

THE EFFECT OF THE PANDEMIC ON THE HORECA INDUSTRY IN ROMANIA

Bacter Ramona Vasilica*, Tirpe Paula Olivia, Buda George Dumitru*, Buda Malina Andreea*, Codreanu Teodora Mădălina*

*University of Oradea, Faculty of Environmental Protection, 26 Gen. Magheru St., 410048, Oradea, Romania, e-mail: ramonabacter@yahoo.com, buda.george5055@gmail.com, malina.buda@yahoo.com; codreanumadalina2022@yahoo.com

Abstract

This theme was chosen because tourism is an important branch of a country's economy. The HORECA industry generates 1.7% of GDP and between 3 and 4% of GDP together with related industries. Due to the COVID-19 pandemic that broke out in Romania in February 2020, the Romanian Government was forced to apply certain restrictive measures that affected the economy, the worst hospital industry. This paper analyzed the revenues registered in the HORECA sector in Romania for the years 2019-2020-2021 (before the pandemic / during the emergency period / post-pandemic period). A comparative analysis was performed for the indicators: annual profit, turnover, number of tourists, number of overnight stays, types of services sought.

The study was conducted on 8,357 touristic units and the results will be presented in the paper. The aim of the paper is to analyze the losses suffered by the tourism industry in 2020 and the recovery of tourism after the lifting of restrictions in Romania.

Key words: H.O.R.E.C.A., Pandemic, Profit, Occupancy, Tourists

INTRODUCTION

We chose this topic because tourism was one of the most affected sectors in the world, due to the restrictions imposed during the COVID pandemic. Our country was no exception, most holidays canceled, and travel budgets tight. HORECA generated 1.7% (3 and 4% together with related industries) of Romania's GDP in 2019.

HORECA is an abbreviation for 3 words Hotels, Restaurants and Cafes. This term is used in the hospitality industry to convey very clearly an activity that refers simultaneously to accommodation and food services. Accommodation units that are part of this segment are: hotels, motels, hostels, cottages, pensions, apartments and houses authorized for accommodation services, campsites and other accommodation structures

The SARS COV-2 virus infection appeared in December 2019 in Wuhan, China, from where it spread to most countries around the world,

causing a pandemic. On March 16, in the context of the evolution of the epidemiological situation determined by the spread of COVID-19, President Klaus Iohannis issued a decree on the establishment of a state of emergency in Romania for 30 days. On March 17, the first Military Ordinance 1 (OJ GEO NO. Thus, restaurants and hotels were closed and public events in closed spaces were banned. Throughout the state of emergency, other ordinances came into force that further restricted the movement of people, canceling flights from countries with a high degree of infection.

MATERIAL AND METHOD

The documentation in order to prepare the paper “The Effect of The Pandemic on The HORECA Industry in Romania” involved first of all the use of bibliographic sources, the most important where articles about the economic situation during the pandemic. We analysed statistic data from the National Institute of Statistics and from financial websites. We also used the articles of law that were in force during the pandemic and restricted the activity in different businesses.

The main objective of this paper was the analysis the economic impact HORECA suffered during the pandemic and make a comparison between 2019 and 2020. In order to achieve this objective Table 1 is used to present the data we collected, which is analysed comparatively.

The second objective of this paper was to show the recovery of the industry, the number of tourists who came to Romania and who were accommodated in hospitality units.

RESULTS AND DISCUSSION

The first situation that was analyzed is the amount of revenue each HORECA sector made pre pandemic and during the pandemic. Financial statements were collected and we applied the next relationships:

1. R.p. 2020- R.p. 2019= Sales percentages

To obtain the results shown in table 1

R.p. 2019 revenue percentage for the year 2019

R.p. 2020 revenue percentage for the year 2020

R.p. 2019 was considered as 100% and R.p. 2020 was calculated based on R.p. 2019 like this:

$$\text{R.p. 2020} = (\text{Revenue 2020} \times 100) / \text{Revenue 2019}$$

Example for restaurants:

$$\text{R.p. 2020} = 8,734 \times 100 / 12,436 = 70.23\%$$

$$\text{R.p. 2019- R.p. 2020} = 70.23\% - 100\% = - 29.77\%$$

2. T.p. 2020- T.p 2019 = Profit percentage

T.p. 2019 turnover percentage for the year 2019

T.p. 2020 turnover percentage for the year 2020

T.p. 2019 was considered as 100% and T.p. 2020 was calculated based on T.p. 2019 like this:

$$\text{T.p. 2020} = (\text{Turnover 2020} \times 100) / \text{Turnover 2019}$$

Example for restaurants:

$$\text{T.p. 2020} = 649 \times 100 / 1642 = 39.52\%$$

$$\text{T.p. 2019- R.p. 2020} = 39.52\% - 100\% = -60.48\%$$

Table 1

Financial statements of companies active in the sectors analyzed for 2019 and 2020

No. crt.	Activity sector	No. Units	Revenue 2019 (x1000 lei)	Revenue 2020 (x1000 lei)	Sales perc.	Turnover 2019 RON	Turnover 2020 RON	Profit Perc.
1	Restaurants	4,242	12,436	8,734	-29.77%	1,642	649	-60.48%
2	Hotels and other accommodation facilities	1,200	5,865	3,216	-45.17%	1,065	-9	-100.85%
3	Bars and beverage service activities	1,180	1,896	1,322	-30.28%	249	110	-55.83%
4	Tour operator activities	314	1,874	603	-67.83%	124	-25	-120.16%
5	Other food activities	157	850	526	-38.12%	90	8	-91.12%
6	Event catering activities	320	744	507	-31.86%	86	10	-88.38%
7	Travel agency activities	278	1,567	504	-67.84%	116	-10	-108.62%
8	Accommodation facilities for holidays and short periods	401	556	420	-24.47%	124	97	-21.78%
9	Organizing activities for exhibitions, fairs and congresses	205	497	243	-51.11%	60	3	-95%
10	Other booking services and tourist assistance	49	214	80	-62.62%	18	4	-77.78%
11	Caravan parks and campsites	11	17	21	23.52%	2	3	50%
	TOTAL	8,357	26,516	16,176	-38.36%	3,576	840	-77%

Source: based on the data collected from <https://www.startupcafe.ro>

The **TOTAL** for the sales percentage and profit percentage represents the average

The second situation that was analyzed is the number of tourists that arrived in Romania and had spend more days in the country. Statistic data was collected from the National Institute of Statistics website and for the results we applied the next relationship to compare the data about the arrivals and overnights stays for the years 2019, 2020, 2021:

- a) For the comparison between 2019 and 2020

Year 2020 x 100 / Year 2019

- b) For the comparison between 2020 and 2021

Year 2021 x 100 / Year 2020

Example for the romanian tourists in the case of arrivals:

$$6,335.4 \times 100 / 13,268.8 = 47.7 \text{ expressed as a percentage}$$

Table 2

Tourist arrivals and overnight stays in tourist reception structures with accommodation functions in Romania in the years 2019-2020-2021

Arrivals						Overnight stays				
	Year 2019 -thous.-	Year 2020 - thous. -	Year 2020 compar ed to 2019 - % -	Year 2021 - thous.-	Year 2021 compa red to 2020 - % -	Year 2019 - thous.-	Year 2020 - thous.-	Year 2020 compared to 2019 - % -	Year 2021	Year 2021 compared to 2020-% -
Total	13,268.8	6,335.4	47.7	9,276.7	146.4	29,870.4	14,444.7	48.4	20,653.1	143
Romanian tourists	10,597.1	5,882.1	55.5	8,436.1	143.4	24,603.4	13,448.9	54.7	18,824.9	140
Foreign tourists of which	2,671.7	453.3	16.9	840.6	185.4	5,267	995.8	18.9	1,828.1	183.6
-Europe	1,983.3	355.3	17.9	659	185.5	3,794.9	768.9	20.3	1,403	182.5
** European Union	1,531.2	263.6	17.2	506	192	2,909.7	561.5	19.3	1,062.8	189.3
-Asia	360.6	45.6	12.6	74.8	164	809.7	113.8	14.1	190.2	167.1
-North America	186.3	25.3	13.6	52	205.5	387.6	56.9	14.7	119.3	209.7

-South America	21.6	3.2	14.8	4.5	140.6	45.1	7.5	16.6	11.3	150.7
-Africa	20	4.7	23.5	5.7	121.3	40.9	1.4	27.9	13.7	120.2

Source: based on the data from www.insse.ro

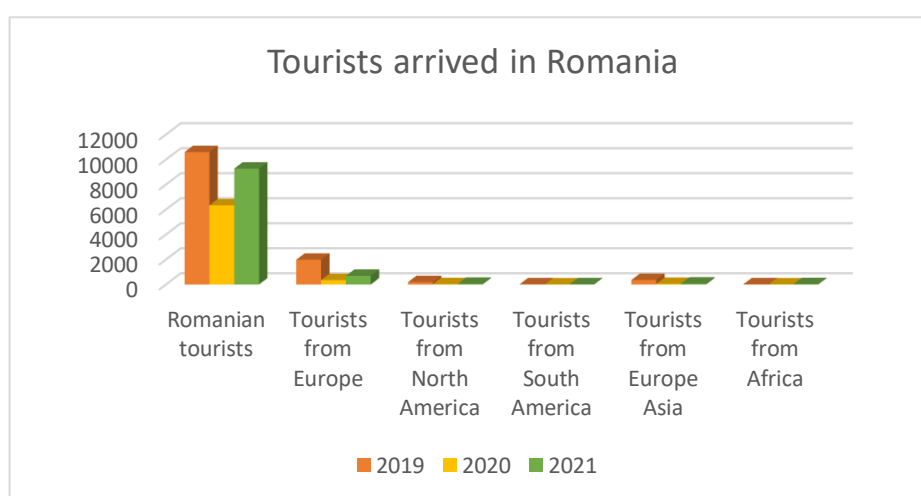


Fig 1

CONCLUSIONS

Due to the Covid-19 pandemic and the restrictions imposed by the Romanian government, Table 1 presented that the HORECA department had significant losses in 2020 compared to 2019. Also because of the restriction the number of tourists, who contributed to the income of accommodation units and tourist attractions, has dropped dramatically in 2020 but thankfully recovered in 2021 but not at the same levels as before the pandemic. Another effect of the pandemic was that according to Iancu Guda („HoReCa România în pandemie: vânzări în scădere cu 39%, autorizații lipsă” CLAUDIU ZAMFIR, 28 Jul. 2021 - 17:21) „45% of active companies reported losses during the pandemic, compared to only 8% in the pre-pandemic period. 7 out of 10 companies active in the HoReCa sector have a major insolvency risk at the end of 2020, compared to only 30% in 2019.”

Given all this, HoReCa was severely affected during 2020 in the context of the measures taken by the government against the COVID-19 pandemic but is recovering to ordinary path.

REFERENCES

Books:

- [1] Bacula M., Munteanu, I., 2017. The Time Value of Money in Financial Management. Ovidius University Annals Economics Sciences Series, Vol. XVII, Issue 2 /2017, pp. 593-597
- [2] Băhnăreanu C, 2020. THE ECONOMIC IMPACT OF COVID-19 PANDEMIC AT THE BEGINNING OF 2020, Impact strategic, No. 2/2020 [online] Available at: <https://www.ceeol.com/search/articledetail?id=894641>
- [3] Cosmescu, I, 1998. Tourism. Bucharest: Economica Publishing House
- [4] Dachs, B., and Peters, B., 2020, Covid-19 Crisis and the Expected Effects on R&D in Businesses, ZEW policy brief No. 20-02, Mannheim, available at: <https://www.zew.de/en/publications/covid-19-crisis-and-the-expected-effects-on-rd-in-businesses>
- [5] Guda I, 2020. Economy in the times of coronavirus. Bucharest: Publica Publishing House, pp. 18 – 19

Articles of law

- [1] MILITARY ORDINANCE no. 1 of 17 March 2020

Web pages:

- [1] <https://www.startupcafe.ro/afaceri/horeca-romania-vanzari-scadere-autozatii-lipsa.htm?fbclid=IwAR0FrEnt5j55f3ObYv4wyVdEWXDSbHl0RbXj1dHL4TIP2iFmWlGEdBLtVCo>
- [2] <https://www.agerpres.ro/economic-intern/2020/12/27/retrospectiva-2020-turism-in-pandemie-vacante-anulate-afaceri-in-scadere-si-pachete-adaptate-vremurilor--634216?fbclid=IwAR0FrEnt5j55f3ObYv4wyVdEWXDSbHl0RbXj1dHL4TIP2iFmWlGEdBLtVCo>
- [3] <https://jurnaluldeafaceri.ro/turismul-in-romania-mai-2021/?fbclid=IwAR2rLmM-cj9u5XTSyHEJwhXbOfQ8u4PDu1E3uFwq74IPTogS7OITf-2eL3s>
- [4] <https://www.agerpres.ro/economic-intern/2022/02/03/ins-sosirile-in-structurile-de-primire-turistica-in-crestere-cu-46-4-in-2021-9-1-au-fost-turisti-straini--858590?fbclid=IwAR0FrEnt5j55f3ObYv4wyVdEWXDSbHl0RbXj1dHL4TIP2iFmWlGEdBLtVCo>
- [5] https://www.wall-street.ro/articol/Companii/254588/hospitality-culture-institute-industria-horeca-furnizeaza-aproximativ-400-000-de-locuri-de-munca-si-reprezinta-1-7-din-pib-ul-ro.html?fbclid=IwAR3GV46kamje5csifE_qHxzXcPx77Ln2ezJixbIw7yioP7MeRZ6wmwpqi20#gref
- [6] <https://insse.ro/cms/en?fbclid=IwAR1y49Xir3i276eToullSRp24Uc7j0j-uvZ0Nt3vYv2FUgaV2CsKevAH5l8>
- [7] https://www.startupcafe.ro/afaceri/horeca-romania-vanzari-scadere-autozatii-lipsa.htm?fbclid=IwAR3GV46kamje5csifE_qHxzXcPx77Ln2ezJixbIw7yioP7MeRZ6wmwpqi20
- [8] https://www.digi24.ro/magazin/timp-liber/vacante/pandemia-a-prabusit-turismul-romanesc-cu-cat-a-scazut-numarul-turistilor-fata-de-anul-trecut-1361864?fbclid=IwAR2kUeycN0FsVgW8Mr6745laXaoYxstb3nqLX-bv42GOMPdix_y5r4_0dO4
- [9] <https://www.unwto.org/cultural-tourism-covid-19?fbclid=IwAR2tDfCcJpnKqae2gx8rUAjCxYTGbYMocR8TM-gPIbapXtjELpNBfVX3JqM>