

Management models for overcoming the negative impact on tourism in 2020

Ph.D. Ralitsa Georgieva

University of National and World Economics
Department “Economics of Tourism”, Bulgaria
ralitsa.georgieva11@gmail.com

Abstract

As the worst affected by the global health crisis at present, tourism sector has undergone the most serious transformations as a result of changes in tourist behavior, challenges related to travel rules and regulations imposed by governments and other obstacles travel companies face. In this situation, an innovative and diverse management approaches are needed to overcome the tourism market obstacles and maintain sustainable business pace.

The current paper aims to present good practices of tourism companies operating on the Bulgarian market, which implement a sustainable policy to reduce the negative impact of the crisis in the tourism sector, due to the global health crisis, which can serve as an guide for other tourism enterprises. For the purpose of the paper a secondary research of the website of some of the leading tourism enterprises was made and a semi-structured interview with tourism managers and specialists was conducted. The results of the developed research methodology are highlighted as good practices of some of the leading tourism companies in Bulgaria, which could serve as good examples for overcoming the economic loses of tourism industry.

Keywords: management models, crisis, negative impact

Introduction

In the coming years, the tourism market is proving a new form of partnership between the public and private sectors as necessary to create opportunities for better employment and more sustainable access for all stakeholders. To respond to the current trends, manager of the tourism enterprises have to analyze the latest policy models in the sector.

The relevance of the topic of emerging trends in the transformation of consumer preferences and behavior in tourism is determined by the negative trends and changes in the tourism industry related to the global health crisis in 2020. Economic indicators show that the current global pandemic situation is reflecting on the whole tourism market, placing barriers in front of real and potential tourists and hindering travel on the international and domestic market. The World Tourism Organization (WTO) reports the following negative results in the monthly report “WTO World Tourism Barometer, August / September 2020”:

- The number of arriving international tourists (including overnight stays) decreased by 65% in the first half of 2020, compared to the same period last year,

as the number of arrivals in June decreased by 93%, according to data reported by tourists' destinations.

- The massive decline in demand for international travel in the first half of 2020 is reflected in the loss of 440 million international arrivals or about \$ 460 billion in export revenues from international tourism. These figures form more than five times the loss of revenue reported in 2009 - during the global economic and financial crisis.
- While the recovery of international tourism remains slow, the demand for domestic tourism is increasing in very large markets such as China, where air travel in July recovered to about 90% of the level of 2019. In Russia, air travel was also supported by growing domestic travel.
- Based on the three WTO scenarios published in May 2020, showing a decline of between 58% and 78% of international tourists arriving in 2020, current trends indicate a decline in international arrivals close to 70% in 2020.
- The expanded scenarios for 2021-2024 point to high growth in tourism in 2021, based on the assumption of a reversal in the evolution of the health pandemic, a significant improvement in passenger confidence and a significant removal of travel restrictions. the middle of the year. Nevertheless, the return to the levels of 2019 of international arrivals, according to the predictions of WTO experts, will take from 2 and a half to 4 years.

At the local level, a paper of the National Board of Tourism reports the following negative trends concerning the tourism indicators in the country in 2020:

- Decrease in travel from key markets for the country, as follows: from Germany - by -60%; from France - by -60%; from Italy - by -70%; from Russia - by -90%; from Great Britain - by -60%.
- The total losses from tourism from 2020 amount to BGN 4.2 billion.
- The realized number of overnight stays in 2020 is -56%, compared to 2019 (2020 - 12 million; 2019 - 27 million).

Data from the Bulgarian National Statistical Institute for 2020 also have a negative impact on the growth of the pandemic with the following indicators concerning tourist travel:

- Travel of Bulgarian citizens abroad decreased by 38% compared to the same period in 2019.
- Visits of foreigners in the country are about 68% (747 100) less than in August 2019. A decrease in travel was registered for all observed purposes: by purpose "rest and excursion" - by 82%, by purpose "Official" - by 61% and "others" - by 48%.

The presented negative consequences concerning the impact of the pandemic situation outlines a large-scale losses on tourism in general and most significantly on specialized types of tours. The creation of numerous online platforms such as ZOOM, Microsoft Teams and others, together with government bans and travel restrictions, create an unfavorable environment for the development of leading specialized types of tourism, such as business, leisure and others. *For this reason, in order to implement successful crisis management, it is*

necessary for the managers of tourism enterprises to raise the issue of developing innovation policy and modern methods for creating the tourism product.

Methodology

The current paper examines trends in the implementation of modern company policies of tourism enterprises in Bulgaria, to maintain a sustainable business pace. For the purposes of the study, a secondary research is applied on the websites of tourism enterprises in order to examine their current policies, as well as a semi-structured interview with managers of leading and established tourist enterprises, such as Albena and Golden Sands, representatives of hotel chains, such as Intercontinental Hotel, Zornitza Family Estate Relais & Chateaux, leading Bulgarian tour operators, such as Abax ltd., Emerald Travel, Usit Colors and boutique restaurants and bars is conducted.

The interview of tourism specialists was conducted by taking place of questions concerning the trends in the development of tourism, the activities of travel companies and the challenges they face in the current global health crisis. The questions clarify the models that managers and tourism professionals are taking to overcome the crisis and bring tourists back to the destinations.

As a result of the interviews, successful management models are considered and practices can be derived as good examples for creating guidelines for the development of the tourism industry, as well as the formation of new approaches of offering tourism products.

The questions from the conducted interviews, addressed to the managers are related to the following four directions:

1. Does the global health crisis have a negative impact on the economic performance of the tourism enterprise you manage?
2. In view of the current situation of stagnation of tourism worldwide, which advantage in your management or product policy would you point out as the most competitive, compared to other tourist companies operating on the Bulgarian market?
3. What distinctive and innovative management and product policies have you undertaken to maintain your market position?
4. What distinctive and innovative management and product policies have you taken to attract new and retain old customers?

Results

The results of the websites research and conducted semi-structured interview are presented as examples of good practices in the four directions of the questions addressed to the respondents, namely:

1. By direction: Negative impact of the global health crisis on the economic indicators of the tourist enterprise.

Good practices:

In the direction related to the *negative impact of the global health crisis on the economic indicators* of the tourism enterprise, we consider the example of the **resort complex**

“Albena”, which for the first time in its 52-nd years of operation ended the 2020 summer season of loss. The realized overnight stays in the complex for 2020 are 365 000, as for last year they were 1 500 000 million. The actual season in the summer of 2020 was only in August, and even then, the maximum that was reached was 7,000 tourists, with twice the capacity of the available beds. A blow to the complex is the outflow of German tourists, after the Dobrich region was declared a risk zone due to the growth of patients with health issues. Only from the withdrawal of German tourists Albena resort has lost about 6 million levs of the expected revenue.

As a response to the presented negative trend, in 2020 one of the oldest and well-established resorts on the Bulgarian Black Sea coast is the first to introduce *clearly defined rules* of operation during the pandemic and became a good example for the tourism industry. Some of these rules are related to the vaccination of the operating personnel (in summer season 2021) on site and compliance with strict safety and disinfection measures.

As part of the strategy to maintain its market position, Albena resort also created a *specialized rehabilitation program* after the new 2019 virus. The program was developed by an elite team of professionals and is based on the latest guidelines for post sickness rehabilitation, researched worldwide. Tourists can take advantage of the program in the form of a package of health tourism with accommodation, meal plans and 6, 10 or 15 days for medical and rehabilitation procedures. Each of the possibilities of the package offer begins with a medical consultation to create a comprehensive assessment of the general health of the guests of the resort and prepare an individual program of procedures based on the results. The program is offered in combination with accommodation and full board meal plan with a specially designed menu.

It can be argued that the resort offers a successful management model to deal with the current situation, by adapting existing and established standards of service to current market trends and the specifics of consumer demand.

2. By direction: Competitive advantages of the management or product policy in the current situation of stagnation of tourism tours worldwide, compared to other tourism companies, operating on the Bulgarian market.

Good practices:

In the direction related to competitive advantages of management or product policy, we first review the example of the good practice of travel agency **Usit Colors**, which created a special section on its website for publishing newest travel rules and guidelines for tourists. The travel agency offers as additional service an assistance in preparing health forms and other types of documents, required by the European Union or on a local level by the government of the inbound and outbound country during the tour. *The implementation of such strategy maintains the confidence of tourists in terms of their safety and in this regard encourages to make travel decisions easier.*

The second example, which we consider as a good practice, is the marketing policy applied by the wine bar **Quche Wine Sweet Social**, in response to the imposed conditions for mandatory social distance in restaurants. In order to attract customers, the restaurant uses large teddy bears as part of the design of the tables, which keeps visitors at the required distance from each other. *This marketing strategy not only maintains the interest of the costumers, but also helps to attract new ones, due to the favorable psychological effect that the plush companions offer for the costumers on the tables.*

3. By direction: Distinctive and innovative management and product policies applied by tourism companies for maintaining market positions.

In the direction, related to the creation of distinctive and innovative management and product policies applied by travel companies, highlighted are the examples of Abax travel agency and Intercontinental Hotel, Sofia.

In regards with the researched direction, concerning innovative management and product policies, it is necessary to clarify the theory of product innovations in tourism.

Product innovation means designing and marketing a new improved product or service in order to attract the attention of consumers, the novelty of which is obvious to both the manufacturer and the supplier and consumers (Albu, 2015).

Product innovations generate new knowledge or technologies or base innovative in-use techniques or on new combinations of existing knowledge or technologies. At its core, product innovation is the introduction of a good or service that is new or significantly improved in terms of its properties or uses. Significant improvements in the technical characteristics, the components of the tourist product in the degree of convenience in their use are also included (Georgieva, 2021).

Product innovations in the field of tour operator activities are directly related to the formation of the tourism product (package), as they determine the method of completing the services included in the package. A product approach can be found in the combination of tourism services with diverse target orientation, in order to satisfy several consumer motives during the tour.

Good practices:

Abax Travel Agency specializes in offering package tours of cultural and sightseeing programs and holidays. One of the leading competitive advantages of the tour operator is associated with the direct form of work with travel agents and tour operators, which allows the company to reach large scales of sales and in this regard to negotiate competitive prices of services with the travel providers. As a leading tour operator with many years of experience the agency is the first tour operator in Bulgaria to focus on developing a new product policy that meets the current tourism requirements. The last are mainly related to seeking for healthy and safe environment for travelling, as well as protecting the good health and well-being of the passengers during the tour to the chosen destination. In response to this trend, the tour operator created the first charter programs in Bulgaria to locations that are currently designated by the World Health Organization as safe due to the low incidence rates. Such destinations are Fr. Zanzibar, Tanzania and the Maldives.

It can be concluded that the formation of such a business model and concept of the tour operator according to the proposed example covers a development plan and approaches to generate revenue and profit, due to the unique characteristics of the offered tourism product.

Another example that we present as good practice in terms of distinctive and innovative management and product policies concerns **Intercontinental Hotel**, Sofia. In connection with the global health crisis and the high demands of tourists to maintain cleanliness in the accommodation facilities, the chain to which the hotel belongs creates the first policy "IHG way of cleaning", which guarantees to the guests the same standards for maintaining cleanliness in all sites around the world. The program includes deep cleaning with

professional disinfectants and by applying this policy, guests expect to see evolutionary procedures throughout the hotel, which include:

- Use of new science-led protocols and service measures by improving the cleanliness of the IHG;
- Partnership with leading experts in the industry, such as Cleveland Clinic, Ecolab and Diversey;
- Launch of a global "pure promise" of IHG.

The good practice of the researched hotel can be cited as an example for other hotels to develop and publish procedures and rules for professional cleanliness to be followed in the sites. This policy aims to encourage traveling in times of health crisis and minimize uncertainty for potential customers.

4. By direction: Distinctive and innovative management and product policies for attracting new and retaining existing customers.

In the direction of creating distinctive and innovative management and product policies for attracting new and retaining existing customers, we highlight the examples of some hotels, such as **Zornitza Family Estate Relais & Chateaux**.

Good practices:

Zornitza Family Estate Relais & Chateaux is located in the tourist region of Rila-Pirin. The estate is the only site of the prestigious French hotel association Relais & Chateaux in Bulgaria. Reviewing the hotel's website, it is noteworthy that the site offers combined packages as part of its special offers, which integrates a variety of travel services that meet more than one need of the tourist during the trip, as well as services that create specific sensations about the visited place, such as tasting dinners, wine tastings, thematic spa therapies with local ingredients, such as mud from the region, typical herbs, spices, etc.

In the specific conjuncture of the tourism market, it is currently necessary to look up for added value to the main tourism product, which creates a feeling related specifically to certain products for the destination (Ianeva, Georgieva, 2020). Such a concept for the formation of tourism products can be applied through the methods of sensory marketing. It represents the idea through certain aromas of food, wine and others, typical of the local cuisine, to create associations and prerequisites for the attractiveness of the destination. Sensory marketing can be particularly appropriate and applicable in the context of travel and tourism. When consumers travel and visit more or less famous places, they often go through the so-called "sensory experiences" (experiences that excite the senses) that are different from those in their everyday home environment (Kock, Ringberg, 2019). For example, passengers may experience new foods, new setting or environment with an unknown or different sensory atmosphere, in terms of temperature, aroma and sounds (Madzharov, 2020). In today's digitalized world, tourists are increasingly immersed in the digital world (with drastically increasing time spent in front of the screen of phones and other digital devices), basic sensory sensations such as physical touch or smell become more desirable. The use of sensory sensations as a tool to attract tourists back to the destination is based on the belief that pleasant sensory associations and atmosphere will improve the user experience (Madzharov, 2020). In response to the current market situation, it is necessary for marketing managers in the tourism industry to realize the importance of offering this type of challenge to the senses

of tourists and to focus their efforts on richer and more comprehensive sensory experiences in the visited destination.

In view of the current market situation, as well as the preferences of tourists to visit destinations with ecologically clean natural environment, it is possible to derive good practice of other hotels located in the relevant tourist areas, in creating integrated health tourism products which include spa and wellness treatments for attracting tourists to the destinations. When forming the tourism offer and negotiating the main parameters, the leading advantage is given to the accommodation places that use natural resources in their services, such as mineral water in the pools, herbs from the garden and grapes in the spa therapies, ecologically clean food in the restaurant and breakfast and others.

In addition to the above good management practices and examples of sustainable development of tourism enterprises in the global health crisis in Bulgaria, we present recommendations at the international level – from the World Travel and Tourism Council (WTTC), as well as at the regional level by the National Board of Tourism in Bulgaria, concerning models and approaches for the recovery of the tourism industry.

The World Travel and Tourism Council (WTTC), in partnership with global management consulting company Oliver Wyman, published a report with recommendations for a smooth recovery of the tourism industry at all levels.

The document contains recommendations aimed at contributing a faster and smoother recovery of the tourism sector, in particular by improvement of current travel conditions, integration of new technologies and adoption of global safety protocols. In addition, government involvement in business is essential to restore jobs and passenger confidence and improve the overall sustainability of the sector.

The report identifies four macro trends that should lead to the recovery and further development of the tourism industry – evolution of demand, increased attention to health and hygiene, innovation and digitalization and sustainability of the sector.

At the national level the National Board of Tourism creates a report with recommendations from industry experts in four areas, namely:

1. Development of the demand which includes: young and local tourists will be the basis for the resumption of travel; the collection of information will take place mainly through online channels and partnerships with local communities will be key in the design of compelling experiences.
2. Health and hygiene, which includes: the application of internationally recognized health and hygiene standards; training of employees in the sector related to health and hygiene in the destination and travellers will concentrate their demand on smaller, medium and secluded destinations.
3. Innovation and digitalization, which includes: the main source of information for travellers will be online channels; businesses and destinations will need to accelerate integration and digital and contactless technologies and digital infrastructure investments combined with effective destination marketing strategies will be key.
4. Sustainability, which includes: destinations that maintain environmental sustainability will be sought; availability of multi-skilled and technologically adequate workforce in the destination and cooperation with local communities.

From the given recommendations, as well as as a result of the conducted secondary research and semi-structured interviews, as most significant could be highlighted the management models related to the need to reformulate tourism products to the current requirements of tourists; promoting partnerships between businesses more than ever, in order to unite efforts in returning tourists to the destinations; creating a wider range of opportunities for tourists to experience in the visited places, as well as compliance with the required health and hygiene measures and the application of services from health tourism to tourist packages.

Conclusion

As a result of the above and as of the secondary study and the conducted semi-structured interviews with managers and specialists of tourism enterprises, the following prescriptions can be derived, regarding successful management approaches in tourism in times of crisis:

- The tourism enterprises to reorient their packages in combining products, that satisfy more than one consumer motive for traveling. In view of the current crisis, high consumer value could be found in the creation of a specialized tourist package, combining services in business, leisure, cultural and other and health tourism. For example, companies offering specialized tourism products, such as packages for business travelling to hold a meeting, team building or other MICE (meeting, incentive, conference, exhibitions) event in a destination with favorable conditions for the health of the tourist, such as clean air (mountain / sea climate), mineral springs, open-air spaces and others.
- In connection with the above, a recommendation is given to the providers of tourism services – hotels and other accommodation places to create conditions for the use of various types of tourist services by tourists. Tourism managers should apply policies for offering services in which the tourist actively participates, in order to prefer face-to-face participation, over an online form, for example. Such additional services could be in the field of wine tourism – visiting wineries and wine tastings, wellness and spa tourism – healing procedures and therapies, culinary tourism – tasting menus and others. Additionally, attractive outdoor activities can be offered, such as fishing, picnics, barbecues, off-road experiences, hiking in the visited area and more.
- Following the example presented by the Abax travel agency, it could be given a recommendation for seeking innovation in the offered tourism product, aimed at meeting the current needs of tourists. Under the current unusual conditions, it is necessary to apply unusual development and management models, such as offering products related to new eligible destinations; services accompanying the main tourist ones and others.

The stated prescriptions do not exhaust the means for application of successful management models and opportunities for overcoming the unique challenge, which the tourism branch is currently facing. The proposed prescriptions identify specific current problems and set guidelines for the implementation of a new type of policy for the management of tourism products in Bulgaria, in order to sustainably restore the previous high rates of travelling.

The presented tourism indicators outline levels of crisis parameters concerning tourism tours worldwide and in the country. Negative trends indicate the need to restructure the activities of tourism enterprises in order to maintain competitive market positions. In response to the economic crisis, in terms of tourism travel and revenue, tourism managers need to work towards creating a sustainable policy that meets the need for effective governance, as well as an innovative product policy.

Acknowledgment

This paper is an output of the science project “Development of tourist regions in Bulgaria by modeling innovative approaches in specialized types of tourism”, UNWE, Sofia, Bulgaria.

References

- Albu, C. (2015). Tourism: innovation and competitiveness. The case of Egypt, *Revista de Turism: Studii si Cercetari in Turism*, 210-217
- Georgieva, R., (2021). *Innovations in business tourism*, UNWE
- Ianeva, M., Georgieva, R. (2020). Reviewing the conditions for business tourism in Bulgaria. *Journal of Innovative Business and Management* 12(1):35-40
- Kock, F., Ringberg, T. (2019). Embodied cognition effects on tourist behavior. *Annals of Tourism Research*, 78
- Madzharov, A. (2020). Innovative use of sensory marketing in hospitality and tourism, Tourism – beyond expectations, *Jubilee International Scientific Conference*, UNWE, Sofia, Bulgaria
- WTO (2020). *World Tourism Barometer*. [Online]. Available: <https://www.e-unwto.org/doi/epdf/10.18111/wtobarometereng.2020.18.1.5>
- Bulgaria National Board of Tourism (2020). *Paper of the Advisory Council on Tourism at Sofia Municipality*. [Online] Available: https://tourismboard.bg/wp-content/uploads/2021/05/CCT_13_05_21.pdf
- Olywer Wyman (2020). *To recovery and beyond. The future of travel & tourism in the wake of Covid-19*. [Online]. Available: <https://www.oliverwyman.com/our-expertise/insights/2020/sep/to-recovery-and-beyond.html>