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MODERN CHALLENGES IN THE DEVELOPMENT OF THE TOURISM INDUSTRY

Summary: With the development of digitalization, innovative technologies are expanding their scope and strengthening their role in the tourism industry. Their adoption in tourism is accelerated by the use of smart devices and by the attitude of consumers towards improving the tourist experience through technology. The integration of modern technologies in tourism products increases competitiveness, improves the overall experience in destinations and provides opportunities to use unused tourism resources.

Key words: technologies, tourist destinations, tourist products.

JEL codes: M2, O3, R12.

INTRODUCTION

Technological development is an intensive and continuous process causing revolutionary changes in many economic sectors. In the tourism industry, various activities and service operations take place amidst a wide set of elements, and technology is having an increasingly significant impact on them. New business models, concepts, work methods, communication channels, etc. are created. The increased competition in the tourism sphere necessitates the need to adapt the supply to current trends and consumer attitudes. The connection of technology with tourism provides opportunities to improve activities and services and to increase the value of products. Modern consumers are characterized by more technologically oriented needs and attitudes, and for that reason technology is emerging as a key factor in development, becoming increasingly important for the tourism industry. The implementation of digital innovations and taking advantage of the opportunities of modern ICT have the potential to increase the competitiveness of destinations.

The tourism industry is dynamic and faces challenges related to the influence of factors such as global competition and rapidly changing structures, processes and products; changes in the needs, values and standards of customers¹. A key role in this process is played by the progress of digitization and ICT. The rapid pace of technological progress in a global aspect leads to numerous changes in business models and consumer attitudes in all spheres of the economy. A necessary prerequisite for the effective management of any tourist activity is the monitoring of the dynamics and tendencies². The development of the tourism sector today is highly dependent on its ability to react and adapt to digitalization and the ever-changing conditions of the market environment.

As a result of ICT advances and digitization processes, the tourism industry and the service sector simultaneously are undergoing significant transformations. The transition from a limited information environment to an extended information environment world³ is expressed through accelerated penetration of innovative devices in various aspects of everyday life and leads to changes in the way of life of society.

In the modern world, the use of technologies allowing to obtain the necessary information on individual elements or designing a tourist trip without leaving home is a common activity. Digitalization expands distribution channels and provides opportunities to reach a larger number of potential consumers. The activities of providing market information for the tourist product are being enriched and improved. As a result of these actions, consumers are facilitated and more informed in the decision-making process. The possibilities of accessing unlimited information on the Internet expand the spectrum of consumer demand. Tourism in the digital age is characterized by dynamism and increased market competition. An important prerequisite for development is tracking of current transformations and standards in consumer demand. A challenge for business is the ability to win over customers and satisfy their diverse needs. The dynamism of the sector is also characteristic of its users, i.e. their attitudes and preferences are constantly changing. The following significant changes and tendencies⁴ stand out:

- Increased consumer awareness: thanks to the possibilities provided by the Internet, consumers are becoming more informed and able to independently design a trip. Demand is shifting from mainstream to alternative forms of

¹ V. Kazandzhieva, *Potential for Applying Open Innovations in Tourism*, "Izvestia Journal of the Union of Scientists - Varna. Economic Sciences Series" 2019, 8(3), p. 29.

² M. Neshkov, S. Marinov, V. Kazandzhieva, *Vavedenie v turizma*. Varna: Nauka i Ikonomika, 2014, p. 73.

³ M. Y. Kayıkçı, A. K. Bozkurt, *Dijital çağda Z ve Alpha kuşları, robotlar ve turizmde yapay zeka uygulamaları*, "Papers on Social Science" 2018, (1), p. 55.

⁴ P. Ortiz P., *New consumer trends in Tourism*, [online] Available from: <https://www.amaramarketing.com>. [15.11.2022].

tourism, offering authenticity and opportunities for unique experiences. Consumers are able to pay a higher price to obtain the value they seek;

- Journeys meeting the principles of sustainability: there is an increase in social responsibility. Consumers are looking for options to minimize the negative impact on the environment. The focus shifts to visits to the natural environment and maximum detachment from the urban lifestyle. The demand for products that offer sustainability, respect for nature, safety and equality is increasing;
- Seeking personal challenge: increase in adventurousness and the need for personal growth. The need to break away from the daily routine is growing. Modern consumers are looking for methods to connect with the identity of the destination by practicing various activities such as meditation, yoga, etc. The choice is directed towards products offering new experiences and ways of personal growth. It is possible for consumers to repeat trips to already familiar destinations in search of experiences that they have not accumulated before;
- Increase in solo travel⁵: solo travel preferences by personal choice rather than obligation. The key factors for the increase in the number of independent tourists are a sense of independence, flexibility and freedom of choice. More and more consumers of various age groups prefer this type of travel, but the largest share is generation Z and millennials. The trend is intensifying after the COVID-19 pandemic;
- Millennials and Baby Boomers: Millennials are the first generation to experience the technology boom. It is typical for them to use the Internet to independently design a trip. In contrast, baby boomers tend to rely on travel agencies for travel arrangements rather than using technology. What both generations have in common are the interests they share, i.e. personal growth, balance and joy of freedom. Their search is focused on products that provide spiritual recharging and inspiration;
- Consumers and technology: technology has a major impact on the tourist travel decision-making process. During its implementation, two types of consumer attitudes are manifested: Fear of Missing Out (FOMO) and Joy of Missing Out (JOMO). In the first group, users prefer to stay connected to the world through their smartphones, while in the second, they completely disconnect from the virtual world. It is important for tourism entities to understand to which group their customers belong in order to choose the most suitable approach in serving them, i.e. by emphasizing real human relationships or a digitally focused relationship;
- Personalized experiences: the trend stems from digitization in the travel

⁵ *Global leisure travel market – Industry dynamics, market size and opportunity forecast, 2027. 2022.* [online] Available from: <https://astuteanalytica.com/>. [16.11.2022].

industry. Nowadays consumers are looking for experiences that are as specialized as possible and based on the opinions and ratings of the increasingly connected Internet community. Personalization is based on a dialogue with each user as an individual based on his/her own characteristics, preferences, needs and behavior. Communication activities can be carried out through multiple channels such as special mobile applications, telephone contact, email campaigns, specialized portals, social networks, etc. Satisfaction from personalized relationships usually reflects in the form of customer loyalty.

Modern transformational processes in the tourism sector and emerging trends reveal key guidelines that have to be followed by all tourism stakeholders. The needs and desires of new users are clearly differentiated, i.e. the focus shifts from mass to more alternative destinations with a focus on personal growth and enrichment through diverse experiences. Targeted efforts need to be made to create and offer a tourism product that meets the following criteria: tightly linked to local communities; has a minimal carbon footprint; enriches the customers with new knowledge, skills and experiences; creates useful habits; provides opportunities for exploring the limits of individual capabilities, activities in nature, volunteering, getting to know new ones cultures⁶, etc. While some experiences require a complete absence of technology, others can be enriched through it. SSPT (2019) outlines in its report the following prospective solutions containing guidelines for development and growth:

- Realizing that the future traveler is different from today's: the necessary implementation actions are mainly through a customer-oriented approach, i.e. meeting and upgrading the needs and values of consumers; enrichment and personalization of the service;
- Maximizing the essence: identifying the qualities and properties that make the product unique; providing an authentic experience enhanced and enriched by modern technologies;
- Accepting the change or falling behind: following the trends and applying current business models and technologies determined by the modern transformational conditions and processes;
- Improving impact through technology: strategic improvement of the public and private sectors, i.e. innovation, efficiency and personalization.

Key concepts in the identified guidelines for awareness and improvement. Many elements of the tourism industry have been modified in certain ways as a result of globalization and technological development. Undoubtedly the most important

⁶ L. Popyordanov, *Mnenieto na spetsialista. Informatsionen byuletin na Ministerstvoto na turizma*, 2022(7), p. 25, [online] Available from: <https://www.tourism.government.bg/>. [16.11.2022].

is the role of digitization as a result of which there are changes in consumer behavior, established business models, tourist destinations, etc. New consumers (regardless of their age) of tourism goods and services have already incorporated technology into their daily lives. The most striking representatives of this integration process are generations Y and Z. Millennials, who are expected to represent 50% of all travelers by 2025⁷ and Generation Z share a common digital foundation. Generation Y's needs focus on discovery, interaction and emotional experiences, and their expectations are focused on seeking a connection between tourism services and their daily lives. Generation Z is fully integrated into the digital world. Their demands, standards and behavior differ from those of the generations before them. The digital generation requires information in real time; prefers short but impactful messages (mostly through photos and videos) and channels that allow information sharing and interaction; replace traditional text by using stickers and emoticons⁸, etc. The ability to be aware of and adapt to the specific characteristics and demands of consumers is essential to the prosperity of the industry.

The above-mentioned trends require a rethinking of existing concepts and an introduction of innovations in the tourism sphere. It is necessary to follow current models for improving products and services, new business practices and modern approaches to building technological infrastructure in tourism.

The development of modern technologies affects every component of the tourism sphere. The application of modern technologies and digitalization in tourism promotes innovation and improves competitiveness, while neglecting them creates risks and threats of entities dropping out of highly competitive tourism markets. The pace of change is intense and continuous, while anticipating upcoming transformations is a challenge. Technology continues to exert its influence and the process of slowly transforming tourism into a smart industry is an objective reality.

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⁷ *Horwath HTL (2015) Tourism Megatrends: 10 things you need to know about the future of tourism*, [online] Available from: <https://www.hospitalitynet.org/>. [17.11.2022].

⁸ Ibidem.

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WSPÓŁCZESNE WYZWANIA ROZWOJU BRANŻY TURYSTYCZNEJ

Streszczenie: Wraz z rozwojem cyfryzacji innowacyjne technologie poszerzają swój zakres i wzmacniają swoją rolę w branży turystycznej. Ich przyjęcie w turystyce przyspiesza wykorzystanie inteligentnych urządzeń i podejście konsumentów do poprawy doświadczeń turystycznych dzięki tym technologiom. Integracja nowoczesnych technologii z produktami turystycznymi zwiększa konkurencyjność, poprawia ogólne doświadczenia i stwarza możliwości wykorzystania niewykorzystanych zasobów turystycznych.

Słowa kluczowe: innowacyjne technologie, kierunki turystyczne, produkty turystyczne.

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