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ONLINE TRAVEL AGENCIES IN ROMANIA

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Abstract: *Today's habit to purchase online is a general and powerful trend, with great expectations for further development in the future. For all companies, especially tourism companies, the challenges are numerous. The article analyses the typology of Romanian online travel agencies, their geographical distribution and also, highlights the most trusted and best-known Romanian online travel agencies. In Romania, the online travel agencies represent 10.5% of the total number of intermediaries in the tourism distribution system, Bucharest being the city where the majority of Romanian online travel agencies were licensed.*

Key words: *online travel agencies (OTAs), e-commerce, O2O commerce, Romania.*

1. Introduction

Internet extension in day-to-day life has decisively affected tourism distribution systems. Face-to-face discussions with a travel agent have been replaced with online search for information. Tourism bookings and purchases have been replaced by e-commerce developed through new types of travel agencies, i.e. online travel agencies (OTA). This article aims to identify how many online travel agencies are in function in Romania, their geographical distribution, and also which are the best-known Romanian OTAs.

2. Theoretical background

The information technologies' development allow companies to gain important advantages and improve performance through new and innovative ways to communicate, promote, and distribute their products and services (Silva and Gonçalves, 2016, p.5512). The tourism distribution sector has tremendous benefits but, at the same time, important and rapid changes to overcome.

One of the most relevant results of Internet expansion in the tourism distribution was the formation of a new type of travel agencies, i.e. the online travel agency (OTA). The online travel agencies collect information from the traveller, information being further

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submitted to a computerized reservation system which searches for relevant services from the offer of participating companies. After that, the agency processes the information provided by the computerized reservation system, presents it to the traveler who, in the end decides between the provided offers (Kim, Kim and Han, 2007, pp. 591-592). At the end of the process, the online travel agency receives a commission from the companies that sold tourism services. OTAs have the ability to create customer value and to deliver convenience in terms of information search and booking (Palmer and McCole, 1999). Sharma and Nicolau (2019, p.427) stated that "OTAs have grown rapidly in the last two decades, bolstered not only by advances in e-commerce, but also by fortuitous market conditions". A closer look at the actual status quo of the OTA market reveals a market situation where a handful of big players present themselves on the market with different brands to target different segments (Stangl, Inversini and Schegg, 2016, p.89).

On the other hand, direct relationships and discussions with travelers favor traditional travel agencies, as they can better understand customers' needs and preferences and thus, are able to offer a more personalized tourism product. In order to fulfill this gap, OTAs need to develop enhanced websites that are more humanized, uncomplicated, secured and offer more customized services (Kim, Kim and Han, 2007, p.592).

It is well-known that, in order to perform, all travel agencies use online channels with high impact over tourists, offering them the possibility to access a wide variety of services, in an easier, cheaper, more convenient and more customized manner (Wang and Wang, 2010). At the same time, online travel agencies' success is based on high trust (Kim, Chung and Lee, 2011). OTAs host websites attract tourists or business travelers with large collections of hotel information, price comparisons, discounts, and review comments (Chang, Hsu and Lan, 2019, p.187). Yang and Leung (2018, p.199) identified several business models used by OTAs for their relationships with tourism providers, among which the global distribution system (GDS)-based travel agent models, merchant models, opaque models, and last-minute booking models to provide enticing deals to attract customers.

The continuous development of e-commerce generated a new mode of business, known as the O2O model (online to offline), which integrates online and offline channels. O2O mode has been widely applied to the travel industry. According to Shi, Chen and Sethi (2019, p.121), within the O2O business model, "customers purchase some service online, and consume the service offline through a third party". O2O model has two main characteristics: (a) the online business coordinates with the third party to provide service offline and (b) the online business and the offline service providers take separate roles in the value chain, with online business providing website store front, advertising, order processing and customer support while the service provider focuses on its core business (Shi, Chen and Sethi, 2019).

Due to O2O model, OTAs' role develops. OTAs allow customers to book hotels through OTA websites and then visit the hotels to experience their offline services. Customers who are satisfied with the offline hotel services may rebook the hotels through OTA or hotel websites in the future (Chang, Hsu and Lan, 2019, p.188). It is a reality that some OTAs are taking control of hotels' allotments (Carroll and Siguaw, 2003) and gain great influence over marketing and pricing (Brewer, Feinstein and Bai, 2006. Nevertheless, the third party websites such as OTAs' platforms are inevitable for hotels' survival (Gazzoli, Kim and Palakurthi, 2008). Although providers, such as hotels, prefer to sell rooms through their own websites to reduce costs, OTAs remain essential for hotel sales (Beritelli and Schegg, 2016). OTAs provide economies of scale as they list a large number of hotels (Kim, Bojanic and Warnick, 2009) and also important accessibility to potential consumers (Morosan and Jeong, 2008).

3. Major OTAs in the global tourism distribution system

There are two main players dictating the rules of the OTAs market: Booking Holdings (Booking.com, Kayak, Momondo, etc.) and Expedia (Expedia.com, Hotel.com, Trivago, etc.)(Altexsoft, 2019). These two giants both have their partnership networks. Expedia Partner Central is aimed at hotels and Expedia Partner Solutions at online travel agencies and other travel software providers. Booking.com supports APIs (Application Programming Interface – API - allows for connecting data streams and functionalities between different software products) for smaller travel agencies and channel managers (Altexsoft, 2019). Expedia Group is the world's leading travel platform, with an extensive brand portfolio that includes both globally recognized and locally relevant travel brands, comprising: Expedia (one of the world's leading full-service online travel brands helping travellers easily plan and book travel from the widest selection of vacation packages, flights, hotels, rental cars, rail, cruises, activities, attractions, and services), Hotels.com, Egencia, HomeAway, Trivago, Orbitz, Travelocity, Hotwire, and others (Expedia Group, 2019). Booking.com provides two sets of services – for their affiliate partners and for channel managers. Booking.API for affiliates allows for retrieving and booking hotel rooms from the Booking inventory. Booking Connectivity is created for channel managers and property management system providers supporting content, rates and availability, reservations, promotions and problem reporting. Another OTA owned by Booking Holdings is Agoda (Altexsoft, 2019). Priceline is owned by Booking Holdings and focuses on online travel agencies only or any other travel tech suppliers that help their customer find travel related data. Priceline allows for retrieving and booking hotels, cars for rent, flights, and vacation packages.

4. Material and Methods

In Romania there are two types of travel agencies, i.e. organizer travel agencies and intermediary travel agencies (Romanian Ministry of Tourism, 2018). In September 2019, a total of 2710 travel agencies were functioning in Romania (Romanian Ministry of Tourism, 2019). Out of them, 284 travel agencies are online travel agencies, representing 10.5% of the total of intermediaries in the Romanian travel market. Also, 145 travel agencies are intermediary online travel agencies (51%) and 139 are organizer online travel agencies (49%). The analysis also outlines the geographical distribution of online travel agencies in Romania and highlights the best-known Romanian intermediaries from this market segment.

5. Results

The Romanian Ministry of Tourism evaluates periodically the list of travel agencies which have been licensed to activate in the distribution system for tourism products and services. The distribution of the 145 intermediary OTAs is presented in Table 1.

Distribution of intermediary online travel agencies Table 1

Number of intermediate OTAs	1	2	3	4	5	8	9	63
Counties/city	14 counties	7 counties	3 counties	2 counties	4 counties	1 county	1 county	1 city

Source: Author's own research

The 14 counties with only one intermediate OTA are Alba, Arad, Bacău, Bistrița Năsăud, Brăila, Călărași, Covasna, Galați, Giurgiu, Mehedinți, Mureș, Satu Mare, Sibiu and Vâlcea. In Arad, Buzău, Dolj, Neamț, Sălaj, Suceava and Vaslui counties there are only 2 intermediate OTAs. Argeș, Bihor and Dâmbovița counties have each 3 intermediate OTAs. 4 intermediate OTAs are in function in Brașov and Cluj counties. There are 4 counties, namely Iași, Maramureș, Prahova and Timiș where are licenced 5 intermediate OTAs. Ilfov county has 8 intermediate OTAs, Constanța county has 9 intermediate OTAs, and in Bucharest city there are 63 licensed intermediate OTAs.

The geographical distribution of the 139 organizer OTAs is presented in Table 2.

Distribution of organizer online travel agencies Table 2

Number of organizer OTAs	1	2	3	4	7	8	17	61
Counties/city	6 counties	5 counties	4 counties	1 county	3 counties	1 county	1 county	1 city

Source: Author's own research

Arad, Argeș, Bacău, Harghita, Mureș and Sălaj counties have each 1 organizer OTA. 5 counties, namely Dolj, Hunedoara, Iași, Suceava and Tulcea counties have each 2 organizer OTAs. In Galați, Maramureș, Prahova and Vaslui counties there are 3 organizer OTAs. Timiș county has 4 organizer OTAs. Constanța, Ilfov and Sibiu counties have each 7 Organizer OTAs. Brașov county has 8 organizer OTAs, Cluj county 17 and Bucharest city has the majority of licensed organizer OTAs in Romania, i.e. 61 OTAs. The analysis outlines the fact that Botoșani, Caraș Severin, Gorj, Ialomița, Olt and Tulcea counties stand out as Romanian regions where no OTAs are in function.

According to a research from 2017, the most trusted Romanian OTAs were considered Vola.ro, eSky.ro, Fly-Go, Paravion, and Tripsta (Gheorghe, 2017). But in 2019 Vola.ro was not registered as a Romanian OTA. eSky.ro is an organizer OTA from Bucharest and also the Romanian subsidiary for eSky.com. The eSky Group is Central and Eastern Europe's largest online travel agency and a leader in the sale of travel services which operates since 2004 in markets in 50 countries across two continents, offering tools for easy booking of flight tickets, accommodation, tours, and travel insurance (eSky Group, 2019). AmFostAcolo.ro is a project developed on a period of 20 years, first steps being taken in 1996, as a Romanian version for TripAdvisor and Holidaycheck. An interesting section of the OTA's website is a black list for both accommodation units and travellers (Am Fost Acolo, 2019).

6. Conclusions and Discussion

The results highlight the adjustments made by Romanian intermediaries from the tourism distribution to the globally manifested trends. Bucharest, the Romanian capital, is a city with a high level of economic and social development, also being the largest urban centre in Romania. All these elements explain why the majority of Romanian OTAs are licensed in Bucharest. Also, the research underlined the fact that the most developed Romanian tourist destinations benefit from the activity of an important number of OTAs. Equally, the total lack of OTAs presence is noted in the counties with the lowest living standards.

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