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CHALLENGES FOR THE CONTEMPORARY TOURISM OF EUROPE

Summary: Contemporary tourism is a projection of macro- and micro-economic, international and social relations. The challenges facing the tourist activity have a diverse nature and, moreover, they are also a sufficiently dynamic element in time. The article analyses these challenges as serious capital difficulties as a result of the two-year stoppage of tourism in Europe due to the Covid pandemic; the difficulties caused by the war in Ukraine and the need for additional costs to support the population, as well as investments in the restructuring of the energy sector in European countries; challenges related to labor resources, which are essential for tourism, are also important. The two-year interruption in the work of tourist enterprises has caused significant upheavals in this sphere. Challenges related to the discontinued systemic connections between tourist enterprises and their counterparties working in the field of tourist logistics, tourist services, catering, etc. are also essential to the functioning of the tourism industry. In this article, specific recommendations are made to overcome the negatives of the various factors of impact on the tourism industry by applying the systematic approach and purposeful management.

Key words: tourism, tourist activities, tourist resources, tourism management.

Jelcodes: E2, F2, F6

1. INTRODUCTION

At the end of the 20th century and the beginning of the 21st century, tourism acquired the role of a full-fledged industry essential not only for the economies of relatively small and underdeveloped countries but also for large, industrial countries. If at the beginning of the 20th century, the tourist activity included representatives of certain determined groups of the population, then the beginning of this century is characterised by extremely wide accessibility of the tourist activity and inclusion in its realisation of a number of population layers.

2. MODERN TOURISM AS A PROJECTION OF MACRO AND MICROECONOMIC, INTERNATIONAL AND SOCIAL RELATIONS

The rapid development of tourism requires the accumulation of significant in quantity and diverse in quality resources, which in the immediate receipt of the tourist product, remain in the background. However, this does not mean at all that they do not have immediate and important importance for the practical implementation of tourism.

First of all, the tourist activity can be realised at a certain level of macroeconomic relations in the countries of the respective destination, and the banking and financial predictability of the development in the tourist area is of particular importance. The reason for this is the fact that investments in tourism activity return over a long period of time and affect the activity of various sectors of the national economy, starting with construction and ending with the provision of transport infrastructure in the respective country.

Next, the development of tourism activity is influenced by such an element as state policy in its various aspects, starting from fiscal policy and ending with measures to support development in such areas as professional education and personnel training. In fact, tourism is extremely sensitive to these impacts, as well as to what macroeconomic cycle the country's economy is in. The general level of readiness of the respective country for the implementation of large projects in the field of tourism, the attraction of external investments in tourism as well as the provision of the relevant resources for this type of activity, the main one of which is the guarantee of highly qualified personnel, depends on these macroeconomic parameters, working in the field of tourism. Tourism enterprises have to take into account the short-term, medium-term and long-term effects of the policies implemented by public authorities in the field of the economy in general and tourism in particular.

The microeconomic component must also be well-prepared for implementing serious plans in the field of tourism. This refers both to the organisational capabilities of enterprises to provide high-quality tourist services and to the capabilities of interaction between individual business organisation with public authorities as well as interaction within the tourism business. Business entities working in the field of tourism have to orientate themselves in the demand and supply of tourist products, both their own and those of their competitors, take into account the general trends in the life cycle of individual tourist products and destinations and take into account the trends in customer choice. Along with this, the microeconomic analysis should also concern the activity of tourism-sensitive markets, such as the transport market, the service market, the energy markets and the markets related to the distribution of information products.

International tourism is extremely sensitive to the development of

international relations, since it is these, to a significant extent, that determine both the macroeconomic and microeconomic parameters on which tourism is built. One of the first rules of any tourist activity is to ensure the safety of tourists and the effective logistics of tourist trips. International relations also have an impact on the administration of tourism, the possibility of dominating purely market mechanisms in this area.

No less important than the factors listed above are the social relations in the society, the basic social attitudes and the specifics of the relations in the respective country. Such parameters as: the attitude towards foreigners and the dominant cultural traditions, the presence or absence of ethnic, religious, interstate and other types of long-term social conflicts, which in one form or another can have a negative impact on representatives of other religions, are of essential importance in this direction, cultures and countries.

Tourism activity requires a high degree of interaction between different institutions within a given society, which, in turn, requires developed social and administrative mechanisms to allow the unhindered realisation of the tourist process. An important aspect of the interactions related to the implementation of active tourist activity is the presence of non-governmental organisation and their attitude to tourism. The attitudes of the population regarding tourism and tourists are also important, as well as the presence or absence of contradictions between tourism and the interests of local communities¹.

3. CHALLENGES TO THE TOURIST ACTIVITY BY THE SUMMER OF 2022

The challenges facing the tourism activity have a diverse nature, and along with that, they are also a sufficiently dynamic element over time. As of the summer of this year, they have both a specific nature, related to the development of the situation at the moment, and a long-term nature, predetermined by the complex problems that arise before the EU and our country, as an inseparable part of it.

Before addressing the specific challenges, it would be fair to point out the main factors that impact tourism challenges. The main factors are as follows:

- the gradual nature of the recovery process of the economies and the tourism sector after the prolonged period of restrictions caused by the COVID-19 pandemic²;
- Russia's unprovoked aggression against independent Ukraine and the consequences of this aggression at a specific point in time and with a view to these consequences for the future.

Even according to the original plans for the recovery of tourism activity, the levels of tourism activity from before the onset of the pandemic should have

¹ S.J. Page Tourism Management, 6th Edition, Routledge, 2019.

² Tourism grows 4% in 2021 but remains far below pre pandemic levels, <https://www.unwto.org/news/>.

been reached in 2023-2024 years. At the same time, these levels could be reached under the condition that the development of tourism is realised without other problems that would create difficulties in its realisation. The above-mentioned factors create systemic challenges for the tourism activity, and their effects „complement“ each other.

The impact of the factors creates both immediate and indirect challenges for tourism in Europe.

Immediate challenges include the following:

a) Serious capital difficulties of the tourism sector. The two-year stay of tourism in Europe did not allow the enterprises of the sector to accumulate the necessary funds to welcome the new tourist season. The lack of both working capital and sufficient investment opportunities for capital expenditure and business growth also affected their ability to acquire loan capital from financial institutions. They feel insecure enough to lend to tourism businesses due to the high degree of uncertainty, which is further reinforced by the effects of Russian aggression against Ukraine. In practice, it is this second factor that creates conditions for disruption of traditional tourist flows, and as a consequence, serious difficulties in planning the activity.

In many countries of Europe, state authorities, and in some countries local authorities, have provided some support to the tourism industry. But this aid was insufficient, especially considering the difficulties caused by the war in Ukraine and the need for additional costs to support the population, as well as investments in the restructuring of the energy sector in many of the countries³.

All the mentioned circumstances directly affect the price strategy of tourist enterprises. If in previous years it had a sufficiently flexible character, allowing to serve different markets, today it has lost this characteristic and must raise the general prices of tourist services. In turn, this circumstance has an extremely negative impact on the volume of activity of tourist companies.

b) Challenges related to the management and marketing of tourist enterprises. The challenges directly related to the management of enterprises are manifested in the following directions:

- challenges related to labor resources used in tourism. Labor resources are the main resources for tourism, and the two-year interruption in the work of tourism enterprises caused significant upheavals in this sphere. It is often necessary to recruit new staff, and along with that, the funds for additional qualification are quite limited. The lack of interaction between the members of the work teams also causes certain difficulties in cooperation and interaction, which affects the quality of the tourist service;

- challenges related to the broken systemic connections between tourist

³ UNWTO, World Tourism Barometer. International tourism consolidates its strong recovery despite growing challenges, 2022 Vol. 20, no. 4 July, <https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2022-07/>

enterprises and their counterparties working in the field of tourist logistics, tourist services, catering, etc. In this area, the problems arising in a certain sector are multiplied in the overall activity of the enterprises;

- challenges related to the implementation of medium-term and long-term planning in these essential areas of the activity of tourist enterprises, such as the planning of the activity, the planning of financial flows, the planning of the interaction with the state and local authorities, as well as the interaction between the tourist enterprises and their counterparties;
- challenges related to the significant and systematic reformatting of tourist markets in Europe. Russia's aggression practically „removed“ significant segments from the tourist market, and this became only one of the consequences of the aggression. Along with this, the international tension also created serious problems of a psychological nature for many of the tourists. This type of problem is common to practically all European tourist destinations, but it is especially important for destinations located in the immediate vicinity of the conflict territory⁴.

There are also a number of challenges that do not directly relate to the activity of the tourism industry, but essentially have a significant impact on it. This category of challenges includes:

- challenges for the tourism activity are the financial, organisational and management problems that arise for the transport sector; As is known, transport, especially air and road transport, has a direct impact on the quality of the tourism product, as well as on the preferences of tourists when choosing a relevant destination. In the post-pandemic period, as well as under the conditions of aggression in the center of the European continent, the recovery of the transport sector will be significantly slower. Also, it should be taken into account that the occurrence of structural problems within the management model in transport are significantly more significant than in all other sectors, and their solution is significantly more complicated;
- macroeconomic challenges related to the rapidly developing inflationary processes on the territory of the continent, which affect all areas of economic activity, but are particularly sensitive for tourism in such sectors as the value of services (the many services that complement tourism), the value of food and those, the value of capital expenditure and, above all, construction and repair activities, as well as a number of other tourism-relevant sectors (for example, the value of treatment and medical activities); Practically, the indirect challenges related to the uncertainty of the energy carrier market, their supply and price levels can be attributed to this category. In practice, it is this component of inflation that is of leading importance for the lack of predictability both in the field of tourism and in other industries closely

⁴ The Economic Contribution of Tourism and the Impact of the COVID-19, UNWTO 2021.

related to it⁵;

- challenges related to the socio-psychological climate in the countries that represent markets for the provision of tourist services; Tourism requires the presence of an attitude in certain categories of the population towards the realisation of one or another type of tourist trips. Although this factor cannot be directly attributed to the material aspects of the tourist activity, its presence suggests serious fluctuations in the tourist market. In particular, similar phenomena are observed as a result of Russia's aggression. Many of the traditional groups of tourists not only do not visit warring countries (which is quite natural in view of the high degree of risk), but also do not visit those destinations that are located in close proximity to the territory of hostilities.

4. TARGETED ACTIONS OF MANAGEMENT IN TOURISM, CAUSED BY THE CHALLENGES OF THE MODERN STAGE

Actions to be taken by tourism organisation to address the challenges facing modern tourism in the EU are diverse in nature. Along with this, obviously, today there is a need for coordinated and systematic actions in the member countries of the community, with a view to limiting or completely overcoming the adverse consequences that arise in connection with the above-mentioned challenges.

Naturally, the author does not claim to be exhaustive, and the measures that are considered necessary reflect only her personal opinion. Along with this, due to the important importance of tourism in the Republic of Bulgaria, I believe that the listed measures can serve as guidelines, on the basis of which to start discussions within the Union.

The actions to be undertaken are related to different elements of the activity of tourist enterprises. However, they have a systemic nature, aimed mainly at three objectives, namely, on the one hand, the turning of the gaze on the part of European tourism to the consumer resources inside the community itself, systematising the practice for tourism companies and moving to forms more resistant to turbulent trends and optimising the resources that are used by tourism.

The author sees the concrete forms for the realisation of these goals in the following actions:

- systematisation of the problem areas of the tourism industry and transition to more comprehensive forms of management of the organization of tourism. Of course, in any free economic system, the presence of numerous, small business entities is an essential aspect of competition that should be encouraged in the absence of serious challenges that are difficult for the

⁵ European Union Tourism Trends, UNWTO 2018.

small business entity to overcome. When, however, there are conditions in which the industry finds itself today, the creation of larger organisational-legal forms that have sufficient resources and capabilities to prevent threats to the sector would be appropriate. Otherwise, serious systemic problems can lead to extremely serious consequences for smaller business entities, who for one reason or another will be forced to leave the market. Thus, the market mechanisms will be threatened to a significantly greater extent, compared to the situation in which the integrative processes will be realised during the relatively normal functioning of the sector⁶;

- an important aspect to overcome the adverse consequences for the tourism industry would be the closer planning and technical interaction between transport companies and business entities from the tourism industry. This action would also be in sync with the aforementioned „consolidation“ of tourism businesses. In the existing forms of interaction, the planning of the main activities, advertising campaigns and other elements of marketing management were realised relatively independently, and those forms of joint activity that took place were rather of a short-term nature. However, this cannot fully meet the interests of both sectors of the economy. Therefore, it would be good to build long-term forms of cooperation between them;
- significantly more active use of organisational forms that make it possible to implement projects on a joint basis between state and private enterprises. This is of particular importance in the field of preserving the cultural heritage of a particular region, in which case the corporate and state domains cooperate rather than oppose each other. In the conditions of the emerging crisis management, the „opposition“ between state and private organisation will have an extremely negative effect, and their interaction would be beneficial both for private corporations and for cultural heritage preservation authorities. But cultural preservation is not the only area where public-private partnerships can be extremely necessary and beneficial for both tourism companies and public authorities. Closer interaction with the local government has an important positive effect on the development of tourism logistics and infrastructure;
- significant changes in the direction of marketing activities of tourist companies. In particular, this aspect in meeting the challenges facing tourism should take two main forms: one is related to targeting the internal reserves of groups interested in tourism activities, and the second to changing the emphasis in the offered tourism products.

The tense international situation worldwide, as well as the fear caused by the prolonged pandemic situation, imply serious difficulties in the search for new groups interested in tourism outside the EU. It would be much simpler and more

⁶ J. Holloway, C. Humphreys, *The Business of Tourism. 10th edition*, Pearson Education 2016.

effective to use those reserves that exist today in the use of interest groups within the community.

EU citizens, due to ever closer security standards and the possibility of unhindered crossing of borders, feel safe when carrying out tourist trips within the Union. The converging cultural and educational level, especially among younger tourists, makes it possible to achieve high standards in the offer of both basic and additional tourist services. In addition, the internal market makes it possible to unite tourism enterprises from more than one country, thus creating conditions for the development of new tourist destinations and attracting new tourists.

An essential aspect is the change of the tourist products themselves within the EU. It would be expedient to achieve a significantly higher specialisation of the tourist product, the development of specialised types of tourism, the unification of several types of tourist services in one combined product, etc. Thus, it will be possible to generate the interest of consumers within the Union, and together with this, new standards will be achieved in specialised types of tourism, which can now be defined as a competitive advantage for tourism in all member countries⁷;

- development of new approaches by the financial and credit institutions related to the financing of tourism activities within the Union; Obviously, in the existing conditions of political and economic turbulence, the demand for financial resources will be significantly limited. Along with this, the EU is a union that can rightfully be counted among the most financially stable regions on the planet. In this sense, it would be justified to finance the countries by developing new financing schemes that would provide the necessary financial resources for the tourism enterprises of the Union. Thus, both the general competitiveness of the EU and the competitive positions of financial institutions could be improved. Of course, in this case, market principles should be applied, looking for those points of contact that exist between the financial sector and tourism. Thus, as areas that could be of mutual interest, there may be new financial assets related to tourism, investment, preferential credits related to the development of innovations in the field of tourism, etc.;
- A serious problem not only for the tourist business but also for all EU citizens is the provision of energy and energy carriers. This is particularly important for the tourism sector, since the existence of a secure energy system offering the resources at affordable prices predetermines the very existence of tourism. Ensuring predictability in today's conditions is difficult enough, so it would be advisable for the tourism sector to prepare for this challenge in the long term. In particular, this envisages new investments in renewable

⁷ J. Saarinen, *Southern African Perspectives on Sustainable Tourism Management: Tourism and Changing Localities*, Springer 2022.

energy sources, construction of local networks connected to relatively small producers, long-term contracting within which tourist sites could use preferential energy sources. Of course, this remains wishful thinking if not accompanied by appropriate government policy. But without achieving a higher degree of energy security for the sector, dealing with the challenges facing tourism will be extremely complex;

- a more active state policy to stimulate tourism in the EU; Naturally, in a situation of serious difficulties, all sectors of the economy turn to the state for support. Along with this, tourism does not need immediate financing, as does the non-manufacturing sector or high-tech industries. The tourism sector needs to direct the policies of the Union as a whole and of individual countries, including to the needs of the sector. This can have extremely diverse forms: from the compliance of the built infrastructure with the needs of tourism, to the implementation of a differentiated fiscal policy in relation to the tourism sector.

In conclusion, tourism is a sufficiently dynamic area, therefore the supporting policy of the states should have a similar character. Precisely because of this, it would be appropriate for the state authorities related to the regulation of tourism activity to be significantly more flexible both in terms of regulation and in terms of supporting the sector.

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WYZWANIA DLA WSPÓŁCZESNEJ TURYSTYKI W EUROPIE

Streszczenie: Współczesna turystyka jest projekcją powiązań makro- i mikroekonomicznych, międzynarodowych i społecznych. Wyzwania stojące przed działalnością turystyczną mają różnorodny charakter, a ponadto są także elementem dostatecznie dynamicznym w czasie. W artykule analizowano te wyzwania jako poważne trudności kapitałowe w wyniku dwuletniego zastoju turystyki w Europie spowodowanego pandemią Covid; trudności spowodowane wojną na Ukrainie i koniecznością poniesienia dodatkowych kosztów utrzymania ludności, a także inwestycji w restrukturyzację sektora energetycznego w krajach europejskich; Istotne są także wyzwania związane z zasobami pracy, które są niezbędne dla turystyki. Dwuletnia przerwa w pracy przedsiębiorstw turystycznych spowodowała istotne wstrząsy w tej sferze. Wyzwania związane z zerwaniem systemowych powiązań przedsiębiorstw turystycznych z ich kontrahentami działającymi w obszarach logistyki turystycznej, usług turystycznych, gastronomii itp. są również istotne dla funkcjonowania branży turystycznej. W artykule przedstawiono konkretne zalecenia mające na celu przezwyciężenie negatywnych skutków różnych czynników wpływających na branżę turystyczną poprzez zastosowanie systemowego podejścia i celowego zarządzania.

Słowa kluczowe: turystyka, działalność turystyczna, zasoby turystyczne, zarządzanie turystyką.

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