

Analyzing the potential for developing luxury tourism in Bulgaria

Bachelor Thesis for Obtaining the Degree

Bachelor of Business Administration in

Tourism and Hospitality Management

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Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

22.06.2017

Date

Abstract

Nowadays luxury tourism has become one of the most influential market segments. Luxury tourism is increasing its market share rapidly, accounting 44% of the overall luxury travel market. (Iqbal, 2016) As a result, the aim of this Bachelor thesis is to investigate the possibilities of Bulgaria to become the foremost choice for luxury tourism. In order to analyze the country's strengths, weaknesses, opportunities, and threats, SWOT analysis based on various types of secondary data is conducted. Moreover, the study identifies the current market situation in Bulgaria, taking luxury hotels and resorts, the economic situation, the infrastructure, the transportation, the culinary scene into account. In addition, the Bachelor thesis investigates the market potential of Bulgaria for the future, as well as the current market situation in the country.

In order to fully understand this niche segment, an explanation of luxury tourism, luxury tourists, the intentions behind their decisions and the current luxury tourism trends have been provided. Furthermore, in pursuance of understanding what influences luxury consumers behavior, a look into Maslow's hierarchy of needs has been done.

Overall, after conducting the SWOT analysis and investigating the market situation of Bulgaria, the thesis demonstrates that the country has a relatively high chance to become a preferred luxury destination. Moreover, the strategic implications show that by combining different strengths or weaknesses with opportunities may lead to increasing the advantages of the country and decreasing the disadvantages. However, in order to achieve its goal, Bulgaria is recommended to develop a coherent marketing strategy, with a focus on its online and social media presence and to promote its unique selling points, such as the nature and the alternative types of tourism.

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Chapter 1: Introduction

1.1 Background information

It is an undeniable fact that tourism is one of the fastest growing industries nowadays. The development and growth of the tourism sector lead to many economic and employment opportunities (UNWTO, 2016) One of the niche segments of this industry generating considerable interest is the luxury tourism. Luxury tourism is expanding exponentially with 4.5 Compound Annual Growth Rate from 2011-2015 according to Tourism Economics data measuring outbound flights. (Amadeus, 2016) Moreover, the rate of the luxury outbound trips in the next 10 years is forecasted to increase with 6.2, almost third times more than the overall travel (4.8). (Amadeus, 2016) Consequently, luxury travel is becoming a crucial segment in the tourism industry and destinations should focus on different strategies to attract the high-class clientele. In order to tackle the unique characteristics of this segment, different procedures on regional and national level have to be taken into consideration. (Goranczewski, 2010)

The literature highlights the leading types of luxury tourists based on their age, such as the New Millennial Luxurians, the Thirty Five Up Luxurians, the Baby Boomer Luxurians and the Generation Jones Luxurians. (Novogrod, 2011) Moreover, another three types of traveler tribes have been identified by Amadeus (2016) that classifies them not only by age but by travel behavior. The following are: Reward Hunters, Simplicity Searches and Obligation Meeters. In addition, the paper indicates that characteristics such as cultural, personal, social and psychological, influence consumers' buying behavior and a detailed explanation of their subcategories is provided. (Kotler, 2013) These trends demonstrate that is important for the tourism industry to realize that the luxury consumers' behavior has changed throughout the years and continues to change. For instance, tendencies such as loyalty and personalized experience, digital technologies, travel partnerships, social media and travel themes are the ones that the 5- star clientele is seeking for. (International luxury travel market, 2012) Moreover, it can be seen that there is an increasing interest in less known countries, where individuals can focus on self-actualization, healthy lifestyle and wellness. (International Luxury Travel Market, 2010)

Each of the above mentioned theoretical positions make an important contribution to the understanding of the current tourism market. Taking into consideration the new trends and the changing behavior of the luxury tourists, one country that has the potential to serve as a luxury tourism destination is Bulgaria. Bulgaria offers a combination of diverse nature, many natural resources, different possibilities for alternative tourism and rich cultural and historical heritage. With its favorable nature and climate for sea and ski tourism and the price- quality ratio, Bulgaria has a high possibility to gain a competitive advantage and become one of the preferred luxury destinations. However, the country is facing some obstacles due to lack of a clear marketing strategy and poor social media presence. Because of this, different combinations of strategic implications and recommendations are provided in the next sections.

1.2 Research question:

Taking these important factors into consideration, this thesis has the main goal of *analyzing the potential of Bulgaria to become a luxury destination*. In order to feed this assumption, a detailed SWOT analysis of the country and strategic implications are provided. Initially, in the pursuance of a better understanding of the country's potential, different aspects such as accommodation, transportation, culinary scene and shopping are presented. Similarly, the paper analyzes the current market of the country such as the economic situation, the different types of tourism offered, the luxury hotels and resorts and the tourism based market.

Referring to the SWOT analysis, it has been based on secondary data collected from various resources. In order to evaluate the competitive advantage of Bulgaria, the strengths, weaknesses, opportunities and threats have been taken into account. Another key point is the strategic implications, where different examples of combinations between strengths and opportunities, weaknesses and opportunities, strengths and threats and weaknesses and threats are given. Lastly, the thesis provides recommendations that can support Bulgaria in achieving its goals in terms of attracting more luxury tourists.

Chapter 2: Literature review

The literature review will have a look into different definitions of luxury tourism, in order to find the common understanding of the word "luxury". Furthermore, it will outline the various types of luxury tourists and the factors that influence their purchase behavior. Lastly, it will list the emerging luxury tourism trends shaping the future of this industry.

2.1 Luxury tourism definition

In order to have a better understanding of the term luxury, in the following section different definitions will be considered.

To begin with, although the term luxury has no precise definition, the origin of the word comes from "luxus" which means "excess" and it dates back from the 17th century. (World Tourism Forum, no date) Referring to the Cambridge dictionary, luxury is associated with "a great comfort provided by expensive and beautiful possessions, surroundings or food", whereas the Merriam-Webster Dictionary explains luxury as a "condition of abundance or great ease and comfort" or "an indulgence in something that provides pleasure, satisfaction, or ease".

In addition, an alternative source - American Heritage Dictionary (no date), the term luxury stands for "something that is not essential but provides pleasure and comfort" or "something that is desirable but expensive or hard to obtain or do".

From the above mentioned explanations, it can be concluded that luxury often stands for extravagance, delivering premium quality products and services, comfort, uniqueness, and exclusiveness. Moreover, it is related to good social status and it serves as a social distinction. (Keller, 2009) cited in (Bauer, 2011)

Kapferer (2012) shows that there are four factors according to the high-class customers, that differentiate a product or service in order to be perceived as luxury. First of all, authenticity of the experience or in other words, having a high-quality product or service that it is one of its kind. This is followed by creative niche luxury, which stands for experiencing something extraordinary, which exceeds one's needs and wants. Thirdly, the safe values and prestige are considered important factors,

due to the fact that they represent reputation and imperishability. Lastly, is the outstanding badges factor which is triggered by the motivation to show social status and success.

In addition, the luxury clientele also points aspects such as magic, tradition and know-how, feeling of exceptionality, international reputation, long history and the feeling of belonging to a minority. (Kapferer, 2012). The term hedonism that has been mentioned by some researches such as Bauer (2011) is explained by the Merriam- Webster dictionary (no date) as "the devotion to pleasure as a way of life, and extended-self" Furthermore, luxury is perceived as psychologically distant and hardly reachable in contrast to the necessity goods. (Roman Egger, 2015) The next sections will explain the distinction of the luxury tourist and its various types.

2.2 Luxury tourists definition and types of luxury tourists

It is undeniable fact that the changing age structure of the world population plays a crucial part of every aspect in people's lives.

Consequently, the luxury tourism has been influenced as well. A significant difference between what were the travelers seeking in the past, and what are their expectations nowadays can be observed. For instance, nowadays luxury travelers are looking for loyalty, memorable and personalized experiences. (International luxury travel market, 2012) Moreover, they are more tentative when it comes to their travel decisions and they spend their money more rationally. (Novogrod, 2011) Nevertheless, these customers tend to be loyal and willing to stick to a brand if it has delivered what it had been promised. (International Luxury Travel Market, 2010)

It is an interesting fact that in contrast to previous years, the complimentary champagne and the room upgrade are benefits that would not make the luxury tourists loyal to a specific brand any more. (International luxury travel market, 2012) Instead, the new luxurians are looking for genuine care, personalized experience and integration with the place they decided to travel to. (Novogrod, 2011) In other words, the key success factor is making their experience unforgettable by personal touch and exceeding their expectations.

Referring to Nancy Novogrod (2011), the luxury tourists are divided into 4 types based on their age and generation: *the New MillennialLuxurians, the Thirty-five up luxurians, Generation Jones Luxurians and the Baby Boomer Luxurians.*

2.2.1 New MillennialLuxurians

The Millennials are also called the Generation Y or the echo boomers. They are born between 1977 and 2000 and are children and grandchildren of the baby boomers. The most important factor that Millennials have in common is the comfort of using digital technology. (Kotler, 2013) Therefore, digital technology plays a crucial role in the engagement of this generation. They have grown up surrounded by computers, mobile phones, TV, etc. Because of that, they prefer online communication through emails, and booking and buying online. It is said that Millennials will spend more than Baby Boomers by 2017 (Novogrod, 2011) and due to this, marketers are now targeting this generation. Moreover, this segment is looking for different and fresh experiences and engaging in two- way brand conversations. Consequently, engaging this generation requires creativity and imagination. In addition, Millennials luxurians are considered to be loyal customers. (Novogrod, 2011)

2.2.2. The ThirtyfiveUpLuxurians

The ThirtyfiveUpLuxurians are popular for cherishing the experience, not the possession. In addition they are associated with sustainability, simplicity and craftsmanship (Novogrod, 2011). Despite the fact that they seek success, they tend to be less materialistic. Moreover, these individuals are corporate social responsible, meaning that their experience should improve both the consumer's and the society's well- being. (Kotler, 2013)

2.2.3. Baby Boomer Luxurians

The Baby Boomer Luxurians were born between 1946 and 1964. This generation has been one of the most influential force shaping the market. Although the fact that they have gone through economic downturn and recession, Baby Boomers spend more than 2 trillion dollars each year according to research company (Novogrod, 2011). An interesting fact is that maturing baby boomers are focusing on the meaning of their relationships, the value of their work and their responsibilities.

(International Luxury Travel Market, 2010) According to research company Mintel, this generation is strongly interested in luxury healthcare, wellbeing, detox, weight-loss and healthy lifestyle. Moreover, Baby boomer Luxurians prefer "slowtopia" travel. "Slowtopia" travel originates from the phase "slowly travel". (Amadeus, 2016) In other words, Baby Boomer Luxurians are not in a hurry, they do not have any deadlines and they are enjoying the glamorous long journey, not seeking to reach the final destination. In addition, similarly to the ThirtyFiveUpLuxurians the Baby Boomers are focusing more on the experience, rather than on the material goods. (International Luxury Travel Market, 2010) Pam Danzinger, founder of luxury marketing company Unity Marketing, says that looking at having 30 years left, this generation is seeking not to buy expensive material possession, but experiences.

Furthermore, it is undeniable fact that the way Baby Boomer Luxurians spend their money has changed. At this point of their life they are interested in meaningful, memory- making family travels. (International Luxury Travel Market, 2010) In contrast, the young baby boomers are confident with technology and they use the Internet as their prime source.

As a result of the above mentioned facts, the travel industry is focusing on this rich and healthy generation. In conclusion, the Baby Boomer Luxurians are world travelers and they are seeking for inspiration, life-changing and interactive experiences. (International Luxury Travel Market, 2010)

2.2.4. The Generation Jones Luxurians

The Generation Jones Luxurians were born between 1955 and 1965. They are considered to be the second part of the Baby Boomers Generation. (Novogrod, 2011) The name "Jones" comes from the famous idiom "Keeping up with the Joneses" which stays for the need to always want and have the same possessions as your friends and neighbors and to do the same things as them because you are worried not to look less socially important than they are. (Cambridge dictionary, no date). The Jones generation shares the same traits and beliefs as the Baby Boomers, whereas the difference is that circumstances such as the mass unemployment, de-industrialization and the rising inflation made them more pragmatic and rational. As a result of not having the same privileges as the older Baby Boomers, "the keeping

up with the Joneses" attitude can be observed, according to (Danna, 2015- a Jones generation representative)

In addition, Alastair Poulain, co-founder of Original Travel cited in (Novogrod, 2011) claims that The Generation Jones Luxurians are looking for experiences that would help them escape from their daily routines and forget about their problems. Furthermore, a move from relaxation to adventure luxury has been observed. Referring to the New York-based market specialist the Luxury Institute, this generation has focused their expenditure on needs, rather than wants.

Another source, Amadeus (2016), classifies the luxury travelers into three different categories. The experts believe that the focus should be not on age as above taken into consideration, gender or nationality, but on travel behavior. As a result, three types of traveler tribes can be identified based on their purchase decisions.

1. Reward Hunters

Reward Hunters are individuals looking for "reward" for their hard work, success and achievements. This type of travelers want to stimulate their senses, enrich their experiences and receive not only physical but also mental satisfaction from their travel. Concerning their buying behavior, they are ready to spend as much money as needed in order to escape from the everyday life. (Amadeus, 2016) On the other hand, due to the fact that Reward Hunters have busy business life, they are looking for easy and time-saving planning for their trip. For instance, this tribe would definitely rely on a concierge help, since they do not have time to plan and organize by themselves. (Les Roches, Marbella, no date)

2. Simplicity Searches

Simplicity searches are the travelers that would use outsourcing services. For example, they would hire a travel agency that would be responsible for planning their trip, rather than planning it on their own. They are individuals looking for simple and transparent way of travelling. (Amadeus, 2016)

3. Obligation Meeters

Obligation Meeters are the individuals whose trip is influenced by an obligation or duty. For instance, business travelers are part of this tribe because they choose the destination, the time and the place of their trip based on their work obligations. Even though, they experience different extra activities while being at particular place, everything during their stay is influenced by the main reason for coming. Nevertheless, Obligation Meeters could not only be influenced by business purposes but also by family events such as weddings, festivals, religious and cultural factors. etc. (Amadeus, 2016).

To conclude, the above mentioned facts show that different strategies should be implemented in order to satisfy the needs and wants of the luxury customers nowadays. A common pattern of shifting from materialistic to experiential can be observed. As a result, in order to fully understand this change, the factors influencing luxury tourist behavior will be considered in the next section.

2.3 Factors influencing luxury tourist behavior

To begin with, there are many different factors that influence customers behavior. Some of the main characteristics are cultural, personal, social and psychological, whereas the buying behavior of the luxury clientele has been strongly determined by two of them- the personal and psychological aspects. (Kotler, 2013) A detailed explanation of their subcategories will be provided below.

Age and life cycle

Important to realize is that influenced by their age and life-cycle stage people change their taste in clothes, leisure activities, food, etc. Moreover, buying decisions might be determined by milestones such as graduation, marriage, having children, personal income, divorce, etc. (Kotler, 2013)

Lifestyle and social class

Another important factor is the lifestyle. Lifestyle represents not only an individual's personality and social class but also the way a person interacts with the surrounding environment. Following that, social class is based on different aspects such as income, occupation, education, wealth, and individuals are likely to act in the same

manner as the other representatives of their social class. As a matter of fact, it is said that luxury customers tend to buy the products that reflect their lifestyle and values. (Kotler, 2013) Furthermore, it is believed that consumers present their individuality and social status through luxury goods. (Wiedmann et al. 2009) cited in (Bauer, 2011)

Personality and self- concept

Another key point that influences luxury customers buying behavior is their personality and self-concept. Personality is "the complex of characteristics that distinguishes an individual" and "a set of distinctive traits and characteristics", according to the Merriam- Webster dictionary (no date). In the same manner, it is said that brands also have personalities and individuals prefer those ones that match their own. Referring to the self- concept, it can be observed that luxury customers buying purchases represent their self-perception and image. In other words, as can be seen, people have a perception of themselves and they are interested in the products and services that match this self-image. (Kotler, 2013)

Psychological factors

Equally important are the psychological factors such as motivation, perception, learning, beliefs, and attitudes. First of all, a motive is the need of a person to seek satisfaction. (Kotler, 2013) There are two theories that explain what motivates individuals to have a certain buying behavior. The first theory is presented by Sigmund Freud and it stands for the fact that people's behavior has been shaped by different hidden psychological stimuli. (Kotler, 2013) For example, choosing a particular product could be derived from past memories, love, affection or future imagination of having the luxury product. (Bauer, 2011)

Another possible explanation of what influences luxury customers behavior is given by Maslow's hierarchy of needs in the next section.

Maslow's hierarchy of needs



Figure 1 The hierarchy of luxury travel needs (Amadeus, 2016)

Maslow's hierarchy of needs, (see Figure 1), is a motivational theory explaining why individuals are driven by particular needs. It consists of five stages starting from Psychological needs at the bottom, following by Safety needs, Social needs, Esteem needs and ending with Self-actualization needs at the top. Once an important need has been fulfilled, the person will be ready to proceed with the satisfaction of the next one. (Kotler, 2013) For example, a starving person would never be interested in luxury tourism or contemporary art. The same theory could be applied to luxury tourism whereas the bottom will be the self-actualization needs.

The more travelers are exposed to luxury, the higher their expectations in the pyramid would be. For instance, the basic need that travelers have nowadays is having somebody who would be their trustworthy travel guardian helping them with any advice, information and support. This could be a travel agency, a travel planner, website, etc. The next stage is divided into two equally important sections- Service level and Product Quality Standards. Luxury customers are not only expecting exceptional product quality but also extraordinary service level. Similarly, the Indulgent and Authentic experience are of equal importance as well. For example, these days luxury tourists expect not only a complimentary bottle of expensive champagne and an upgrade of the room, but they also seek a personalized and authentic service that will exceed their expectations. The next step would be the

exclusive, the unique product or experience. By purchasing luxury products individuals pursue the feeling of being special, exclusive and extraordinary and they know that only a niche industry as luxury tourism can provide that. (Amadeus, 2016)

Moreover, the luxury travel is subjective. In other words, different travelers have different perceptions of luxury. For one it could be a 2 Star Michelin restaurant, whereas for the other could be a private jet. Due to this, the main key driving factor of the future luxury tourism is creating something that goes beyond the traveler's norms and expectations. The last stage of the hierarchy is the VIP privacy and security. According to Amadeus, the exclusive VIP service will be the differentiating factor between the New Luxury and the Old Luxury. (Amadeus, 2016)

Perception

By the same token, it is considered that luxury value depends on luxury customers' personal perceptions. (Wiedmann et al, 2009) cited in (Bauer, 2011) Perception is the way people select, understand and process the information about the surrounding environment. (Kotler, 2013) According to Bauer (2011), the high-class consumers identify themselves with the luxury products that they perceive as high quality, high priced, durable, excessive, trustable and exquisite. Moreover, according to Vickers (2003) cited in (Bauer, 2011), luxury consumers choose the products that symbolizes their personal and social traits. On the other hand, it is an interesting fact that luxury is perceived as psychologically distant and hardly reachable, in contrast to the necessity goods. It is also viewed as something forbidden or coming from another world. (Roman Egger, 2015) Because of that, by choosing luxury brands individuals feel special, extraordinary and prestigious. In addition, it gives them the feeling of escaping the everyday routine. The difference between the necessity products and the luxury ones could be found not only in the product itself such as in the package, price or in the communication but also in the experience associated with it. (Bauer, 2011)

Learning

Learning has a look into the changes of people's behavior influenced by experiences. Learning process appears through drives, stimuli, cues, responses, and

reinforcement. (Kotler, 2013) For instance, it is said that luxury brands deliver transformative experiences and give individuals the feeling of transforming them into their ideal self. (Hemetsberger et al, 2010) cited in (Bauer, 2011) Consequently, individuals drive for the ideal self image may motivate them to buy a certain product or choose a particular brand. Moreover, it can be observed that these transformative experiences contribute to self esteem and self- actualization. (Bauer, 2011)

Relationship with the brand

Loyalty to a specific brand plays a crucial role in determining customer's decisions. A good illustration is the Ritz- Carlton loyalty program. If a person is loyal to Ritz- Carlton, this individual will only stay in the Ritz-Carlton properties no matter where in the world is he or she traveling. Loyalty is based on individual's satisfaction from a brand or product performance. (Bauer, 2011) The key factor that differentiates a product or brand from the others is the personalized and exclusive service and building an intimate relationship with it. Bauer (2011) states that individuals' favorite brands transformed ordinary situations into special moments.

Roles and Status

An individuals' role in different groups such as family, organizations, friends, clubs can be defined by their status. It is said that people choose the products and brands they buy according to their roles in specific groups, and their status. (Kotler, 2013). In contrast to this statement, Bauer (2011) presents another point of view. She reveals that choosing luxury products is not always influenced by the motivation for status and public exposure and even though luxury customers prefer keeping their luxury possessions or experiences in privacy. This is because, the high- class clientele perceives the luxury products and services as something private, personal and intimate. On the other hand, this fact could be also observed as a matter of nationality. For instance, South Korean nations have prejudices of showing their luxury possessions in order not to offend anybody from the lower class. Different from South Koreans, European are likely to hide their luxury possessions due to fear of loss and separation. (Bauer, 2011)

2.4 Luxury tourism travel trends

After presenting the facts influencing tourists behavior, the next chapter will describe in details the emerging luxury tourism trends. We are living in a developing world and it is undeniable fact that luxury tourism has changed throughout the years. Five important trends are identified, such as *Loyalty and personalized experiences, Digital trends, Travel partnerships, Social media and Travel themes.*

2.4.1 Loyalty and personalized experiences

Today's hospitality leaders (International Luxury Travel Market, 2010), believe that combining a great property with customers loyalty and customized experiences is the success factor of the future of luxury tourism. Correspondingly, Oiliver (1999) cited in (Prayag and Ryan, 2012) explains loyalty as "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior" To put it differently, customer satisfaction creates an emotional relationship with the brand and this is one of the prime reasons for customers to come back. (Kotler, 2013). Undoubtedly, one successful way to retain them are the loyalty programs offered by different brands. For example, Marriott has a program called Marriott Rewards Members and it recognizes its loyal and frequent guests. It starts from the Basic level, followed by Silver, Gold and the highest possible is the Platinum level. This program gives different benefits to its members that they can enjoy in the Marriott properties all over the world. (Marriott, no date) Moreover, Chris Gabaldon, the Chief Sales and Marketing Officer at Ritz- Carlton Hotels says, that the fact that the customers have been recognized as loyal members really matters to them. (International luxury travel market, 2012)

Furthermore, the leaders point out that engaging with the guests and trying to understand what are their unexpressed wishes would definitely increase their satisfaction and loyalty. (International Luxury Travel Market, 2010) Not only this but also the approach of delivering "WOW Stories" is recently becoming popular. (International Luxury Travel Market, 2010) Companies such as Ritz-Carlton use this method in order to engage their guests. For example, a "WOW story" could be

preparing a personalized list with pictures and recommendations of all of the places in Barcelona that offer Sunday brunch, because the guest mentioned upon check-in that he would like to explore different types of food and brunches. As a result, the "WOW" effect is observed when the guest has been astonished and delighted by the personalized surprise. Furthermore, these guests tend to stay longer and spend more on site, according to Ritz-Carlton's Gabaldon (Amadeus, 2016). In this way, the small gesture made the guest fully engaged and loyal not only to the hotel but also to the brand. Nowadays, it is said that the small, special touch would be more appreciated than the expensive bottle of champagne sent to the room. (International luxury travel market, 2012) To put it in another way, the luxury clientele is able to pay for anything they want, because of that, they are looking for something money cannot buy and this should be hoteliers main goal.

To illustrate this, Figure 2, taken from the Amadeus report for Shaping the future of travel (2016) shows, that there is an increase in spending on luxury goods and services in comparison to 2005 and the trend is expected to continue rising. However, it can be observed that the high-class clientele is spending more on enrichment goods such as experiences rather than on material goods. To put it differently, according to National Geographic, "Luxurians no longer want souvenirs. The elite traveler now thirsts for access over acquisition, and experiences over owning *stuff*" (7 Luxury Travel Trends for 2017 , 2017)

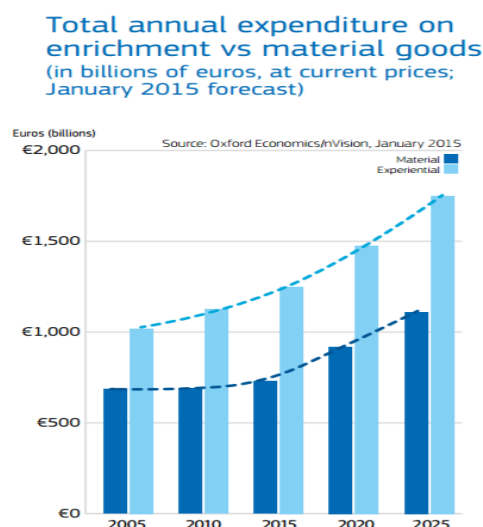


Figure 2. Total annual expenditure on enrichment vs. material goods (Amadeus, 2016)

Additionally, it is said that the brands that try to build a personal connection with their guests will be more successful in the future than the ones focusing mainly on quality. (Amadeus, 2016)

In fact, the successful travel agency Virtuoso, points out that luxury tourists are now interested in exploring less known places such as Cuba, Iceland and Croatia. Furthermore, they would like to merge with the local traditions, customs and nature. (Virtuoso, 2017) Another emerging tendency is returning the luxury to its roots—customized, sentimental, and precious according to 7 Luxury Travel Trends for 2017 (2017). Notably, as we live in a rapidly developing environment, individuals have an urge for escaping their busy lifestyles and go to a place where everything has been already taken care of. John Bevan, COO, Spafinder Wellness (Amadeus, 2016).

With this in mind, Figure 3 represents findings about the top travel trends, emerging destinations and top travel motivations according to Virtuoso Luxury report (2017). It can be seen from Figure 3 that multigenerational travel and active or adventure trips are outstanding and people are into exploring new destinations and seeking new experiences.

Top Travel Trends

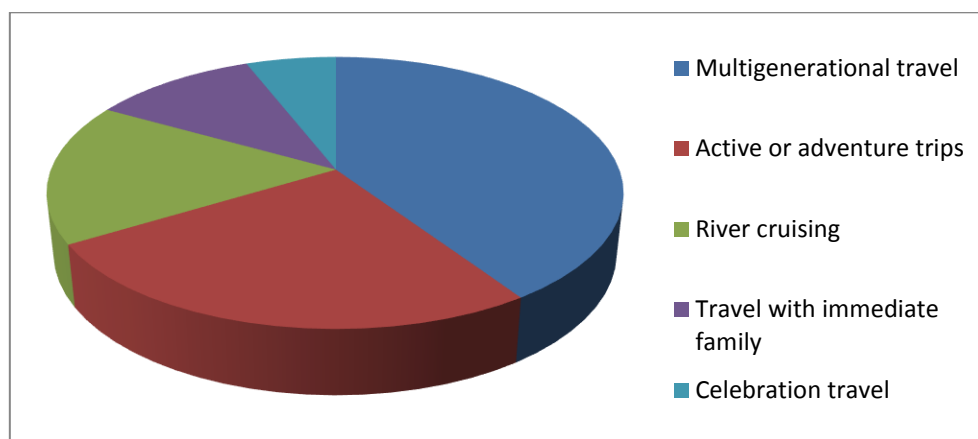


Figure 3. Top travel trends (Virtuoso luxury report, 2017)

Interestingly, Figure 4 shows that Cuba is top destination of interested followed by Iceland and Croatia.

Top Emerging Destinations

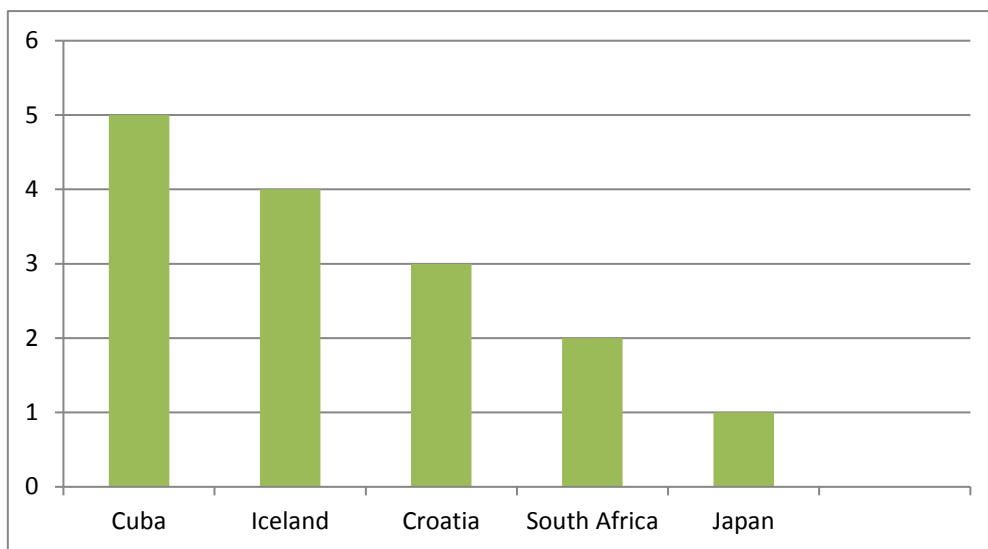


Figure 4. Top emerging destinations (Virtuoso luxury report, 2017)

Another important factors are the top travel motivations that can be seen in Figure 5. Exploring new destinations and seeking authentic experiences seem to trigger tourists travel decisions the most.



Figure 5. Top travel motivations (Virtuoso luxury report, 2017)

2.4.2 Digital technologies

Nowadays it is fact that digital technologies play an inseparable part of people's lives. There has always been a debate about their advantages and disadvantages, but the industry leaders believe that technologies have changed the face of the luxury industry in a positive way. (International luxury travel market, 2012) For instance, different apps such as Tripscope, Axus and Umapped help travel agencies to be in a constant relationship with Destination Managers. (Amadeus, 2016) In this way, they can be updated with the latest information about their guest flights, transfers, etc. Most compelling evidence is, if the guest had a delayed flight, the first thing he would like to do is to go to his room and rest. In this way, the travel agent can be in a relationship with the hotel and to assure that the room will be ready whenever the guest arrives. (Amadeus, 2016) This is also part of another emerging trend - travel partnerships that will be considered later. As a result, even though the guest had a bad experience with the flight, this could be compensated by the prepared room and the fast transfer. Consequently, due to digital technologies, the problem can be transferred into an opportunity to make the guest fully engaged.

With attention to this fact, Figure 6 depicts the main benefits of digital technologies according to hoteliers. It can be seen that 44% of them say that digital technologies enabled them to retain existing customers, followed by 33% who see an increased customer value. Lastly, 23% of them see digital technologies as an opportunity to attract new customers. (International luxury travel market, 2012)

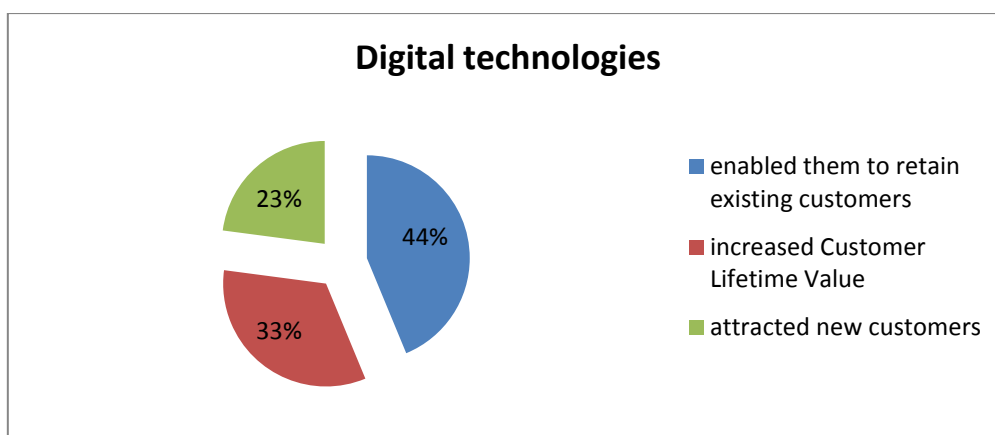


Figure 6. Digital technologies and their impact (International luxury travel market, 2012)

2.4.3 Travel partnerships - “Not one of us is smarter than all of us” Kenneth Blanchard (2016)

The main goal of the travel partnerships is to take care of the complete travel cycle, meaning the guest leaving his house to the moment he goes back- making a complete travel cycle. (Amadeus, 2016) The result of this would be in an improved, holistic experience. As mentioned above, even though there is a disruption caused by one of the parties included in the travel cycle, through collaborating, it could be compensated by another one. Moreover, partnerships between different players in the industry such as hospitality and non-hospitality brands, sector synergies, cultural collaborations, neighbors partnerships are becoming popular. (International luxury travel market, 2012) For instance, hospitality and non- hospitality brand collaboration is a partnership between Mercedes- Benz and Ritz-Carlton. The Ritz-Carlton properties mainly work with Mercedes-Benz because this car brand shares the same value as Ritz-Carlton- it stands for quality, prestige and luxury. The Ritz-Carlton Gabaldon says that in order to work successfully together, the two parties should have the same goals regarding the growth of the business the opportunities and the experiences they offer. (Amadeus, 2016). Another illustration of a collaboration would be having an Apple equipment and free WIFI in the Mercedes-Benz car that is used for transfer between the airport and the hotel. This is an example of a partnership between three parties- The Ritz- Carlton, Mercedes- Benz and Apple.

In the same fashion, it is said that cultural partnerships such as hotels working with local designers, artists, etc would shape the future of tourism. (International luxury travel market, 2012) For instance, Ritz- Carlton Barcelona works with local musicians who perform live every Saturday night. In this way, guests have the opportunity to experience the spirit of the local culture.

In conclusion, all of the above mentioned collaborations share the same goal- to accomplish an end-to-end luxury journey travel cycle, see Figure 7 for visual supporter. (Amadeus,2016)

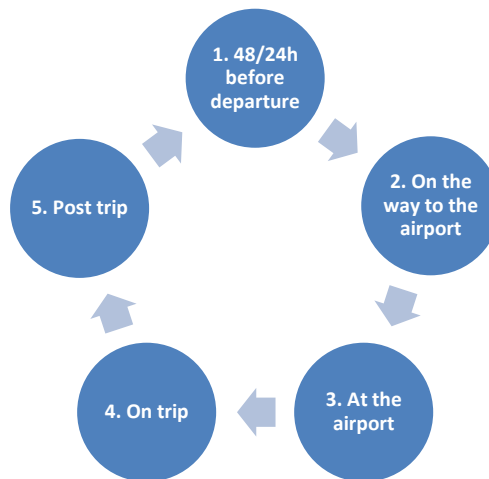


Figure 7. The trip cycle (Amadeus, 2016)

2.4.4 Social media

Social media is increasingly become a vital factor in individual's lives. Undoubtedly, hospitality brands should have a strong presence on social media in order to attract new customers and retain the ones they have. International luxury travel market (2012) points out that 55% of the hoteliers say that due to social media they have increased their business and 46% share that they received positive feedback from their luxury clients. Moreover, 82% of the International luxury travel market exhibitors rely on social media to interact and build relationships with their luxury guests. The international travel market lists different social media strategies such as *the Geek chic, Open- source brands, Check mates, Luxe- locators, friendly fliers, Facebookers and scrapbooking* which are presented in Table 1. (International luxury travel market, 2012)

Media Strategies	Explanation
Geek chick	Technology enthusiast that would enjoy the benefits of the latest technologies
Open-source brands	Brand transparency showing not only the positive but also the negative feedback of their guests
Check mates	Virtual check-ins through Facebook, Twitter, Foursquare
Luxe- locators	The luxury clientele starts receiving

	amenities and useful information 48h prior to their arrival
Friendly fliers	Passengers have the opportunity to choose between social or non social flight mood. In other words, whether the person sitting next to them in the airplane shares the same interests or no
Facebookers	Engaging with the guests through Facebook. For example, creating online games, sending amenities, and enhancing service
Scrapbooking	Travel recommendations through pictures

Table 1. Social media strategies (International luxury travel market, 2012)

4.2.5 Travel themes

Another emerging trend is the travel theme journeys. Recently, it can be seen that luxury tourists are focusing on interaction with the local community, escaping from their busy lifestyles, learning, and self-actualizing. There are different types of travel themes: Urban escapers, Child-centric, Convivial spaces, Hyper- local, Epic adventures (International luxury travel market, 2012), see Table 2.

Travel Theme	Explanation
Urban escapers	Reliving childhood memories
Child-centric	Kids program that includes special activities such as transforming them into princes and princesses
Convivial spaces	Shared communal hotels
Hyper- local	Merging with the locals
Epic adventures	Adrenaline seeking

Table 2. Types of travel themes (International luxury travel market, 2012)

Overall, the International Luxury Travel Market Leaders (2010) summarize the key aspects in order to fully engage a customer. First of all, hoteliers should escape from the mass tourism and the general perception of luxury. To put it differently, whatever is perceived as luxury and breathtaking for one guest, might be exactly the opposite for another. Consequently, the tourism industry should try to understand

what are the unexpressed motives and needs of the particular guest and deliver a customized and unforgettable experience. In addition, it would be a crucial aspect if different industries collaborate. This would undeniably influence the overall satisfaction of the customer.

In conclusion, taking all of these important factors into account, this study aims to investigate the potential of Bulgaria to become a luxury destination. In order to do that, the next chapter gives a detailed explanation of the current market situation in the country and analyzes its future possibilities for development. SWOT analysis and Strategic implications are taken into consideration.

Chapter 3: Case study of Bulgaria

3.1 Bulgaria as a tourist destination

Bulgaria with a capital Sofia is over 110,994 square kilometers and it is located in Southeast Europe, in the northeast part of the Balkan Peninsula. It borders to the east with the Black Sea, to the north with Romania, to the south with Turkey and Greece and to the west with Macedonia and Serbia. The official language is Bulgarian and the population is 7,101,859. Bulgaria is a transport crossroad point of Europe, Asia and Africa which makes it a potential destination for luxury tourism. Moreover, Bulgaria has a favorable nature offering winter and summer activities, rich cultural and historical heritage and various natural resources. (Official Tourism Portal of Bulgaria, no date)

In terms of tourism, Bulgaria's highest income is generated from the tourism industry which generates most of its revenue during the summer and winter season. Due to this, comparison between two years- 2015 and 2016 has been presented in order to see the country's performance.

As shown in Figure 8, the industry suffered an increase of 18.3% of foreign tourists between June 2016 to September 2016 in comparison to the same period in 2015. In the period between June 2016 to September 2016 Bulgaria has been visited from 5 012 932 foreign tourists. There is an increase of 18,3% of the visitors whose main purpose of traveling is leisure and 32,3 % a rise in the business travelers. One of the

main foreign visitors in Bulgaria come from Germany, Romania, Greece and Russia. (Bulgarian Tourism Government, 2017)

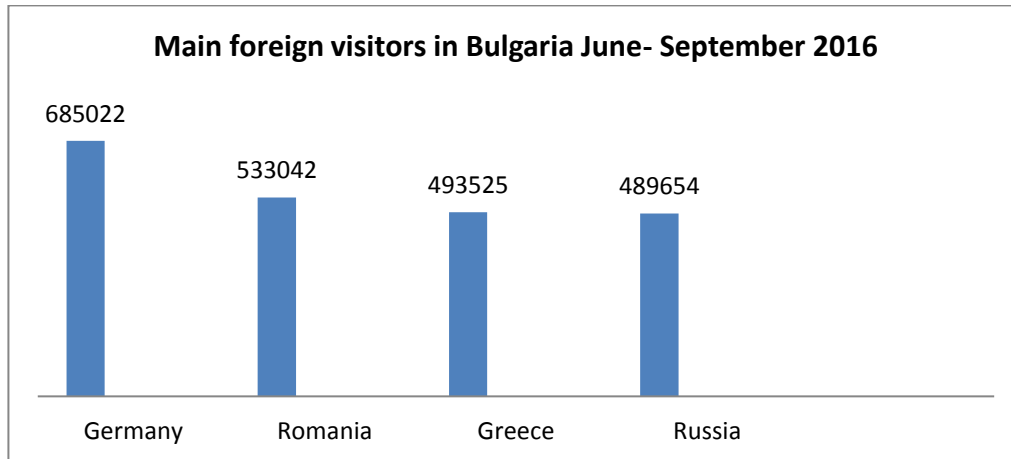


Figure 8. Main foreign visitors in Bulgaria June- September 2016 (Bulgarian Tourism Government, 2017)

Similarly, looking at Figure 9, during the winter season Bulgaria has been visited by 1 233 888 foreign citizens and this led to an increase of 4.5% compared to the visitors in December 2014- March 2015. There is a rise of 18.7% in the leisure trips but in contrast, a slight decline (-3.6%) in the business tourists. (Bulgarian Tourism Government, 2016) The main visitors of Bulgaria in the winter season are Greece, Macedonia, Turkey and Romania.

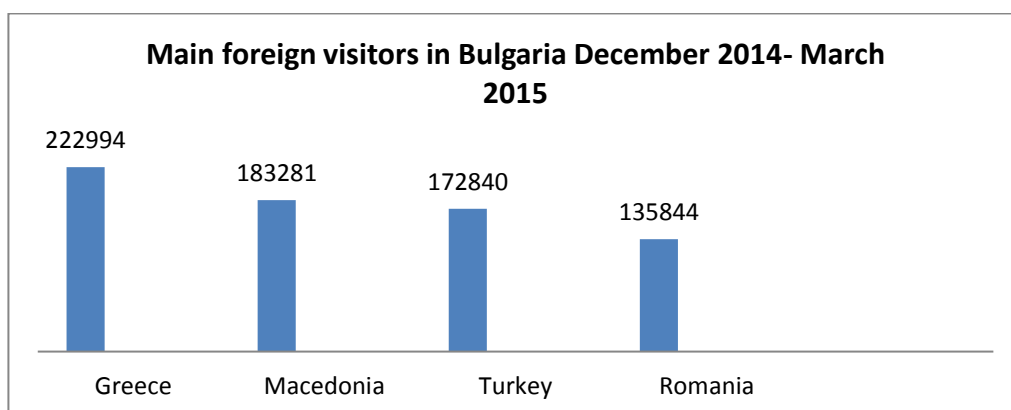


Figure 9. Main foreign visitors in Bulgaria December 2014- March 2015 (Bulgarian Tourism Government, 2016)

In addition, Figure 10 below shows that the visits with main purpose of leisure have grown with 15,3% summing it in total 583 003 which is more than half (54,0%) of the

total visits. Similarly, the visits of business as a main reason, have risen with 26,3%, making in total 254 556.

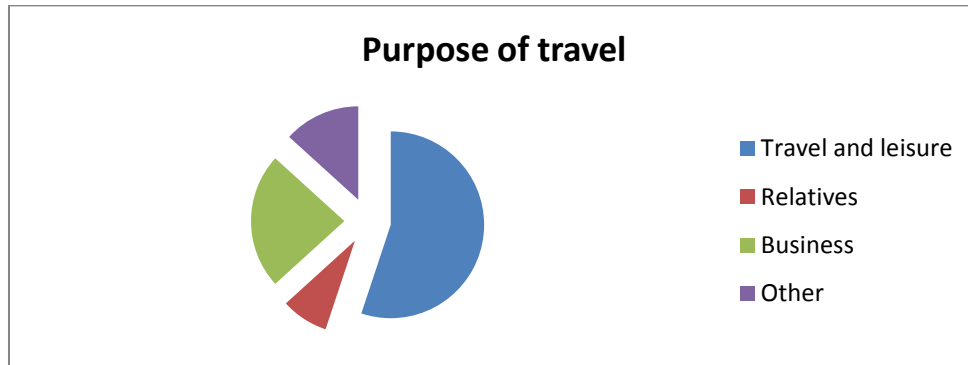


Figure 10. Purpose of travel (Bulgarian Tourism Government, 2017)

3.1.1 Accommodation

Bulgaria has overall 3331 hotels where 410 out of these are 4 or 5 star hotels. Most of the hotels are situated in the three main regions: south-east of Bulgaria, followed by north-east and southwestern, presented in Figure 11. (National Statistical Institute, 2017)

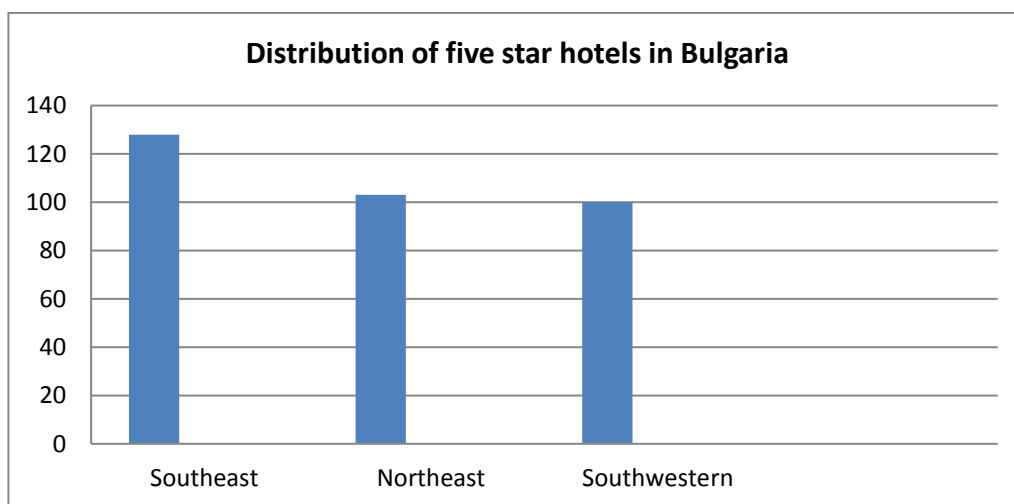


Figure 11. Distribution of five star hotels in Bulgaria

The main income from foreign visitors is observed in the region of the summer resorts such as Burgas, Sunny beach, Sveti Vlas, etc with 377 056 873 revenue for

2016. This is followed by Varna with 246 443 663, Sofia with 99 407 714 and lastly in the region of Dobrich with 81 520 299. This means that most of the revenue of Bulgaria comes from the summer resorts. (National Statistical Institute, 2017) Furthermore, according to (Hotel Chains, 2017) Sunny beach is the resort with most hotels- 161, followed by Sofia with 149, Golden Sands- 104 and Bansko- 87.

3.1.2 Transportation

There are different types of transportation In Bulgaria. To begin with, there are four operating airports in the country - Sofia, Varna, Burgas, and Plovdiv. Bulgaria also has its own airline "Bulgaria Air" which operates in the international and the domestic market. It runs flights from Sofia to 22 major cities in Europe and the Middle East, domestic flights to Varna and Burgas and charter flights by request to more than 100 destinations. In addition, all of the main airports in Bulgaria have VIP lounges where the needs of the luxury clientele can be met. (Bulgaria Air, 2017)

The roadways are another type of transport which is common in the country. Bulgaria has 394km of highways. (Bulgarian Tourism Government, 2009) Public buses play a crucial role in the long-distance travel, whereas railway systems are considered slow and outdated. However, concerning railways, mainly students choose this type of transport. The national railway company is called BDZ. Nevertheless, there is a metro only in the capital which consists of two lines. The total length of the lines is 44km and the construction of a third line has started in 2015. (Wikipedia, 2014)

Concerning ports and harbors, the most important ones are along the Danube and the Black Sea where the biggest are Varna, Burgas, and Ruse. Regarding the needs of the luxury guests, there are 8 yacht ports. (Wikipedia, 2014)

3.1.3 Culinary scene

Bulgaria has a diverse cuisine where most of the products are originally produced by the locals. As the trend of seeking natural and fresh products is emerging the country has many advantages. (Ministry of Foreign Affairs of Denmark, 2013) For example, Bulgaria produces yogurt *Bacillus Bulgaricus* which has a special bacteria and it is considered the healthiest of all dairy products in the world. (Bacillus

Bulgaricus, no date) Concerning restaurants, according to TripAdvisor 2016, Cosmos and Chef's are considered to be the country's best ones, however, there is no Michelin star restaurant in Bulgaria. (TripAdvisor, 2016) Moreover, the icon of the Bulgaria- the rose plays an important role on the culinary scene as well. The country produces rose jams which are becoming popular abroad.

3.1.4 Shopping

Regarding shopping, Bulgaria offers many options including shopping centers, branded stores, etc. Moreover, "Vitosha" is the main shopping street in the capital which is said to be the 52nd along the most expensive shopping streets in the world according to Cushman& Wakefield's (2014). The high-class clientele can enjoy brands such as Gucci, D&G, Versace, Armani, Boss, La Perla, etc. (Sofia Guide, 2014)

Similarly to the culinary scene, the rose is immersed in the cosmetics as well. As mentioned above, Bulgaria is one of the biggest producers of rose oil in the world which makes the oil a substantial part in many perfumes. (Official Tourism Portal of Bulgaria, no date) Moreover, there is a variety of different types of rose cosmetics such as lip balms, various creams, toilet waters, etc. that the country produces. (Official Tourism Portal of Bulgaria, no date)

3.2 Current market

3.2.1 Economic situation in Bulgaria

Bulgaria is part of the European Union since 2007 and its dominant industry is the tourism sector. At the present time, the state is spending on preserving the historical and cultural heritage and on the development of education, arts, and science. In addition, Bulgaria has an open market economy where the private sector is well developed. (Official Tourism Portal of Bulgaria, no date)

According to the European Commission report of Bulgaria, a growth of 2.9% in GDP is expected in 2017, followed by a slight decrease in 2018. Domestic demand will remain as a key driver and inflation is forecasted to become positive. In addition, it is expected that the unemployment rates will continue decreasing. (European Commission, 2017), see Figure 12.

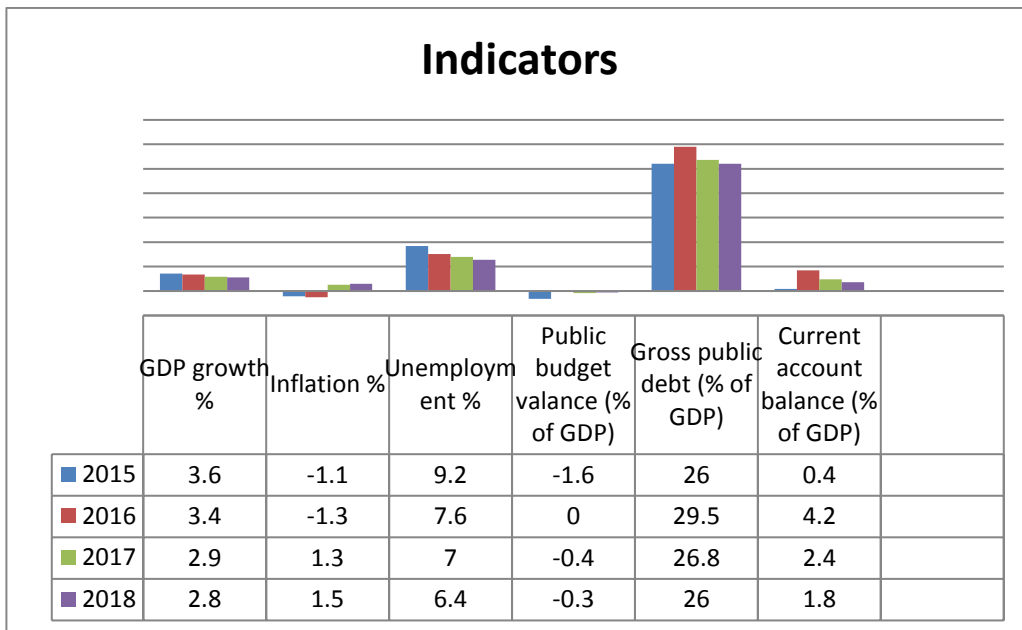


Figure 12. Economic indicators (European commission, 2017)

3.2.2 Types of tourism and activities

Due to the diverse nature of Bulgaria, the country offers many types of tourism such as Mountain/Ski tourism, Sea tourism, Balneology, SPA and Wellness, Adventurous tourism, Cultural tourism, Ecological tourism, Rural tourism, Congress tourism, Camping tourism, Sites under the aegis of UNESCO. (Official Tourism Portal of Bulgaria, no date) As the Spa and Wellness and the Adventurous tourism are becoming crucial trends, Bulgaria has many potential opportunities to develop in these areas. A detailed explanation of these tourism types will be given in the SWOT analysis section.

One of Bulgaria's advantages is that luxury travelers have the opportunity to choose from various activities such as visiting cultural and historical monuments where 7 of them have been included in the UNESCO world heritage, visiting monasteries, museums, galleries. (Official Tourism Portal of Bulgaria, no date) Table 3 presents the different types of tourism and the activities that Bulgaria offers.

Types of tourism	Activities
Cultural tourism	<ul style="list-style-type: none"> • Visiting cultural historical monuments (7 of them have been included in the UNESCO world heritage), monasteries, museums, galleries • Participating in traditional activities such as manufacture of rose oil and wine production • Participating in folklore festivals
Ecological tourism	<ul style="list-style-type: none"> • Hiking, mountain crossing, observation of birds, animals and plants • Visiting natural landmarks • Visiting national parks such as Pirin (part of UNESCO) • Eco- paths
Sea tourism	<ul style="list-style-type: none"> • Surfing, water skiing, diving, underwater exploration, fishing • Hiking, biking, horseback riding • Photo safaris • Excursions to natural, cultural and architectural landmarks • Motor boats trips in the rivers • Parties and nightlife
Mountain/Ski tourism	<ul style="list-style-type: none"> • Skiing, snowboarding • Hiking • Recreation, relaxation
Balneology, SPA and Wellness	<ul style="list-style-type: none"> • Thermal mineral waters • Curative mud treatments • Relaxation • Other types of treatments
Adventurous tourism	<ul style="list-style-type: none"> • Sport and outdoor activities along the Black Sea coast • Diving, surfing, kite-surfing, jet-skis, boats for excursions, fishing, underwater fishing • Climbing facilities • Experience Bulgaria on horseback • Whitewater rafting • Paragliding • Bungee jumping • Golf • hunting
Congress tourism	<ul style="list-style-type: none"> • Meetings • seminars

Table 3. Types of tourism and activities in Bulgaria (Official Tourism Portal of Bulgaria, no date)

3.2.3 Luxury hotels and resorts

Bulgaria has many 5 star hotels and resorts. The luxury customers can choose from the well-known luxury brands such as Kempinski, Hilton, Radisson Blu which will be transformed into Intercontinental by the end of 2017, Mélia, Design Hotels, The Luxury Collection by Starwood, Best Western and Bristol, Small luxury hotels of the world many boutique and independent hotels. (Hotel Chains, 2017)

According to TripAdvisor's rank of luxury hotels in Bulgaria for 2017, the best hotel is Kempinski Hotel Grand Arena, followed by Sense Hotel in Sofia which is part of the Design Hotels, and Hilton Sofia. (TripAdvisor, 2017)

As a matter of fact, for the luxury customers that are golf lovers, Bulgaria has developed as a well-known golf destination. For example, about Thracian Cliffs Golf and Beach resort, Gary Player says that "there is no other golf course like it anywhere else on the planet." (Thracian Cliffs Golf and Beach Resort, no date) The other golf resorts are Black Sea Rama Golf and Villas, Lighthouse Golf and Spa Resort situated along the sea coast, and Pirin Golf situated in the mountains, three near Sofia, one in Pravets and one near Sliven. (Official Tourism Portal of Bulgaria, no date)

3.2.4 Tourism based market



Figure 13. Bulgarian logo (Official tourism portal of Bulgaria, no date)

The Bulgarian logo is a rose which represents the rose valleys in Kazanlak, see Figure 13. This logo has been chosen as a symbol of the country because as previously mentioned Bulgaria is famous for being one of the largest producers of rose oil with production of 85% of the world oil. (Official Tourism Portal of Bulgaria, no date)



Figure 14. Bulgarian tourism logo (Official tourism portal of Bulgaria, no date)

As it can be seen from Figure 14, the tourism logo and the slogan "A discovery to share" represents the diversity of tourism possibilities that the country offers. Being observed, the logo combines the key unique selling points of the country- the sea, the beaches, the mountains, the sun, the flora and the rose valley. Moreover, as Figure 15 shows below, the logo has ten sub- brand logos which presents the different types of tourism that are offered in the country such as ski and mountain tourism, sea tourism, adventure tourism, golf tourism, Business and MICE tourism, Culture and Heritage tourism, Eco and Rural, Spa and Wellness, City tourism and Wine and gourmet tourism. An interesting fact is that all of the logos have the rose shape in common which is the symbol of the country. (Yambiz, 2013)



Figure 15. Tourism sub- brand logos (Yambiz, 2013)

In order to fully understand Bulgaria's potential for developing luxury tourism, marketing research on the basis of SWOT analysis has been done. The next chapter looks into details to the definition of marketing research, the definition of SWOT analysis, and investigation of Bulgaria's strengths, weaknesses, opportunities and threats.

Chapter 4: SWOT analysis

4.1 Marketing research

To begin with, marketing research is "the systematic design, collection, analysis and report of data relevant to specific marketing situation that a country or organization faces." (Kotler, 2013) It plays crucial role in helping the country to identify customer's behavior, satisfaction and motivations. Moreover, it enables the country to identify its market potential, opportunities and threats. (Kotler, 2013)

In order to fully understand Bulgaria's potential to become a luxury destination, a descriptive research has been done. A descriptive research examines the market potential for a product, (Kotler, 2013), in this case is Bulgaria as a tourism destination and the behavior of the customers that choose this product.

The previous chapter discussed the theory, and reviewed the literature and conceptual models of a destination competitiveness. That was the basis for this present research project, which aims to identify the potential of Bulgaria to become a luxury destination through SWOT analysis.

4.2 SWOT analysis:

4.2.1 Introduction to the method

In order to examine the potential for developing luxury tourism in Bulgaria, SWOT analysis has been conducted. SWOT analysis is one of the most important tools in tourism destination management whereas, tourism destination management is the process of setting and achieving goals, taking advantage of the human, material, natural and information resources. Moreover, it is a complex combination of planning, organization, motivation and control. It is used in order to establish a

development general strategy and functional strategies in order to examine performance of a state, local government, country, etc. (Goranczewski, 2010)

According to Gierszewska and Romanowska (2002), cited in (Goranczewski, 2010) this algorithm is used to identify country's current status and development potential.

A SWOT analysis will be used to determine Bulgaria's market situation. It will examine the country's strengths (S), weaknesses (W), opportunities (O) and threats (T).

Firstly, strengths are the internal factors and capabilities that may have positive influence on the country to achieve its goals. (Kotler, 2013) Strengths are the most valuable resources, skills and abilities that will differentiate the country from the competitors. An example could be tourism advantages such as nature, developed tourism infrastructure or recognized tourism brand. (Goranczewski, 2010)

Similarly to the strengths, weaknesses are internal factors as well but they include negative factors that may interfere the country's performance. (Kotler, 2013) According to Goranczewski (2010), examples for weaknesses could be undeveloped infrastructure, government financing, uneducated human resources, etc.

In contrast to the strengths and weakness, the opportunities are external factors that the country may take advantage of in order to achieve its objective. (Kotler, 2013) For instance, opportunities could be improved tourism market, income growth, external financing, etc. (Goranczewski, 2010)

Threats, on the other hand, are external factors that might negatively influence the country's performance. (Kotler, 2013) For instance, terrorist attacks, growing tourism demand in a neighborhood country, economic recession, economic crisis, border and visa control.

The SWOT analysis can be used further as part of the Marketing plan of the country. Table 4 represents the SWOT analysis of Bulgaria as a tourism destination.

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> 1. diverse nature 2. geographic location 3. climate and temperature 4. favorable nature for sea tourism 5. favorable nature for ski/mountain tourism 6. different types of alternative tourism such as balneology, wellness and spa, adventurous, hunting tourism, eco-tourism 7. rich cultural and historical heritage, UNESCO sites 8. many 5 star hotels and resorts 9. Cuisine- bio products produced by the locals 10. price- quality ratio 11. clear icon of the country- the Bulgarian rose 12. Bulgaria member of the European Union 13. good quality of nightlife 	<ol style="list-style-type: none"> 1. mismanagement of the brand 2. not coherent marketing strategy 3. seasonality- tourism concentrated in winter and summer 4. lack of qualified personnel 5. poor infrastructure 6. perceiving the country as a cheap tourist destination 7. lack of tourist information 8. lack of facilities for disabled people 9. lack of collaboration between the different industries 10. crowded sea areas 11. poor social media presence and e-marketing
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. changing consumer behavior -(seeking for authenticity, the roots of tourism , for basic and simple trips 2. emerging trends for alternative types of tourism 3. exploring the less popular countries such as Cuba, Romania, Croatia, Bulgaria 4. political problems in neighbor countries 5. partnerships with foreign agencies 6. trainings in hospitality industry 7. increasing industry partnerships 8. participation in European projects 9. accessibility 10. developing better infrastructure 11. aging population - baby boomers 12. gastro travel 13. tour operators offer customized trips 	<ol style="list-style-type: none"> 1. competitors summer season: Spain, Turkey, Greece, Croatia 2. competitors winter season: Austria, France 3. economic situation in Russia/ visa problem- Russians main visitors 4. strong online media presence of other destinations 5. tourists becoming more rational about spending

Table 4. SWOT analysis of Bulgaria as a tourism destination

4.2.2 Strengths

S1: diverse nature: Bulgaria is known for its diverse nature with various landscapes such as plains, lowlands, mountains, river valleys, plateaus and basins, especially appreciated by the sea and ski tourists. The mountains are situated in the central, the western and southwestern part of the country with the highest peak Botev (2,376). Many National parks are also located in this area. On the other side is the sea coastline which is 387 km long with 209 beaches. (Official Tourism Portal of Bulgaria, no date)

In addition, Bulgaria is "the second most biologically diverse nation in Europe. There are more than 12,360 plant species, 3,700 of which are higher species" (Official Tourism Portal of Bulgaria, no date)

S2: geographic location: Bulgaria is a cross point of the West and the east as well as the north and the south. Therefore, many neighboring countries are potential markets. (Official Tourism Portal of Bulgaria, no date)

S3: climate and temperature: Bulgaria has a continental climate with hot summer and cold winter which makes it a suitable destination for ski and beach tourism. However, the country has four distinctive seasons which predisposes to opportunities for eco tourism, adventurous tourism, spa, wellness and balneology tourism during spring and fall. One of Bulgaria's climate advantages is that during the summer the average temperature is 23°C with 11 hours of sunshine in contrast to Greece where the average is 28°C perceived from many tourists as too hot. (Holiday Weather, no date)

S4: favorable nature for sea tourism: The country is well-known for its sea tourism, where the luxury guests can choose from many 5 star hotels along the sea coast. The luxury tourists have the opportunity to choose between wide beaches or small pristine bays. Bolata beach which is nature reserve was considered as one of the most beautiful bays worldwide. (Novinite, 2012) Moreover, Bulgaria has 10 beaches that have the award "Blue flag" which recognizes the sand quality and the cleanliness. (Official tourism portal of Bulgaria, no date)

S5: favorable nature for ski/mountain tourism: There are favorable conditions for ski/mountain tourism where the ski season duration is around 190 days. The mountainous area offers not only activities during the winter, but also during the other 3 seasons. (Official Tourism Portal of Bulgaria, no date) Moreover, there are many luxury properties including Kempinski Grand Arena Bansko which is recognized as the best hotel in Bulgaria according to TripAdvisor, 2016. Moreover, "Villa Gella" is well known as a exclusive, 5 star chalet among the luxury tourists abroad. (The Times , 2013)

S6: different types of alternative tourism: Due to the diverse nature and the historical and cultural heritage Bulgaria offers many types of alternative tourism. Apart from the sea and ski/mountain tourism, the country has the potential for Balneology, SPA and Wellness, Adventurous tourism, Cultural tourism, Ecological tourism, Rural tourism, Congress tourism, Camping tourism, Sites under the aegis of UNESCO tourism, Hunt tourism. (Official tourism portal of Bulgaria, no date)

Important to realize is that nowadays Balneology, Spa and Wellness tourism is becoming more popular. With this in mind, Bulgaria has more than 550 known wellness sources and 1,600 mineral springs. Moreover, it can be observed that throughout the years Bulgaria has been focusing on the SPA hotels and Balneology centers. Another key point is that many resource of curative mud can be found in the country. (Official Tourism Portal of Bulgaria, no date)

Equally important is the fact that the country has many resources suitable for eco-tourism such as favorable nature, cultural and historical heritage, climate and geographic location. (Official tourism portal of Bulgaria, no date) Moreover, many of the Bulgarian territories are under NATURA 2000 which is the largest network of protected areas worldwide. (European Commission, 2008)

All of the above mentioned facts provide possibilities for different activities all year round, not only in the summer and winter season.

S7: rich cultural and historical heritage, UNESCO sites: Bulgaria has a rich cultural and historical heritage with long lasting traditions, music, dances, rituals that are interesting for the tourists. Important to mention is that the government spends on

many monasteries, churches, ethnographic complexes, museums and galleries that might be of an interest for the culture lovers. Moreover, 7 cultural sites are under UNESCO World Heritage. (Official Tourism Portal of Bulgaria, no date)

S8: many 5 star hotels and resorts: There are many 5 star hotels and resorts. The luxury tourists can choose from 5- star massive hotels, golf resorts, private luxury houses and private residences. Additionally, Bulgaria offers many SPA and wellness hotels with variety of treatments. Furthermore, most of the golf resorts are designed by Gary Player who is considered a golf legend. (Thracian Cliffs Golf and Beach Resort, no date)

S9: cuisine, bio products: Most of the products in Bulgaria are produced by locals. People, especially elder ones produce all of their vegetables, fruits in their gardens, and they breed animals as well. This leads to very good quality of the products and not decreasing vegetables and fruits imports. This is undeniably one of Bulgaria's strengths as the new trend of seeking healthy lifestyle and bio-products is emerging. (Ministry of Foreign Affairs of Denmark, 2013)

S10: price- quality ratio: Bulgaria has a good price-quality ratio. It is a well- known fact that the prices in Bulgaria are considerably low whereas the quality of life is considered relatively good. In addition, in terms of ski and sea tourism, Bulgaria offers similar possibilities like its competitors- Spain, Austria but the prices are more affordable for those consumers interested in these markets. (The Guardian, 2017)

S11: clear icon of the country: A destination's clear image is a crucial fact in the tourism market. Bulgaria has a distinct icon- the rose, presenting the unique rose valleys in Kazanlak. The tourism icon of Bulgaria is used as a key factor to show what differentiates Bulgaria from its competitors.

S12: Member of the European Union: Being part of the European Union makes tourists to perceive Bulgaria as a safe and stable country. Moreover, it attracts more future investments. (Ministry of Foreign Affairs of Denmark, 2013) Moreover, EU visitors have easy an access to the country which could influence their purchase decisions.

S13: good quality of nightlife: Bulgaria is well-known for the quality of nightlife. Visitors have the opportunity to choose from many 5 star restaurants, clubs and bars. Moreover, beach resorts such as Sunny Beach, Golden Sands, Nessebar are popular among the foreigners for the quality of good nightlife. (McGuire, 2017)

4.2.3 Weaknesses

W1: mismanagement of the brand: Regarding its brand management, Bulgaria does not have a clear image. Not only this, but also the country is known mainly for its summer and winter tourism for the reason that there is not enough promotion of the alternative tourism types that are offered.

According to (Crouch, 2011), destination brand management, positioning, and image influence the country's competitiveness. As a result, due to mismanagement of the brand, Bulgaria is perceived as a low-budget and cheap tourist destination. (Telegraph, 2017) Given the lack of information and promotion at the moment, consumers do not have clear image in their heads about all the possibilities Bulgaria has to offer.

W2: not coherent marketing strategy: Bulgaria does not have a clear marketing strategy and coherent marketing goals. In this way, the country is not able to evaluate its performance. (Crouch, 2011) As a result, as mentioned above it is considered as a cheap tourism destination that attracts low-budget tourists.

W3: seasonality, tourism only concentrated in winter and summer: Most of the Bulgaria's revenue comes from the summer and winter season even though the country has 4 distinct seasons.

W4: lack of qualified personnel: There is a lack of qualified people in the hospitality industry which leads to service quality problems. Moreover, the country does not have enough schools and universities focusing on hospitality. Furthermore, hotels do not invest in employee trainings and development programs. Another crucial fact is that most of the personnel has a seasonal position which is a reason for decreasing the overall motivation and performing at their best. (Radio Bulgaria, 2014)

W5: poor infrastructure Relatively small number of highways in the network road. The roadways, railways, etc are not in a good condition, whereas the main way of traveling is by car. Moreover there are only 3 operating airports. Most of the road signs do not have English translation which results in inconveniences for the tourists. (Bulgarian Tourism Government, 2009)

W7: lack of tourist information: Not enough information about the activities that the tourists can do during their visit in Bulgaria. Moreover, lack of information about the sites and absence of tourist information centers. Inadequacy of the signs written only in Bulgarian.

W8: lack of facilities for disabled people: In Bulgaria there is lack of facilities for disabled people which leads to many barriers and difficulties for these people and undeniably influences their purchase decisions. (Bulgarian Government, 2014)

W9: lack of collaboration between the different industries: As discussed above, industry collaborations are becoming crucial part of tourism in order to make an unforgettable experiences for their luxury guests. (International luxury travel market, 2012) Unfortunately, in Bulgaria different industries such as hospitality and non-hospitality do not collaborate which leads to disruption of the end-to-end trip cycle. (Bulgarian Government, 2014)

W10: crowded sea areas: Uncontrolled building and the overloaded infrastructure along the sea coast lead to pollution and deterioration of the flora and fauna and the natural resources. Moreover, this endanger the cultural heritage of the country. (Bulgarian Tourism Government, 2009)

W11: poor social media presence and e- marketing: According to International luxury travel market (2012) , brands that clearly state their values through social media have considerable effect on consumers' behavior. Moreover, companies that interact through Facebook and Instagram have greater impact than the ones that do not. With this in mind, Bulgaria does not have a strong presence on social media.

4.2.4 Opportunities

O1: changing consumers behavior: As mentioned above the tourism behavior has changed throughout the years. Nowadays, the luxury travelers are looking for simple, meaningful trips where the focus is on escape and merging with the local community. (International luxury travel market, 2012)

O2: emerging trends for alternative types of tourism: According to the hospitality leaders, 2010 developing diverse types of business is a key point in the development of a destination. On the positive side, Bulgaria offers different types of alternative tourism such as Balneology, Wellness and Spa, Hunt tourism, and especially adventure tourism which is becoming an emerging trend among the luxury travelers. According to (International luxury travel market, 2012), the desire for experiencing adventures is a prime motivation for booking particular destinations. Correspondingly, Bulgaria is an attractive destination because it offers activities such as whitewater rafting, conquering high peaks, kayaking, bungee jumping etc. (Official Tourism Portal of Bulgaria, no date)

O3: exploring the less popular countries: The luxury clientele nowadays is interested in undiscovered countries and fresh territories such as Cuba and Eastern countries according to (Virtuoso, 2017)

O4: political problems in neighbor countries: Political problems such as strikes in Greece and terrorist attacks in Turkey would cause many visitors of these countries to choose Bulgaria.

O5: partnerships with foreign agencies: Partnerships between the hospitality network in Bulgaria and different foreign agencies would undeniably be an opportunity. As a result, if the country has a strong relationship with well-known luxury agencies such as Virtuoso, Fine Hotels and Resorts, etc. there is a potential for the number of visitors to increase.

O6: trainings in the hospitality industry: As being part of the European Union, the Bulgarian schools and universities have the opportunity to send their students on exchange in partner universities where they can gain valuable knowledge in the

hospitality industry. Additionally, there are many trainings offered related to service quality and delivering 5 star experience.

O7: increasing industry partnerships: Bulgaria has the possibility to deliver unique and personalized experience to its visitors if there are more industry partnerships. In this way, guests will have the chance to merge with the locals, and to experience an end-to-end trip cycle.

O8: participation in European projects: Participation in different European projects is a crucial opportunity for Bulgaria. In this way, various projects for developing the tourism in the country can be financed. Moreover, practices of other countries can be implemented. (Bulgarian Government, 2014)

O9: accessibility: Low cost airlines are targeting Bulgaria for new flight routes. In this way, Bulgaria has the opportunity to increase its visitors. (CAPA, 2012)

O10: developing better infrastructure: Given the fact that there is more investment from the government for infrastructure this might have influence on the amount of visitors coming to Bulgaria. (Bulgarian Government, 2014) Moreover, there are two new highways under construction which are planned to be ready for exploitation in 2022. (Wikipedia, no date)

O11: the baby boomers: The baby boomers are shaping the face of the tourism industry. This generation is willing to spend more on travelling, healthcare, balneology, wellness and spa and self-actualization. (Novogrod, 2011) As Bulgaria offers all of these types of activities this would be an opportunity.

O12: gastro travel: Gastro travel, meaning, traveling for the purpose of experiencing different cuisines, is becoming popular trend among the luxury travelers. (Ministry of Foreign Affairs of Denmark, 2013)

O13: tour operators offer customized trips: In addition, nowadays many tour agencies in Bulgaria are organizing customized trips that vary from cultural experiences to adventurous and sports ones. (Ministry of Foreign Affairs of Denmark, 2013)

4.2.5 Threats:

T1: competitors summer season: Bulgaria's competitiveness is influenced by destinations such as Turkey, Spain, Greece in Croatia that offer similar possibilities for the summer season. Turkey is comparatively as cheap as Bulgaria, whereas Spain and Greece are well-known destinations for sea tourism. As the emerging trend of exploring less known countries is emerging, Bulgaria faces Croatia as a competitor as well. (Gosheva, 2012)

T2: competitors winter season: In terms of the competitors during the winter season, Bulgaria is threatened by Austria and France which have clear and recognized image due to their marketing strategies, good brand management and strong social media presence. (Gosheva, 2012)

T3: economic situation in Russia: In the past year, Russians were the main revenue generators for Bulgaria. Recently, problems with obtaining Visa and the ruble's fall influenced the Bulgarian tourism in a negative way. (Pariteni, 2015)

T4: strong online media presence of other destinations: As mentioned above the competitors of Bulgaria have very strong social media presence which gives them the chance to attract more visitors. (Gosheva, 2012)

T5: tourists becoming more rational about spending: The new types of luxury tourists are more cautious, sensitive and rational concerning their money. (International Luxury Travel Market, 2010) This changing behavior is a threat for less known countries such as Bulgaria.

4.3 Strategic implications

WEIHRICH (1982), cited in SWOT analysis in the formulation in of tourism development strategies for destinations (2010), presents four strategic models of combining internal and external factors that influence the competitiveness of a destination. The following are: the combination of strengths and opportunities (SO), weaknesses and opportunities (WO), strengths and threats (ST) and weaknesses and threats (WT). (Goranczewski, 2010)

First of all, "SO" is an expansive strategy that stands for using the strengths in order to take advantage of the opportunities. Secondly, "WO" is a competitive strategy where the focus is on taking advantage of the opportunities and eliminating the weaknesses. In this situation, the organization is dominated by its weaknesses but it is operating in a favorable external conditions. Thirdly, "ST" is a conservative strategy. In other words, using the strengths in order to overcome the threats. Lastly, the "WT" is a defensive strategy where the destination does not have a good internal position and operates in disadvantageous external conditions. To put it in a different way, the goal is to minimize the threats by eliminating the weaknesses. (Goranczewski, 2010)

In order to design a strategy for the potential of Bulgaria to become a luxury destinations, these 4 implications will be considered below. The information will be based on the SWOT analysis.

SO: strength 1- the diverse nature, combined with opportunity 2- emerging trends for alternative types of tourism: Bulgaria has an unique advantage because of its diverse nature and the different tourism types that the country offers. This could be used in attracting more tourists that are looking for alternative tourism such as Adventurous tourism, Spa and Wellness, Hunt tourism, Cultural tourism, etc. (Bulgarian Tourism Government, 2017)

SO: strength 12- Bulgaria member of the European union combined with opportunity 9- accessibility: The accessibility and ease of transportation are crucial facts that shape customers perception of a destination. It is said that if there are problems with the accessibility such as visas, not many airlines and airports, long travel journeys might influence the travelers' decisions. (Crouch, 2011) As being part of the European Union, the accessibility of Bulgaria is easy. Moreover, the country has the opportunity to attract low-budget airlines.

SO: strength 12- Bulgaria member of the European Union combined with opportunity 8- participation in European projects: Bulgaria is part of the European union hence, the country has the opportunity to participate in many European projects. Many of the European programs fund destinations and organizations in

order to help them overcome their weaknesses and threats. (Bulgarian Tourism Government, 2009)

SO: strength 9- cuisine- bio products produced by the locals combined with opportunity 12- gastro travel: Bulgaria's cuisine is based on bio and local production. As a result, the country has the chance to use this as a competitive advantage and attract the gastro travelers. (Bulgarian Tourism Government, 2017) As mentioned in the SWOT analysis, the gastro travel is becoming more popular among the luxury clientele. The so-called "foodies" choose their destinations according to their food preferences. As a result, Bulgaria has the chance to develop a strategy for promoting its unique cuisine and wines. (Ministry of Foreign Affairs of Denmark, 2013)

SO: strength 7- rich cultural and historical heritage, UNESCO sites combined with opportunity 1- changing consumers' behavior: Popularization of small towns and cities, for their cultural traditions and folklore, will give the opportunity to the luxury travelers to merge with the locals and go back to the roots of the tourism, experiencing unique activities.

SO: strength 6- different types of alternative tourism combined with opportunity 1- changing consumers' behavior: These days the luxury clientele is shifting towards self-actualization, self-transformation, wellness and healthy-lifestyle which is an opportunity because of the diverse potential of tourism types that the country offers. (Bulgarian Tourism Government, 2017)

All of the above mentioned factors show that Bulgaria has the chance to use its various strengths and differentiate itself among its competitors. The next section illustrates whether it's possible to minimize the weaknesses using the opportunities that Bulgaria faces.

WO: weakness 4- lack of qualified personnel combined with opportunity 6- trainings in the hospitality industry: There is a lack of Hospitality schools in the country which leads to decreasing levels of qualified personnel. On the positive side, nowadays many universities offer exchange programs which is a good opportunity for students to receive a better understanding of the hospitality industry.

Furthermore, programs such as Erasmus fund and encourage students to go on exchange programs with partners universities worldwide.

WO: weakness 3- seasonality combined with opportunity 2- emerging trends for alternative types of tourism: In order to tackle seasonality, different types of tourism should be offered throughout the year which also implies the fact that Bulgaria has to step out from the basic beach and winter tourism image.

WO: weakness 9- lack of collaboration between the different industries combined with opportunity 7- increasing industry partnerships: At the moment Bulgaria is lacking collaboration between the different industries but there are many opportunities for partnerships. This would definitely enrich their network and influence the service in a positive way. (Bulgarian Government, 2014)

WO: weakness 5- poor infrastructure combined with opportunity 10- developing better infrastructure: Investing in improvements in the infrastructure would undeniably has an advantage for Bulgaria. Especially because the infrastructure is one of the main factors that are important when it comes to purchase decisions.

As it can be seen from the presented facts above, if Bulgaria uses the opportunities, it has a chance to eliminate most of its weaknesses. Another key point is using the strengths in order to overcome the threats which will be presented below.

ST: strength 4- favorable nature for sea tourism combined with threat 1- competitors summer season: Bulgaria has a favorable nature for sea tourism, offering wide beaches and 5 star properties. In comparison to its competitors- Turkey, Spain and Greece, the prices at the Bulgarian Black sea coast are considered more affordable for those interested in this type of tourism. (BBC, 2017)

ST: strength 5- favorable nature for ski/mountain tourism combined with threat 2- competitors winter season: Bulgaria offers variety of ski slopes for the ski lovers. Moreover, its ski resorts are world-known for the price-quality ratio. (Telegraph, 2016) Strategies focused on marketing and promotion might help the country to overcome the threat of its competitors- Austria and France.

ST: strength 10- price- quality ratio combined with threat 5- tourists becoming more rational about spending: It can be observed that tourists are becoming more rational on spending. (Novogrod, 2011) With this mind, in comparison to markets such as Turkey and Austria who at the moment serve those customers, Bulgaria with its relatively affordable prices can hereby have the opportunity to increase its market share.

Overall, based on its strengths, Bulgaria has the chance to overcome the threats that it might face. In contrast, the last section will provide strategic implications of minimizing Bulgaria's weaknesses in order to avoid the threats.

WT: weakness 11- poor social media presence and e-marketing combined with threat 4- strong online media presence of other destinations: Minimizing the poor social media presence and e-marketing might help eliminating the threat of Bulgaria's competitors strong social media influence.

WT: weakness 3- seasonality combined with threats 1 competitors summer season and 2- competitors winter season: Eliminating the seasonality by offering more alternative types of tourism would definitely have a positive influence and the threat of Bulgaria's competitors during summer and winter seasons will be diminished.

Chapter 5: Conclusion

5.1 Final remarks

In conclusion, the aim of this paper was to examine the potential of Bulgaria to become a luxury tourist destination. In order to analyze that, a secondary data, describing the basic terms, the changing consumers' behavior and the emerging trends, was collected. The data was retrieved in different languages from sources such as books, articles, journals and online documents.

The paper was based on a case study approach where the current market of Bulgaria was identified, taking into consideration different points such as economic situation, infrastructure, types of tourism, accommodation, etc. Moreover, in order to fully understand the country's possibility to become a luxury destination, a SWOT analysis has been conducted. This marketing tool undeniably helped to identify the internal strengths and weaknesses of Bulgaria, but also the external opportunities and threats that the country should be aware of. After investigating these factors, strategic implications have been suggested in order to maximize the destination's strengths and opportunities and eliminate its weaknesses and threats.

Overall, it can be concluded that Bulgaria has a relatively high chance to become a preferred luxury destination. Looking for example at the diverse nature, rich cultural and historical heritage and the price- quality ratio, emerging luxury trends that have been listed in the paper would have considerably more advantages for Bulgaria than disadvantages. Secondly, consumers' changing behavior such as looking for alternative types of tourism and going to the roots of the simpler experiences would be a big opportunity for the country.

Nevertheless, the study also identified some improvements. For example, there are many steps that the country or the National Tourism Organization should follow in order to build a strong image in consumers' minds. Indeed, identifying the country's goals and the development of a strong online presence are crucial aspects. In terms of social presence, in contrast to its competitors- Turkey, Spain and Austria, Bulgaria is not performing well which leads to unclear image of the brand "Bulgaria". Consequently, in order to highlight its unique types of tourism activities, the country

should focus on providing more tourist information and engaging with the travelers online.

Referring to the sea and ski tourism, Bulgaria would have some difficulties competing with the same countries- Spain and Austria that are recognized for this type of luxury tourism. Because of this, if Bulgaria focuses more on its alternative types of tourism such as Balneology, Spa and Wellness, Cultural and UNESCO tourism, Adventurous tourism, the country has higher chances to increase its market share. In this way, Bulgaria has the opportunity to provide unique, personalized and exclusive experiences that the luxury travelers are looking for nowadays. Besides, if Bulgaria concentrates on its advantages such as the price- quality ratio, the easy accessibility, the bio products used in the culinary, the traditions and the customs, the country can become easily recognizable in consumers' minds.

To summarize, a clear and coherent marketing strategy which differentiates Bulgaria from its competitors and presents its unique selling points, might transform the country's image as a "cheap and low-budget destination" to new luxury stop where travelers can experience the traditional sea and ski tourism in a combination with alternative types of activities that they cannot find anywhere else.

5.2 Recommendations

Based on the SWOT analysis of Bulgaria, recommendations about the strategies that the country should implement in order to increase its potential as a luxury destination has been provided.

First of all, in order to have a coherent marketing strategy, Bulgaria should prepare a plan where its mission and goals in terms of tourism are clearly stated. In addition, the country should focus more on its online and social media presence. By doing so, Bulgaria has a great chance to eliminate the threat of its competitors on this type of market.

Moreover, many destinations focus on similar aspects such as nature, culture, history. Nevertheless, in order to have a clear image in consumers' mind, Bulgaria has to use its unique selling points that cannot be offered by any other tourist

destination. (Carmen Blain, 2002) For example, the mineral water resources, the bio products, the rose valleys, the accessibility, the cultural and historical heritage, etc.

Secondly, investing in the development of small regions where alternative types of tourism can be practiced would undoubtedly have benefits.

Thirdly, the qualified personnel plays a crucial role in the overall experience of the guests. The government should invest in more hospitality schools and trainings. In this way, Bulgaria can overcome its weaknesses related to the unqualified personnel.

Additionally, a collaboration between the business market and government would improve the development of the tourism product. Not only this, but also partnerships between regional and national organizations would lead to collective tourism product development. (Operational Programme regional development, 2014)

Given these recommendations, if the country focus on these strategies, it has the opportunity to become a strong competitor of the countries such as Spain, France, Croatia, Austria that are popular for their tourism possibilities in the area of luxury tourism.

5.3 Limitations

It is important to mention that the study has faced some limitations. First of all, the study is based mainly on secondary data and case study analysis which might lead to inaccuracy of the data. Moreover, the information of the country's strategies has been retrieved from online documents and projects instead of conducting interviews with the Destination Management Organizations. In addition, a survey with potential customers, in order to understand their perception of Bulgaria has not been conducted.

5.4 Future research

In order to fully develop this research, an interview with the Destination Management Organizations can be conducted in order to understand the main goals of Bulgaria for the future. Moreover, explaining the practices that have worked in the past, and the ones that have not might be helpful as well.

Another key point is a customers' survey. It would be an interesting to understand how tourists perceived Bulgaria before coming for a holiday and after and what are their prime purchase motivators. Furthermore, another key question would be what are the words that tourists associate with Bulgaria when they hear the name of the country. In this way, marketers will have a better understanding of what differentiate the country from its competitors and what is its image in consumers' minds. Hence, they can develop a strong branding strategy.

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