

## MANAGEMENT DECISIONS IN THE CONTEXT OF BULGARIA'S LIFECYCLE AS A COASTAL TOURIST DESTINATION

Assoc. Professor Dr. Stoyan Marinov

### 1. Introduction

As a result of the favorable natural conditions in the 60s of 20th century, the Black Sea coast of Bulgaria has been developing fast and builds a name as an authoritative site for coastal tourism.



Fig. 1. Black Sea coast of Bulgaria

Unique for its time were the purpose-built beach resorts. Such resorts are Rusalka, Albena, Golden Sands, St. Constantine and Elena, Elenite, Sunny Beach, Duni. Campgrounds have been constructed in the area of Kamchiya, Byala, Sunny Beach and Sozopol. The private accommodations have increased its bed capacity in coastal villages like Kranevo, Varna, Byala, Obzor, Nessebar, Burgas, Sozopol, Kiten and Primorsko. As a result of the rapid development of Bulgaria as a tourist coastal destination, the main part of the country's tourism is concentrated along the seacoast. By 2011, 45.87% of all accommodation establishments (hotels, campgrounds and private pensions), 65.58% of available beds, 70.24% of nights spent by residents and non-residents and 84.79% of nights spent only by non-residents are concentrated in three littoral areas - Dobrich, Varna and Burgas.<sup>1</sup> (Table 1)

**Table 1**

**Parameters of the Bulgarian Black Sea coast in 2011**

Total length, km.	<b>378</b>
Length of beaches, km.	<b>168</b>
Total area of the beaches together with the dunes, million m <sup>2</sup>	<b>16</b>
Number of beaches	<b>207</b>
Number of beaches of concession	<b>44</b>
Number of rented beaches	<b>32</b>
Number of hours of sunshine per month in July and August	<b>240-300</b>
Air temperature in July and August (C°)	<b>23-27</b>
Sea water temperature in July and August (C°)	<b>20-24</b>
Total bed capacity, thousands	<b>185</b>
Share in total accommodation establishments in Bulgaria (%)	<b>65,58</b>
Share of overnights stay spent in Bulgaria %	<b>70,24</b>
Share of nights spent by non-residents in Bulgaria %	<b>84,79</b>

Since the entry of Bulgaria in 2007 in the European Union, our Black Sea coast, except bridge of Europe to the Black Sea basin is already an external border of the Union. Bulgaria should design in new way its abilities and interests as a tourist destination in the Black Sea region, bringing them in compliance with the EU policies and rules. Through its coastal tourism Bulgaria could contribute actively to the implementation of ideas and concepts for building a strong Black Sea region as a strategic part of the European Union.<sup>2</sup>

<sup>1</sup> National statistical Institute. Tourism data.// <http://www.nsi.bg/otrasal.php?otr=8> (18.09.2012)

<sup>2</sup> Lyubcheva Marusya. The Black Sea region in the EU policies. Black Sea Institute. Burgas, September 2010, Project "Black Sea Regional Development Network" BlasNET, based on Common Operational Programme of Black Sea Basin 2007 - 2013. Governed by European Neighbourhood and Partnership Instrument (ENPI) of the European Union // <http://www.rapiv.org> (18.11.2012)

Today's global tourism market is dynamic. The opportunities and threats that it emits, lead to an exacerbation of contest between destinations and certain aspects of competition. Tourist places of different rank and scale (continents, regions, states, municipalities and villages) are making significant efforts, using the full potential of their resources to acquire and enhance effective positions in regard to their target market segments.

The strained global competition and the fact, that the international tourism market is a "buyer's market" lead to a redistribution of market shares of the tourist places. The destinations cannot rely anymore on casual tourist success. Their successful tourism future is a function of their management and marketing.

The importance of the management of Bulgaria as a coastal tourist destination increases in the context of global market changes, related to the new role that our country plays in Europe and especially in the Black Sea region. The objective of this article is to distinguish stages in the manifestation of Bulgaria as a coastal tourist destination and on this basis to suggest management solutions for its future successful development.

Butler's concept of life cycle of tourist destination is an important management and marketing tool for successful rivalry.<sup>3</sup> Theoretical formulation combines the lessons of history, the consciousness of the present and vision for the future development of a destination. In this context, the questions which deserve answers are:

- Through which phases is passed Bulgarian coastal tourism in their historical development?
- In which phase is now Bulgaria as a destination for international coastal tourism?
- What are the challenges that the strategic management of Bulgaria has to face as coastal tourist destination?

## **2. The Lifecycle of a tourist destination**

There are different theories about the research of the tourist destination development.<sup>4</sup>

Particularly popular is Auliana Poon's lifecycle model of tourism. Looking at the role of the new technologies for tourism development after World War II, the author distinguishes two phases of modern tourism - the phase "old tourism" and the phase "new tourism". The boundary between the two phases is conditional and covers the period from the late 80s to early 90s of the 20th century. A. Poon characterizes and distinguishes the "new" tourism and "old" tourism on the basis of the "new" tourist profile and the "new" tourism industry profile.<sup>5</sup>

---

<sup>3</sup> Butler, R. W. 1980. The concept of a tourist area life cycle of evolution: Implications for management of resources. *Canadian Geographer*, Vol. 24, pp.15-20. Buhalis, D. (2000) Marketing the competitive destination of the future // *Tourism Management*, 21.

<sup>4</sup> Milne, S., and Ateljevic, I. 2001. Tourism, economic development and the global-local nexus: theory embracing complexity. *Tourism Geographies* 3(4): 369-393.

<sup>5</sup> Poon, A. *Tourism, Technology and Competitive Strategies*. London, 1993.

A peculiar illustration of the modern tourism development stages by using terms from the industrial sector is offered by Rebecca Torres.<sup>6</sup> Quoted by R. Torres three phases of the modern tourism development correspond to the three types of tourism: Fordist Tourism, Post-Fordist Tourism and Neo-Fordist Tourism. R. Torres's phases are conceptual and difficult to be distinguished chronologically in time. More likely it could happen for a specific destination (resort) than for the global tourism. It should also be noted that examples of three types of tourism are found in modern tourist reality, practiced by different companies and destinations.

Analytical summary picture of the history and the current phase of the destination development can be obtained by using the famous model of Richard Butler – “The Lifecycle of a tourist destination”. According to Chris Cooper, the concept “illustrates the cycling practice of the destination” from its birth to the death “and serves as an explanatory tool”.<sup>7</sup>

According to R. Butler in his historic development the destination passes through four main phases as follows:<sup>8</sup>

- Exploration – destination is unknown, difficult to access, without facilities for tourists and rarely visited;
- Development – rapid development of the tourism infrastructure and superstructure, increasing popularity and attendance of the destination ;
- Stagnation – reaching social and ecological limits of the destination growth;
- Rejuvenation or Decline – innovation in the infrastructure and superstructure to enhance the carrying capacity of the destination or destruction of tourism resources, which form the attractiveness of the destination and falling into an environmental, economic and social crisis.

During the different stages of its life cycle the destination has different market characteristics. It generates different supply and attracts different demand, undergoes different consequences from tourism, needs a different marketing strategy and a different marketing mix.

Together with the usefulness of the life cycle concept of the destination, the major problems should also be noted, connected with its operationalization and practical use, namely:

- It is difficult to determine the territorial boundaries of the object of analysis, i.e. in particular moment of the analysis to define what to be the territorial level of representativeness of the destination - country, region, municipality or other. In the best case, it should regularly analyze the life cycle of all territorial levels (micro destinations), included in certain macro destination;
- Problematic is the definition of the relevant market segments. There is a possibility for consecutively implementation of the destination to different market segments, which can also be divided into sub segments, depending on different

<sup>6</sup> Torres, R. 2002. Cancun's tourism development from a Fordist spectrum of analysis. *Tourist Studies*, 2 (1): pp. 87-116.

<sup>7</sup> Cooper, C., J. Fletcher, D. Gilbert, St. Wanhill. *Tourism Principles and Practice*. London, 1993.

<sup>8</sup> Butler R.W. 2011. *Tourism Area Life Cycle*. *Contemporary Tourism Reviews*. Goodfellow Publishers Ltd. [www.ibtcl.co.uk/web.../toursim\\_area\\_life\\_cycle\\_original.pdf](http://www.ibtcl.co.uk/web.../toursim_area_life_cycle_original.pdf) (19.11.2012)

consumer characteristics. The destination will be in different stages of its life cycle in the different market segments;

- There are no precise quantitative boundaries of the life cycle's phases, i.e. it is difficult to define when each of them starts and ends. In fact, with no claim to accuracy, as criteria for determining the turning points is used the change in the number of tourists visiting the destination;
- There is no clarity about the determination of the carrying capacity of the destination. According Hovinan "the single (unique) carrying capacity of destination does not exist, because in fact it relates to various cultural and natural elements that vary both spatially within the destination and seasonally during the year".<sup>9</sup> In practice, the carrying capacity is a matter of perception – it is possible the local people to consider that the capacity of destination is exhausted at the end of phase "development", while the business entities can see spare capacity even in the phase "stagnation". Therefore, if the number of tourists is used as an indicator of carrying capacity it is obligatory to take into account factors such as: the dispersion of tourists in the region, length of stay, type of tourists and the time of visit during the year;
- The choice of measurement parameters is difficult - usually the destination life cycle is based on annual data, but in some cases it is appropriate to use quarterly or monthly data, as well as appropriate types of averages;

### 3. The Lifecycle of Bulgaria as an international coastal tourist destination

Despite the lack of quality statistics reflecting accurately the development of coastal tourism, analysis of existing data shows that, from its formation until today, the international coastal tourism of Bulgaria undergoes different phases of its life cycle.

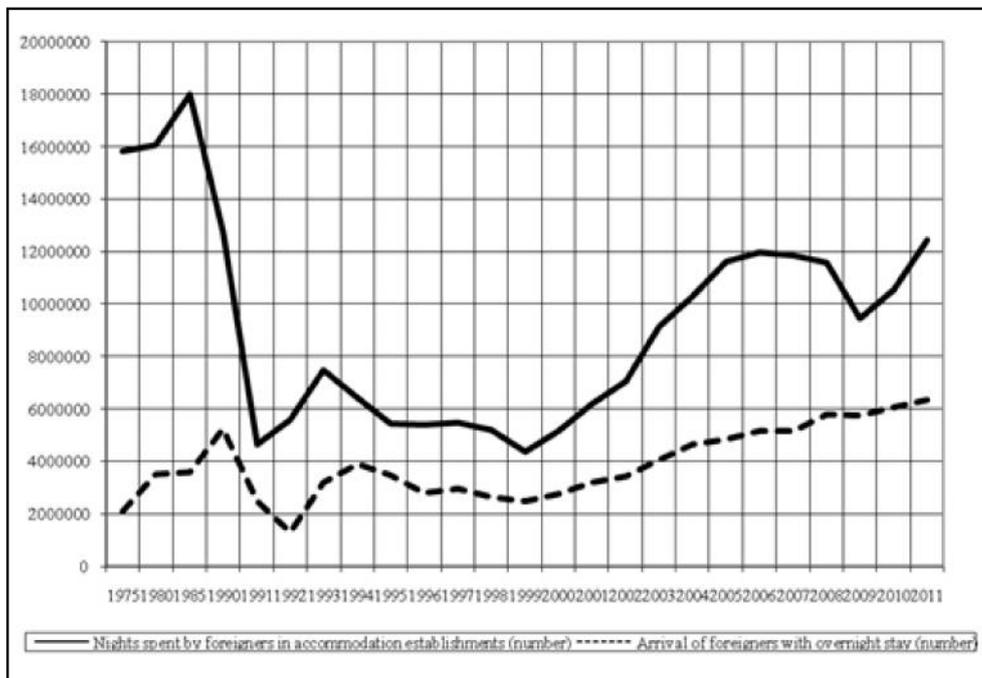
The conclusion, which can be made, is that in the late 80s of 20th century Bulgaria gradually lost competitiveness in the international market of coastal tourism, and this trend is particularly striking in the period 1990-2000. After 2000 Bulgaria enters phase of growth and rejuvenation of its coastal tourism product. In 2009, the global economic crisis caused a short decline in the coastal tourism business of the country, followed by relatively good 2010-2011. (Figures 2 and 3).<sup>10</sup>

The proposed curve of the life cycle of Bulgaria as a coastal tourist destination logically raises the question about the future direction of its development. With a view to the current characteristics of the Bulgarian coastal tourism and the impacts of the marketing environment in the context of globalization, the future development of the destination can relate to both more sustainable and highly competitive coastal tourism and to more unstable and less competitive species and forms of it. Validation of one of the two directions of development is related to the solution of a range of management problems of the coastal destination as follows:

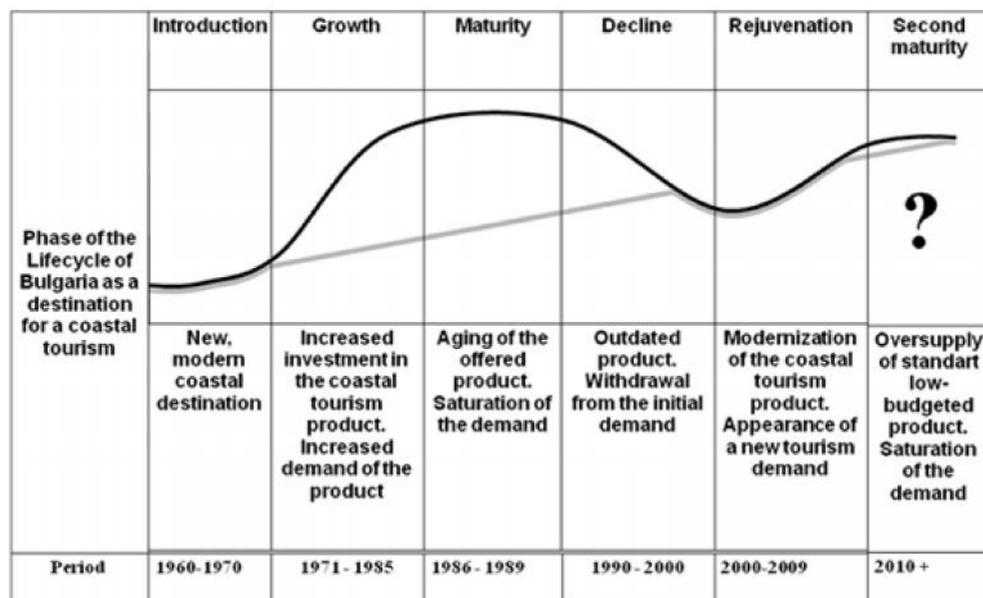
<sup>9</sup> Heath, Ernie, Wall, Geoffrey. *Marketing Tourism Destinations*. N. Y ect., John Wiley & Sons, Inc., 1992, p. 138.

<sup>10</sup> Fig.1 is based on data of NSI // <http://www.nsi.bg/otrasal.php?otr=8> (14.09.2012)

- Poor environmental conditions in coastal waters of the Black Sea due to physical and moral depreciated purification stations which serve the resorts;
- Escape of trained personnel abroad because of the high seasonality of the coastal tourism and low wages in tourist sector;
- Physical and moral amortized engineering and transport infrastructure in the resorts, which is upgraded slowly. Especially pressing is the problem of lack of parking lots for private cars and buses in major seaside resorts like Golden Sands and Sunny Beach;
- Lack of formalization, patents, multiplication and full implementation of good management, technological and environmental practice in coastal tourism, particularly in terms of valorization of the main resource – the beaches;



**Fig. 2. Indexes for the development of the international tourism in Bulgaria during the period 1975-2011**



**Fig. 3. The Lifecycle of Bulgaria as a coastal tourist destination**

- Reduction of the relative share of informed and demanding foreign tourists who pull the content and quality of the tourism product in an upward direction on account of prevalence of low-budget foreign tourists, who come by car or charter flights;
- Destination in general and the tourism industry in particular, do not have effective systems for monitoring, recording, analyzing and responding to the trends in domestic and foreign tourism demand of coastal tourism;
- Disloyal competition on the international market - Bulgarian tourist companies work with oligopoly abroad and in their attempt to find short-term success they often act unfairly to their local competitors, offering unreasonably low prices of tourist services;
- Low level of cooperation in the sector – there are no effective corporate associations to pursue common innovations or marketing aims;
- Dominant reactive approach to the impact of the market environment;
- Preferences to the quantity and mass usage at the expense of product quality - relies on the thesis “more tourists - more revenue” instead “more revenue with fewer tourists” ;
- The entrepreneurs rely mainly on the low cost as a factor of the competitiveness of their products;
- Powerful dependence on foreign tour operators as channels of distribution for the international market;
- Limited presence of the Bulgarian tourism industry with products in the entire chain of the international coastal tourism;

- Lack of qualitative and beneficial dialogue between the private and public sector in tourism;
- Bad coordination and cooperation between non-governmental tourism organizations in the country;
- Lack of effective contact between educational institutions in the tourism and the tourism industry;
- Existence of space, territorial, restitution and infrastructure conflicts between owners of tourist sites as a result of the privatization process, which is done without taking into account the specifics of the Bulgarian tourist resorts;
- Lack of modern spatial and territorial planning by the state for the development of coastal tourism in the country;
- Weak and ineffective control on observing the set rules for implementing the business in the sphere of coastal tourism.

Specified disadvantages of Bulgaria as a coastal tourist destination carry risks, the country to form permanently less efficient matrix of target market segments for its coastal tourism. At present the international target markets of the destination is determined entirely by private hoteliers. Pressed by financial and credit commitments and lack of market information, they follow the line of the least resistance and bind themselves with the exclusive “cheap” brands of European concerns, behind which are hidden consumers of the lowest levels of solvency.

#### **4. Strategic management decisions for the development of Bulgaria as an international coastal tourist destination**

Enhancing the competitiveness of Bulgaria as a coastal tourist destination requires improvement of the entire management of the coastal tourism and especially the subordination of this management to the marketing philosophy.

Management of Bulgaria as a tourist destination and particularly as a coastal tourist destination requires organizational and management structure at national level which will ensure the conduct of an effective marketing management process.

Bulgaria needs a marketing strategy for the development of coastal tourism, in which strategy should be bound specific quantitative marketing goals with quality marketing goals and marketing budget. In this respect the marketing organization of Bulgaria could take advantage from the example of the marketing organizations of competing destinations such as Greece, Turkey and Croatia.

The concrete management decisions of government and business to increase competitiveness of Bulgarian coastal tourism should be directed to:

- Upgrading the existing and constructing new purifying stations for wastewater in the urban areas and resorts along the Bulgarian Black Sea coast. The measure becomes particularly relevant due to obligation of Bulgaria as an EU member country to supply real-time information about the status of coastal bathing waters from the beginning of 2013. The urgent implementation of this activity will increase the carrying capacity of the destination.
- The creation of master plans for unused coastal tourist spots (areas) and the concession of their infrastructure and project implementation by private sector.

---

In this respect, Bulgaria has largely unabsorbed tourism potential along the northern coast near Durankulak, Shabla, “Kamchia” resort, Shkorpilovtsi and Byala;

- Priority implementation of transport and communication projects to provide access to the tourism market of settlements with potential for coastal tourism - absolutely essential in this regard is the construction of highways “Trakiya”, “Hemus” and “Black Sea”. Of important role is the modernization of road sections connecting Burgas airport to resort “Sunny Beach” and Varna airport respectively with the resort “Golden Sands” and “Albena”;
- Strict observance of legislative rules and set standards for sustainable tourism destination, especially for construction along the seacoast. The upcoming new Tourism Law should support and complement the strict rules for construction and utilization of coastal area, which are imposed by the Law on the Black Sea coast Spatial Planning. Stimulation via government contracts of research and development in the sphere of tourism. It is necessary to improve significantly the system of data collection for the coastal tourism development in Bulgaria. Studies of competitive power of coastal municipalities and regions should be sponsored with state and local funds and specific programs should be developed to enhance this competitiveness;
- Providing by the competent state institutions and industry organizations of informational and methodological assistance to the entrepreneurs of SME in coastal tourism to formulate and implement effective strategies to increase company competitiveness. Special methodological assistance is required for precise differentiation of price levels by market segments, seasons and product quality in order to achieve more equal and higher occupancy of the existing accommodation capacity in the seaside resorts of the country;
- Optimizing the cost-quality of the coastal tourism in comparison with direct competitive destinations of Bulgaria – countries from the Mediterranean and Black Sea region. For this purpose the state should be very cautious in defining the levels of various fees and taxes, which are leveled on tourism business. Of particular importance are the value-added tax, tourist tax, property tax, garbage tax, social and health insurance of the employed staff;
- Training in the use of IT agents on the web (portals, brokers) in their role of channels for distribution of Bulgaria as a coastal tourist destination. This will reduce the dependence of hoteliers from the biggest international tour operators and will bring higher occupation of existing accommodation capacity;
- Implementation of differentiated communication policy to the international markets according to the competitive position and marketing strategy of the destination. This requires a close partnership between the Ministry of Economy, Energy and Tourism, the local authorities in seaside communities, the local branch tourism organizations and representative of tourism business. This partnership should be used to participate in a specific way at the tourist exhibitions of the main for Bulgarian coastal tourism outbound markets.

## 5. Conclusion

The modern market environment of the coastal tourist destinations is too dynamic. It emits both opportunities and threats for the successful market performance of each destination. In the context of market impacts and based on life cycle of Bulgaria as a coastal destination, the strategic management decisions should be formulated for its future market positioning. The report's conclusions and proposals are useful for the successful movement and prolonged detention of Bulgaria as a tourist coastal destination in the phases of new rejuvenation and growth.

### **MANAGEMENT DECISIONS IN THE CONTEXT OF BULGARIA'S LIFECYCLE AS A COASTAL TOURIST DESTINATION**

**Assoc. Professor Dr. Stoyan Marinov**

#### **Abstract**

The report reveals the Life Cycle of Bulgaria as a coastal tourist destination. It shows the problems accompanying the Bulgarian coastal tourism in its "maturity" phase in regard to the foreign tourism demand. Possible management decisions for enhancing the competitiveness of Bulgarian coastal tourism at the international market have been pointed out.

Key words: tourism destination management, tourism destination life cycle