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THE SWOT ANALYSIS OF A ROMANIAN SEASIDE HOTEL COMPANY

Case
Studies

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company performance.

JEL Classification

A10, D20

Abstract

Different regions, countries or areas have identified the development of the tourism industry as a strategic objective in their policies, at both the microeconomic and macroeconomic levels. These regions, obviously, expect the tourism industry to generate economic effects to residents (both households and local businesses.) Over time, our country was considered an important tourist destination for the market in South-East Europe, supporting and promoting Romania's image and especially coastal tourism, spas, cultural programs and monasteries in Bucovina. The Romanian tourist offer did not do profound changes in relation to the tourism demand and to the requirements of comparative tourism products on the international market, requirements that, over time, proved to be increasingly demanding.

There are several approaches that aim at diagnosing the business of accommodation industries but a method commonly used for this is the SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), i.e. the analysis of strengths, weaknesses, opportunities and risks or threats of a company.

Since tourism accommodation capacities and the leisure offer proved to be outdated and uncompetitive, and tourism services and programs have not met improvements, being of modest quality, the value for money is unconvincing to the representatives of tourism demand. As a result, in the last 25 years, there has been a decreasing interest in the foreign tourist demand for Romania. To be able to compete on the international tourist market, it is essential to modernize, revive and develop the local tourism industry and to create modern and competitive tourism products on the market. Tourism development can be influenced by national policies and by other economic sectors or activities wherewith tourism interacts, more or less: transport infrastructure, environmental protection, educational programs, land use planning, regional plan.

The hospitality industry, like other sectors, is characterized by fierce competition, shown at the level of the hospitality company. Some of these companies succeed on the competition market while others fail. As a result, they increasingly need a new model of tourism policy, which influence their competitive position in the current competitive conditions.(Adamou A., Clerides S.,2010)

The adoption of strategic decisions is founded on an extensive process of analysis and assessment of the company's action environment, of competitiveness, and of its capacity to cope with the challenges and changes of the company's external and internal environment.

There are several approaches that aim at diagnosing the business of such companies but a method commonly used for this is the SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), i.e. the analysis of strengths, weaknesses, opportunities and risks or threats of a company.

The SWOT analysis is a first step in the process of strategic management, which enables a diagnosis of the past and present status of the company or of its functional areas. In order to formulate a business strategy, we need to present both strengths and weaknesses, and to analyze the region's own resources and external circumstances that may affect favorably and unfavorably the achievement of its objectives.

When the company holds a portfolio of activities or products, the SWOT analysis must be customized for each activity or product. The SWOT analysis steps are:

1. Defining the activities
2. Analyzing the external environment of the opportunities and constraints of the period,
3. Identifying key success factors

4. Assessing the company's internal possibilities, with strengths and weaknesses.

Ensuring success requires the tour operator to identify the differentiation elements in supporting market competition, delimiting the entities in losers and winners. Each industry has its own market and key success factors. Their correct identification plays a particularly important role, allowing companies to define their marketing strategy based on the relevant parts of the sector where they operate.(Petcu M., David-Sobolevschi I, 2009)

Aiming at identifying and improving the financial and economic performance of hotel companies, I propose a SWOT analysis based on the following aspects (Table 1).

Because of its quality, the SWOT analysis covers all the aspects of a company's activities.

In a world subject to change, it would be totally unreasonable to rely only on the initial analysis or on the analysis carried out at certain times. The analysis system should enable alternatives to predict future events. Therefore, within an uncertain environment, where the risk is present, we cannot know the future precisely, no matter how perfected are our forecasting techniques. The environmental analysis process should be an integral part of the company's general decision-making system.(Bordean O.N., Borza A., Glaser-Segura D, 2011).

Therefore, the company uses this analysis with the clear aim of identifying the most appropriate courses of action and, at the same time, of taking into account the internal and external factors that determine its activity.

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Table 1

SWOT analysis of the Romanian seaside hotel companies	
<p style="text-align: center;">Strengths</p> <ol style="list-style-type: none"> 1. The existence of financial resources and possibilities for refinancing. 2. Possession of patents and/ or technologies that give the company a competitive nature. 3. The existence of distinctive competencies on the following areas: organizational management, research and development. 4. Improvement of the services offered to tourists. 5. Tourism market leadership. 6. The existence of the enterprise culture. 7. The existence of a well-organized and effective strategic planning system. 8. The diversification of the tourism offer and of the tourism products compared to those of the competition, by additional attractive elements. 9. Flexibility and adaptability to market requirements. 10. The competitiveness of tourist services is determined based on the value for money, marked by a strong seasonality. 11. The existence of a high occupancy rate of the hotel company will increase the efficiency of the touristic activity. 12. Extension of the touristic season. 13. Location, privileged geographical position 14. Increasing the tourists' loyalty to the company's products / services. 	<p style="text-align: center;">Weaknesses</p> <ol style="list-style-type: none"> 1. Number of tourists in permanent decline. 2. Old and outdated tourist structures. 3. The existence of inadequate infrastructure, physically or morally worn-out. 4. Reduced duration of the summer season. 5. Inadequate cost management strategies. 6. The existence of high costs and failure to act on them because of the obsolete equipment that requires high maintenance costs. 7. Inappropriate management of the existing assets. 8. The business environment is unfriendly to foreign investors. 9. Population impoverishment. 10. Competition with the resorts in Bulgaria, Turkey, Greece. 11. Underperforming management at all levels. 12. The lack of a clear strategy in this area. 13. Permanent erosion of the competitive position. 14. Because, in high season, there are significant deviations of competitiveness and of the quality of tourism services, the consequences of this policy are manifested today by the tourists' changing preferences to tourist destinations abroad.
<p style="text-align: center;">Opportunities</p> <ol style="list-style-type: none"> 1. The endowment with natural factors: the Black Sea, mud lakes or freshwater lakes, climate suited to summer tourism. 2. The attractiveness of the resort where the accommodation and leisure structures are placed. 3. The ongoing projects supporting future tourism activities: motorways, Constanta port expansion and modernization of rail transport, shipping terminals for tourists etc. 4. Reconsideration of the seaside tourism by modern concepts. 5. Attracting investors, especially foreigners, with management input. The concession of land on favorable terms to investors, including for setting new resorts. 6. Providing tax incentives for new investments, depending on the size of the investment in the tourism businesses. 7. Free zone status for casinos. 8. Rehabilitation and restoration of cliffs, greening and maintaining beaches. 9. Organizing events in season beginnings and endings. 10. Promoting tourism abroad by developing regional strategies on attracting foreign tourists (from the former Soviet area) by offering differentiated tourism products. 11. Amplifying and expanding tourism activities. 12. Completion and quality of infrastructure. 13. Decisions at national, regional/ local levels on finding solutions to the phenomenon of the narrowing of beaches and water pollution in the Black Sea. 14. Diversification of tariffs for tourists, according to comfort and season, in order to promote the tourism for young people, for low-income tourists and for students. 15. Tourist attraction by diversifying tourism packages, customizing them, and taking into consideration the whole potential of Dobrogea. 16. Interactive museums. Interactive craft workshops. Small industrial workshops working at the tourist's demand: glass, ceramic, metal engraving, jewelry etc. 	<p style="text-align: center;">Threats</p> <ol style="list-style-type: none"> 1. Unattractive environment for foreign investors due to the fiscal policy of the state. 2. Obsolete equipment in the field of entertainment, catering, internet café, games for children and adults. 3. The transport between and within stations is hampered by lack of road infrastructure. 4. Bringing tourism to insignificant economic performance. 5. Migration of the Romanian tourists. Exiting the European tourist flows. 6. Recession at national and international levels. 7. Changes in tourists' preferences, needs, tastes. 8. Entry of new competitors on the tourism market. 9. The mounting pressure of competition. 10. Vulnerability to fluctuations in the business environment. 11. Romanian seaside resorts are affected to a greater or lesser extent by reduced investment, a process that led to the depreciation of various existing facilities. 12. The infrastructure with varying degrees of disrepair. 13. Labor productivity in the business of tourism is heavily influenced by factors such as: <ul style="list-style-type: none"> - degree of tourist attraction of the tourist area - size and intensity of tourist flows - weather conditions - circumstantial factors. 14. The companies located in resorts with low attractiveness will record lower performance and will have to adopt an aggressive policy of investment.