



Ana Yancheva

EU membership and its influence on the Bulgarian tourism industry

Pre- and post-accession analysis of the tourism
product

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List of abbreviations:

BAAT – Bulgarian Association of Alternative Tourism	
BARET – Bulgarian Association for Rural and Ecological Tourism	
BATA – Bulgarian Association of Travel Agents	
BHRA – Bulgarian Hotel and Restaurant Association	
BTC – Bulgarian Tourist Chamber	
CF – Cohesion Fund	
ESF – European Social Fund	
EU – European Union	
GDP – Gross Domestic Product	
ISPA – International Sail and Power Association	
MICE – Meetings, Incentives, Conferences and Events	
NAFA – National Agency for Fisheries and Aquaculture	
NGO – Non- Governmental Organization	
NRIF – National Road Infrastructure Fund	
PHARE – Poland and Hungary Assistance for Restructuring their Economies	
SAPARD – Special Accession Programme for Agricultural and Rural Development	
TTCI – Travel and Tourism Competitiveness Index	
UNESCO – United Nations Educational, Scientific and Cultural Organization	
UNWTO – World Tourism Organization	
WTTC – World Travel and Tourism Council	

Chapter 1 Introduction

The first chapter of the book will provide brief information for the worldwide tourism industry and will introduce Bulgaria as an emerging tourism destination that has recently joined to the big European Union family. The motivation that inspired the analysis of this problem as well as thorough structure of the book will be described in detail. Moreover, the methodology used and any possible limitations will be presented.

1.1 Background information

Nowadays, the tourism sector is pointed out to be one of the fastest growing industries worldwide. Experts classify the tourism industry as one of the most remarkable economic and social phenomena of the past century.¹ The speed with which travel and tourism grow is astonishing. In 1986 some 287 million tourist trips were realized. This number grew to 595 million in 1996 and is expected to reach 1, 6 milliards until 2020 according to data provided by the World Tourism Organization.² Currently there are more than 230 million people employed in the tourism industry which defines its important social role all over the world. Furthermore, changes in the tourism value chain also occur, mainly due to globalization process e.g. introduction of online travel agents.

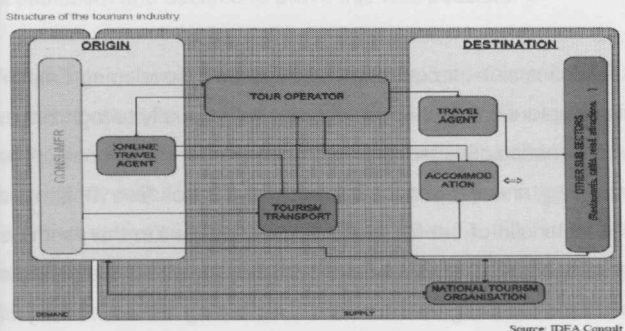


Figure 1. Structure of the value chain of the tourism industry

¹ <http://www.unwto.org/facts/eng/historical.htm> viewed on March 16,2010
² www.unwto.org viewed on March 12, 2010

Figure 1 reflects the consequences of this process of globalization depicting the new member of the value chain and its growing role, namely the online travel agent. E-commerce has affected the industries all over the world but the break through in tourism is considered as the most tremendous one.

The tourism industry functions in a dynamic and competitive environment. Recent trends that define the behavior of the tourists are: rise of the expectations in regard to quality, preference towards safe and budget (cheap) destinations, increase in the middle-aged travelers as well as youth trips; cruise voyages are also considered trendy. In the most recent statistics on international tourist arrivals the number one tourism destination is definitely Europe. According to World Tourism Organization, Europe will remain the main destination for international tourism.³ Figure 1 (Appendix) shows the estimated evaluation of international tourists. From the graph it is obvious that the steady growth of arrivals in Europe is expected to continue until at least 2020.

The EU -27, in particular, in 2007 has reached 381 million inbound tourist arrivals. Moreover, the EU has clearly improved its competitive position since then and six member states were ranked in the top ten tourism destinations in 2009. New destinations emerge on the market, literally, every day. An intriguing trend is that the share of international tourist arrivals received by developing countries has risen from some 31% in 1990 to 45% in 2008.⁴

Bulgaria also belongs to this statistics since it could be classified as a developing Eastern European country and an emerging tourism destination.⁵ Bulgaria is usually recognized as a "sun, sea and sand" budget destination. Tourism is a priority sector for the country. The tourism industry is characterized by an over-concentration on the Black Sea Coast and mountain resorts. Another characteristic of the Bulgarian tourism product in the past was low quality and limited variety of service. The European Union is considered the principle and the most promising market for the Bulgarian tourism. According to the Ministry of Economy in 2004 the EU 15 of international arrival grew by 28%. At that time the country was visited by approximately 4 million tourists, which number exceeds half of the

³ Study on the competitiveness of the EU tourism industry; final report, September 2009; ECORYS SCS Group

⁴ UNWTO

⁵ Butler(1980); Destination lifecycle

population in Bulgaria. During 2005 The National Tourism Board was established which suggests that the country was trying to improve its image and reach higher level of awareness among travellers. In 2007 due to the requirements of the European Union any differences in accommodation prices were banned. Different prices between Bulgarian tourists and foreigners were part of the double-standard that dated back from the communist system which fell in 1989. The new price policy led to the decrease in the number of domestic tourists due to their lower purchasing power. Nowadays, the EU is still the main source of tourism revenues for the country. Tourism has been relatively successful in recent years, with a good deal of investment poured into accommodations and amenities. The political commitment and infrastructure growth will allow Bulgaria's tourism industry to prosper in the long-term.

1.2 Motivation

For the subject of my thesis I was inspired by my supervisor Mr. Pieter Piket. At the beginning my ideas were completely different. I had already planned my field trip in England when I attended a meeting of Bulgarian students and Mr. Piket who was supervisor of the Bulgarian joint-venture programme at that time. During the session Mr. Piket shared his concerns whether the students that have chosen a thesis topic about Bulgaria will manage to gather sufficient information. I have to admit that I felt healthy rush of patriotism and decided to prove this was possible.

As an "International Tourism Management and Consultancy" student it has always been my aim to analyze in order to better understand the mechanism of the tourism industry in my home country. The recent accession of Bulgaria in the European Union directed the angle of my research. During the last couple of years the EU membership has been one of the most up-to-date topics in all mass media in the country. Bulgaria has signed its first agreement on accession in 1995 and ever since the membership has become one of the main priorities for politicians. On the other hand, the accession itself has raised social unrest among the population. Most of the people had negative opinion because they considered some of the conditions imposed by the European Union quite unnecessary. For instance, the closure of the Kozloduy power station reactors ⁶ in 2006 had strong

⁶ <http://infocenter.bnt.bg/content/view/full/1022> viewed on February 3, 2010

reflection among the population. As a witness to all this events I decided to research the topic and apply it to the particular industry that was of great interest to me.

1.3 Problem analysis

Authorities in Bulgaria seem to underestimate the opportunities of the tourism industry in this time of world crisis. Tourism could provide employment and it serves as a source of foreign currency thus supporting the economy in the country. The membership in the European Union did not go that smooth in the case of Bulgaria. After the country has been a member of the big European family for more than three years Bulgaria still needs to find a better manner to exercise its responsibilities as well as to learn how to take advantage of the opportunities provided by the EU membership.⁷ In regard to the tourism industry it is important to scrutinize the development of the tourism product and the changes that occurred after it was disposed to the competitive European environment.

1.4 Goal of the thesis

The aim of this thesis is to reveal the direct and indirect influence that the European Union exerts over the tourism industry in a recently integrated country such as Bulgaria.

To what extend the changes in the industry that took place in recent years could be contributed to the EU membership of the country. Moreover, the actions towards adaptation in the European environment are of great interest for the research goal since adequate recommendations could be provided to all tourism-related bodies.

1.5 Research questions

In order to achieve this goal, several research questions can be formulated.

How did the acceptance in the European Union influence the tourism industry in Bulgaria?

What was the supply side of the tourism industry in Bulgaria during the period of analysis?

- Who were the main stakeholders?

⁷ "The unfinished business of the fifth enlargement countries"; Open Society Institute, Sofia

- What was the tourism product – accommodation, transportation, attractions, types of tourism, human resources and investment?
- What were the main target markets?
- What was the demand side of the tourism industry in Bulgaria during the analyzed period?
- Who were the main generating markets?
- What was the motivation of the tourists visiting Bulgaria (tourist profile)?
- What happened to one of the main indicators of the tourist flow - seasonality?
- How did the European funds distribution and the implementation of projects affect the tourism industry in Bulgaria?

1.6 Methodology

In order to answer the research questions and to achieve the goal of this book, different methodologies have been used. Both primary as secondary research has been done. The desk research was time consuming and consisted of gathering, reading and analyzing data related to the topic. Trying to find as much as possible literature, attending libraries and looking through a huge amount of magazines and newspaper articles helped me to provide the necessary information for my thesis. Official reports provided by the European Commission and reports on the tourism industry of the country were the main source of adequate data used.

I would like to extend my gratitude to two of the main tour operators and travel agencies in Bulgaria: Vistalis and Renaissance Tours Ltd. The managers of the companies contributed to this report by sharing their observations in regard to changes and trends in the field of tourism.

Moreover, a field research was undertaken. Many of the tutors in Breda University, Bulgaria took part as well. For example, Mr. Rumen Draganov – chairman of the Institute of analysis and evaluation of tourism in Bulgaria; Mrs. Iva Stoykova – Tourism

Sustainability lecturer, Associate Tourism Professor Mrs. Nikolina Popova – “St. Cyril and Methodius” University, Sofia, etc. They provided me with recent data and statistics not yet available in the cyberspace. Interviews were taken from tourism stakeholders in the face of tour operators, hotel owners and etc in order to provide more up-to -date picture of the industry and guide me to find the answers to my research questions.

1.7 Structure of the book

Chapter 1 delivers brief information on the tourism industry worldwide, Bulgaria and its membership in the European Union. The motivation and analysis of the problem that has been observed are described as well. The research goal and questions, the methods used, any possible limitations and structure of the book are also outlined.

Chapter 2 emphasizes on the membership of Bulgaria in the European Union. Thorough description of the functions of the Union, its members and influence in the country in regard to tourism was carried out. The chapter underlines the common characteristics of European Union and Bulgaria perceived as tourism destinations.

Chapter 3 reviews the changes that took place in the tourism industry in Bulgaria for the last six years. The period 2004 -2009 is analyzed with special emphasize on the year of 2007 (the acceptance in the European Union). The industry has been described in regard to supply and demand side.

Chapter 4 gives data and outlines the absorbed EU funds as well as the projects that have been implemented in the pre- and post- membership periods that have direct or indirect influence to the development of the tourism sector in the country.

Chapter 5 provides conclusions and recommendations regarding the tourism industry in Bulgaria; how the tourism product could be improved and any possible outer influence could be used as an advantage.

1.8 Limitations

During the writing process, limitations occurred. There was a lack of statistical information, since many of the developing Eastern European countries do not keep sufficient data.

Sometimes institutions do not publish it at all which is an obstacle for carrying out a thorough analysis of an industry. On one hand, after the acceptance in the European Union Bulgarian institutions seem to keep track and execute reports in order to provide them to the European Commission. However, experts claim that this data has often been slightly adapted to the high expectations that the European environment imposes to the country. Which suggests that speculation with data and reports is quite possible.

Moreover, due to the fact that there were recent changes in the structure of the tourism-related organizations (State Agency for Tourism was closed) some information was not available.