficulty the organizations should consider and overcome in approaching the consumers through direct channels as they seem to restrict the access to their contact "ports" – mobile and fixed phone numbers, mailing and e-mail addresses. Keeping the distance, in the very physical sense of the word, appears to be the way, preferred by the most part of the investigated consumers, to set and have interactions with the different providers of goods and services.

Importance of **personalization** may explain, to a certain extent, the attitude the consumers have in connection with their private space. Higher this importance is, also higher the consumers' concern for protecting their private space should be.

Almost a half of the investigated consumers have considered personalization as being of a high and very high importance while an equal part of them associated an average importance to this aspect (see data presented in the Table 3). These results may support the conclusion that consumers would appreciate the opportunity to be approached in a personalized manner but, in the same time, they would expect an appropriate protection of their private space. Openness of the consumers toward being exposed to the personalized and direct marketing efforts will, thus, demand finding of the adequate solutions to approach the consumers' private space in the limits of the personal data the consumers will accept to disclose.

Table 3: Importance of personalization for the investigated consumers

Levels of importance	Frequency	Percent	Valid Percent	Cumulative Percent
Very high	8	10.3	10.3	10.3
High	29	37.2	37.2	47.4
Average	37	47.4	47.4	94.9
Low	4	5.1	5.1	100.0
Very low	0	0.0	0.0	100.0
Total	78	100.0	100.0	

38. Limits of the research

The research approach has been conducted under the context created by the existence of the

following limits:

- set of the variables used to define and measure the private space of the consumers: further research should be conducted under the improvements made in terms of the categories of personal data considered and corresponding specific variables considered within these categories. By comparison to the previous research conducted, biometrical data have been added to the category of "individual data" as a new research variable while the address of the personal website represent one of the variables to be assessed in terms of the opportunity to be included on the list of the research variables;
- scale employed to measure the extent to which the different personal data can be assessed as personal, rather or rather not personal, respectively not personal: further research will consider testing of different scaling methods assess the opportunity of including the different personal data in the primary (core), as well as in the remaining areas of the consumer's private space;
- sample and the sampling procedure used: further research should be conducted using a sample covering, besides the Capital and other cities, the rural areas and having a representative structure in terms of several demographics of the consumers (such as the education and income);
- international dimension of the research approach: although Romania could be seen as a relevant market for the Central and Eastern Europe or even, to a certain extent, for the European Union, the sample to be used in the further research should also include consumers from other countries as it is obvious that the results provided by a sample including exclusively Romanian consumers will have no more than an exploratory value.

39. Conclusions and major implications

The traditional view of the consumer, as a simple and passive recipient of marketing information, is no longer accurate: personalized approach has become a characteristic of the organizations' attempts to build relationships with their customers and, as well, to provide customers with a greater control over their environment (Solomon, 2003).

Findings of the research show that personalization appears to be important or very important for an important part of the investigated consumers. Consumers are not so willing to disclose personal data from their individual and relational areas but are less concerned in terms of making available their geographic and, mainly, psychographic personal data under the circumstances provided by the maintaining of a certain distance between them and the organizations. Consumers seem to agree receiving of personalized marketing information but they tend to avoid engaging in an interactive relationship with the organizations approaching them.

Appropriate definition of the consumer's private space may have at least three ***major implications***:

- a better understanding, a more appropriate assessment and a more effective seizing of the value of personal information: once the marketers know with a higher precision what is and what is not personal for the consumer, what information the consumer is disposed to disclose about his or her characteristics and behavior, and what information about consumer should be considered with caution as to not affect the consumers' private space, it will become easier to create an overall friendly environment, facilitating the building and improvement of the relationships, and preparing the field for better sales and profits, higher market shares, and, none-the-less, for the better meeting and satisfaction of the consumers' needs and expectations;
- a better legal environment regulating the capturing, processing, administration and employment of the personal data: the currently unclear definition of the personal data content leads to an uncertain delimitation of the private space of the consumer, which may represent a source of abuses exerted by the companies, government, and other public authorities and private bodies in relationship with their consumer and with the citizens, respectively, even by the consumers and citizens, in relationship with the different providers of the goods and services, and with the public entities present in the market;
- a more effective consumer's control over the personal information and, consequently, over his or her private space: implementation of a specific mechanism of control (in a form of an opt-in, potentially complemented by an opt-out one), could allow consumers to take and exert a real and effective control over the collection, processing, administration and employment of their personal data, to be involved and to participate effectively to all these processes.

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STRATEGIC MANAGEMENT IN ROMANIAN TOURIST COMPANIES

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Abstract: *At global level, the industry of tourism represents worldwide the most dynamic activity sector and the most important generator of workplaces. In this research, we sought to find some cases where tourism still does not show beneficial effects on the Romanian economy. We have started by analyzing the microeconomic level of tourism companies, trying to achieve a more detailed image of their management situation, especially of strategic management. Such an analysis shall unable us to suggest some solutions for the improvement of the situation and for the transformation of our tourism companies into a promotional factor of the entire economy.*

Key-Words: tourism, strategic management, development perspectives.

JEL Classification: L83, M11.

1. Introduction

Our previous studies (Vorzsak, Dulau, (2008); Vorzsak, Guț, (2009)) show that, currently, Romanian tourism still has a negative impact upon the national economy, despite the rich and varied tourist potential of our country.

In this research we sought to find some cases where tourism still does not show beneficial effects on the Romanian economy. We have started not by analyzing the macroeconomic situation (we made it in previous researches), but at the microeconomic level of tourism companies, trying to achieve a more detailed image of their management situation, especially of strategic management. Such an analysis shall unable us to suggest some solutions for the improvement of the situation and for the transformation of our tourism companies into a promotional factor of the entire economy.

We choose to study this aspect because the studies related to Romanian tourism (Mecu, (2001); Lupu, (2005); Brau, Marin, Simon, (1998); Cosmescu, (1998); Cristescu, (1992); Glăvan, (2000) ; Neacşu, (1999); Nedelea, (1999); Snak, Baron, Neacşu, (2001); Vellas, (1990)) treated priority issues of tourism economy and less the management of the different types of businesses related to tourism activity (Stănciulescu, (2002); Stăncioiu, (2000); Gherasim, Gherasim, (1999); Băcan, (2009)).

The main objectives we pursued in this research are:

- analysis of managers' attitudes of tourism businesses towards strategic management;
- developing a diagnosis on the state of strategic management in Romanian tourism companies;
- outlining the consequences resulting from the lack of strategic orientation of managers in tourism;
- formulation of proposals for improving the existing situation.

2. Methodology

The present study concerns the collectivity of tourist with at least 5 seats – beds. On 31 July 2007, their number was 4694 (16 fewer than in 2006), from which: 1292 rural tourist boarding houses, 1081 hotels, 736 urban tourist boarding houses, 708 tourist villas, 266 bungalows, 150 motels, 115 school and pre-school camps, 104 tourist chalets and 242 other types of tourist accommodation. Compared to 2006, significant increases were recorded for urban tourist boarding houses (34 more than in 2006), rural tourist boarding houses (33 more than in 2006) and hotels (15 more than in 2006). (INS, 2007)

For research to be rigorous scientific, we calculated the sample size of firms to be investigated, obtaining a figure of about 400. Choosing companies investigated was made so that each county would be represented, respectively all the establishments of tourist reception would be covered.

The questionnaire includes 30 questions of different types (open-answers, answers to choose, type filter and identification). These questionnaires were sent electronically to companies and in the case of companies form Cluj-Napoca the data were collected personally, so we can see more attitudes and observe a

certain mentality of the people interviewed on the topic studied, which can not be derived from the responses to the received questionnaires.

We received 260 completed questionnaires, which mean a share of 65%. This situation reflects a conclusion that is far from being gladdening: tourist establishments' managers are not too interested in strategic management issues.

The analysis of managers according to age groups is as follows: 75% were under 45 years, 16% between 45-55 years and only 9% over 55 years. It is interesting to note that managers under 45 years participated in the highest proportion in completing the questionnaire. 72% of them had university education or even had an economic specialization.

Most of the surveyed companies (89%) are privately owned, the rest are either owned by the state (5%) or have mixed ownership Romanian – foreign (6%). 71% of firms are limited liability companies and 29% are joint stock companies. The turnover of the studied firms falls between 100 million – 1 billion Lei for 40% of the firms, 1-10 billion Lei for 55%, and for only 5% of the firms between 10 – 100 billion Lei.

3. Results

According to the interviewed managers, strategic orientation of the company management has different understandings: 65% of them consider that it means a better adaptation of the company to market requirements; 55% consider that strategic orientation represents the efficiency of company organization; 33% mistake it, thinking that this is the same as developing a business strategy, while 25% believe that it is always concern of the management for modernizing the company and only 30% believe that strategic orientation represents the unitary vision of leadership on all future activities of the company.

This general confusion could explain why 30% of those interviewed could not answer "yes" to the question: "*Have you developed a strategic plan for your business*?" Here are some of the reasons they have raised:

- the company is small, so we do not need strategic planning;
- we do not have time for that;
- it is a process too complicated for us;
- a strategic plan would limit our opportunities to run our company;
- we can not afford to make mistakes and if we had a strategic plan, it might be wrong.

More alarming is that 4.5% of those interviewed have not heard of strategic management (this situation mainly appears in the cases of small family-owned boarding houses).

There is confusion about the people who should deal with strategic management within the organization. Thus, 43% of those interviewed believe that it is the task of senior management and 49% expressed the opinion that it is a task for all company employees. At the opposite, 8% of those interviewed believed that strategic management is a fad, a copy of developed countries, something that is not at all necessary in the current conditions in Romania.

Only 53% of firms said they had developed a management strategy, 33% did not know whether their company had developed a management strategy or not and 14% had not developed a strategy.

Regarding the number of people involved in developing and implementing the business strategy, 57% said they know that number, 21% do not know and 22% know only about.

According to the belief of 13% of those whom we interviewed, the firm's activity is conducted strictly as a deliberate strategy, in 56% of the cases only broadly and in 31% of cases "somewhat" based on such a strategy.

52% of the companies have developed a formal strategic plan, 19% do not have such a plan and 29% do not know if there is something like a strategic plan within their company.

The companies' opinions were divided also concerning how to implement strategic plan. 48% indicated that the best way of implementation is the training of companies' employees in the field of strategic management, 41% have opted for employment of experts, while 11% prefer to turn to specialized consulting firms.

Research has revealed that the management of our tourism businesses does not understand the purpose of strategic management: 41% said that it is about the efficiency of business activity and only 22% considered that the purpose of strategic management is the development and implementation of the organization's strategy. 37% have raised other purposes, including: company orientation to market, labor organization within the firm, coordination of business activity, attracting consumers, the increase of turnover etc.

When asked if they know the position of the business on the tourist market, 63% said yes, 24% said they did not know and 13% did not know if anyone from the company knows or does not know.

Although 89% of those surveyed said the portfolio of the firm's clients is of major importance for client's knowing and retention, only 43% said they have such a portfolio within their company.

Similarly, 93% admitted that the relationship with partner companies positively affects their quality of tourism supply, 37% admitted that they have not standing and close relationships with partner companies and 12% did not answer the question. Regarding the competition on the tourism market, 43% said that it is fair, 33% did not answer the question and 24% declared such competition as unfair.

Regarding the elements of differentiation from their competitors, in the first place there are situated the customer service and the business relationship with the customers (54%), followed by quality of services (32%), tourist products offered, especially new or specific (25%), the professionalism of employees (15%), prices, company's image, environment etc.

Among the priorities of the investigated firms there is the service offer that has to be diversified, expanded and renewed (56%), than follow the quality of services and the price accessibility (20%), the actions related to the company's assets (renovation, modernization, expansion) – 18%. Issues related to market (attracting new customers, seeking new market niches etc.) have a lesser importance – only 15%. The marketing problems are not neglected (12%), especially advertising, presence at domestic and foreign fairs, more aggressive promotion of their offers.

Unfortunately, strategic management, motivating employees, enhancing collaboration with internal and external partners and collaborators are in the last place among the concerns of the investigated firms.

The interviewed managers considered that they may have competitive advantages by the following means:

- specific, diversified and flexible offer and constantly updated according to modern trends in industry (39%);
- high quality services (32%);
- employees' professionalism, reliability, timeliness and their fairness (24%);
- prices and good ratio of utility/price (15%);
- strategy to promote the firm's offer, effective advertising and good customer relations (11%).

As main forces, the investigated companies have mentioned:

- firm offer (30%);
- prices (24%);
- company location (39%);
- facilities available (25%);
- relationships with customers (27%);
- reputation of the organization (10%);
- advertising (10%);
- quality of human resources (8%);
- management objectives (5%).

The main weaknesses are:

- insufficient publicity and limited range of advertising media used (51%);
- lack of effective marketing activities (27%);
- insufficient staff motivation (25%);
- lack of differentiation from competitors (20%);
- poor organization of work, too high pressure upon the firm because of the low number of employees (19%);
- company location (15%);
- greater competition (8%);
- insufficient space (7%);
- lack of medium and long term perspectives (5%);
- prices (5%).

4. Conclusion

The processing of the questionnaires confirmed to us the assumptions we made in the early research. Thus, managers from the field of tourism still have great confusion in the strategic orientation of management and the need and utility of strategic management. They do not really understand the purpose of

this new method of doing business, and from this reason few tourism companies have developed a strategic vision. Management companies squandering its efforts in addressing current problems and did not devote time to strategic issues.

The number of persons involved in developing and implementing corporate strategy is very low or even zero and they are not properly oriented in their activity. As a result, researched companies bear the consequences of the lack of coordination of the actions taken in the few formal or informal strategic plans.

Also, the research has refuted some assumptions. Thus, we assumed that most managers from tourism do not consider necessary to develop a corporate strategy and that most of them do not consider strategic focus of their business management to be necessary. Unfortunately, the recognition of the need does not mean the application of new management methods too, as it emerged from the processing of the questionnaires.

We found the existence of some confusion in the economic and strategic management knowledge of those interviewed. There is confusion between the marketing strategy and the management strategy, firms do not know exactly their position on the market, regardless of the expression of this (market share, turnover, sales volume) and use for this purpose only empirical expressions and especially subjective (based on assumptions, suppositions, lucky guesses). In most cases, the terms strategy and strategic management are known (even if only intuitively), but further studies only exist in very few cases.

Informal opinions come to strengthen the formal ones presented above, which lead us to the conclusion that the studied phenomenon has negative consequences and much deeper roots than those arising from the research field. Interviewed managers are not used to answer a questionnaire and they are afraid to tell the truth. Even worse, it seems that they are not interested in collaborating with researchers, considering it a lost time, which leads to no benefit. They are afraid that competitors will find their weaknesses or forces and will exploit this in their favor. It has been very difficult to get their cooperation, explaining that the application of the questionnaire has positive effects, meaning that it is better to know your limits than to act as though they do not exist.

In conclusion, we can say that microeconomic factors largely explain the unclear situation of the Romanian tourism as “engine” of the national economy. If were not so, there would have been felt the positive influence of the competition among the firms upon tourism supply and the meet of the clients’ needs in an optimum quality – price quota. (Similar conclusions were reached by other researchers, too. See: Curta, (2005), Băcanu, (2009)).

A paradox is that although the competition framework was created and governed, competition between firms in tourism is almost nonexistent; its effects are not felt. Research has shown that most companies know their competitors (at least they claim so). The question is whether or not there is a real meaning at the firms’ level regarding competition and the issues involved. Our view is that although the issue of competition has been realized in the investigated companies, there is more to be done by granting them the importance of proper and appropriate resolution.

If we were to believe the interviewed managers, strategic priority setting and achieving competitive advantage is a priority issue within their firms. Quite a few companies already have a strategic plan and operate in accordance with this. They know their strengths, weaknesses and their differentiation from their competitors. Then, we wonder: how is this possible without knowing your market position (even local one, not to speak of the national one), without managing with priority the customers’ portfolio of the company (only 2 companies from Cluj-Napoca have one) and regardless of the actual competition of the tourism market.

5. Proposals

The Romanian tourism firms require a radical change. Although the issue of change is much known in international literature, in Romania it is less discussed and analyzed. In tourism there occurred in this respect concerns, even if still shy. But, more important than theory is practice. In the light of the findings of the undertaken research, the change appears as an urgent need. This change must start with the mentality of the people. It is a real challenge for the companies’ management, which should ensure the proper carrying out of this difficult process.

The strategic plan ought to include management’s intentions, their vision for the position and role of the company in the future, as a planning tool for achieving profitability and its future development.

Strategic management is important especially in a small company, because it is extremely vulnerable even to the small changes that occur in the market. Changes that occur among clients, new courses of action

among competitors or even changes in the economic environment, may influence the firm's cash-flow in a very short time and the negative impact of cash-flow, unexpected and unadjusted, can lead to bankruptcy.

The strategic plan should be a program to help the company to develop and maintain a competitive advantage in the market. It will help the company to identify and take advantage of the knowledge on customers needs, market conditions and own capacities to establish superiority of the company in the minds of the customers.

Starting from the core of the strategic plan:

Attracting customers = Own skills – Actions of competitors ± Forces in the industry

companies must follow the following steps:

- I know what my clients want and I am able to satisfy them;
- I know how the forces act at branch level and can integrate them, adapt or confront them to be successful;
- I know how the competition acts and I can differentiate from them in a manner perceived and appreciated by the customers.

Thus, firms can attract more customers, better, more profitable, which will increase profitability.

These positive changes at the microeconomic level will gradually spread at the macroeconomic level and will lead to strengthening tourism as a driver of the Romanian national economy.

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THE XXI CENTURY CONSUMER – AN APPRIORI DISCUSSION ABOUT UNCERTAIN FUTURE

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Abstract: *The great mobility of the population, production, information, changes identities, and converts loyalties. Everything and everyone are driven by the same desire to exist, to be on the „stage". The production structures, but also the ones destined to services are adjusting themselves towards new areas of advantage.*

In the XXI century the consumer plays a very important role in setting the objectives, and the statement has it's coverage area in every culture, on every continent, because, as the theory has already proven the practice has demonstrated also, the producer or the retailer are calibrating their actions according to the customer's attitude.

And the client builds his personal identity in the XXI century as if he has as standard – „I am what I buy and how I buy !"

The current paper is trying to present, from the perspective of exploring and without having as goal elaborating and finishing a list, the answers at a series of questions like: tendencies, opportunities and threats for the XXI century consumer, the responsibility and rights of the consumers, European policies regarding consumer protection and economic security of the consumers.

Key words: consumer, European policies regarding consumer protection, economic security of the consumers

JEL classification: M31, Q13

1. Introduction

Specialized literature in marketing approaches the specific problems related to the consumer in the chapters referring to organizing the marketing activity.

The number of studies made, as well as the number of articles published until now concerning consumer tendencies and the profile that the client will have on an time scale of 25 to 30 years is, however a more diminished one.

The current paper is trying to present, from the view of an exploratory perspective, and without having as goal elaborating and exhausting a list containing numerous terms , the answers to a series of questions such as: tendencies, opportunities, and threats to the XXI century consumer, the responsibilities and rights of the consumers, European policies regarding consumers protection and economic security of the consumers.

2. Tendencies, opportunities and threats to the XXI century consumer

The problems of humanity nowadays, but especially in the future are linked to energy and nourishing!

Long before the lack of energy to be noticed, penuries will have to be overcame, the most significant one related to food products.

According to J. Attali, to feed the population of the planet, by 2059 we will have to double the agricultural production, being necessary an increase by 50% as opposed to the one in 2006.

To answer the needs of alimentary products, energy, water, materials, to eliminate waste, at an increase according to the growth of the population, scientific problems will have to be solved, today unsolvable, after which technologies and logistic systems effective from industrial point of view, applicable from financially and acceptable socially will have to be set up.

Modifying the seeds must succeed, in order for the cultures to consume less water, less fertilizers, and less energy..

They must succeed in storing gas hydrogen in nanofibres to make gas hydrogen batteries under high pressure, and after that hybrids engines.

Progress will have to be made also in miniaturizing some processes.

Biotechnologies and nanotechnologies are the ambitions of the technologic waves that are to come.

All this must take into account that if growth means modify quantity, development imposes changes in quality, in a synchronous approach with the time demands to satisfy current generations, but not to

compromise future generations possibilities!

We are talking about the consumer of the XXI century at present for over a decade!

In the XXI century the consumer plays a very important role in setting the objectives, and the statement has it's coverage area in every culture, on every continent, because, as the theory has already proven the practice has demonstrated also, the producer or the retailer are calibrating their actions according to the customer's attitude.

And the client builds his personal identity in the XXI century as if he has as standard – „I am what I buy and how I buy !"

We can find the truth of this statement in the buyer's attitude from America as well as in the attitude of the one in Europe, Africa, Asia, Australia.

This is an attitudinal state, it is a state that we are in fact conjugating at present time, but these are forecasts, according to which XXI consumers will have big debts ,this leading to a voluntary limited of the frenzy to buy.

Changes in the employment area, the growth of unemployment, short term work contracts – all mean that in many houses it has been reduced and will be reduced the income as well as social security.

Due to limited resources, the conflicts related to decisions regarding consume have been and will be a unavoidable component of the life in a social community.

Access to money without cash, and the system „ buy now, pay later" makes managing their own money a more complex matter for the XXI consumer.

The great variety of plastic money that exists, may create, and has already created difficulties rising up to dangerous levels the danger of being in debt.

The XXI consumer, without money in his pocket, is permanently driven and convinced to try new products and services.

On a larger time span, the consumer condition of this century is a discussion about an unpredictable future. The problems are various: .

At global scale the problems are and will remain visible

Variables that can influence the economic future are numerous.

Concerning economic order there are „actors" that will each have a word to say in relation to economy, culture, geopolitics.

Consumers that live in rural areas often feel that they don't have the same rich offer that the urban consumers enjoy, and sometimes prices for basic products are higher than those in the city.

Food preparation has been and still is a context generator for ways an social tradition development.

The consumers have moved from the kitchen to the office or factory. Earning more now not the money are the issue as it was in the last century but time is!

The consumer of the XXI century is and probably will be on the look not only for calories but also comfort

The demands and consume customs of the consumers have become intensity individualized and old class divisions, and class loyalties have been reduced.

It has been noticed an individualization of the consumers and a greater social mobility: yougstersn elder married and unmarried, unemployed or businessmen – cannot and won't be able to identify usual customs.

Stereotypes of masculinity and feminist are already not defining clearly the behaviors claims of the consumers.

3. Consumer on the Internet continent – responsibilities and rights of the consumers

The XXI century people have more money but less time and a greater viability to nomadry..

To a strange irony, the new economic order is accompanied by a return to nomadry.

We are contemporans to this phenomenon: factories, intellectuals, students farmers, become travelers.

Everything, and everybody, are driven by the same desire to exist, to be on the „stage".

Communications on that virtual continent Internet, the new informational technologies make that every human has it's own system of cultural references and has no tendencies to belong to a certain culture.

The greater mobility of the population, production, information, changes identities and converts loyalties. Everything, and everybody, are driven by the same desire to exist, to be on the „stage". The production structures, but also the ones destined to services are adjusting themselves towards new areas of advantage.

It has risen, and it will rise the desire for nomadic objects: telephones, i-pods, notebooks which serve nomadic of the XXI century!

In the XXI century consumers don't have time to make choices with certainty that they have updated information.

Today's consumers have to face the challenge of a very effective „selling machine"

In the current informational explosion I don't think that there is a well informed consumer.

In the United States, some electronic commerce activities are regulated by the Federal Trade Commission (FTC). These activities include the use of commercial e-mails, online advertising and consumer privacy. The CAN-SPAM Act of 2003 establishes national standards for direct marketing over e-mail. The Federal Trade Commission Act regulates all forms of advertising, including online advertising, and states that advertising must be truthful and non-deceptive. Using its authority under Section 5 of the FTC Act, which prohibits unfair or deceptive practices, the FTC has brought a number of cases to enforce the promises in corporate privacy statements, including promises about the security of consumers' personal information. As result, any corporate privacy policy related to e-commerce activity may be subject to enforcement by the FTC.

The Ryan Haight Online Pharmacy Consumer Protection Act of 2008, which came into law in 2008, amends the Controlled Substances Act to address online pharmacies.

In Romania the electronic commerce is regulated by a series acts and deeds, in agreement with the European legislation.

On a sanction of 6.000 consumers from United States, Canada, Great Britain, Germany, Russia, Southern Africa, Australia, China, India, Japan, Mexico and Brazil, has been applied a questionnaire in November and December 2005, by Harris Interactive. The merging of error is of +/- 1.3 %.

After preliminary results, the conclusion was that the „ Global system of payment has the level of security of the weakest of his links,"

The same research have proven that, at global level, problems of consumers related to data security have overcame those generated by the degradation of the environment (Nr. 2 – 62%) and those related to terrorism (3 – 58%), as well as other major concern sources, like losing workplace (57%), diseases, or plagues (55%) natural disasters (46%). "I have questioned the consumers regarding the problems that are of interest to them more at personal level, that at country level, which represents a typical aspect for this kind of research," stated Mike Dabadie, SVP, Harris Interactive, who conducted this research in 12developed countries or undergoing development.

During this research, consumers reported changes in their behaviors, especially when they are shopping online: 63% of the consumers say that they are more careful when throwing documents that contain financial information; 50 % study confidentiality policy of the companies they are doing business with ; 62 % of the ones that are shopping online choose more carefully the websites where they shop; 24 % say that they have made fewer online shopping and 26 % - fewer telephone shopping; The real situation of electronic commerce for Visa, in figures, shows a global increase in sales volume of 27% for 2005, as opposed to 2004.

The XXI consumers will be the possessors of an arsenal of home use objects, but not only that, from fridges to bus cartels fitted with microelectronic devices in cartels that we use to enter our office and in smart cards with which we pay highway fees. Ordinary objects which become or will become intelligent, hooking up to a network and sharing information.

With the aid of radio identification technology, Radio Frequency Identification – RFID, the microchips will be able to automatically process data when they are "read" by a dedicated device which activates them, receives their radio signal and exchange data with them.

The smart chips, these devices with radio identification, can have, and already have an enormous impact over factories activities over public services and consumer products, from efficienis recycling and health services, to reducing waiting time for paying highway fees and for getting back the luggage in airports. The consumer of this century will "equip" his house with smart refrigerators which can let him know if the milk is sour.

There are already over 6 billion smart chips - a global market that is forecasted that will rise five times in the next 10 years.

„Utilizing small smart chips to allow communication between objects is a definite economic potential. But Europeans must not be taken by surprise by the new technological evolutions

In the end, Europe's quota on the global market of the smart chips will reach 35% in the next eight years."

In 2008 at global level, 2,2 milliard of RFID objects, were sold, especialy those utilized for paying

highway fees or for cargo container identification, of which approximately one third in Europe. According to partial figures, the global market for RFID rose to 4 billon EUR in 2008 and is expected to keep rising up to about 20 billion EUR by 2018.

According to Governmental Decision nr. 55/2009 regarding medical devices implantable and active, published in Official Monitor, Part I, nr. 112 of 25.02.2009, it is now recognized by law medical practice of implanting some RFID devices in the human body.

At art. 3 of the previous mentioned decision it is stated:

”Art. 3. active implantable medical device – any active medical device that is destined to be implanted, partially or totally, by means of medical intervention or surgical, into the human body or, by medical intervention in a natural spot of it, and which is destined to remain implanted after the completion of the procedure;”

In 2006, The European Commission launched a pubic consultation regarding making and utilizing smart chips, or radio frequency identification technologies.

Based on this consultation the Commission later adopted, in march 2007, a communiqué in which showed that the consumer public must be protected by reglementations and supplementary safety measures of their private life and private data.

The recommendation had as base the consultation of all interested parts, suppliers and of course utilizes of RFID technology, standardization organisms, consumer organizations, groups from the civic society and syndicates. All these pursue, following the right for private life of the people.

In my opinion there should exist the possibility that when somebody buys a product with smart chips, these have the option to be switched off automatically, immediately and for free at the sales point, exception being the case in which the consumer chooses to keep them online, and explicitly demands this.

Consumers should also be able to decide if the products they buy from shops use or not smart chips.

Companies that use smart chips must offer consumers information’s, from which it states if their personal data will be utilized, what kind of data is being collected, such as, name, address, date of birth, and for what purpose are these being collected.

Also, the labeling must expressly show the devices that "read" information stored in smart chips so they can be identified, and to put at their disposal a contact point from which the consumers can receive information.

The associations and organizations from the commerce domain should draw consumers attention over products that contain smart chips, by adopting a common sign at European level that indicates the presence of a smart chip in a product.

Before using smart chips, companies and public authorities have to make impact evaluations regarding protection of private life and data.

These evaluations supervised by national authorities in charge with data protection, should ensure that data with private character are safe and well protected.

4. European policies regarding consumer protection

Not in this article, of course, I’ll finish the subject announced in the title. It is a topic, not only a thinking about topic, but also a working topic for the authorities, commissions and other international organisms which have also as purpose existential objectives like defending the rights of the consumer.

The XXI consumer will be subjected to an informational "attack" from the producers.

On a market in which supremacy or at least a random spud on the stage is hard to maintain, ethic regulation are necessary, clear that protect the consumer, but also the producer from falling in the ”is pita” mystifications.

The objective of foodstuff labeling is to guarantee that consumers have access to complete information on the content and composition of products, in order to protect their health and their interests. Other information may provide details on a particular aspect of the product, such as its origin or production method. Some foodstuffs, such as genetically modified organisms, allergenic foods, foods intended for infants or even various beverages, are also subject to specific regulations.

Directive 1999/2/EC - Labeling foodstuffs exposed to ionizing radiation

This Directive applies to the manufacture, marketing and importation of foods and food ingredients treated with ionizing radiation. It does not apply to foodstuffs exposed to ionizing radiation generated by measuring or inspection devices within certain specified limits nor to foodstuffs which are prepared for patients requiring sterile diets under medical supervision. Ionizing radiation is used to reduce the number of pathogenic micro-organisms in food ingredients in order to increase the storage life of the end product.

Labeling of certain non-food products must also contain particular information, in order to guarantee their safe use and allow consumers to exercise real choice. In addition, the packaging of foodstuffs must adhere to production criteria in order to avoid contaminating food products.

The words "irradiated" or "treated with ionizing radiation" must appear on the label or packaging and on the documents which accompany irradiated foodstuffs or foodstuffs containing irradiated ingredients. In the case of products intended for sale to the ultimate consumer, the information requirements laid down in Council Directive 79/112/EEC on the labeling, presentation and advertising of foodstuffs must be complied with. Products not intended for sale to the ultimate consumer must be marked to indicate that they have been irradiated and the name and address of the facility where this was carried out.

The use of ionization, a method of food preservation, is harmonized in the European Union (EU) on the basis of treatment conditions and a list of foodstuffs which may be ionized. The labeling of ionized foodstuffs must state that they have been treated by this method.

According to the proposals made in the consultation document, the following products could be included in the positive list: aromatic herbs, dry fruits, flakes and germs of cereals, offal of chicken, egg white, gum Arabic, frogs' legs and peeled shrimps.

The following products could be excluded from the positive list: fresh fruits and vegetables, cereals, starchy tubers (potatoes), fish, camembert from raw milk, casein, rice flour and blood products.

Widely differing views were expressed on this proposal: the ionizing radiation and research sectors were in favor of ionizing radiation, consumers' organizations were opposed to it, and most producers and distributors of foodstuffs were opposed to the inclusion of their product in the positive list for fear of a negative reaction from consumers. Given the difficulty of reconciling these positions, there were three possible options: include only peeled shrimps and frogs' legs; frozen aromatic herbs, dry fruits, flakes and germs of cereals, offal of chicken, egg white, gum Arabic, frogs' legs and peeled shrimps;

Fitosteroli Commission Regulation (EC) No 608/2004 of 31 March 2004 concerning the labeling of foods and food ingredients with added phytosterols, phytosterol esters, phytostanols and/or phytostanol esters) refers to products containing phytosterols/phytostanols should thus be presented in single portions containing either maximum 3 g or maximum 1 g of phytosterols/phytostanols, calculated as free phytosterols/phytostanols. Where this is not the case, there should be a clear indication of what constitutes a standard portion of the food, expressed in g or ml, and of the amount of phytosterols/phytostanols, calculated as free phytosterols/phytostanols, contained in such a portion. In all events, the composition and labelling of products should be such as to allow users to easily restrict their consumption to maximum 3 g/day of phytosterols/phytostanols through the use of either one portion containing maximum 3 g, or three portions containing maximum 1 g.

Decision 2000/500/EC allows the addition of certain phytosterol esters to yellow fat spreads. It sets out specific labelling requirements in order to ensure that the product reaches its target group, namely people who want to lower their blood cholesterol levels.

5. Conclusion

Globalization, unreglementing and multinationalism mean and will mean development of production an multinational marketing which have lead and also the trend might maintain, at the states drop of capacity to protect their social and economic interests.

Policies regarding consume need an informed and protected consumer by definite regulations to be able to survive on the market.

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