eRTR Review of Tourism Research

Melih Madanoglu
Pamplin College of Business
Department of Hospitality and Tourism Management
Virginia Polytechnic Institute and State University

Contemporary challenges of Bulgarian tourism

Bulgaria is a country with abundant natural, historic, and architectural resources providing a rich foundation for a variety of tourism activities. Bulgaria used to be a holiday destination for the former Soviet bloc but mismanagement and foot-dragging in economic reforms prevented it from capitalizing on this past experience. The purpose of this discussion is to outlay the current situation of the Bulgarian tourism by using the secondary data provided by government and consulting reports. The objective of this study is to assess information reporting needs of the Bulgarian tourism in its effort to gain recognition in the world tourism arena.

Key words: Bulgaria, international tourism, tourism development.

Melih Madanoglu, CHE
Pamplin College of Business
Department of Hospitality and Tourism Management
Virginia Polytechnic Institute and State University
Address: 362 Wallace Hall
Blacksburg, VA 24061-0429 USA
Telephone: (540) 231-8424
Facsimile: (702) 974-9353
Email: melih@vt.edu

Melih Madanoglu was born in Razgrad, Bulgaria. In 1989 he and his family immigrated to their homeland, Turkey. He earned his Bachelors degree in Mersin University in Turkey in 1998. He acquired his Masters degree at Oklahoma State University in 2001. Upon graduation he assumed a position as an Assistant Professor at Stephen F. Austin State University in Nacogdoches, Texas. Presently, he is a Doctoral student at Virginia Tech and specializes in Finance and Strategic Management.

Background

Bulgaria is a country with abundant natural, historic, and architectural resources providing a rich foundation for a variety of tourism activities. With 8.5 million people living in 111,000 square kilometers, Bulgaria is the least densely populated country in Europe. Bulgaria boasts a diverse geography and climate that include the mountains, the sea, fields of roses, and picturesque villages, and the capital city of Sofia that offers hot mineral springs and skiing within minutes of the city center (Taneva, 1999)

Bulgaria used to be a holiday destination for the former Soviet bloc but mismanagement and foot-dragging in economic reforms prevented it from capitalizing on this past experience. The improvement of the tourism infrastructure has created a significant source of revenue for Bulgaria and the sector plays an increasingly important role in the country. To attract more tourists as well as to increase overall tourism revenue, Bulgaria needs to rapidly update and expand its tourist facilities (Taneva, 2001).

Bulgaria emerged on the international tourist market in the late 1950s and early 1960s, sustaining a rapid initial growth rate and spatial expansion. In early 1970s, Bulgaria was already among the world "leaders" ranking fourteenth in top-destinations with a market share of one percent of all tourists worldwide. The lack of flexibility in product development and limited investments in the 1970s and 1980s, but particularly the hardships of the transition process in the 1990s led to a considerable loss of the sector's competitiveness and a drastic decrease of its market share (0.4 percent in 1999) (Marinov & Petrov, 2000).

Challenges of Bulgarian tourism

Rosenbaum (2001) argues that while more than 50 percent of Bulgarian hotel rooms are located on the Black Sea, they attract 80 percent or more of the business, with most of the remainder at ski resorts. This skewed market creates several distinctive disadvantages such as:

1. The price advantage of Bulgarian sea resorts and winter destinations has depressed the rest of the market, keeping overall industry price points low and quality below Western European standards.
2. The image of Bulgaria as a low-cost vacation option is damaging to other export sectors.
3. Domination by a relatively few large tour operators and hotels offering a mass product has discouraged innovation and risk investment into other sectors of the Bulgarian tourism industry, including Sofia, mountains, and other regions.
4. Most of the inbound vacation travel business is concentrated in July and August and the winter snow season. The high season in the summer is limited to 45 days (Stanchev, 2000). Shoulder season strategies have not been developed.
5. Given investment and market trends, the government in the past has been generally indifferent to innovation, new products, and new markets.
6. There has been little or no market research. The domestic market is a large, but undifferentiated and undefined segment of the overall market.

Marinov and Petrov (2000) identified five key aspects characterizing tourism development in Bulgaria during the last decade, namely:

1) the dramatic decline in growth due to the large-scale domestic and international difficulties of the period,
2) sector's specifics deriving of old time regime legacies of inefficiency and malpractices (such as limited utilization of available resource, uniformity of tourism products, spatial and seasonable concentration, low quality of services and infrastructure, lack of entrepreneurial leadership and mismanagement),
3) the shift of ownership from the state to the private sector, a process posing serious challenges to the new owners and managers now running old companies and maintaining out dated infrastructure,
4) the rapid growth of a large number of small and medium sized companies lead to structural changes in the sector with the old outsized monopolies collapsing in chaos and mismanagement, while struggling the incredible difficulties of still marketing their products, and,
5) the striking gap between the quality of the available natural and cultural resources and not yet satisfactory level of services and base magnified by the relatively poor level of infrastructure and services outside the industry, affecting strongly its performance and results.

Purpose

The purpose of this discussion is to outlay the current situation of the Bulgarian tourism by using the secondary data provided by government and consulting reports. The objective of this study is to assess information reporting needs of the Bulgarian tourism in its effort to gain recognition in the world tourism arena.

Tourism figures

Among all its neighboring counties Bulgaria has two neighbors which are important players on the world tourism arena: Greece and Turkey. According to World Tourism Organization (WTO) (2001) the international tourist arrivals to Turkey increased approximately 100%, from 4,799,000 in 1990 to 9,587,000 in 2000. For the same period Greece recorded an increase of 41%, from 8,873,000 to 12,500,000. Whereas, Bulgaria had a growth of about 76% for the 1990-2000 period (from 1,586,000 to 2,785,000). However, according to the report of Bulgarian Tourism Office (2001) Bulgarian tourism has suffered a 10-percent decline in number of visitors for the above mentioned period. The discrepancy in figures occurs due to the fact that Bulgarian Ministry of Tourism reports only the number of travelers who visit Bulgaria as "tourists," excluding visitors who traveled for business, VFR and other purposes, in 1990-2000 period. Nevertheless, the percentage of transits to the total visitors showed a significant decrease in recent years.

Preliminary data reported by the Bulgarian Tourism Office (BTO) (2002) indicated that the revenues from international tourism (excluding transportation) for the 2001 totaled $1,201 million (an increase of 11.8% from 2000 level). In his study Buchvarov (1997) pointed out total tourism revenue to be equal to 8.9% of the national GDP. Whereas today, the tourism accounts for approximately 15% of the GDP (FT, 2002). In addition, international tourism in Bulgaria became the top exporting industry in the Bulgarian economy in 2001 (BTO, 2002).

Discussion

Although the fact that international tourism has emerged as the top exporting industry for the country, this phenomenon has not occurred due to the growth in the tourism industry. On the contrary, it took place because of the weakening of some of the Bulgarian manufacturing sectors. Almost half of the hotels are situated along the coast and these hotels account for approximately 80% of the total hotel revenues (Rosenbaum, 2001). Paskaleva and Kaleynska (2001) reported that the occupancy rate for the hotels was 30% in 1999. These findings add a further insight into the financial troubles of the hotels located off the coast and out of the country's capital city: Sofia.

The facts and figures discussed in this study can be used in convincing Bulgarian tourism officials in collecting more profound information that may be useful in estimating the economic impact of tourism to the different areas of the country. Common performance measures such as Revenue per available Room (RevPAR), occupancy rate and average daily rate (ADR) should be reported in more detail in an effort to attract foreign investors to the Bulgarian market. In order to increase the spending per visitor Bulgarian tourism officials should develop customized advertising and marketing programs for different visitor segments. The current policy of classifying the visitors into groups such as tourists, transits, business travelers, etc. does not seem to be effective method for achieving the long term goals of the Bulgarian tourism.

References

Bulgaria. (October 2, 2002). *The Financial Times*, p.C7

Bulgarian Tourism Office (BTO). (2002). *International Tourism in Bulgaria.* Sofia, Bulgaria.

Buchvarov, M. (1997). End of the model? Tourism in post-communist Bulgaria. *Tourism Management, 18* (1), 43-50.

Paskaleva, K., and Kaleynska, T. (2001). Bulgaria's tourism industry: A thriving and sustainable future? *Integra*, 1, 1-7.

Rosenbaum, A. (2001, April). Mission to Bulgaria. *Report on the Tourism Cluster-Bulgarian Competitiveness Initiative.* J. Austin Associates, MSI. Sofia, Bulgaria.

Stanchev, K. (2001). Tourism- Bulgaria 2000: *Overview of the present and the future perspectives* (In Bulgarian). Institute for Market Economics (IME), Sofia, Bulgaria.

Taneva, E. (1999). *Tourism infrastructure: Bulgaria*. Retrieved November 23, 2002 from http://www.tradeport.org/ts/countries/bulgaria/mrr/mark0021.html

Taneva, E. (2001). *Market Research: Bulgaria Looking for alternative sources of revenue from tourism* U.S. Commercial Service Sofia, Bulgaria.