

## Identifying of possible factors which affect the investment policy of some Bulgarian Black Sea coast resorts

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**Abstract.** The author's aim in the article is to identify the factors that is possible to influence the investment policy of resorts along the Bulgarian Black Sea coast. In this regard, a short literature review is made, which traces the main factors identified and studied by other authors, as well as solutions proposed by them to similar problems. The methods of analysis used are observation, investigation, comparison as well as induction and deduction. On this basis, 9 possible work factors are derived and analysed. The preliminary hypothesis of the research is that the state and the businesses involved in tourism in the Bulgarian Black Sea should cooperate to ensure success in the sector. The main recommendation corresponds to the set preliminary hypothesis and encourage the state and the business as the main parties in the process to cooperate in order to create a far-sighted and adequate investment policy, which will guarantee and securitize the prosperity of the sector.

**Key words:** tourism, investment, policy, capital, economics, healthcare, ecology, urbanization, construction.

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### 1. Introduction

Tourism is distinguished as one of the leading sectors in the economy of developed countries until the prolonged pandemic situation caused by the coronavirus. Currently, the sector is slowly but surely regaining its position. Considering the significant revenues typically generated by the tourism sector and the substantial investments in hotel infrastructure, recreational (sports), and entertainment facilities, its continuous development is predetermined, while, at the same time, consumers of tourism services are becoming increasingly demanding in our increasingly modern world.

The issue related to the state of tourism is particularly relevant to the Bulgarian economy, as it is a sector that generates substantial income. According to the latest data from the Ministry of Tourism, in 2019, the sector accounted for 8.1% of Bulgaria's GDP, which declined to 3.7% in 2020, while statistics for 2021 indicate growth (Ministry of Tourism, 2021; National Statistical Institute, 2022). The experience of economic and social development in many countries clearly shows that the development of the tourism business depends on investment policies and their effective implementation. Consequently, intense international competition for investments takes place, where various methods and approaches are implemented to improve the investment environment and increase its attractiveness (Martinkus & Lukasevicius, 2008). Therefore, considering the increasing challenges faced by the sector, it becomes evident that there is a growing need for the formation and implementation of an aggressive investment policy that will provide a new impetus for its progressive development.

The objective of this article is to identify factors that may influence the formation and/or successful implementation of an investment policy in Bulgarian Black Sea resorts, considering the observed trends in Bulgarian Black Sea tourism, such as the growing complexes of "Sunny Beach" and "St. Constantine and Helena." The main task is to investigate these factors primarily based on the potential for expanding the existing material infrastructure in Bulgarian Black Sea resorts as a basis for sector development, primarily in terms of increasing the number of overnight stays on a year-round basis through a greater number of tourist facilities that can utilize the available accommodation capacity.

The preliminary hypothesis of the study is that the state and tourism-related businesses in the Bulgarian Black Sea region should work closely together to achieve success in the industry and, above all, jointly create a national investment policy as a common framework, allowing individual businesses sufficient freedom to choose their own investment policies without interfering with each other, while maintaining loyal competition and a spirit of cooperation among them. According to us, the Bulgarian Black Sea tourism industry has not yet fully utilized its potential precisely due to the failure to consider the factors that should determine the investment policy in it, despite the substantial but apparently misdirected assistance provided to the sector by the state.

It is also incorrect to have a general impression that there must always be strong competition, including unfair competition, in the construction business in Bulgarian Black Sea resorts. Although this may currently be the case in Bulgaria, there are already numerous global examples of clustering construction businesses in good resorts worldwide, and these practices often bring more success to all participants than if they are working independently and separately. In reality, many of these practices are not applied in our country, thus missing out on opportunities. In this regard, the main question examined in this article is to identify the possible factors for success in tourism and the good development of Bulgarian Black Sea resorts, primarily in creating an optimal investment policy and how to use them to develop Black Sea tourism more effectively in our country.

The study utilizes methods of observation, investigation, comparison, as well as induction and deduction. Based on these methods and the results obtained, recommendations and conclusions are drawn in this article.

## 2. Literature review

The complex tourist product is the result of combining several primary products, which is within the capabilities of tour operators. It is also known as a product mix or all-inclusive product and represents the highest degree of mutual complementarity of elements in a tourist trip (Sofronov, 2018), (Poon, A., 1998), (Anderson et al., 2009).

Tourist product systems should be complex in nature. The chain of services and value-added is quite extensive. They include all services offered before, during, and after travel to the destination (Mihailov, 2013). The decision of an agency as a tour organizer to offer a tourist service or a package of services at a fixed price is a question of strategic management. Considerations for growth and economic forces in the industry play a role in this context (Dilek & Kulakoğlu, 2018).

For example, the complex tourist product most commonly includes the following services:

- Transportation - from the airport/initial destination to the hotel/resort and back to the final destination (Martin Cejas, R., 2006);
- Accommodation in the tourist facility;
- Meals;
- Complementary activities - organized entertainment in the hotel;
- Visits to other tourist sites - near or far from the hotel or resort where the tourists are staying, such as nearby architectural and historical monuments, as well as nature reserves, cultural sites, events, etc. (Jelinčić, D. A., 2019);
- Other activities based on the tour operator's and tourists' judgment, in order to provide a more fulfilling recreation during their vacation. These activities are usually organized with the tour operator's local partners, such as souvenir shops for tourist shopping, dining places (as food is also perceived as an attraction and entertainment in modern tourism) (Cohen & Avieli, 2004), casinos, amusement venues, etc., which are important components of every resort's infrastructure.

Visitors, of course, do not perceive tourism as a statistical concept. For them, the journey to and from the destination, the time spent there, and everything associated with it, such as the quality of the provided services, contribute to a positive experience (Latiff & Imm., 2015), (Augustyn & Ho, 1998), (Akroush et al., 2016). Considering this holistic perception by potential clients, we need to adapt a tourism-oriented system in line with market structures. The increased value of tourism as an experience compels providers to develop package services and do everything possible to create a more "magical" atmosphere or, in other words, direct and dramatize the entire experience. It is extremely useful to review the production of tourism goods and services in the context of service chains or networks, composed of different companies and sectors (Bocean et al., 2021).

As evident from the review of the elements of the complex tourist product, it is a result of the overall state and capabilities of the tourism business in a country. The better opportunities the tourism industry has in a country, the more competitive the tourist product it will offer (Vujko & Gajić, 2014). If we abstractly consider the types of tourist products that a country can offer in a specific region, they can be summarized as a "portfolio" of tourist products (Dilek & Kulakoğlu, 2018). In order for the tourism industry to offer an attractive portfolio of complex and tourist products in a particular region, a well-organized investment policy must be implemented in the resorts of that region, both by businesses and the government (Dilek & Kulakoğlu, 2018). This is how, in

practice, a country needs an accurate plan and strategy, even at the investment policy level in tourism, to offer an attractive portfolio of complex tourist products in a specific region that appeals to both local and foreign tourists. Similar practices are valid on a global scale.

The factors that theorists advise public (governmental and municipal) authorities and businesses to consider when formulating this policy are highlighted in the following order (Zaman et.al., 2021; Andriotis, 2018; Baranova & Kegeyan, 2018; Lazarov, 2008):

- Supremacy of the law.
- The amount of capital available for investment.
- State aid and subsidies.
- Taxation.
- Available infrastructure and facilities.
- Destination planning, including natural conditions, resources, and ecological requirements.
- Workforce qualifications, skills, knowledge, and the overall culture of service provision.
- Promoting resorts as interesting and attractive destinations.

We accept these factors as a good foundation given the stated goal, but we believe it is appropriate to add the factor of "urbanization potential of resorts in the region – in terms of current employment and expansion opportunities." We believe that by doing so, the relationship between the implemented investment policy, its strategic development, and the ongoing processes of urbanization in some of our Black Sea resorts will be more comprehensively addressed.

To achieve the objective stated in the article, groups of universal factors that may influence the investment policy of certain resorts along the Bulgarian Black Sea coast have been identified. The potential impact of each of the identified factors within the individual groups is examined separately. This approach can help determine what additional actions could be taken by the government and businesses to achieve maximum return on investments in tourism in our country and ensure that the industry enjoys continuous growth.

On the other hand, investment policy in the tourism sector is usually defined primarily as a set of government regulations that establish the framework of opportunities that state institutions can offer to both foreign and local investors (Nawaz, 2016). However, this definition encounters significant criticism in modern tourism literature as it emphasizes a universal, common framework at the national level for the state's investment policy without taking into account the specific investment policies that different business units may adopt (Dincer & Yüksel, 2019).

Indeed, the factors that could influence investment policy in tourism should be considered from the perspective of their impact on state policies such as tourism laws and regulations, as well as their impact on businesses and how they exploit them. In practice, investment policies, ideally, should be formed as a consensus between the government and businesses to ensure the optimal prosperity of the sector. The national investment policy should serve as a general framework for sector development while providing maximum freedom for businesses to choose the most suitable investment strategy for their own development. This may include market penetration, demand retention, value investment, dividend investment, securities investment, property resale, clustering with other businesses, market exit if necessary, or the acquisition of shares in companies during market downturns, mergers, or the acquisition of other companies, and so on.

Therefore, it is of paramount importance to consider how each of the factors identified by us could potentially influence the investment policy of resorts along the Bulgarian Black Sea coast. According to theory, these factors practically exhaust the possible influences on the sector, although they may seem comprehensive at first glance. The possible impact of each of these factors is briefly explained below:

1. Supremacy of the law - This is a factor that can be addressed at the national level. As a member state of the European Union, Bulgaria is expected to provide absolute security and fairness in relation to the existing legislation, particularly in the tourism sector, as well as in construction and labor laws. Investments in resorts along the Bulgarian Black Sea coast are usually associated with the construction of tourist facilities, improvement of infrastructure, and employment of staff to serve them. While Bulgaria has a solid legal framework, occasional problematic cases arise in the public sphere, raising concerns about the unequal application of laws and doubts about the actions of prosecutors and authorities. Such issues could significantly undermine the trust of potential investors in the region of the Bulgarian Black Sea coast and their willingness to invest their money there.
2. Size of investment capital - Resorts along the Bulgarian Black Sea coast attract various types of investors. There are predominantly hotels owned by local investors, as well as internationally renowned chains like "Best Western" in Sunny Beach. However, overall, the region is predominantly dominated by local capital, and it gives the impression that foreign investors are disproportionately scarce considering the natural resources and potential the region offers. It is possible that large chains are still

cautious about investing in this part of Europe, and the aforementioned image problem regarding the rule of law in our country may also be holding them back. Nevertheless, Bulgarian entrepreneurs have indeed built impressive hotel buildings in the region, so it cannot be claimed that local capital is insufficient. Examples such as the "Planeta" hotel in Sunny Beach or the "Astoria Garden" in St. St. Constantine and Helena showcase their grand construction and luxurious five-star accommodations. At the same time, there are also a significant number of smaller hotels in the Bulgarian Black Sea resorts, indicating that the region still offers opportunities for all types of entrepreneurs, both modest and large-scale businessmen, which is a very positive trend that should be maintained to foster a diverse business environment for everyone.

3. State aid and subsidies - During the Covid-19 pandemic, the state provided substantial assistance to the tourism industry, which had a significant impact on the budget. The Bulgarian government made efforts to support the sector, and in the past two seasons, hoteliers along the Bulgarian Black Sea coast had the opportunity to benefit from measures such as the 60/40 and 80/20 programs (Ministry of Tourism, 2020). The state directed a considerable amount of aid towards the Black Sea resorts, utilizing the funds allocated for the care of Ukrainian refugees in Bulgaria. This pragmatic strategy allowed the European funds to be redirected specifically to Bulgarian hotels (Ministry of Tourism, 2022). Thus, in the past two years, the government has made serious efforts to practically support the entire tourism sector, and this factor could have a positive impact, although some hoteliers consider these efforts to be insufficient.
4. Taxation - In the tourism sector, the value-added tax (VAT) for accommodation stays remained at 9% until the end of 2022 (Ministry of Tourism, 2022), which is a significant discount compared to the pre-pandemic level of 20%. Therefore, from this perspective, this factor is expected to have a favorable influence on the development of tourism along the Bulgarian Black Sea coast and act more as a stimulus for investments rather than an obstacle.
5. Available infrastructure - could be another key factor in attracting investments to a given tourist region. In the case of the Bulgarian Black Sea coast, it has undergone significant positive changes in recent years, particularly in terms of road infrastructure. It can be summarized that it currently acts as a stimulating factor for investments. In resorts such as Sunny Beach, Golden Sands, or St. St. Constantine and Helena, the road infrastructure can be characterized as very good at present. However, the situation is not the same for other types of infrastructure, especially the sewage system. During the busy summer season, there is periodic information about problems with the sewage infrastructure of large hotels in the resorts, which indirectly implies two things. First, in its current state, it is most likely not designed to withstand the current load from the large summer tourist flow to the Bulgarian Black Sea coast. Second, it probably needs modernization, as a significant part of it dates back to the socialist era when, according to hoteliers' own admissions today, the load on it in the resort centers is not as high as it is now. So, although the roads in the Bulgarian Black Sea resorts have significantly improved and it is expected to have a more stimulating effect on investments, the challenge with the sewage infrastructure could have a restraining effect, especially if potential investors learn about it before investing their capital.
6. Destination planning, including natural conditions and resources - in the Bulgarian Black Sea coast, one of the most serious problems seems to arise specifically in terms of destination planning, considering natural conditions and resources. Resort complexes such as Sunny Beach, Golden Sands, and now St. St. Constantine and Helena, Elenite, and even small coastal towns like Primorsko, Sozopol, or Kiten, experience progressive and increasing construction. This construction is at the expense of natural features such as areas designated for green spaces, parks, and beachfronts. It can be assumed that this factor may have a negative impact if the destination becomes unattractive to a certain segment of tourists. Therefore, a practical way to avoid overbuilding the resort areas is to build vertically, similar to the practice adopted by the Emirates long ago. In this regard, we recommend a change in the current development plan for the resorts along the Bulgarian Black Sea coast to increase the height of construction.
7. Workforce in terms of qualifications, skills, knowledge, and service culture - in Bulgaria, work in the Bulgarian Black Sea coast area is often seen as seasonal employment, which practically presents hoteliers with the problem of staff shortages. On the other hand, the Bulgarian workforce in the hotel industry, restaurants, and the tourism sector as a whole is not low-skilled or lacking in skills since there is also a phenomenon of personnel migration from this sector to neighboring countries with higher wages, including during the summer season in Bulgaria, which coincides with that in Europe. The main reason for this outflow of local personnel from the Bulgarian tourism sector should probably be sought primarily in the wage difference. It is known that wages in the tourism sector in Bulgaria are one of the

lowest for the majority of employees compared to most other sectors in the country, and they are also among the lowest compared to the offered remuneration for the same or similar positions in the European Union as a whole. In our opinion, to improve the situation with the workforce in tourism in the country, businesses should primarily assess its importance for their own success and offer more competitive wages. The strategy partly launched by the Ministry of Tourism, but long seen by the authorities, to attract personnel from neighboring countries where wages are even lower (Ministry of Tourism, 2018), is not particularly successful. The focus is mainly on countries such as Ukraine, Moldova, and Macedonia, to which businesses tried to direct their attention through local recruitment agencies. The sector also faces the challenging issue of insufficient professional and language preparation of the staff. It is underestimated that they have difficulties communicating effectively in Bulgarian with both local and English-speaking foreign tourists. This is due to the fact that their educational systems in their countries are not yet required to provide the necessary quality of foreign language training, which is the case in Bulgaria as a member of the EU. Additionally, the prospect of a significant number of Ukrainian refugees continuing to work in the Bulgarian tourism sector is evaluated with only partial success, as only a small portion of them remain in the country after leaving our Black Sea hotels.

In summary, the workforce factor should be a concern for any future investor, regardless of the size of their planned investment in any of our Black Sea resorts. If they fail to offer fair wages to their employees, they are unlikely to attract the optimal workforce, which would ultimately hinder the development of their business.

Promoting Bulgaria as an interesting and attractive tourist destination - one of the factors that stands out with significant negative impact on the sector and acts as a major obstacle to realizing the investment intentions of investors is the insufficient efforts of the government to promote our country as an interesting and attractive tourist destination. The government lags behind in this regard, necessitating the search for solutions to this problem and support for tourism companies. Recommendations could include the establishment of a national information system that carries out informational and promotional activities both domestically and abroad, in order to increase the influx of foreign investors in tourism and foreign tourists. Additionally, another recommendation could be the opening of our tourism representations in major European cities to support the marketing of our country as a tourist destination, which would help increase the occupancy of tourism facilities and their profits, thereby stimulating more investments.

Urbanization potential of the resorts - in investment literature focusing on tourism, the urbanization potential of resorts is a key factor in policy planning, especially in terms of current occupancy and available space that could be urbanized. However, it seems that this factor is almost disregarded in the planning of Bulgarian tourism policies, as evidenced by the current state of our resort complexes. On one hand, there is excessive construction in some areas, driven by the ambition of investors to maximize the use of the land they have purchased. At the same time, there is a lack of architectural foresight, as low-rise hotels are being built in mass across Bulgarian Black Sea resorts instead of embracing modern high-rise construction, which would ensure higher revenues due to increased room capacity. On the other hand, in resort complexes like Sunny Beach and Golden Sands, which generate millions of overnight stays almost every season, there is the interesting practice of selling apartments at prices that seem unusually low compared to the market potential of the location. For example, a studio apartment with a rough construction between 20 and 30 square meters in the mentioned resort complexes can currently be purchased for a price of 10,000 to 15,000 euros (imoti.net, 2022). Considering that the average price for a night's stay in such an apartment in a hotel is around 100 euros, even with a proportional offer during the season, it means that the apartment is effectively valued at only 200 overnight stays. This rough estimate indicates that it would take about two to three seasons, depending on the length of the season, to generate the same revenue from the apartment if it is booked every night. Meanwhile, this is one of the interesting examples of how investors in less successful tourism complexes have developed or implemented a business scheme for the rapid realization of holiday homes, including relying on significant long-term funds through annual maintenance payments from the new owners for the common areas.

There is a strong interest, above all, in understanding the reason for the presence of construction in the resorts along the Bulgarian Black Sea coast. The fact is that in the resorts near major cities like St. St. Constantine and Elena near Varna, as well as in Sozopol and Primorsko near Burgas, quite a few new buildings are "emerging." This shows that there are investors who consciously buy plots in the area and build residential buildings solely for the purpose of selling apartments, taking advantage of the underutilization of resort territories by the tourism industry. This is largely due to the fact that in recent years, there has been intensified construction in major cities like Varna and Burgas, and there are no longer many vacant plots available for construction entrepreneurs. As a result, the cities are expanding, and large construction companies, for whom this is a business, are seeking plots in the vicinity to build and realize their projects. Moreover, despite the

proximity to the sea, in small coastal towns and near the resorts, land plots for sale can be found at lower or comparable prices to those in Varna and Burgas, for example.

In this way, primarily driven by the affordable price of land and the proximity to our two largest coastal cities, residential construction enters the tourist resorts and is observed simultaneously with seasonal tourism and permanent residents. Consequently, an interesting internal competition between the hotel complexes in the resorts and the housing cooperatives near them, where there are constantly apartments for sale, could arise. On the one hand, this creates favorable conditions for businesses, from the perspective of attracting more customers, but it is detrimental to tourists who have visited the resorts along the Bulgarian Black Sea coast.

On the other hand, in some places, suitable land for the construction of tourist facilities is being missed. Definitely, when choosing sites for the construction of new hotels along the Bulgarian Black Sea coast, the available land around the existing resort complexes is not sufficiently utilized. For example, tourists in our country can see deserted lands just a few kilometers away from resorts like St. St. Constantine and Elena or Sunny Beach, which are not only not being developed but also lack investment interest for their purchase. Many of these lands are in close proximity to major road arteries and the Black Sea, and with the establishment of good road and sewer infrastructure, these lands, which are currently considered too far inland in the Burgas or Varna region, could even become part of our resort complexes.

There are many examples of how land, even ten kilometers or more from the seashore, has already been developed in Spanish resorts, for instance, and has become part of the resort. Hotels are being built on them, generating enormous revenue for the local economy as well as for businesses. So, it is categorically clear that the potential of our seaside resorts is not simply unutilized but objectively not yet fully appreciated.

This, along with the absence of state legislation regarding residential construction in resort complexes, allows construction entrepreneurs to realize their business projects and profit. It should be emphasized that this is not about isolated cases but rather a growing trend of residential construction in resorts like St. St. Constantine and Elena, for example, which many now informally consider as a new neighborhood of Varna.

In our opinion, the issues and problems presented above require urgent intervention from the state and municipality in terms of determining the status of the resort complex and facilitating successful tourism business operations as well as the livelihood of permanent residents within the resort complex area. The lack of such intervention would be detrimental to both groups and would exacerbate the mentioned problem.

### **3. Recommendations for improving the investment policy of resort along the Bulgarian Black Sea coast based on the identified possible factors**

Regarding the investment policies implemented by the resorts along the Bulgarian Black Sea coast, the insufficient coordination between the government and the business sector regarding the development of the tourism sector is noticeable. In this regard, several key recommendations can be made for creating an optimal investment policy for tourism along the Bulgarian Black Sea coast:

- Utilize the potential of our coastal resorts by constructing high-rise buildings to create more green spaces, providing a better and more attractive atmosphere for tourists.
- Transform currently abandoned lands near the roads connecting the resorts and the Black Sea into part of the resorts themselves. To achieve this, the government and the business sector should jointly invest in developing suitable infrastructure such as sewage systems and road networks.
- Promote existing residential complexes in the seaside resorts and coastal towns to attract more international buyers and increase their prices.
- The government should encourage cooperation among businesses in the Black Sea region by informing them about successful practices and strategies. One such strategy is clustering businesses in tourism, actively practiced in resorts in the UAE. This involves construction companies collaborating with furniture manufacturers and equipment suppliers, either through long-term partnerships like holding companies or project-based agreements, significantly reducing their costs in constructing and operating new tourist facilities.
- Businesses should seek more collaboration opportunities for jointly operating a specific tourist facility, particularly natural ones, such as accommodation places, dining establishments, and souvenir shops. By agreeing to work together on the maintenance and promotion of the facility, larger funds are gathered, attracting a greater number of tourists.

When formulating the overall investment policy at the national level concerning the Black Sea, our government institutions should always take into account the needs and goals of businesses as their starting point. Relevant meetings should be convened to avoid the unacceptable situation where businesses, which practically

generate the sector's funds, are forced to compromise their goals to conform to artificially imposed policies that do not optimally support them.

Regarding better management of the available natural conditions and resources along the Bulgarian Black Sea coast, several specific recommendations can be made to attract more investments:

- Improve control over urban development, one of the main problems of the Bulgarian Black Sea coast, as it deprives the region of its valuable ecological aspect that modern tourists highly value. One possible solution is to focus on vertical construction, similar to high-rise hotels in countries like Dubai, Qatar, and others.
- Enhance the management of protected areas, potentially developing new eco-trails that can be offered as attractions to tourists.
- Maintain pristine cleanliness along the beachfront and within resort complexes, as tourists who choose to vacation in coastal resorts spend a significant amount of their time on the beach.

Regarding the management of anthropogenic factors, primarily tourist facilities such as hotels, guesthouses, bungalows, infrastructure, and their employees, the following recommendations can be made:

- Maintain the sewage infrastructure in better condition where necessary, including government assistance and oversight to ensure when and how this is done.
- Strengthen control over tourist facilities to ensure their safety, prevent incidents, and address other fundamental issues that could have a detrimental effect not only on the specific hotel but also on the entire resort and, in the long run, on Bulgaria as a tourist destination.
- Increase wages in the sector, which will practically contribute to better return on investments in tourism. The overall promotion of Bulgaria as a country with cheap labor not only hampers income growth in the sector but also fails to signal to investors that they are likely to lose employees if they strive to minimize labor costs. Such behavior will eventually have a negative impact on both the country and the business itself.

Regarding the decline in revenue due to the Covid-19 pandemic, from which some hoteliers, albeit not many, complained during the summer of 2022, it is also worth considering. In this context, the following practical recommendations can be made for hotels experiencing a shortage of guests in order to increase reservation bookings:

- "Thank you to frontline workers" - this is an interesting strategy that globally renowned hotel chains have used and continue to use to attract more guests. They specifically target potential clients who are employed in sectors engaged in the fight against the coronavirus during the pandemic, such as healthcare and law enforcement. These professionals are provided with small but attractive discounts, such as 10% off, if they present documentation during the reservation process that proves their employment in the medical field, police force, etc. This is an example of successful marketing because it motivates them to spend money by creating the perception that they are "saving" on one hand, and on the other hand, it is a gesture of appreciation for their service during challenging and dangerous times.
- Consider offering a more flexible pricing policy for all hotel guests, combining discounts with faster accumulation of loyalty program points. This encourages guests to stay more frequently at the same hotel or at least within the same hotel chain, with the incentive of redeeming their points for, for example, free nights.
- Invest in more affordable anti-pandemic equipment so that hotels can meet consumer expectations ideally without burdening guests. This can be as simple as providing more complimentary masks, availability of hand sanitizers, and other similar measures. Although some COVID-19 preventive measures have been lifted in our country, various countries around the world continue to implement periodic measures, and many have lost loved ones to the virus. Providing guests with a sense of care for their health, such as leaving a box of masks in the lobby or providing hand sanitizers on each floor, would create a positive impression for foreign tourists.

Based on observations and individual expert opinions regarding existing investment policies in resorts along the Bulgarian Black Sea coast and national-level tourism, as well as within the business entities themselves, the main conclusions that can be drawn are:

1. There is a lack of good cohesion between the interests of the state and the tourism industry, which becomes particularly evident during crisis situations when owners of tourist facilities periodically complain about insufficient or ineffective government policies.
2. There is a lack of knowledge within the tourism industry regarding the benefits of collaboration between individual companies in the sector based on common goals and projects that they can invest in together. There may also be a certain level of mistrust among them,

which somewhat hinders their ability to work together and pushes them solely towards fierce competition.

Based on the conducted research and considering the current state of tourism along the Bulgarian Black Sea coast and the main factors that could potentially impact investments in the sector, the general conclusion can be made that in recent years, particularly since the outbreak of the pandemic, the government has been making targeted efforts to support the sector. Unfortunately, there are still some fundamental issues, including pre-existing problems that could act as significant deterrents to the full success of investments and their maximum return on investment.

#### 4. Conclusion

The presented brief study in the form of an article explores the factors that may potentially influence the investment policy in the Bulgarian Black Sea region. It confirms the primary research hypothesis that it is necessary to have a good understanding of these factors and use them in an optimal and planned manner, with joint efforts from the business sector and the government. This approach aims to provide an optimal framework for the development of different investment policies that business entities adopt, without hindering them but rather promoting cooperation among them. Tourism, although rarely receiving public attention for this characteristic, is actually a very complex sector that requires effective capital organization and policies. It should not be treated haphazardly as a result of beautiful nature, sea, and pleasant climate alone. The Bulgarian Black Sea region is much more than that, and ignoring this fact will lead the state and businesses not only to missed opportunities but also to real losses.

Based on the presented potential factors that appear crucial for the development of Bulgarian Black Sea tourism and investment policies, as well as the recommendations on how the government and businesses can better exploit these factors, it would be advisable to recommend further in-depth research. This research should examine to what extent these potential factors truly influence and whether they can be extrapolated to the development of other types of tourism in Bulgaria, such as mountain tourism. This is important because Black Sea resorts, due to the region's climatic characteristics, cannot generate high revenues throughout the year. Therefore, it is particularly important for the government and the tourism industry to offer a successful alternative during the autumn-winter season in the form of Bulgarian mountain resorts.

Undoubtedly, the problems of Bulgarian Black Sea tourism today should not be underestimated, and it seems particularly challenging to solve them, regardless of the efforts that the public authorities and businesses are willing to invest. This is mainly due to the seasonal nature of the sector in the Black Sea region and the inability to reach a consensus between the government and businesses regarding the framework of national investment policies in tourism and how the various stakeholders can assist each other. Currently, Bulgarian Black Sea tourism can be characterized as poorly structured, as strong competition between small and large business entities creates additional barriers to its optimal functioning. There is also negative internal competition between hotels and residential complexes being built in the resorts, which affects tourism due to the increasing number of permanent residents in the resorts who also benefit from establishments and attractions intended for tourists.

In this regard, we believe that three main issues should be considered for a potential in-depth discussion regarding a more comprehensive study and analysis of Bulgarian tourism and the problem of factors influencing the investment policy in the resorts of the Bulgarian Black Sea region:

1. The need to consider whether it is necessary to think towards a more visionary investment policy aimed at eliminating internal competition between residential cooperatives and tourist facilities in close proximity to each other in the region that brings significant tourism revenues to the Bulgarian economy – the Black Sea region. It should be examined whether residential construction in the Black Sea resorts should be supported as an investment policy or rejected and/or regulated by Bulgarian legislation. It should also be checked whether there is an intermediate option in which resorts can be divided into zones for tourists and zones for permanent residents, for example.
2. The possibility of creating a universal tourism policy in Bulgaria should be examined, aiming to strengthen the country's presence as a year-round tourist destination.
3. Research should explore how the government can assist businesses in redirecting resources from maritime to mountain tourism between tourist seasons.

The results of such a comprehensive study could provide an entirely new and potentially more effective direction for the overall Bulgarian national investment tourism policy, transforming Bulgarian tourism into a sector that generates profits and provides year-round employment with a steady and upward development trend. Therefore, this article concludes primarily with an appeal to the public authorities and businesses to look into the "big picture" of Bulgarian tourism, which undoubtedly reveals not only beautiful nature, sea, and mountains but



also enormous business potential that can only be achieved through cooperation between the two interested parties.

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