

NEW PERSPECTIVES OF THE TOURISM AND AIR TRAVEL RELATIONSHIP

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Abstract

Air transport and tourism have always been interconnected, influencing each other. Over the years, as air travel has been undergoing a series of changes, tourism organizations have also been affected, developing new tourism products, establishing partnerships and reinventing the services offered. This paper focuses on the impact of air travel on the tourism industry, taking into consideration the role of the airport in the regional economic development, the new forms of tourism developed as a consequence of the different changes in the airline industry and the recent position of air travel in the creation of tourism packages. At the same time, an analysis of data was made in order to highlight the role of air travel in tourism development in Romania.

Keywords:

Air travel, tourism, tourism development, air transport, low cost airlines, tourism packages

JEL Classification:

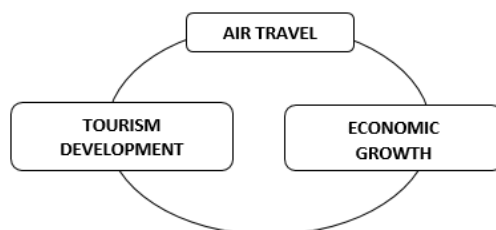
L93, Z32, L83

Introduction

The relationship between tourism and air transport has been intensively analysed in previous research and a strong co-dependence has been shown (Duval, 2013; Bieger and Wittmer, 2006; Graham, Papatheodorou and Forsyth, 2008). As air transport represents a highly dynamic sector, its evolution during the last years has determined significant changes also in the tourism industry.

First of all, in the current globalized world, air travel is an important generator of economic growth, bringing access to products, capital and people. Economic growth further contributes to development of tourism by providing improved infrastructure and higher standards of living. It is known that tourism has a direct, indirect or induced contribution to economy, therefore, the development of tourism determines further economic growth and the cycle continues.

Figure 1. Air travel – Tourism – Economic growth cycle



Source: by author

Secondly, air transport is strongly connected with tourism development. Over the last years, as air travel spread, it determined significant changes in the evolution of tourism, creating new forms of tourism. At the same time, tourism development also influences back air travel. As tourism develops in some areas and an increasing number of tourists are attracted, airlines become interested in adding that airport to their network. Bringing air traffic to a region increases the number of tourists and supports further development of tourism.

This article focuses on the complex relationship between „air travel – tourism development – economic growth” and the main objectives of the paper are:

- Determining the impact of air travel on the economy

- Understanding how the evolution of air travel influences tourism development
- Identifying the new forms of tourism determined by the evolution of air travel

The research was conducted using analysis of secondary data from scientific publications and journals and data analysis for air travel in Romania.

1. Air transport – economic growth generator

First of all, air transport is an important factor in the regional economic growth considering that being part of an international airline network offers access to global flows of goods, people, information, ideas, and capital (Bowen, 2000). Especially for islands and remote areas, air transport is essential as it provides access to supplies where other transportation modes are limited.

Secondly, airports can be considered generators of economic activity, with an important contribution to the local economy through income, investments, employment and tax revenues. According to Cristureanu and Bobirca (2007), the overall impact of airports on the regional economy can be perceived as:

- direct (employment, income related to airport operations)
- indirect (employment, income generated by the chain of suppliers of goods and services)
- induced (spending of direct and indirect employees)
- catalytic (employment and income generated by airport's role to improve business productivity, attract investments and tourism)

Moreover, according to Kasarda and Lindsay, nowadays we assist to the development of a new model of regional economic development "Aerotropolis", which places airports as leading urban growth generators. Based on the idea that airports cannot grow organically, like cities, "aerotropolis" represents a new and sustainable urban form combining airport planning, residential planning and business site planning (Kasarda and Lindsay, 2011).

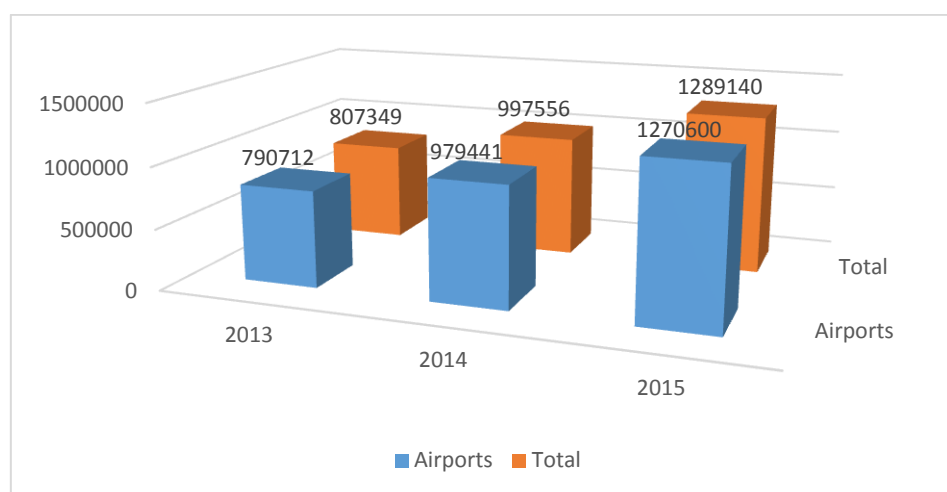
According to Kasarda and Lindsay (2011), the deregulation of the airline industry led to international routes being a new catalyst for investments and jobs and air commerce become the "logistical backbone" of the new economy. As the new strategy adopted by companies focuses on "breaking down" and spreading worldwide, in search for competitive advantage, air travel becomes essential in order to deliver products and manage global enterprises. In this context, airports are developing business parks to become attractive to businesses (Cristureanu and Bobirca, 2007). As world-class hotels, conference centres, shopping malls start to appear in the collocation of airports, they become an interesting option for business travellers or even for leisure travellers wanting to relax or rest between flights. Tourism development has the potential of generating more air traffic which, in turn will lead to further economic growth and will bring more tourists. Regional economic growth leads to improvement of the infrastructure, of the conditions of living of the habitants and can create new tourist attractions, which can determine the development of tourism.

At the same time, regional economic growth has a positive impact on the living standards of the population, increasing personal income as well as propensity to travel (Rodrigue, Comtois and Slack, 2006), therefore, contributing indirectly to the development of tourism. According to Kasarda and Lindsay (2011), air travel is an indicator of the economic context, "flying higher when times are good and falling faster when they turn bad".

2. Evolution of the air transport- tourism relationship

Starting with the second half of the 20th century, air transport has had a major influence on tourism development, considering that the introduction of commercial jet aircrafts in the 1950s was an important driver in the growth of international tourism (May, Hill, 2002).

Air transport is essential for remote destinations, as long haul flights remain the fastest and the most efficient connection between a destination and a distant source market (Lohman and Duval, 2011). Islands and remote destinations depend on tourism for their economy and in most of the cases, air transport represents the main form of transport (Lohman and Duval, 2011) and 100% of all international arrivals (Bieger and Wittmer, 2006).

Figure 2. International visitors in Iceland

Sursa: www.ferdamalastofa.is

Over the last decades, air transport has been an important factor in the development of international tourism, contributing through decreased costs of travel, increased capacity and speed, extension of airline networks and growth of airport capacity (Palhares, 2002 cited in Lohman and Duval, 2011). Long haul flights have been an important factor in the development of overseas destinations, which represent an alternative to ski destinations in winter, leading to a new competition in winter tourism with “warm water destinations” (Bieger and Wittmer, 2006).

An important event that shaped the industry was the airline deregulation, which consisted of governments no longer setting the fares, therefore stimulating competition and driving down prices. This led to the development of low-cost airlines (Dobruszkes, Mondou and Ghedira, 2016) and determined new trends in the tourism industry.

Low-cost carriers can be considered important drivers of growth in tourism demand (Olipra, 2012), supporting the development of new forms of tourism such as „short haul city tourism” (Olipra, 2012), „residential and second home tourism” or VFR (visiting friends and relatives) (Bieger and Wittmer, 2006).

Low-cost airlines either managed to make customers swift from network carriers, from other means of transport or they developed their own markets introducing new destinations (Lohman and Duval, 2011).

In their strategy, low-cost airlines often focus on regional or secondary airports forsaken by traditional airlines (Barrett, 2004; Halpern et al., 2016) or high speed trains (Olipra, 2012), which favoured the growth of unconventional tourist destinations (Costa, Conceicao and De Almeida, 2017). The development of these destinations was possible by mixing attractive tourist offers, the availability of diverse and quality services, as well as a collaborative strategy between airlines, the local airport and regional and local authorities (Costa, 2016).

According to Lohman and Duval (2011), there is a symbiotic relation between air travel and tourism, transport being influenced by the attractiveness and the viability of destinations which depend in turn on travel for tourist access. The development of tourist attractions at a destination can contribute to the improvement of the local airport, attracting new airlines and in time turning the airport into a hub, which will also bring more tourists and contribute to the further development of tourism (Bieger and Wittmer, 2006).

Some low-cost airlines also operate domestic flights in countries where there is either a shortage of train transport (Norway, Sweden), where it is slow (UK) or expensive (Germany) (Dobruszkes, 2006 cited in Olipra, 2012). From this angle, low-cost airlines can also contribute to the development of domestic tourism or can create an efficient transportation network around their gateways.

Nowadays, airlines are becoming more and more oriented towards the “hybrid” business model, combining elements from both traditional and low-cost business models. Low-cost airlines added long haul flights (Norwegian) to their range of services or developed their own hubs at regional airports (Germanwings – Dusseldorf). In this context, air travel is expected to intensify and regional airports might face increased passenger traffic.

Moreover, nowadays, “hubs”, named by Kasarda and Lindsay (2011) “world’s most central places” are becoming an important point within transportation networks worldwide, connecting both traditional and low-cost airlines but also offering the possibility to combine different intermodal transportation means (high speed trains, coaches, cruises). In this context, both airlines and airports started to focus on attracting transfer passengers, by improving the quality of their services and diversifying them.

This new strategy also emerged as a consequence of the liberalization of airports, following the deregulation of the industry and the development of low-cost airlines. As airlines started to focus on lowering their fares, airports were pressured to reduce the taxes and find alternative sources of revenue. Moreover, most airports underwent a process of commercialization or privatization and adopted a more business oriented strategy. From this angle, airports starting to focus on increasing passengers’ satisfaction, as well as determining them to spend time and money in the airport. Many airports diversified the facilities offered, creating tourist attractions in their own right (Tropical Garden in Changi Airport Singapore, IMAX Cinema at Hong Kong International Airport, brewery at Munich International Airport). According to Kasarda and Lindsay (2011), “if flight represents freedom, reinvention and self-renewal, the terminal itself has evolved into something resembling a destination”, being named later on by Tang and Weaver, (2013) a ‘quasi-destination’.

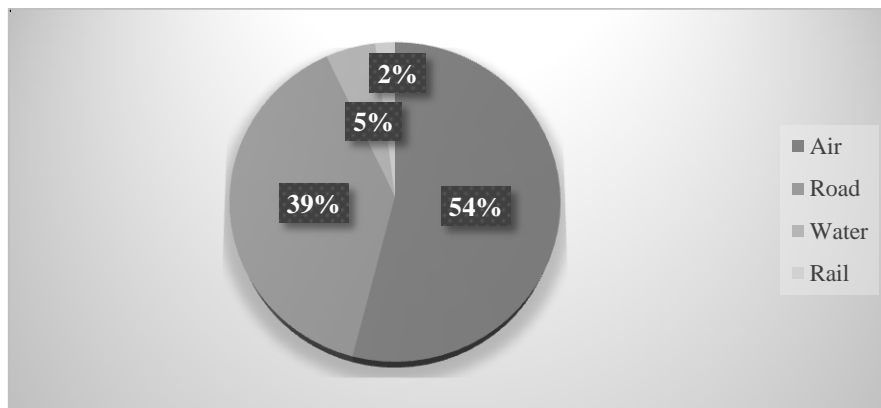
Being a part of the travel experience, air travel and airports can influence the perception of the traveller regarding his whole trip. Moreover, it is argued that airports are cultural and symbolic gateways to a country (Lohmann and Duval, 2014) and that the quality of the services encountered in the airport can influence passengers’ perception on the destination (Martin-Cejas, 2006; Tang, Weaver and Lawton, 2017). From this angle, passenger satisfaction at a transit airport can influence their decision to return to the destination for a stayover in the future (Tang, Weaver and Lawton, 2017).

Considering this, airlines, airports and tourism organizations started to collaborate, focusing on enhancing the passenger experience. “Stopover” programs were developed by airlines in partnership with airports and tourism organizations, offering passengers the possibility to experience the destination while being in transit for a few hours or a few days. This led to the emergence of a new form of tourism: “stopover tourism”.

Different partnerships between airlines and tourism entities (hotels, tour operators, restaurants, rental cars) (Lafferty and Fossen, 2001 cited in Lohman et al., 2009; Lohman and Duval, 2011) have frequently been developed in the past. They consisted of vertical integration from the tour-operator’s side or downstream business strategies from airlines creating their own tour-operators (Papatheodorou, 2014).

During the last years, partnerships between airlines and tourism companies have been reinvented, as a consequence of the development of low-cost and hybrid airlines, the “disintermediation” process following the internet revolution and the changes in the behaviour of the modern customer. The modern traveller is looking for tailor-made packages and airlines started offering dynamic packaging activities, offering also hotel bookings, car rental or other activities (Papatheodorou, 2014).

In this context, airlines can be seen as “a new breed of tour-operators of the future” (UNWTO, 2016). From their perspective, tourism providers like hotels, car rental companies found the advantages of marketing themselves on the airlines’ website, considering the significant passenger traffic driven by air carriers (UNWTO, 2016).

Figure 3. Inbound Tourism by mode of transportation (2015)

Source: <http://www.e-unwto.org/doi/pdf/10.18111/9789284418145>

According to UNWTO (2015), more than half (54%) of international tourists use air travel in order to reach their destinations, a trend that grew at a faster rate than any other means of transportation.

3. Case study – Air Travel in Romania

While in Romania, car travel is the most used transportation mode in terms of international visitors' arrivals, air travel registered the most significant growth in 2016 (31%), nearly 12 times more than car travel.

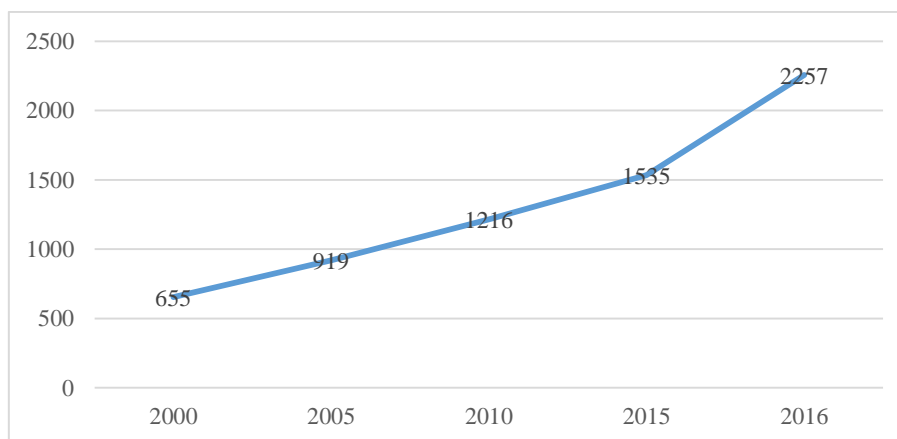
This trend can easily be explained by the increasing number of low-cost airlines which started to operate in Romania, in Bucharest as well as in multiple regional airports, making them international gateways.

According to the 2015 report of CNAB (Bucharest Airports), the hierarchy of airlines in terms of transported passengers were: TAROM, followed by three low-cost airlines – Wizzair, Blue Air, Ryan Air – and by Lufthansa (<http://www.bucharestairports.ro>).

Regional airports in Romania have also registered increased air traffic as a consequence of low-cost airlines entering the Romanian market.

Oradea Airport witnessed a 55% increase of air traffic in the first trimester of 2017, when 18635 passengers arrived, compared to 8312 passengers of the first trimester of 2016 (www.aeroportoradea.ro).

In 2016, the airport managed to attract the low-cost airline Ryan Air, which operates now flights to Bergamo and Girona and is planning to launch new flights to London Stansted and Memmingen. Another low-cost airline, Blue Air, started to operate from Oradea Airport flights to Roma, Napoli, Catania and Torino, as well as two domestic direct flights to Bucharest and Constanta (<https://www.aeroportoradea.ro>).

Figure 4. Evolution of international arrivals by air in Romania (thousands passengers)

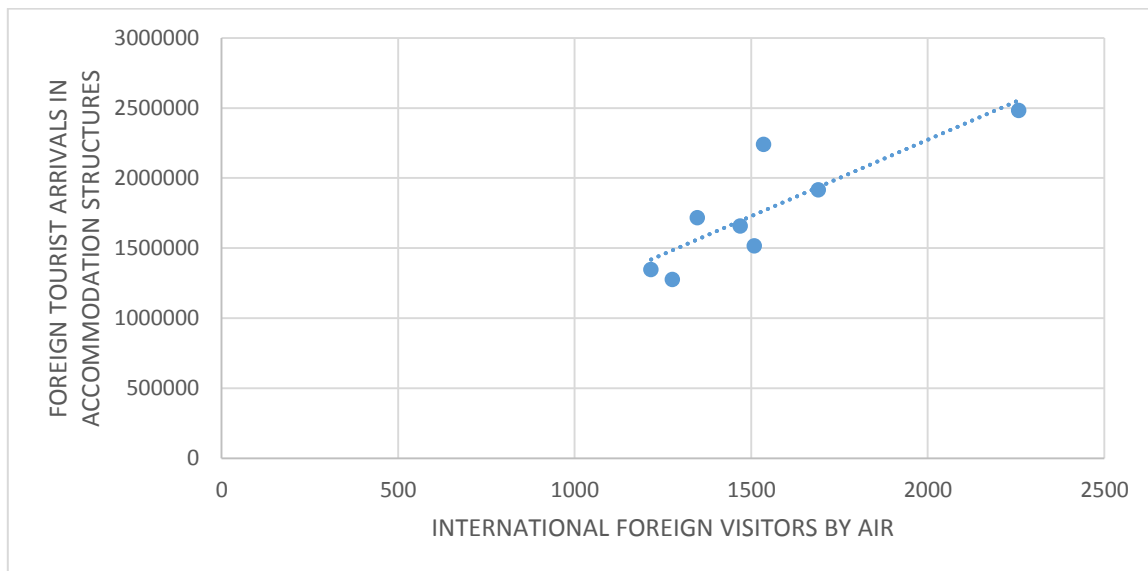
Source: <http://statistici.insse.ro>

Considering the evolution of air travel in Romania, the objective of this article was to investigate the impact of air travel on the tourism industry, by determining the relationship between the following key indicators: international foreign visitors by air and foreign tourist arrivals in accommodation structures, average night stays in accommodation structures, visitor exports. The period of reference was between 2009 and 2016. Data was provided from INSSE and knoema.com.

The Pearson coefficient of correlation was calculated for each pair of indicators: international foreign arrivals by air and foreign tourist arrivals in accommodation structures; international foreign arrivals by air and average night stays of foreign tourists in accommodation structures (calculated by dividing the number of overnight stays by the number of arrivals); international foreign arrivals by air and visitor exports.

The null hypothesis (H_0) was that the two indicators are independent and therefore, not linked. The alternative hypothesis (H_1) was that the indicators are dependent and interconnected.

Figure 5. Correlation between foreign tourist arrivals in accommodation structures and foreign visitors' arrivals by air



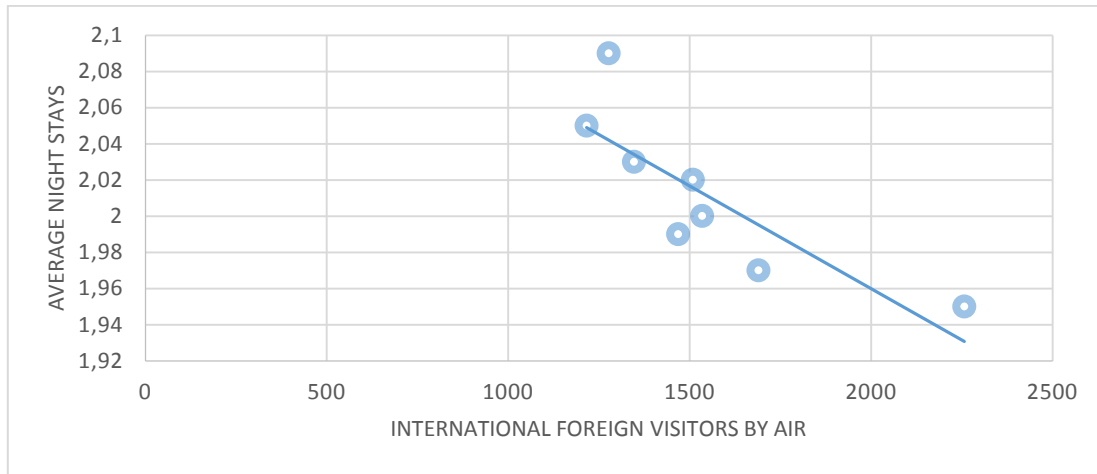
Source: created by author based on data from INSSE

The Pearson coefficient of correlation between the number of international tourist arrivals by air and the number of foreign arrivals in tourism structures accounted for $r = 0.84$, for $p=0.008$, therefore there is a significant positive relationship between the two indicators and the H_0 hypothesis is rejected.

Taking into consideration the value of the coefficient of determination, $R\text{ Square} = 0,717079$, we can conclude that 71,7% of the variation in foreign passenger arrivals in accommodation structures can be explained by the variations of foreign passenger arrivals by air.

When analysing the relationship between the international tourist arrivals by air and the average night stays of foreign tourists in Romania between 2009 and 2016, a strong negative correlation can be noticed: $r(6) = -0,84$, $p=0.011$.

Figure 6. Correlation between average night stays in accommodation structures and foreign visitors' arrivals by air



Source: created by author based on data from INSSE

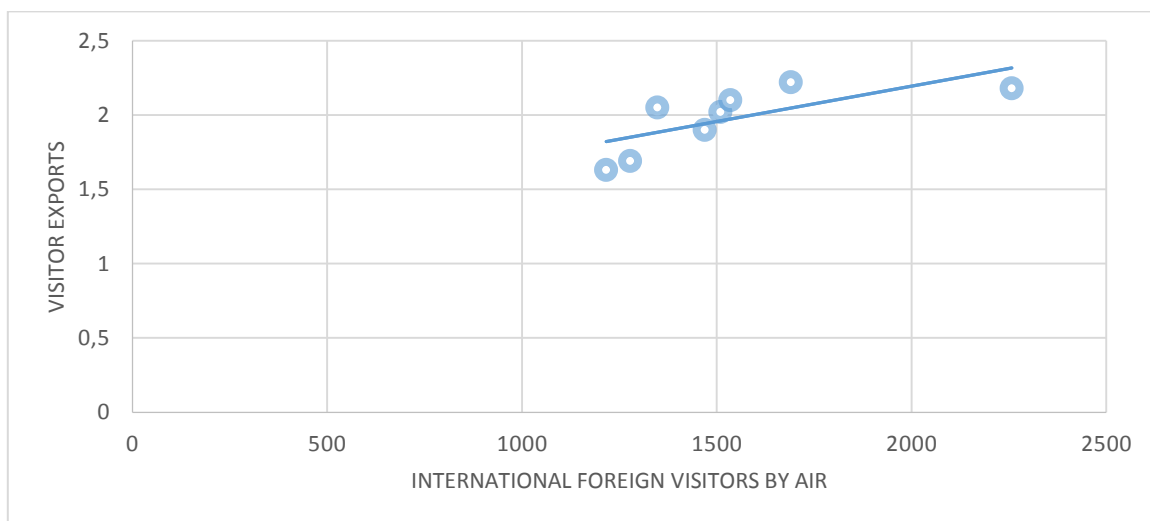
As the number of foreign tourists travelling to Romania by air increases, the average night stays have the tendency to shorten. This can be explained by the development of the new forms of tourism, including “short haul city tourism”, as a consequence of low-cost airlines entering in the Romanian market.

Although it is known that worldwide, tourism has an important contribution to economic growth with a direct, indirect or induced impact, “the share of Romanian tourism in the national economic system is relatively small” (Moraru, 2012).

According to UNWTO, in 2015, Romania occupied the 72th rank (out of 120 countries) in terms of Travel & Tourism’s direct contribution to GDP (absolute contribution) and the 74th in terms of visitor exports (absolute contribution), with a score of 2.1 US\$bn. The World average for visitor exports in 2015 was 7.1 US\$bn and the Europe average was 10.8 US\$bn.

Our H1 hypothesis is that air travel can contribute significantly to increasing tourism sector’s contribution to GDP, through visitor spending and that, therefore, there is a correlation between the evolution of international foreign arrivals by air and visitor exports.

Figure 7. Correlation between visitor exports and foreign visitors' arrivals by air



Source: created by author based on data from INSSE and knoema.com

The value of the correlation coefficient between the international foreign visitors by air and visitor exports is $r(6) = 0,719$, with a significance $p = 0.044$, showing a significant positive relationship and confirming the hypothesis. Moreover, 51,7% of the variance in visitor exports can be explained by the number of international foreign visitors by air.

To conclude, all three H1 hypothesis have been confirmed, showing a significant influence of air transport on the Romanian tourism and economy.

Conclusions

As a conclusion, in this article, several dimensions of the relationship between air travel and tourism have been identified.

First of all, as transport in general is an important component of tourism, air travel represents a significant part of the tourism product. The evolution of air travel over the last years determined changes in the way tourism products are created. Previously, tourism providers were interacting with customers mostly via intermediaries – travel agencies or tour operators - selling their packages pairing contracted room allocations with transport – usually charter flights. Nowadays, as a consequence of the development of low cost airlines and the rise of internet, more and more providers decide to promote their services on airlines websites.

Secondly, there is a strong relationship between air travel and development of destinations, taking into consideration both tourism development and regional economic growth. Low-cost airlines brought international air traffic to regional and secondary airports, contributing this way to the development of new forms of tourism. Moreover, airports became important generators of economic growth and tourism development. In an era defined by globalization and technology, airports became essential and generated a new form of urban development, “aerotropolis”.

Also, as a consequence of undergoing a process of commercialization and privatization, airports started to develop as businesses and sometimes as tourist attractions, even “quasi-destinations”. This contributed to the development of a new form of tourism “stopover tourism”, based on a partnership between airlines, airports and tourism organization. The objective of stopover programs is to transform transit passengers into tourists for that destination.

Thirdly, air travel has significantly changed the behaviour and the typology of the modern traveller. Living in a globalized world, with family scattered worldwide, with global enterprises having employees on all continents made air travel indispensable for most travellers.

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