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**Article**

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UTMS Journal of Economics

**Provided in Cooperation with:**

University of Tourism and Management, Skopje

*Suggested Citation:* Marinov, Stoyan; Kazandzhieva, Velina (2010) : Improving the distribution of Bulgarian seaside holiday hotels, UTMS Journal of Economics, ISSN 1857-6982, University of Tourism and Management, Skopje, Vol. 1, Iss. 1, pp. 29-38

This Version is available at:

<https://hdl.handle.net/10419/49183>

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*Preliminary communication*  
*Received: 12.02.2010*

## IMPROVING THE DISTRIBUTION OF BULGARIAN SEASIDE HOLIDAY HOTELS

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### **Abstract:**

This report aims at viewing and analysing the trends and changes in the channels for distribution of tourist products. The specific features of modern hotel management together with the tasks in the process of distribution of hotel products have been presented. Applying the systematic approach a model for distribution of Bulgarian seaside holiday hotels has been put forward.

*Key words:* distribution, hotel management, trends, online marketing.

### **INTRODUCTION**

The economic problems (crises at the financial markets, the increasing expenses for safety and health care, the increase in the prices of fuel and the taxes in aviation transport etc.) in Western Europe and USA have their impact and influence over the travelling in general at global level. Contrary to this fact the amount of tourist destinations' demand in international tourism grows and the number of international travels with tourism purposes increases. The members of the International Association of Hospitality Consultants define and classify the most important *characteristics of hotel industry* for the year 2007 as follows: insufficient qualified personnel; increased expenses for repairs and maintenance of the tourist facilities; increased influence of new technologies; fluctuation in the demographic characteristics of consumers of tourist services; ***arising problems in the distribution of hotel products***; insecurity of potential future incomes in hotel industry; increasing significance of branding; expanding the business at the developing markets (for example in Brazil, Argentina, the Republic of Korea, Russia) etc. Based on the real characteristics of this business discerned for the

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year 2007 the conclusion is that **there is a continuous growth in the international tourism sector** especially at the newly emerging markets and developing economies, which as a whole have had a tendency for steady growth for four consecutive years now – this time with 5%. The highly solvent tourists from Germany, USA and Great Britain continue to arrive and as far as Italian and Spanish tourists are concerned they incur the highest tourist expenses – with more than 9% in comparison with the year 2006<sup>2</sup>. Based on the stated peculiarities of the modern hotel management what the authors of the present report **aim at** is as follows: *taking into consideration the analysis of trends in the different ways of distribution of hotel product to propose a model for improving the distribution of Bulgarian seaside holiday hotels.*

### **OBJECTIVES OF THE DISTRIBUTION AND TRENDS IN THE ALLOCATION OF TOURIST PRODUCTS**

The scale and core of the modern distribution systems has been a subject of interest among lots of authors, one of whom is F. Kotler. Having being influenced by the observed product-market oriented transformations in the modern communication environment, he views marketing from a **three-dimensional perspective**. At first place he points out the so-called dimension of “*changes in the behaviour of consumers*”; *at second place he talks about the dimension of “changes in the way and manner of receiving the products and services” and at third place he points out the dimension of “changes in the behaviour during the process of purchase and sale of products and services”*<sup>3</sup>.

**The distribution**, being a key component of the marketing mix of hotel as a business establishment, *has a strategic goal to ensure and maintain the optimum comfortable accessibility of target consumers to the provided and marketed hotel products.* In order the goal to be achieved the following **main tasks**<sup>4</sup> need to be fulfilled:

- Provision of a high degree of regional coverage for the target emitting markets with options to receive information and make bookings for the services provided by the hotel;
- Increasing the effectiveness and efficacy of information flows and transactions performed in the hotel distribution chain;
- Facilitating the integration between the traditional and online channels for distribution of the hotel product;
- Raising the level of competency of the hotel marketing staff in the process of development of electronic channels for distribution.

The channels for distribution of hotel product are both direct and indirect. Their choice is defined by the characteristics of the hotel such as type, quality, capacity, season, location and transport accessibility, the specific characteristics of the

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<sup>2</sup> Кенеди, Д. Хотелската индустрия в Европа и Америка през 2007. *Hotels & Restaurants Magazine*, бр. 9, 2007, с. 42.

<sup>3</sup> Котлър, Ф. Котлър за маркетинга – как да създаваме, печелим и управляваме пазарите. Класика и Стил, София, 2001, с. 274 – 296.

<sup>4</sup> Маринов, С. Дистрибуцията на България като туристическа дестинация. В-к Туристически пазар. Месечник на българския туристически бизнес. август, 2004. стр. 10-11

consumers, etc. Due to the territorial interrelation between the hotel management and the tourist resources, the sales through a travel agent are prevailing but of course the decision for each hotel is individual, according to its specificity or that of the hotel chain<sup>5</sup>. In order to achieve the strategic goal and the ensuing from it tasks of the distribution of the products of Bulgarian seaside holiday hotels, there is a great need of establishing a modern distributional system in each hotel. This system should correspond to the modern *changes and trends* in the distribution of the holiday tourist products and the predominant ones among them are as follows:

- The process of making the decision to undertake holiday tourist travel takes much shorter to be realized. Tourists make their choice and purchase the tourist product much quicker and in a shorter period up to the beginning of the journey. The number of customers who purchase a holiday package travel one year in advance is limited – i.e. early bookings. Approximately 1/3 of British holiday-makers plan their holidays 3 to 6 months before the date of departure whereas 20% make the necessary arrangements earlier. Only 6% rely on last minute offers or make the bookings 1-2 weeks before the very travel. Based on data presented at the conference Travel Com'08, held in Chicago about ¼ of the questioned tourists set aside about 12 hours to examine the available information about the tourist destinations and tourist services and 21% need no more than 2 to 4 hours. Only 5% prefer the group travels, and the interest in individual tourism<sup>6</sup> grows. There is an increased need of timely providing up-to-date and adequate information, which meets the needs of customers and assists them in the process of careful examination and making the right decision for their holiday.
- There is greater need of information, which tourists require during the very holiday travel. The interest in independent and individual forms of tourism grows and it arises from the need of more and timely information the individual tourist need.
- The importance of electronic online channels for distribution is enormously increasing. Due to the boom in development of new technologies such as the Internet web pages, email service, interactive TV, SMS mobile phone messages and multimedia MMS messages, these play greater role in the process of examining the information, promotion, bookings and payment of tourist products and services. On grounds of this the relations between producers and consumers are changing, as well as between salespeople and buyers. The opportunity for direct, comfortable, quick and cheap contacts and transactions between producers of tourist products and their ultimate consumers is growing;
- The interrelation between the tourism and the other sectors of business is becoming closer in the climate of globalization. The connections between the hotels and the financial, investment and banking business such as (Eurocard-Mastercard), software business such as (Microsoft), publishing business such as

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<sup>5</sup> Дъбева, Т. Ролята на онлайн дистрибуцията в хотелиерството. Сборник доклади, Славена, Варна, 2004, с. 26 – 36

<sup>6</sup> Данните са от сп. Гранд хотели, СТО залага на информационните технологии в туризма. юни, бр. 3, 2008, с. 8.

(Lonely Planet), the mass media business (US Today), as well as the supermarket retail trade (PEBE/REWE) and a lot more similar are tightening. These sectors turn into an effective information-reservation centers for tourist products and they play the role of specialized channels for the distribution of hotel services;

- The traditional distributional channels in tourism keep their significance. They are integrated into the new electronic channels and increase their distributional effectiveness. In this process one can discern a tendency of shrinking the expenses for printed information materials due to the increasing opportunities for distribution of the information via electronic means.

### **MODEL FOR DISTRIBUTIONAL SYSTEM OF BULGARIAN SEASIDE HOLIDAY HOTELS**

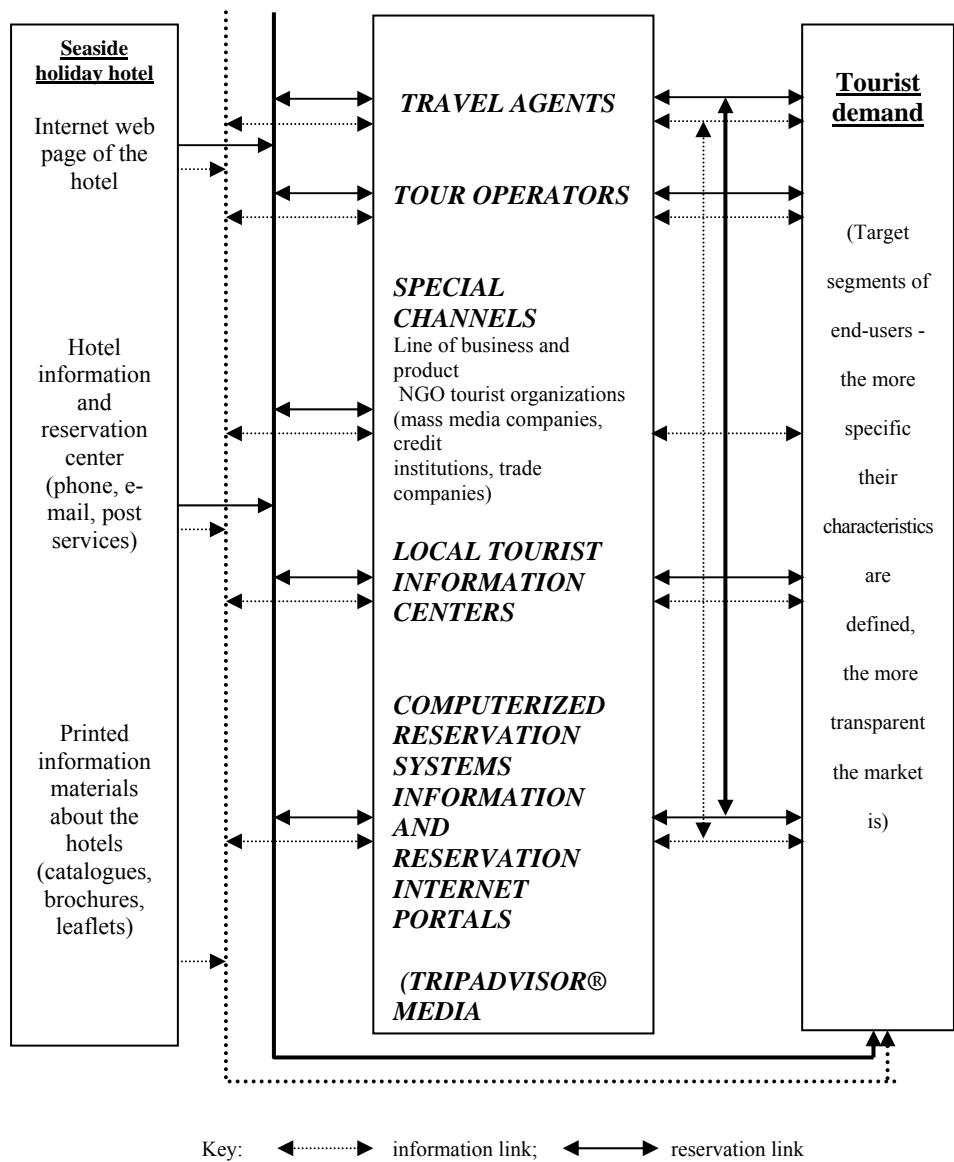
Taking into consideration the contemporary trends in the distribution of tourist products we could propose a **model for distributional system** of Bulgarian seaside holiday hotels as it is shown on diagram 1. The model has been developed based on the systematic approach and has been designed to serve end-users and performs mainly marketing and distributional functions. In the proposed model *two subsystems* of interrelations between the components have been integrated *i.e. information and reservation*. The *information subsystem* takes care of presentation, promotion and advertisement of hotel products. It is also used for receiving feedback from the end-users. Most often this part includes: description of the hotel; transport accessibility; types of rooms and their disposition; opportunities to practice various types of tourism (congress, business, balneological and recreational, cultural, city tourism etc.); description of specific tourist landmarks or resorts in the vicinity, accompanied by images and maps for orientation; proposals for tourist routes and participation in local cultural events and traditional celebrations; prices for the hotel services.

The *reservation subsystem* integrates components through which bookings of hotel products are made. It provides effective opportunities for check-in, check of the occupancy, reservation and payment for hotel services, or gives opportunities for purchasing of package products. Most of the interactions between the components of the systematic model are two-way interactions and they have information and reservation character in terms of their essence. There are only few exceptions with regard to the interrelations between the end-users, the special channels and printed information materials about the hotel, which are in the last case also one-way relations (their direction is from the printed materials and reach the end-users).

The communication between the participants in the process of demand and supply of the hotel product is carried out in the manner of constant two-way exchange of information. The tour operators and travel agents (intermediaries) form a professional and trade link between the hoteliers and the end-users. The information flows in the left-hand side of the model are predominantly data about the characteristics of the hotel product, whereas the ones in the right-hand side refer to the market interactions of the target segments. The role of tourist organizations in most of the cases is related to giving assistance and support to hoteliers at the tourist place and not being actively involved and bound into the process of purchase and sale of hotel

products. The established information and reservation interactions relate all market subjects and have their impact on their economic relations. The information flows create the distribution net in which each participant according to its functions adds specific data regarding the usefulness and appropriateness of the hotel product thus facilitating the decision taken by the consumer.

**Diagram 1:** Model of system for distribution of seaside holiday hotels



### STRATEGIC ACTIONS FOR MANAGEMENT OF DISTRIBUTION OF BULGARIAN SEASIDE HOLIDAY HOTELS

In order to achieve great results and optimum effectiveness out of the proposed model it is necessary the management for distribution of Bulgarian seaside holiday hotels to be bound with concrete *strategic actions* differentiated in types of channels as follows:

➤ *Tour operators and travel agents*

The role of foreign and Bulgarian tour operators and travel agents will remain decisive for the distribution of Bulgarian seaside holiday hotels at the main emitting markets. To achieve increased effectiveness of this role it is necessary:

*In the first place* to establish cooperation and collaboration with large, medium and small size European tour operators - generalists such as TUI Travel, Thomas Cook Group etc. in direction of expanding the gained positions as well as adequate presentation of holiday hotel products included in their summer programmes.

*In the second place* orienting Bulgarian seaside holiday hotels towards new for the destination tour operators, who are specialists with regard to the target market segments. Such tour operators and segments can be the ones corresponding to the youth tourism, family tourism and tourism for elderly people.

*In the third place* to give information assistance, provide training and motivate the employees of foreign and Bulgarian tour operators and their travel agents' network with regard to the certain strong and weak points of the specific seaside holiday hotel.

*In the fourth place* active involvement of Bulgarian seaside holiday hotels in the national strategic and know-how marketing campaign similar to "Bulgaria- paradise for Bulgarians"<sup>7</sup> or "Bulgaria-your coast"<sup>8</sup> etc.

➤ *Special channels for distribution*

The Bulgarian seaside holiday hotels should considerably improve the quality of information services provided to their target actual and potential clients through availing of the opportunities of specialized channels for distribution. In order to achieve this it is necessary:

*First of all* to establish contacts and launch mutual marketing initiatives with national and international mass media and trade organisations with the purpose to promote their own hotel product in correspondence with the specific market segments such as the incentive tourism and spa tourism. As far as similar initiatives require large expenses they could be fulfilled through cooperating the efforts of several hotels located in the same sea resort.

*In the second place* to support the initiative launched by branch organisations such as The Association of Investors in Tourism in order to open a specialised

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<sup>7</sup> Георгиева, Е. Пощите се включват в кампанията "България - рай за българите". В: в-к "Строителство Градът", Брой 5 от 04.02.2008

<sup>8</sup> Expert.bg. Бизнес Новини. Държавната агенция по туризъм започва националната кампания "България - твоят бряг"// <http://news.expert.bg/n120063/p4/29.06.2008>.

representative travel agencies' offices abroad at the main for Bulgaria tourist emitting markets like Germany, Great Britain and Russia. The hoteliers should keep intensive communicative contacts with such representative tourist offices.

➤ *Printed information materials*

Bulgarian seaside holiday hotels use the printed information materials mainly in their role of means of advertisement. Although during the last years the individual printed advertising materials of Bulgarian hoteliers have been distinguished for their variety and high quality standard there is more to be done in order to achieve greater effectiveness of printed advertisement in the context of holiday hotels services' distribution.

*First of all* there is a need of integration, if possible, of printed advertising materials of seaside holiday hotels and making them part of the larger printed advertisement about Bulgaria as a tourist destination. The hoteliers should strive to gain a considerable position in the tourist guide-books for the particular destination as well as the national brochures for the summer seaside holiday hotels of the destination; the tour guide-books for the main tourist seaside regions of the destination as well as the tourist maps for the main tourist seaside resorts.

*Secondly* there is a need of assessment and selection of most effective channels for distribution of issued printed materials with the purpose to reduce the invariably high expenses for storing and distribution of such kind of information materials. Part of these information materials should be available not only at the tourist markets and exhibitions but also it is a must to find them at the checkpoints at the borders as well as in the tourist information centers in the country.

*Thirdly* giving specific offer details for purchase of holiday tourist products such as (prices, season, terms of bookings etc.) by which to promote the distribution function of printed materials.

➤ *Local tourist information centers*

Tourist information centers (TIC) provide opportunity for tourists to obtain information and counselling as well as cooperation and assistance in dealing with claims, coordination of their interrelations with the tourist place etc. In their function as a place for interaction with tourists, they can be represented by an immediate salesperson of overnight bookings; business, sports and cultural events; transport tickets and tickets for visits in the museums, excursions etc.<sup>9</sup> TIC represent an important tool for management of tourist flows within the destination and as such should be used as much effectively and to the purpose as possible for the distribution of the available sea holiday tourist products.

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<sup>9</sup> Ракаджийска, Св. Туристическите информационни центрове като възможност за маркетингово управление на туристическите потоци. Сборник доклади, Издателство „Наука и икономика“, Варна, 2005, с. 210 – 218.



➤ *Direct marketing*

Direct marketing has had a rather insignificant role in the distribution system of Bulgarian seaside holiday hotels but owing to the development of new information technologies, it is becoming one of the greatest challenges for the tourist industry. What the necessary strategic actions in this respect are:

*First of all* provide training and encourage the trade staff to use the possibilities of the direct marketing including the online marketing.

*Secondly* plan and carry out direct marketing campaigns based mainly on online marketing. During the last few years, online reservations systems for hotels have proved to be a significant distribution channel. They give a chance to hoteliers to gain optimum proceeds by directly managing the prices proposed to final tourists. This is also a convenient way to book a hotel room for the end-users who automatically receive confirmation of their reservation at the time of placing the order. More and more people prefer to book sleeping accommodation not only when traveling on business but also during their holiday time. According to a market approach carried out by Danish center for Tourist Research the share of sales of hotel services out of the total amount of online sales in the European tourist sector for the year 2007 is 17,1%. The research carried out by American investment company called Piper Jaffary during this year shows that the American and European hoteliers use the online reservation systems not only as additional but also as main channel for distribution – the data of the marketing approach of the hotels show that at the beginning of the year 2008 about 32% out of their total reservations have been received by online channels. As far as the hotels in Bulgaria resorting to this opportunity for online distribution are concerned, their number is considerably small compared to the rest of European countries (to make comparison in booking.com there are 300 hotels from Bulgaria while from Spain they are more than 4000 and from Greece over 1000 etc.)<sup>10</sup>

➤ *Online distribution of seaside holiday hotels*

The hoteliers should aim at the maximum exploitation of distribution opportunities which the online and Internet technologies provide. This strategic task can be fulfilled through the following strategic actions:

*First of all* improve the quality of hotel company web page in terms of structure, contents, different versions in foreign languages in a way to make it a maximum useful source of necessary information for the consumer of the target market segments. The design of the hotel web site is one of the most subjective and difficult for evaluation solution, which the marketing team at the hotels has to deal with. The first impression of the web page is made literally at first sight and relies on its outlook and the impression and influence it exerts. For concrete solutions of how to develop a strategic web site coming up on the screen while searching for information and to make it attractive and thus result in a great number of bookings one can look at [www.hotelmarketingworksshop.com](http://www.hotelmarketingworksshop.com)<sup>11</sup>.

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<sup>10</sup> Милкова, П. Онлайн маркетинг. *Hotels & Restaurants Magazine*, бр. 3, 2008, с. 40 - 41.

<sup>11</sup> Коджаиванова, А., Казасов, В. Дизайнът на уебсайта. *Hotels & Restaurants Magazine*, бр. 8, 2007, с. 46 – 47.

*Secondly* availing of the opportunities to integrate the hotel Internet web page with the Internet web pages of the national product and branch tourist organizations as well as with the web pages of the local tourist organizations.

*Thirdly* establishing and maintaining a digital database for the guests of the hotel (used information resources, time of booking, manner of reservation, preferences, consumer services, way of payment etc.)

*Fourthly* purposeful transfer and distribution of tourist information through the well-known and popular Internet portals and brokers such as (www.yahoo.com; www.travelocity.com; www.expedia.com, travel.discovery.com/travelchannel.com; www.travel.com etc.<sup>12</sup>). If the hotel is not part of a bigger chain and does not work actively with tour operators or has got a small capacity, it is not particularly effective to establish an information and reservation system (IRS) on its own web page as the expenses for its support are high and there is a limitation in the access channels. In Bulgaria you can make reservations in real time<sup>13</sup> on the following pages: tirs.net, posoka.com, HotelBG. As for the hotels that are not part of an international chain in order to be successfully sold online it is advisable to be integrated into the database of IRS, which is part of the web site of a certain destination or a resort<sup>14</sup>. Holiday hotels (most of which rely on tour operators to fill up their capacity) slowly become to realize the necessity of diversification of channels for distribution due to the increased competition and the search of alternative possibilities for access to end consumers<sup>15</sup>.

## CONCLUSION

The functioning and development of the distribution structures of a multichannel character requires awareness of the factors influencing over the modern hotel management. Among the more significant ones are the characteristics of the hotel products, capacity and occupancy of the hotel; effectiveness of the functioning distribution system; defining the target markets; opportunities for integration between the different distribution channels etc. Analysing the influence of the mentioned factors on the establishment and management of modern distribution system comprising of Bulgarian hoteliers, offering holiday products by the sea, will improve their competitiveness at the international tourist market.

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<sup>12</sup> O'Connor, P. Online Intermediaries – Revolutionising Travel Distribution. Travel & Tourism Analyst, February, 2003, p. 3 – 21.

<sup>13</sup> With these hotels there is an immediate link established between the reception desk of the hotels and the Internet system, which immediately provides information to tourists about vacant available rooms without any necessity to establish another communication with the hotel or the tour agent.

<sup>14</sup> Such an example is developed by Feratel, a system for management of destinations and resorts Deskline, which is designed to be integrated into a web page representing in it self a resort or region. It has been functioning in Germany, Austria, Switzerland, Hungary etc. For 10 years now and for two years it has had a representative office in Bulgaria too. Here the ultimate customer gets information and reserves a place via a mobile phone, or via IRS at the web site of the destination or by means of information terminals at the residential place. In Bulgaria there are 8 similar devices in Albena, Chepelare and Veliko Tranovo.

<sup>15</sup> Коджаиванова, А., Димитрова, К. Online резервационните системи – най-модерният начин за продажби. Hotels & Restaurants Magazine, бр. 2, 2008, с. 14 – 16.

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