
DIGITAL TRANSFORMATION OF THE TOURIST INDUSTRY

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Abstract: Bulgaria has huge potential to develop the tourism sector, which already accounts for about 13% of our gross domestic product and has been raised by the government in the national priority as a structure-defining one. In Bulgaria, 335 thousand are employed in tourism and related economic activities, which is almost 11% of all employed in 2017 - more than the international indicators. Over the last three years, the trend of record growth in the whole history of Bulgarian tourism has been steadily established. According to NSI data for the first seven months of 2018, nearly 5.3 million foreign tourists choose Bulgaria as a tourist destination, or almost 7% more than in the same period of 2017. Digital transformation is the process of using digital technologies to create new — or modify existing — business processes, culture, and customer experiences to meet changing business and market requirements. This reimagining of business in the digital age is digital transformation. It transcends traditional roles like sales, marketing, and customer service. Instead, digital transformation begins and ends with how you think about, and engage with, customers. As we move from paper to spreadsheets to smart applications for managing our business, we have the chance to reimagine how we do business — how we engage our customers — with digital technology on our side. The prevailing view is that successful digital transformation depends on changes in strategy, leadership and organizational culture, as well as on the peculiarities of the production and services that companies offer.

The purpose of the report is to clarify the nature of digital transformation and the prerequisites for its implementation in the tourism industry, to study the national policy regarding digital transformation in tourism, to analyze the practical steps in this direction and to outline trends in the development of the tourism industry. To achieve this, the authors review publications of researchers and consulting companies on the nature of digital transformation, as well as justify its need for implementation in the travel industry. A number of documents, strategies, reports of the Ministry of Tourism have been studied, as well as materials from conferences, seminars, round tables, discussions and other forums on the transformation of the tourism industry.

In the report, we tried to clarify the key concept of digital transformation, to identify the prerequisites for it in the tourism sector, as well as, based on our own research, to discover some real first steps at national level. The change begins in this period, it takes organizational culture, competence, strategy, leadership, partnership and hard work at all levels to achieve a real digital transformation of the tourism industry.

Keywords: digitalization, digital business models, digital platforms, tourism industry

1. INTRODUCTION

Reviewing publications allows us to highlight some definitions of digital transformation, viewed by different authors as process, system, change, phenomenon. Digital transformation is the process of using digital technologies to create new — or modify existing — business processes, culture, and customer experiences to meet changing business and market requirements. This reimagining of business in the digital age is digital transformation (1). It transcends traditional roles like sales, marketing, and customer service. Instead, digital transformation begins and ends with how you think about, and engage with, customers. As we move from paper to spreadsheets to smart applications for managing our business, we have the chance to reimagine how we do business — how we engage our customers — with digital technology on our side. An in-depth study of the problem is made in the article "Digital Business Transformation", where the author has classified the definitions of the essence of digital transformation on the basis of different approaches to its research (2). One approach to exploring digital transformation is to group change into three areas: consumer behavior, business processes, and business models. Figure 1 shows another approach with six areas.



Fig.1 Six areas of digital transformation

Other authors use the traditional strategic framework developed by McKinsey consultants in the 1970s, which became popular as the 7S (2),(11), (13). The idea is to identify the main tasks of digital transformation across the seven elements of the framework: strategy, structure, systems, shared values, skills, style and staff (3). We adhere to Burke and Lithwin's model, where changes in the environment are the most powerful drivers of organizational change, but transformational changes are needed to address strategy, leadership, and organizational culture (4), (9). Our main argument for this position is related to business case studies that show that successful digital-based businesses have a clear strategy, senior management commitment to change, and employee involvement in meeting this need and customer interests. This enables us to create our own working definition of the digital transformation of business as an organizational change in the strategy, leadership and organizational culture of enterprises, justified by the dynamic development and application of digital technologies. After clarifying the essence of one of our key concepts, we will look at the prerequisites for the digital transformation of the tourism industry and try to answer why this industry is a challenge for us. Bulgaria has huge potential to develop the tourism sector, which already accounts for about 13% of our gross domestic product and has been raised by the government in the national priority as a structure-defining one (12). In Bulgaria, 335 thousand are employed in tourism and related economic activities, which is almost 11% of all employed in 2017 - more than the international indicators (13). Over the last three years, the trend of record growth in the whole history of Bulgarian tourism has been steadily established.

According to NSI data for the first seven months of 2018, nearly 5.3 million foreign tourists choose Bulgaria as a tourist destination, or almost 7% more than in the same period of 2017.

According to Eurostat, in May 2018 Bulgaria ranks second in terms of growth in nights spent by foreigners in accommodation establishments in all EU countries compared to the same month in 2017. Over EUR 2 billion is generated from international tourism in Bulgaria in the first seven months. Bulgarian National Bank data show this year. The growth is 8.1% compared to the same period of 2017. Table 1 shows the total number of tourist visits of foreigners in Bulgaria for 2017, 2018 and January-July 2019. From these data it can be seen that for the period January-July 2019 the total number of tourist visits of foreigners in Bulgaria is 5 173 085. The decline compared to the period January - July 2018 is 1,8% .

Table 1 Tourist visits of foreigners to Bulgaria for the period 2017 - January-July 2019

Year	Foreign tourists / number /
2017	4 923 876
2018	5 265 367
2019 January-July	5 173 085

Source: NSI

The tourism industry is one of the most powerful engines for the world economy. In 2017, the World Tourism Organization (WTO) reported over 1.3 billion visits to foreign tourists in all countries, an increase of 7%. In 2018, revenues generated from international tourism amounted to 1.6 trillion. dollars (5),(8).

Continuing the upward trend in tourism in Bulgaria is impossible without the implementation of more innovations, modern technologies and connectivity through digitalization. It is for this reason that we have chosen to look at the digital transformation of the tourism industry. The prerequisites are mainly related to the qualitatively new needs of the users of tourist services. Thanks to technological advances, travelers can book a flight and hotel in seconds, get feedback on local landmarks, and personalize their experience to the fullest. The development of the so-called "sharing economy" is forcing companies to constantly reformulate their definition of tourism and adapt their ways of working.

Digitization stimulates innovation, growth and globalization and completely changes the concept of travel as such - today it seems more accessible and convenient than ever (11). Even if it does not provide a completely new concept, technology can accelerate and facilitate access to a particular service with all the structural implications of it. More and more people are opting to book rooms, rent cars and pay for trips through their smartphones. In addition to offering a full range of services, mobile devices are becoming something like a living satellite that knows us better than anyone else and anticipates our desires before we even wonder what to choose. Social media and feedback-sharing platforms have turned tourists into full-time content creators and guides (6),(10). All of the above necessitates the digital transformation of the tourism industry.

What is the national policy on the problem under study? Studies of the materials of the Ministry of Tourism from various forums on tourism development allow us to put in tabular form, in our opinion, the main emphasis in the indicated direction (7) (table 2):

Table 2 Highlights of the National Digital Transformation Policy for Tourism

№	National Digital Tourism Transformation Policy - Highlights
1.	The need to update the national tourism strategy in line with digitalisation in the sector and new IT realities has been declared
2.	Creating the conditions for applying more innovation, advanced technologies and connectivity through digitalisation
3.	The need to develop a modern website with its own reservation system, redesign the country profiles on social networks, regularly update the information in our official tourist portal, create and maintain information and advertising points at the main entry points of the country
4.	Planning and implementing online campaigns to promote the various types of tourism, for example festival

International surveys show that in 2017, 46 per cent of tourists in Europe organized their vacations online. These rates are projected to reach 60 in the next 2 years. This is mainly due to the good performance and increased presence of countries presenting their tourist services and attractions online.

What are the concrete steps at the national level regarding the digital transformation of the tourism industry?

Document studies show that innovative designs and digital platforms have been created: an interactive 3D travel guide (Iwalk.bg); digital marketing (iLoveBulgaria), enabling small and medium-sized enterprises, government and municipal institutions to use the most modern marketing and advertising tools without the need for large investments (8), (11).

The platform uses innovative optimization methods across all social networks to promote Bulgaria as an attractive tourist destination. It contains information about tourist sites and services by area and interests and helps to find them in real time and place via GPS & QR scanner. The platform uses the latest technologies and offers the possibility of direct sharing of tourist sites through Viber Chat Extension.

The data reports 25,000 downloads of iLoveBulgaria, 16,000 monthly visitors to his website and blog, 100,000 followers on the Facebook page and over 366,000 reached people, nearly 6,500 Instagram followers (9).

Integrated digital solutions for hotel and restaurant management, reservation systems, offering modern and efficient sales and customer service methods are also presented in various specialized forums (8).

A significant practical step in the digital transformation of the tourism sector is the establishment of the legal framework and the launch of the Single Tourist Information System (STIS). Its purpose is also to connect in real time the hotel registers with the Ministry of Tourism, the Ministry of Interior, the National Revenue Agency and the municipalities. The system has been developed as a functional dynamic reference and analysis system, which will

serve as a basis for developing strategies in the field of promotion and promotion of tourism products on the international market.

The expected result of taking into account the actual number of nights spent in the STIS is an increase in reported revenue, further ensuring higher tax revenues and charges related to tourism, and reducing the gray sector in the economy (3), (10). Studies show that this project has been piloted in five municipalities - Sofia, Burgas, Sozopol, Vratsa, Velingrad, which have 80-90% readiness to implement it.

In summary, it can be said that all of the above is related to taking some of the major practical steps at national level for the digital transformation of the tourism industry.

4. CONCLUSION

In the report, we tried to clarify the key concept of digital transformation, to identify the prerequisites for it in the tourism sector, as well as on the basis of our own research, to discover some real first steps at national level. The change begins in this period, it takes organizational culture, competence, strategy, leadership, partnership and hard work at all levels to achieve a real digital transformation of the tourism industry.

The challenge for us is to explore the digital transformation in tourism companies, which will be the subject of future publications. The studies of company practice in the field of digital transformation, started by the authors, show real activities in the tourism enterprises, which are in the beginning. The management of these companies face a number of difficulties related to finding human capital to deal with changing business models as well as creating a digital culture in employees. The process will be difficult and time-consuming, but in order to achieve business success and increase competitiveness, it will be imperative in the digital age.

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