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The Sharing Economy at Tourist Tours and Its Impact on the Tourist Business (Travel Agencies) in Bulgaria

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Abstract

This paper examines the sharing economy and the application of its manifestations in the field of business as a whole and in particular- at the tourism sector in Bulgaria. Identified are theories, regarding the technology of the sharing economy, that are also being studied by foreign researchers in order to differentiate its specificity and to illustrate its impact on diverse aspects of business. The development of the collaborative consumption also determines a restructuring of the tourist market and imposes changes in the demand for tourist product. A result of the opportunities it offers is the emergence of unpredictability at the consumer's behavior- tourists are looking for a new type of product to be created for their individual needs. Improving the link between the client and the others, involved at the creation of a tourist package, as well as offering new and diverse tourist products are presented as a way to respond to the current demand changes. Outlined are trends in the formation of a new tourist product, adapted to the contemporary consumer's needs. The paper analyzes the impact of the sharing economy on indicators, measuring changes of the attitude of tourists, connected to the preferred ways of travelling. Relatively to the examined subject, it is also researched the behavior of the Bulgarian tour operators, aimed at preserving and expanding their market positions. It is proved the need to adapt the product policy of the travel agencies to the outlined economic situation, in order to achieve sustainable development and competitiveness.

Keywords: sharing economy, tourist business, travels

JEL: L83, M21.

Introduction

The development of the shared consumption also determines the restructuring of the tourist market and imposes changes in the demand for tourist products. Result of the opportunities it provides is the emergence of unpredictability of the consumer's behavior - tourists are looking for a new type of product to be matched to their individual needs. Opportunities to improve the relationship between the end-user and others, involved in creating the travel package, as well as offering new and diverse tourist products, are presented as a way to respond to current demand changes. New trends in touristic behavior and expectations, related to the digital economy lead to digital marketing and promotion, but also are an environment for capacity building and product development.

The main **goal** of this article is to explore the application of the shared consumption on the modern tourist market, clarifying the essence and the prerequisites for its use, as well as its influence on the development of the tourist business in Bulgaria and in particular on the outgoing Bulgarian tour operators. In the present study **the thesis** is based on the concept that the product of the tour operator, which according to the respective user's preference includes element of sharing in the travel program- most often a property or transport selected by the respective client, can innovate the product range and contribute for sustainable activity of tour operators operating in the modern network environment. The **subject** of the current research are the specific trends of the tourist market, connected to the supply and demand in tourism in the network economy and more over of the tour

operator's products that are adaptable in the new economy in order to ensure the sustainability of the business. The subject is the tour operator's business in Bulgaria. The tasks set out in this paper prove the thesis and relate to the network economy and shared consumption in tourism, the reasons for the restructuring of the tourist market and the impact of shared consumption on tour operators and the competitive advantages of new products.

Exposure

Network economy and shared consumption in tourism

The fast progress of the Internet-based technologies and the resulting abundance of economic activity on the Internet accelerate the establishment and development of a separate network economy. It can be described as a multitude of networking, software applications and human capital that makes networks and applications work together for online businesses and agents (corporations and individuals) who are engaged in buying and selling goods and services on a direct or indirect way. The network economy has three key parameters: information, knowledge, speed. These three Internet-based factors define new ways of doing business through mutually beneficial relationships with business partners, knowing and fulfilling customer wishes. It is defined as an environment in which any enterprise, company or individual located at any point in the economic system can contact easily and at extremely low cost with any other enterprise, company or individual to collaborate work, trade, exchange of ideas or mutual enjoyment.

The network economy can also be described as a qualitatively new form of economic order characterized by the development and spread of Internet technologies, formation of a critical mass of economic agents, reorganization of forms of joint enterprise activity. It is characterized by the modernization of the infrastructure in the economy and the establishment of network institutional structures. It is also characterized by low fixed costs, unlimited marginal costs and rapid product distribution. Characteristically for today's economic environment is the constant creation of better and better versions of online communication. The value of the e-services increases in proportion to their multiplication, generating an increasing need of them.

Business priorities are already changing as they are driven by maximizing their own internal revenues to maximizing their infrastructure as a whole. The companies' business activity becomes less perfect and adaptable to the established market, but more flexible and decentralized. Continuous self-renewal and creation of a flexible network of new organizations and new forms of organizations are being carried out. In the authors' view, a shared economy arises and can function in the context of a **networked internet economy**, an integral part of which is.

These processes also lead to a change of the corporate behavior and organization of the business. Tsonev (2014) found that marketing as part of the business process is not isolated from these new transformations. Marketing is no longer limited at improving the use of traditional channels, but also involves the continuous deployment and use of creative solutions that will maximize the return on investments (Tsonev & Zlatanova, 2014). Creativity is crucial in distinguishing the message and attracting the targeted audience and effectively reaching the various audiences, including those involved in **shared travelling**, as a new form of tourist product.

Collaborative economy or participative economy, sharing economy, are concepts that indicate the increased applicability of a business model that provides services or the right to use a resource on an equal basis access (peer-to-peer-P2P) without acquiring ownership. The term "sharing economy" enters the Oxford Dictionary in 2015 as "an economic system in which assets or services are shared between private individuals, both free of charge and with payment, typically via the Internet" (Heo, 2016, p.16).

Existing informational resources in the area of shared consumption highlight three main areas of research: *first*, joint consumption as a business model and its influences; *secondly*, the nature of shared consumption and *third*, sustainable development and the economy of shared consumption. (Cheng, 2016, p.70)

Experts identify as the most important **stimulating factors of shared consumption** – the *economic factors*, based on existing problems and the need for resource efficiency. *The technological factors* - mobile applications, social media and the Internet as well as *social and cultural factors* are also significant.

As far as barriers to shared consumption are concerned, the picture is radically different. The most significant are the cultural and social dimensions. Government policies and business behavior are also significant retention factors for shared consumption. (Ivanova, 2017)

1.1. Advantages and disadvantages of the sharing economy

Advantages of the sharing economy

The current paper examines 5 basic ways for the sharing economy to bring positive impact of the society:

More efficient use of resources

The sharing economy is a real alternative to the traditional consumer's model where consumers buy more and more new products that they soon throw away or abandon somewhere in anticipation of the latest market developments. Unlike this model, in the sharing economy, a person can buy an object or real estate that can then be used by many. In this way, the owner regains some of the money spent on the purchase, and those who hire him save a considerable amount because they do not have to buy it either. The benefit is for all participants in the process as well as for nature as a whole.

Rise of the micro entrepreneurship

The new sharing platforms allow every person to become a micro entrepreneur who can make the most of what he/she has - available space, cars, tools, equipment or specific skills. In recent years, dozens of new sharing sites have emerged, which in fact allow an internet user to share almost everything - even fitness equipment, boats, tents and what not. In this way, everyone can be with many new sources of income that he has not even suspected

Strong emphasis on trust

The sharing economy places trust in the focus of the relationship. The new platforms, which are part of it, invest a lot of resources in building trust through various online tools for evaluating participants, allowing unscrupulous consumers to drop out naturally. This effect may be important at a time when companies, institutions and authorities of all kinds experience a lack of confidence.

Optimizing of the urban infrastructure

At a time when more than half of the planet's population lives in cities, and megacities with more than 10 million inhabitants are already 34, municipal authorities and infrastructure companies are panting and often fail to deliver the expected quality of life for everyone. Under these conditions, a sharing economy can bring significant opportunities for optimization, contributing greatly to a better life for all residents. Sites and mobile applications for shared travel or shared use of garages and parking places can allow for more efficient use of resources, which will relieve even heavy traffic in large settlements.

Opportunity to earn from the spare time

Time has always been the main resource that people can share in exchange of money, and that is the very nature of job hiring. With new online platforms like iamfree.pro, however, sharing time is greatly facilitated and is being rolled out to another level. Consumers now have the freedom to earn money at any point in which they want to free their own time whenever they need to. They can, for example, take up a huge number of tasks today and free the next few days to travel. They can earn money from both qualified labor and services that do not require special skills, such as walking dogs or make shopping purchases for someone else. This makes time much more convertible and allows participants in the sharing economy to earn even from their free fifteen minutes instead of having to work for 8 hours for 5 days a week to earn their salary at the end of the month.

Disadvantages of the sharing economy

Tax and tax regulation

On the one hand, traditional regulatory frameworks rarely fit these new patterns of market relations. On the other hand, cash flows between countries, income and profit are difficult to detect, verify and prove by the tax authorities. And often the parties themselves deliberately avoid paying taxes or are simply unaware that they owe them.

Undercutting market prices

The argument against the shared travel sites is that they are actually being used by carriers operating in the "gray" sector and accordingly undercutting the prices of licensed carriers.

Risk of lowering certain standards

The sharing economy provides prerequisites for unfair competition, avoids taxing and can pose a threat to safety and health if services do not meet certain standards.

Insecurity

Insecurity in a sharing economy is something that can be managed but still exists. It can be expressed in different spheres and in different ways: uncertainty about personal data, uncertainty about one's own health and well-being, uncertainty about fraud or lies, and many others. Uncertainty may occur both in the service provider or the material resource and in the host country.

The concept of the shared consumption covers three systems based on: the redistribution markets, shared lifestyle and product. Regarding the sector breakdown, the main sectors of the shared economy are: Shared Financing (LendingClub, Prosper), sharing services, skills, work (TaskRabbit, Fiverr, Gigwalk), property leasing (Airbnb, HomeAway), automobile (Uber, Lyft, RalyRides), streaming music and video (Spotify).

On the other hand, depending on the bidder-user relationship, the scope of the concept of shared consumption is addressed in four areas of the sharing economy: *first*, customer to customer relationships (C2C); *secondly*, between two consumers, but through a business (C2B- consumer to business); *thirdly*, between business and consumer (B2C), and *fourth*, business to business (B2B).

In the tourism sector, and in particular in the tour operator's business, we review the concept of sharing consumption in terms of areas related to second, third and fourth group relationships.

2. Reasons for restructuring the tourism market

The reasons for the restructuring of the tourism market are multifaceted. Globally, there are several trends in the development of the tourism market.

An increasingly pronounced trend is that economic conditions reduce the purchasing power of a wide range of consumers of travel goods and services. Thus, price becomes an important criterion for making a travel decision. In parallel, it is observed that income-generating groups seek not only high-quality, but also low-quality tourist products. This leads to the purchase of a large number of expensive and cheap tours abroad. The result is the appearance of a tourist with unpredictable consumer behavior. At the same time, the tourist does not want to be part of the general tourist group without name and personality. He desires and requires individual service. Gaining experience for a short time determines the usefulness of the supply. This means a demand for ever-better quality services in a shorter time without place restrictions, i.e. all over the world, as well as different variations of assembling the package tour. (Ianeva, 2011, p. 17-18) In this way, travel agencies appear to serve the interests of tourists looking for a shared journey. This segment is interesting to be researched, as it will allow the diversification of their products.

Under the current conditions, the solvency, the type and volume of tourism demand by social groups are not a one-way dimension, a factor that plays a major role in decision-making on tourism supply. Reducing the retirement age and working week hours and increasing the leisure time leads to an increasing number of potential tourists that dispose with limited but sufficient resources for travelling. At the same time, well-qualified individuals increase their working hours and reduce their free time. Hence the result - an increasing number of low-paid tourists spend more and more money on and during their trip, while the middle class of society buys cheaper tours. This is also due to the increase in sales of trips abroad on the principle of shared travel package and by tour operator on individual request.

Responding to the changes of the tourist demand, most of the tourism supply focuses on preserving and expanding its presence in the market by offering new and diverse tourism products, by improving end-user connectivity through new networking technologies, by improving the internal interaction between the different participants in the formation of the overall tourist product. There is a growing supply of goods and services on international markets, incl. and tourist, which emphasize the personal preferences of tourists. The personal preferences are also a basis of building the products of tour operators associated with the sharing economy.

Individualisation of travel, on one hand, and the diversification of tourism supply, on the other hand, imposes a new way of communication between seller and customer - this leads to an increase at the direct sales. The era of the informational technologies defines the emergence and development of the global distribution systems. The computer "tourist guide" plays the role of travel agent and directly sales a complex of tourist products. New informational technologies, besides information, booking and sales, also provide payment options in a non-cash way.

The fact that the tourist chooses an individual travel module with limited solvency brings to the fore the alternative combination of acceptable price and product quality as well as components selected by both the customer and the tour operator. Aggressive pricing is becoming a very important tool for the market behavior of the touristic enterprises. This also leads to the emergence

of the elements of a shared travelling and an organized travel tour by a tour operator. Thus the tourist saves on the cost of the trip without affecting the quality of the product offered.

Both these trends and a number of other factors determine the structural changes and the demand for the tour operator product.

3. Impact of the shared consumption on tour operators and competitive advantages of shared-component products created by tour operator and client

The impact of the sharing consumption on tour operators on the Bulgarian market and their product can be explained in several aspects. The use of online platforms¹ offering sharing consumption of items part of the touristic package allows the client to choose a different- low cost trip. But in our opinion, not only the low price of this kind of tours determines the guidelines for this type of new tourism demand. Significant is also the transformation of the supply and demand in the global Internet environment and its capabilities to **experiment with tourists**.

The researches of various authors focus on the relationship between users and service providers, which enables the creation of joint value. Subsequently, other authors (Shaw, Bailey, & Williams, 2011, p.207) view SDL as a research paradigm in the tourism management and a key feature of the economy of experience. According to Ivanova (2017) the quality of social interconnections is an important factor for the satisfaction of tourists in this type of service.

Based on these three components - the creation of joint value (between the tour operator and the user); the new tourism management and the quality of social interconnections, a system for assessing the tour operator's activity based on the shared economy in package tours can be built.

Unlike the typical activity of tour operators related to planning, organizing and creating tourist packages with a total price, according to preliminary tour operator's surveys without request and individual wishes for specific users, in the creation of its products related to the sharing economy there is a declared wish of a particular user, who already has an idea of what part of the package he/she wants to share and what part the tour operator expects to pack him/her according to his/her professional judgment and the selection of tourism providers.

Factors supporting the creation and the sale of tours by the tour operators involving components of shared travels are explored to refine the needs of such products, as well as their competitive advantages over the possibility for the user to create own product by themselves. International tourism is one of the most dynamic areas of global trade in services. According to the World Tourism Organization, the growth of the tourism industry will be irreversible in the coming years. Europe is the largest regional travel market in the world by volume. Traditional packages (pre-completed deals, including a number of elements such as travelling and accommodation) account for 40% of the total travel market, while the proportion of dynamic packages amounts to 33% and other travel deals to 25% of the market.

At present, the majority of EU citizens (56% of vacationers across the EU) prefer to organize their own holiday instead of buying fixed touristic packages. An increasing number of reservations are made by users who make their own packages (dynamic packages) where passengers group two or more services themselves- for example flight and hotel, from a single supplier or from commercially-related suppliers or websites offering package services along with other partner websites. For example, the user can book a flight by the Internet and then be redirected to a partner site offering hotel accommodation or car rental.

It is important to note that the individual bookings where the user buys different items from different suppliers/ websites that are not interconnected or are not under the same trademark are generally not covered by the review. These "Independent Passenger Agreements" are not considered as part of the travel package's sector.

¹Travelling: Lift, Uber, Sidecar, Carpooling, BlaBlaCar, Zimride, RelayRides, Getaround, Flightcar.
Accommodation: Airbnb, Homeaway, Vrbo, Flipkey, Roomorama, Wimdu, 9flats, Onefinestay, Housetrip, Homestay, Couchsurfing, HomeExchange, Lovehomeswap, Guesttogo.
Eat: Eatwith, Feastly, Cookinging, Cookisto, Kitchensurfing, VizEat, EatWith, BonAppetour.
Entertainment: Vayble, TouristByLocals, Sidetour, Incredible, Getyourguide, Boatbound, Getmyboat, Dopios.

The number of users who book "dynamic packages" is growing at a rapid pace. In recent years, 23% of EU citizens have used dynamic packages, but this figure exceeds 40% in countries like Ireland (46%) or Sweden (44%), and is also very high in countries like Slovenia (42%) and Italy (36%).

The competitive advantages of the products created by the tour operators, including those components of sharing, have a number of advantages for the users. It is a matter of protecting them according to the different regulations in Europe. Many dynamic packages are currently not covered by the EU's package protection policy. As a result, an increasing number of users booking touristic package holidays are out of the scope of the Directive. The magnitude of the change can be illustrated by comparing the data for 1997 when 98% of travelers leaving the United Kingdom with holiday flights were protected by the EU Package Travelling Directive, with the 2005 data when this share was below 50%. At present, this share is also high for tourists from all European countries.

It is also clear that consumers do not realize that they have different legal protection depending on how the packages are purchased, even if the elements of the package travel are the same. 67% of users, who participated in surveys and used a "dynamic package" that did not fall under the scope of the Package Travel Users Directive, erroneously believed they were protected. In the case of dynamic package problems, consumer losses amounted to an average of nearly EUR 600. Over 50% of consumers believe that when buying dynamic packages or signing independent travel agreements, they are protected in the event of airline bankruptcy. Currently, in many cases, this is not the case. (Ianeva, 2014, p.7-20)

In recent years, more Bulgarians can afford travelling. This is also stated from the data, provided by the National Statistical Institute (NSI), which shows that in the third quarter of 2017 1,316 million people have travelled in total. This is 12% more than in the same period last year. The bulk of Bulgarians - 74% - have traveled only in the country, while the remaining 26% traveled abroad.

Bulgaria maintains an average level in the world of sharing economy. Bulgarians are ready to provide and use taxi services such as Uber, to exchange books, clothes and other items through exchange markets and Internet, and increasingly share rooms, entire apartments and houses as an alternative to hotels. The country ranks seventh in the world on the propensity of the population to share their possessions - free of charge or for a fee. Sharing housing in Bulgaria shows an impressive development. The classic idea of a lodge or hotel is shifted from the alternative of shared use of a room or apartment, which may be free of charge (for example, via the Couchsurfing.com platform) or paid (Airbnb.com). Two years ago, Airbnb surpassed all its hotels in Sofia, with more than 300 users registered in the capital. Similar are the values for Plovdiv, Bourgas and Varna, and during the active summer season the offers on the Black Sea coast rise sharply.

Tour operators manage the relationship with users and suppliers of tourist services, employees and local community in destinations to increase their economic results. As the main market counterparts of the travel agencies, service providers from the receptive markets that offer the individual components of organized travel can be identified. Consumers who buy a tourist product and single tourist services are also the main contractor of the tour operators, as the recipients, but especially the emirate markets. They, through their specifics, including trends in changing consumer's demand, have an impact on the tour operator's activities, regarding the economic aspects of organized package travels. For this reason, it can be assumed that travel agencies generally manage the interrelations between employees and suppliers in destinations as well as consumers. Tour operators and tourist agencies, in the role of producers and intermediaries in tourism, have an opportunity to influence the consumer's choices and behavior in the decision-making process, the purchase of a tourist package and its consumption. (Ianeva, 2017, p.63-67)

Conclusion

This paper examines the theory and characteristics of the sharing economy and its impact on diverse aspects of business, as well as on the costumers and their buying behavior on the tourism market. The changes, appeared are linked to the need of a new supply policy of the travel agents- tourists are looking for a different type of product to be created for their individual needs. The paper analyzes indicators, connected to changes of the attitude of tourists and their preferred ways of travelling- by involving more often shared elements at the holiday package. In respond to the outlined trend, it is also researched the behavior of the Bulgarian tour operators and the opportunities they face, by adapting their product policy in order to preserve and expand their market positions in long-term period.

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