

Evolution Analysis of the Hotel Industry from Cluj-Napoca

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Abstract

The City of Cluj is considered the “capital of Transylvania” because it is one of the main cities from Romania, an important academic, cultural and business centre. The present study makes an analysis regarding the evolution of the hotels from Cluj starting from 19th century to present. The 19th century represents the beginning of the Cluj hotels market. Starting from the Middle Ages until the middle of the 19th century the accommodation in Cluj was provided by inns. For the investigation it was used exploratory and descriptive research, collecting secondary and primary data. Before 1990 the Cluj-Napoca hotel market consists of 7 hotels and in 2015 there are 55. The majority of the old hotels were concentrated in four major buildings. Most hotels were built after 2000, with revitalization after 2009. The positioning map constructed for this market shows that the correlation exist between prices, number of services and hotel category. Cluj-Napoca hotel market is characterised by higher competition, clearer market segmentation, repositioning of the hotels in the market and raising quality standards.

Keywords: hotel; Cluj-Napoca hotels' history; hotel strategies; positioning

JEL Classification: L83; M31

Introduction

The city of Cluj-Napoca has a long and interesting history. Originally a simple “vicus” (village), then a municipality, the settlement is subsequently raised to the status of the colony, Aurelia Napoca Colony¹. The beginning of the 15th century is the arrival time of numerous groups of Saxon settlers and obtaining the free city status in 1405, but especially the modernization of the city, extending the city walls and raising the living standards. The two world wars together with the interwar period reserved for Cluj a quite tumultuous destiny, owned successively by the Romanian Kingdom and the Hungarian crown². In 1947 it became once again a part of Romania and the Communist regime changed its name in Cluj-Napoca³.

¹ Bogosavlievici, V. A., Zmicală, L., *Clujul văzut și nevăzut, Ghid istorico-turistic*, Mega Publishing House, Cluj-Napoca, 2014

² Bota, M., An exploratory research on history of Cluj hotels, *The USV Annals of Economics and Public Administration*, Vol. 14, Issue 2(20)/ 2014, pp. 39-47

³ Bugheanu, I., *Cluj-Napoca: istorie și cultură în inima Transilvaniei*, 2014, http://www.historia.ro/exclusiv_web/travel/articol/cluj-napoca-istorie-cultura-inima-transilvaniei

The City of Cluj is considered the “capital of Transylvania” because it is an important academic, cultural and business centre. Cultural and historical monuments, a diversified portfolio of accommodation establishments, restaurants, clubs, important events, interesting, young and hospitable people and an attractive natural-geographic space make from Cluj-Napoca an interesting tourist destination for various types of tourists⁴. It can be said that the 19th century represents the beginnings of the Cluj hotels market. Starting from the Middle Ages until the middle of the 19th century the accommodation in Cluj was provided by inns. The most popular inns within Cluj city were: Mathias Corvinus house, Quarta Inn, Calul Balan/ Feher Lo Inn, The Szacs vay Inn, La fagadaul lui Matei⁵.

Before 1990, at the end of communist period, the number of hotels in Cluj-Napoca was 7. In 2015 in Cluj-Napoca and nearby are 55 hotels.

Methodology

The research makes an analysis of the hotels from Cluj during the 19th and 21th centuries. The study is focusing first on the history of the hotels, their market evolution and the stories related to those hotels and after the communist period the study is concentrated on analysing the evolution of the hotel supply. This period was chosen for this research because it represents the beginning, the evolution and the present situation of the Cluj-Napoca hotels market.

For the investigations it was used exploratory and descriptive research. Secondary data were obtained through history books, published studies, web-sites analysis and pictures observation. All kinds of media resources were used in order to find information about the investigated subject.

Primary data were collected through a personal (face to face) interview based on a questionnaire for the tourist supply. The study was made on a total population of 55 hotels present on the Cluj-Napoca hotel market and nearby, sustaining the representativeness of the research. Authors consider in the study surroundings because hotels opened in the area addressed to active industrial businesses centres and compete with those on Cluj-Napoca market. The questionnaire includes two parts with structured and unstructured questions. Also previous studies on Cluj-Napoca hotel market facilitated a comparison of market situation and evolution.

The present research has three main objectives:

1. To explore the Cluj history in order to identify the hotels present on the market during the 19th and 21th centuries;
2. To reveal some stories related to the hotels, owners and buildings;
3. To build and compare the positioning strategies used by the hotels from Cluj-Napoca.

Results

In the table below (Table 1) are shown the old hotels from Cluj during the 19th and 20th centuries and hotels build in the last part of the communist period (Napoca, Sport, Transilvania/ Belvedere and Victoria).

⁴ Cosma, S., Tourist Destination Cluj-Napoca, Romania, *Studia Universitatis Babeş-Bolyai, Negotia*, Issue 2/ 2006, pp. 51-74.

⁵ Bota, M., *op. cit.*, pp. 39-47

Table 1. Cluj Hotels During the 19TH and 20TH Centuries

The name of the hotel	Opening year	Closing year	Remarks
Biasini	1837	1926	Interesting stories Historical monument Old pictures
National / Nemzeti	1865	1894	Interesting stories Historical monument
New-York	1895	1947/48 ?	Interesting stories Old pictures Historical monument
Continental	1960	2005	Interesting stories Old pictures Historical monument
Pannonia	1872	1890	Interesting stories Old pictures Historical monument
Central / Központi	1890/91	1848 ?	Interesting stories Old pictures Historical monument
Melody	1950/60	present	Interesting stories Old pictures Historical monument
Astoria	1900/10	1990	Interesting stories Old pictures Historical monument
Ferencz Jozsef	not available	not available	Old pictures Historical monument
Regina Angliei	not available	not available	Interesting stories
Parc	not available	not available	-
Napoca	1969/1970	present	Built in communist regime Interesting stories about guests Built in communist regime
Transilvania/Belvedere	1976	present	Interesting stories about guests, and the hotels' name
Sport	1981	present	Built in communist regime
Victoria	1986	present	Built in communist regime

Source: adapted after Bota, M., An exploratory research on history of Cluj hotels, *The USV Annals of Economics and Public Administration*, Vol. 14, Issue 2(20)/ 2014, pp. 39-47

From all the hotels present in Cluj during the 19th and 20th centuries (Figure 1), two hotels – Biasini Hotel and Astoria Hotel – remained approximately 90 years on the market. Four hotels were present between 40 and 65 years and two of them less than 30 years. From all these hotels, just one (Melody Hotel) is still present on the Cluj-Napoca market.

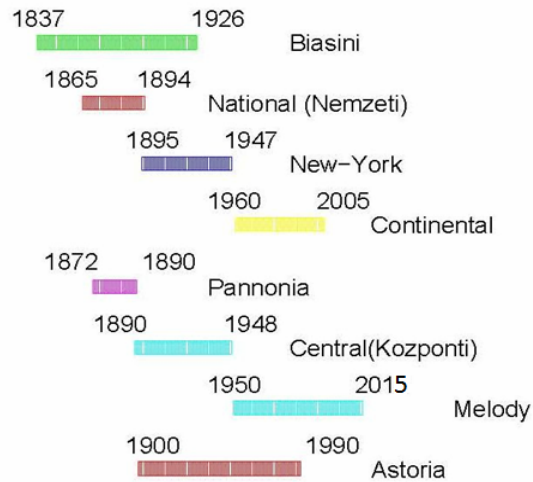


Fig. 1. The timeline for the hotels present on the Cluj market during the 19th and 20th centuries

Source: Authors' calculation

Nowadays, Cluj-Napoca is the second biggest city in Romania considering the population, an important urban area. Regarding the Cluj-Napoca hotel market before 1990 the number of hotels was 7: 3 functioning in historical buildings and 4 hotels built in the last part of the communist period. Between 1990 and 2000, the number doubled to 14. By the end of 2005 on the Cluj hotels' market 29 hotels were registered. In 2013 in Cluj-Napoca and nearby there were 55 hotels and until 2015 nothing has changed. Figure 2 presents the evolution and the total number of hotels on Cluj-Napoca market using the opening year.

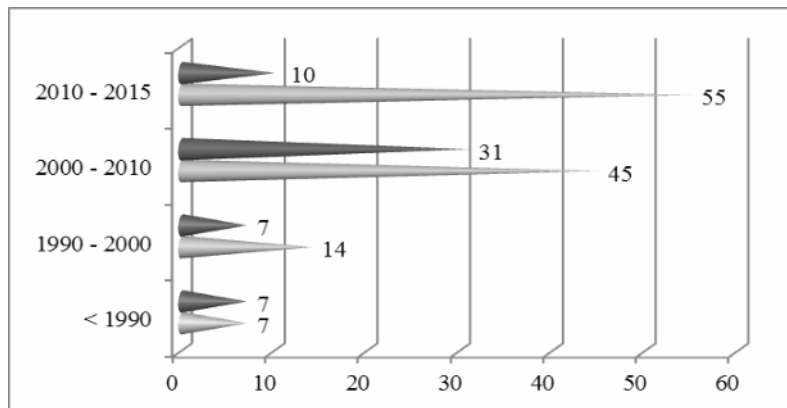


Fig. 2. Number of hotels in Cluj-Napoca

Source: Authors' calculation

A high increasing number of hotels is registered between 2000 and 2010 due to the need for various types of accommodation services and to an easier access to financial resources (bank loans mostly) between 2000 and 2005. Most hotel properties were developed in 2004 – 8 new hotels were launched on the market. The development of the hotel market in the country and in Cluj-Napoca also, the favourable economic situation after 2005 and the increased demand determine the attractiveness of the field. Even after economic and financial crisis and although the demand – supply relation changed, the rate of developing new hotels remains high. Between 2010 and 2013, the number of hotels increased by 22.22%. The increasing rate in number of hotels was also high in 2009 – 2010 – 10 new hotels appeared on the market. Even if it wasn't a

prosper time at all, this aspect can be explained due to the fact that hotels construction began before the crisis.

Taking into account the number of rooms offered, the study revealed that 72.73% of the accommodation capacity is small, offering under 50 rooms, as the Figure 3 shows. The capacities developed until 2009 were with less than 100 rooms, showing that investors prefer to maintain a low risk and also that the market is in the growth stage considering the market life cycle. But after 2009, 5 hotels representing an increasing of 11.11%, have filled the gap in the segment of large hotels.

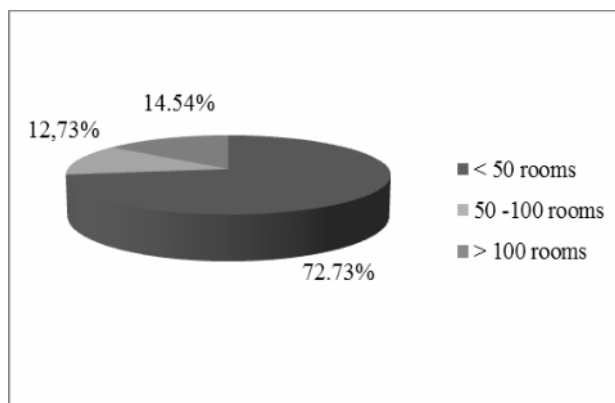


Fig. 3. Number of rooms per hotel in Cluj-Napoca

Source: Authors' calculation

Regarding the National Stars' Classification System, 56.36% of the accommodation capacities are included in 3 stars category and the second place is taken by 4 stars hotels. Figure 4 presents this situation.

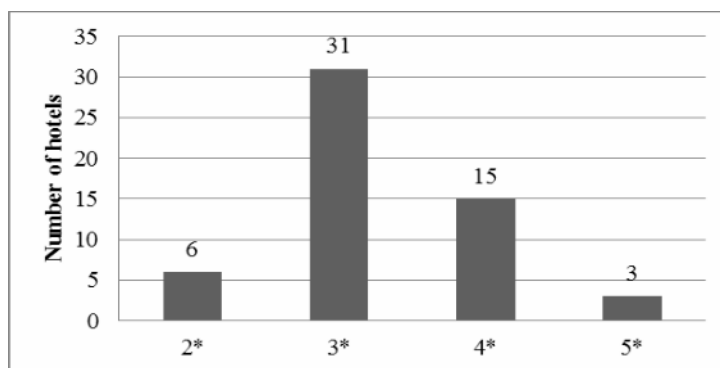


Fig. 4. Hotels classification on Cluj-Napoca market

Source: Authors' calculation

5* hotel market has been developed only after 2006. Also, more than a half of 4 stars hotels are developed after 2006.

For the moment, only 4 foreign hotel chains invested in Cluj-Napoca hotels' market: Golden Tulip, Ramada, Hampton by Hilton and one hotel is owned by Select Hotel Collection, an Italian group with 10 hotels. However, this 9.09% of foreign investment from the total is higher than 3.6% registered at the national level⁶. Regarding Romanian hotel groups, on Cluj-Napoca

⁶ Cosma, S., Fleşeriu, C., Bota, M., Hotel chain's strategic options to penetrate the Romanian market, *Amfiteatru Economic*, Vol. XVI, Special No. 8, November (2014), pp. 1352 – 1365.

market are 4 hotel companies: one owns 4 hotels, 2 companies own 2 hotels and one is Unita Turism Inc. that operates with 3 hotels. Hotel Victoria is owned by the local authorities. Small companies from the number of employee point of view own the others 39 hotels.

Taking into account 2 dimensions, the price (axis Oy) and the number of services (axis Ox), a positioning map for Cluj-Napoca hotel market was constructed for 2006⁷. The average price was 46.52 EUR and the average number of services was 15.52 (Figure 5).

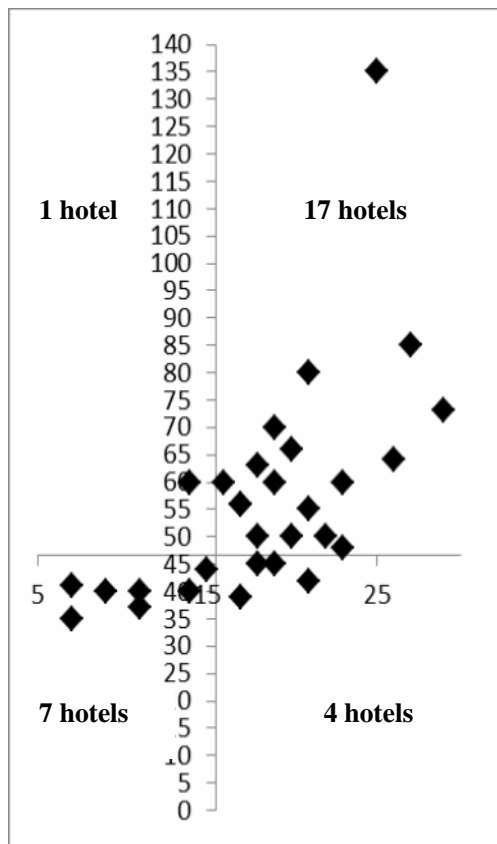


Fig. 5. The positioning map for Cluj-Napoca hotel market in 2006

Source: Cosma, S., Tourist Destination Cluj-Napoca, Romania, *Studia Universitatis Babeş-Bolyai, Negotia 2* (2006), p. 71

Same dimensions are used for actual positioning map of the hotels in 2015. In this year the study revealed that average price is 54.14 EUR and the average number of services is 18.03 (Figure 6).

⁷ Cosma, S., *op.cit.*, p. 54.

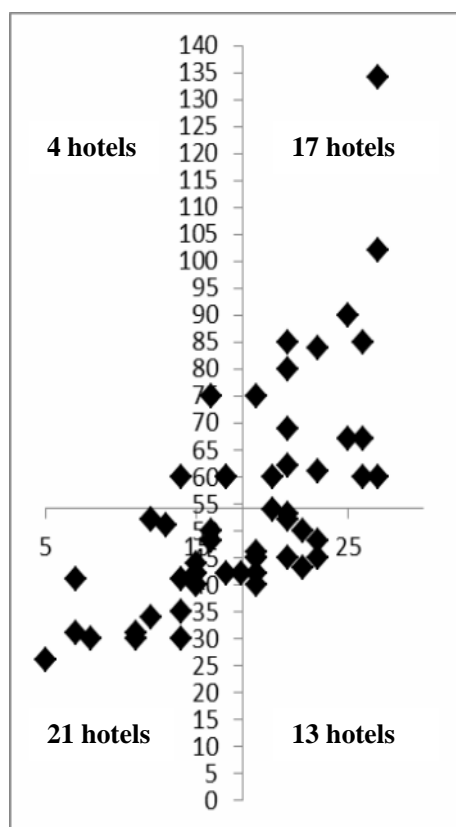


Fig. 6. Positioning map of the hotel market in 2015 in Cluj-Napoca

Source: Authors' calculation

The positioning map presents the position desired by the hotel on the market, not the customer point of view on the hotel services' quality and prices. The map shows that the correlation exist between prices, number of services and hotel category (number of stars). In low-low quadrant are situated 2 and 3stars hotels and in high-high quadrant are positioned 4 and 5 stars hotels. In 2006, the most crowded quadrant is high-high and this situation is because the supply is lower than the demand. There was enough space for new hotels, as the market developing revealed. In 2015, the most crowded quadrant is low-low quadrant which sustains the decreasing purchasing power of the customers and necessity from the hotel point of view to adopt strategies correlated with customer need. The average prices were relatively high in 2006 - 46.52 EUR represented around 18% from the average wage/ Romanian economy in that period and the average number of services was relatively low comparing with international standards. This situation was generated both by a level of demand above the market offer and by a low level of clients' expectations regarding the number of services and brand name⁸. In 2015 the average rate is 54.14 being around 15% from the average wage/ Romanian economy. Even if the price is higher is absolute value is more affordable for Romanian customers. In plus, the average number of services has increased in these 8 years of analyses to 18.03 underlining the requirement to satisfy more complex needs of experienced tourists.

⁸ *Ibidem*, p. 57

Conclusion

Cluj-Napoca has a long and interesting history. Regarding hotel market, the majority of the old hotels were concentrated in four major buildings, presently being tourist's attractions. The closing motives are different for each hotel: competition, new hotels in the same building or at the same spot, the nationalization and the today's hotels standards.

Most hotels were built after 2000, with revitalization after 2009. This dynamic fit with certain economic and social changes, lending policies offered by banks for co-financing the investment projects at the beginning of 2000 or to support medium or long term financial part of projects, decisive role in influencing and attracting a new wave of investments in various areas of the economy, rising the standard of living of the local community, developing several new forms of tourism like academic tourism, medical tourism, business travel or weekend travel, reporting insufficient accommodation capacity for the number of tourists, the quality of existing accommodation units reported to the tourists requirements, the number of social events, cultural, educational exhibited in the city, favourable conditions for international hotel chains and of course economic crises pressure. All these factors determine a higher competition, clearer market segmentation, repositioning of the hotels in the market and raising quality standards.

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