

## TOURISM SECTOR IN BULGARIA - POST-PANDEMIC RECOVERY OR DECLINE

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### **Abstract**

*The past few years have been marked by significant economic, political, and health-related changes, including the COVID-19 pandemic, which has adversely affected Bulgaria's tourism sector, highlighting its crucial role in its economic development. Ensuring health and safety measures has become a top priority, forcing hotels, restaurants, and tourist attractions to adapt to provide a safe environment for visitors. However, these measures have exposed the sector to serious economic challenges and have undermined its sustainability. This paper aims to present the current economic development of the Bulgarian tourism sector and answer the question, "Has the sector recovered from the disastrous economic and social consequences of the COVID-19 pandemic?". To achieve this goal information from the World Tourism Organization and official data from regional statistics in Bulgaria were analyzed. The results indicate that the pandemic resulted in a significant drop in the gross domestic product generated by tourism and a rising level of unemployment in the sector. However, there has been a recovery sign in the last two years.*

**Key words:** Bulgaria, COVID-19, economic challenges, tourism

### **INTRODUCTION**

A huge number of scientists and inventors contributed to the development of human civilization. During the last two decades, the tourism sector played an important role in the economy of Bulgaria [8, 9]. In this period the tourism provided jobs for many people. For the reviewed period the persons employed in this sector decreased by 50% and in December 2023 they were about 124 000 (according National Statistical Institute). The tourism industry formed a significant part of the gross domestic product (GDP), but the pandemic had major impact and changed that. Expectations for GDP recovery have a longer-term horizon until year 2027. The vision laid down in the Strategy for the Sustainable Development of Tourism in Bulgaria, with a horizon until 2030, defines our country as "a well-known and preferred year-round tourist destination with a recognizable national identity and preserved culture and nature, occupying a leading place among the five top destinations in Central and Eastern Europe". However, since the onset of the COVID-19 pandemic, the tourism sector has been faced

with the difficult task of dealing with several issues and challenges.

This industry has undergone significant changes and health and safety measures have become a priority and accommodation, restaurants and tourist attractions have adapted to provide a safe environment for visitors. Border closures, travel restrictions, and other preventive measures imposed by the World Health Organization [21] and the Ministry of Health at the national level [10] have had a major impact on tourism attendance and revenue. Many hotels, restaurants, and tourism-related activities faced serious economic challenges. The governments of the individual countries needed to develop an immediate plan of action to save the tourism sector. The need to find proper and effective mechanisms to deal with the situation is glaring. During this period, the Ministry of Tourism of the Republic of Bulgaria performed research on that topic and prepared specific proposals to stabilize the tourism development until 2040. At the beginning of May 2021, the Ministry of Tourism published a document entitled "Long-term Development of Tourism" [11]

there were pointed specific measures and priorities that can also be included in a long-term tourism development strategy.

The biggest problem for tourism sector in the post-pandemic years has been finding a way to restore the previous levels and positions of the tourism sector in the economy. Tourism researchers report that one of the effects of the health pandemic is economic hardship and uncertainty, which can reduce people's ability to afford travel and vacations. The impact of the economic and financial crises caused by the restriction of the free movement of people and the contraction of the activities of many economic sectors has also been reported to a very strong degree. Often these crises have "lasting and devastating macroeconomic consequences" [3], including in the tourism sector. This in itself led to a reduced tourist volume.

Bulgaria National Board of Tourism [10] announced at the beginning of the summer of 2020, that Bulgaria is already part of a "Safe Travels Stamp" tourist destination approved by the World Travel and Tourism Council. This shows that Bulgaria's policy is increasingly focused on health security, which turns out to be the focus of many tourists when planning their trip.

Part of the recommendations of the Ministry of Tourism of the Republic of Bulgaria were aimed at stimulating the digital transformation of the sector and the implementation of "new business models, value chains and ecosystems", with the aim of "modernizing regulations to support innovation and a competitive environment" [11]. The possibility of realizing virtual tours and digital experiences is also an innovative method for our country, which is required as an alternative or addition to traditional ways of travel. Authors in the field of tourism describe the essence and specificity of the digital ecosystem of a tourist destination and claim that "digitalization of tourism places high demands on participants in tourist destinations and at the same time increases competition between individual tourist destinations". They take into account new levels of development of the destination and the possibility of creating new innovative services for tourists

[5]. The fact that digitization is leading in many sectors and is a mechanism for their successful development, including tourism, must be taken into account. By introducing digital innovations, exceptional opportunities and advantages are created both for consumers of tourism goods and services, and for manufacturers and suppliers of the same components. Based on these advantages, it can be argued that the introduction and implementation of digital technologies in tourism create the necessary conditions for this business to be "more flexible, adapted to modern conditions and competitive in the dynamic "digital world" [2].

Competition with other destinations is also an important aspect that the tourism sector and stakeholders need to analyze and take into account. Bulgaria has to compete with other tourist destinations to attract visitors. To attract tourists, destinations often need to invest in tourism infrastructure and marketing. This is largely possible through the joint work of the regional tourism management organizations in Bulgaria [7]. A report by The Organization for Economic Co-operation and Development analyzes the legislative aspects of destination management and recommends that the country assist stakeholders in "reducing regional disparities by developing strong regional brands and specialized forms of tourism based on local tourism resources" [14].

Innovation and competitiveness are directly related to finding a systematic approach to discover new tourist destinations and tourism products [1]. "Tourism diversification combined with increasing its inclusive role" [11] is another key recommendation that the country should comply with. This is where alternative forms of tourism find their place, which offer experiences specific in their nature and way of proceeding, and simultaneously have a low degree of health risk. Different forms of tourism can be used as a mechanism to promote regional tourism natural and/or anthropogenic resources. To a large extent, this is a suitable method for building characteristic local events, having the character of "special local events" (Hallmark events) [17]. These events are seen as an

important driver in tourism and as an effective stimulator to improve the image of the destination [4, 6]. In this way, the tourist flow will be directed to the interior of the country and the seasonality of the Bulgarian tourism sector will be avoided. The preparation of tourist routes and the organization of tourist clusters will facilitate and support this type of economic activity in small settlements, contributing not only economically, but also in a social aspect to the stabilization of the sector and its return to a stable state, as before the COVID pandemic -19.

The aim of the paper is to present the current economic development of the Bulgarian tourism sector and answer the question, "Has the sector recovered from the disastrous economic and social consequences of the COVID-19 pandemic?".

## MATERIALS AND METHODS

To achieve the goals and tasks set in the research, a range of economic indicators measuring the contribution and development of tourism in the national economy has been selected.

The data used for their calculation are collected from various official statistics such as SNA [18]; NSI [12]; Infostat [13]; (EUROSTAT) [16]; (OECD.stat) [15]; WTTC [21].

The indicators are part of the internationally recognized framework for measuring tourism activity - TSA:RMF 2008 (UNSD, Eurostat, OECD and UNWTO, 2010) [19, 20] and reflect the contribution of tourism to the economy and how many jobs it creates.

The TSA framework unites together 10 tables relating to tourism supply and demand based on macroeconomic variables such as gross value added, gross domestic product, and employment.

The information presented by the framework allows periodic monitoring, assessment, modelling and forecasting, and on this basis, decisions could be made.

The reference period covers 2018-2022, the period before and after the COVID-19 pandemic.

## RESULTS AND DISCUSSIONS

Tourism is a sector that is recognized in the economic literature as a sector of significant economic importance, as it manages to recover quickly from unforeseen negative situations and simultaneously contributes significantly to the growth of the national economy, the prosperity of local communities and the conservation of nature.

According to WTTC [21] and NSI [12], in 2018, the total contribution of the tourism sector to the Bulgarian economy was about 11,5% and also affected employment by around 10% (Table 1).

The predictions for development in that sector are for a gradual increase of 2-3% by the year 2030.

We are witnessing the effect of the COVID-19 pandemic and its role in affecting different businesses in the service sector.

We can also monitor the impact on the GDP and employment affecting that sector and they both drop significantly in the year 2020, with 59 % and 21 % respectively.

On the other hand, the pandemic has again highlighted the importance of the tourism industry for the economic development of the country and the livelihood of hundreds of people employed in it.

Although the past two to three years have seen a large growth in GDP generated by tourism, respectively of over 30% for 2021 and over 25% for 2022, its levels remain low at around 6.5% for 2022 and employment – just over 7%, compared to those of the pre-pandemic period – over 12% for 2019 and employment around 10%.

The new WTTC forecasts for tourism's contribution to the country's economy are for a recovery to pre-COVID-19 levels only after 2033 – 10.2% of the country's GDP and over 11% employment.

The data collected by the WTTC show that in 2018 the total revenues from tourism in the country amounted to BGN 1455,70 million (Table 2), with almost 75% of them received from foreign tourists and the same structure is preserved in the following year. After the end of 2019 and significant periods of blocked borders, suspended travel around the world,

for 2020 tourism revenues marked a remarkable drop of over 42%, reaching a value of BGN 645 million, with 52% being accumulated by Bulgarian tourists. In the next 2 years, there is a significant growth in

revenue levels, respectively over 66% for 2021 and over 56% for 2022 compared to 2021 and a smooth increase in the share of revenue formed by foreigners (over 60% for 2022).

Table 1. Key economic indicators 2018-2022

Year	Total T&T GDP (MN BGN)	Total GDP contribution in BG economy (%)	Annual change (%)	Total T&T jobs (000s)	Share of total jobs (%)	Annual change (%)
2018	12,626	11.49	8.53	346.794	9.85	2.39
2019	14,789.6	12.29	17.14	316.3	8.95	-8.79
2020	6,137.684	5.09	-58.50	247.98	7.18	-21.60
2021	8,006.942	5.76	30.46	252.1	7.29	1.66
2022	10,025.2	6.5	25.21	270	7.83	7.10
2023	19,138	10.2		364.1	11.7	

Source: Own calculations based on data from SNA, NSI, Infostat, WTTC [18, 12, 13, 21].

The value of revenues for 2022 reaches BGN 1 675,87 million, which is an increase of 15% compared to 2018. Despite the reported higher revenues at the end of the period, it cannot be said that tourism has reached the contribution levels, noted by the sector in 2018 and 2019.

The period after 2019 is marked not only by a period of global pandemic, but also by geopolitical crises and the outbreak of military conflicts, directly affecting the world economy. All these contingencies led to significant inflation.

Table 2. Tourism receipts and Nights spent in accommodation establishments, %

Bulgaria	2018	2019	2020	2021	2022
<b>Revenue from the nights spent in accommodation establishments (%)</b>					
by Bulgarians	25.45	27.91	51.12	45.49	39.83
by foreigners	74.55	72.09	48.88	54.51	60.17
<b>Nights spent in accommodation establishments (%)</b>					
by Bulgarians	33.88	35.63	61.10	54.63	46.69
by foreigners	66.12	64.37	38.90	45.37	53.31

Source: Own calculations based on data from SNA, NSI, Infostat [18, 12, 13].

Table 2 shows that by the end of 2019, overnight stays in the country increased to over 27 million visitors, with foreigners making up an average of about 65% of the total. This confirms Bulgaria as a favorable tourist destination, ranking it in 5th place in terms of attendance among the countries in South-Eastern Europe. Traditionally, tourism in the country has been dominated by recreational tourism, such as visiting family and friends, vacationing or transit. For 2020, the number of overnight stays decreased by 56% to almost 12 million tourists. By 2022, their number will reach over 24 million visitors. In the period after the COVID-19

pandemic, the structure of overnight stays is dominated by those made by Bulgarians (55% on average).

In 2018, Bulgaria received 12,4 million international visits (inbound tourists), an annual increase of 6,66% year-on-year (Figure 1). Of these, foreigners spent a total of 17,75 million nights in all types of accommodation, which is an increase of nearly 4% on an annual basis. The closure of the borders was felt most drastically in inbound tourism, with visits falling by more than 60% in 2020 compared to 2019, reaching around 5 million visitors, and overnight stays by them with a drop of 73%. For 2022, the number of

incoming tourists is approaching 11 million, which is an increase of almost 119% of tourists and 176% of realized overnight stays compared to 2020 growth. Despite the significant increase in the number of tourists and overnight stays, the figures are far from those recorded in 2018 and 2019. Traditionally, the countries of the Balkans continue to be the leading markets for inbound tourism, accounting for an average of 55% of international arrivals. The leading five inbound markets are Romania and Turkey (about 1,8 million each), Greece (about 1 million), Germany (nearly 800,000) and the Republic of North Macedonia (over 400,000).

Outbound tourism is showing a better recovery trend. From figure 1 it is clear that by 2019 the outbound tourists are about 7 million, reaching in 2020 nearly 4 million, and in 2022 they are already over 7.2 million tourists (a growth of 82.5 % compared to 2020 and 8.2% compared to 2018). As with inbound tourism, traditionally the five most visited destinations are located mainly in the Balkans, namely Turkey (over 1.5 million), Greece (over 1.3 million), Romania (over 500 thousand), Serbia (nearly 500 thousand) and Germany (about 400 thousand).

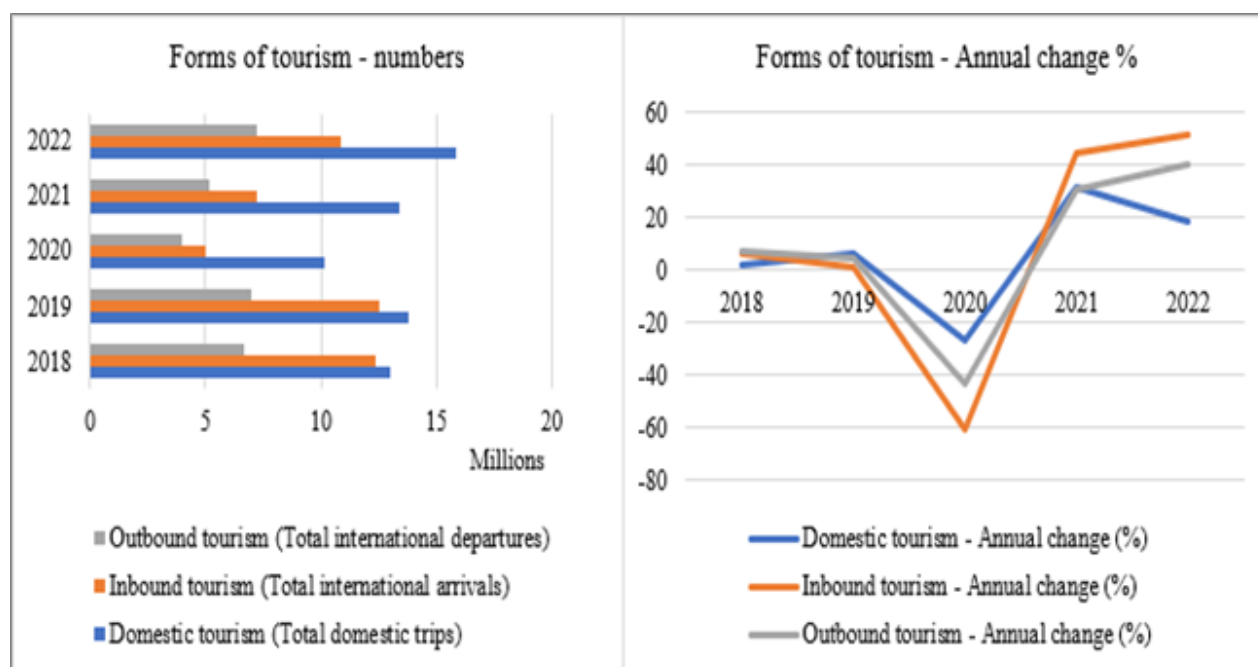


Fig. 1. Forms of Tourism of Bulgaria for period of 2018-2022 and their annual change %  
 Source: Own design.

Domestic tourism saw the smallest drop in visitor numbers in 2020 at 26% compared to other forms of tourism. In 2022, it marks nearly 16 million tourists, which is 56% more compared to 2020 and 22% compared to 2018.

## CONCLUSIONS

The period of recovery from the COVID-19 pandemic of the country's economy, including the tourism sector, proved to be extremely difficult. Crisis management has undoubtedly proven to be a very complex and time-

consuming process. Tourist traveling is becoming an important factor for some countries, providing large foreign exchange earnings and employment. The history of tourism has always been related to social, economic, cultural and political areas, which is the main engine and motivation of people to travel and feeling the need to restore their strength through travel, to get to know new places and people. Despite the COVID-19 pandemic that humanity experienced, people do not give up travelling around the world. Although the slightly inspiring results from this research, we need to build an effective

crisis action plan for future force major circumstances, so we can react on the best possible way and avoid potential decline in that sector.

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