DIGITAL MARKETING AS A PREREQUISITE FOR INNOVATION IN THE TOURISM BUSINESS OF PLOVDIV

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Abstract: The development of the Internet, in parallel with the development of technology, has made virtual space a second ‘home’ for much of the population of developed countries. Along with consumers, the business is also moving its activities online, seeking to reach those consumers in every way possible. Digital marketing deals with strategies for reaching consumers, which need to be constantly changed along with all the innovations that technology developments bring with them. Hospitality and tourism is one of the industries that is most affected by digital development. Transportation and accommodation companies are among the first ones to utilize digital marketing techniques in their practices to engage communities and make sure their customers have the best possible away-from-home experience. In order to perform well and gain competitive advantages, players in the travel industry are always looking for the newest and greatest ways to reach their buyer persona and tailor their offering to their target audience. In today’s digital world, the concepts of digital marketing and content have become inextricably linked. The creation of relevant and quality content is the core of every move online. The success of every digital marketing campaign depends on content and its resourceful implementation. Even though the basic marketing principles are still applicable, the online environment has its own specifics that need to be considered when preparing digital marketing strategies.

The purpose of this report is to explore the application of digital marketing by the tourism business in Plovdiv, one of the most attractive regions of Bulgaria, as a prerequisite for creating innovation and, on the basis of this, to offer specific guidance in which areas and what innovations appropriate to evolve to succeed. The research methods used are analysis and evaluation of statistics for the Plovdiv district, obtained from the National Statistical Institute (NSI) of Bulgaria, as well as the study of scientific literature. The results of the study show that it is appropriate for the tourism and hotel business in the Plovdiv region to apply innovations in the following areas: (1) innovations focusing on the culture and historical heritage of the region; (2) innovations presenting new ways of implementing organizations’ activities and processes; and (3) innovations that focus on environmental protection. Applying these types of innovations, tourism industry companies are expected to achieve positive values for key performance indicators, namely: employment; average daily wage rate and income, as well as length of stay at accommodation in the region.

Keywords: digital marketing, digital content, social media, competitive advantage, innovations

1. INTRODUCTION

Tourism in Bulgaria is among the leading national industries. Tourism is a stable factor contributing to the continuous optimization of the Bulgarian economy through: significant share of GDP 12 - 18%; high employment - 300 000 full time and 500 000 temporary employed; creating investment opportunities and partnership projects; a major field for the development and maintenance of small and medium-sized family-owned businesses; protecting the environment and preserving the rich cultural and historical heritage.

Today's visitors have a large selection of destinations to choose from, but less time to make a buying decision. In order to be successfully promoted in the targeted markets, a destination must be favourably differentiated from its competitors. The development of information and communication technologies and their increasing use has radically changed the relationship between the destinations and their visitors. The growing role of digital marketing and social media in tourism is undeniable; leveraging off social media to market destinations has proven to be an excellent strategy. The main objective of this paper is to show that adoption of strategies aligned with digital marketing and social media can increase the destinations’ success in the tourism market.

There are not sufficient data which examine the digital marketing and social media effect on the innovation power in Bulgaria. But, it has become a necessity to analyze social media’s role in the manner of digital marketing and the effects on sales in tourism sector. Another question also appears: Which social media channel is preferred for the marketing efforts in Bulgaria or which channels are used by companies for CRM based efforts? Mainly, research,
tries to examine the social media and electronic communication effect on marketing in tourism sector. Besides, web based technologies and mobile applications are examined throughout the research.

2. LITERATURE REVIEW

2.1. Mechanisms for the development and growth of tourism in the digital era

As the transition from one state to another, development represents change. This change is made through innovation. It is innovation that brings about change. This view is also supported by P. Drucker, who argues that innovation is a tool, a means of harnessing change as an opportunity in a business or service (Dracker, 2002). Even a slight change or improvement in a tourism enterprise can be considered an innovation. In this sense, “innovation” could be a very broad concept. "Innovation” is synonymous with updating, introducing something new. A change in a tourism enterprise can be relatively minor, with little or no significant impact, with significant consequences for it and its results. By nature, we can observe the transfer of innovation - the tourism enterprise introduces something already applied to competing tourism enterprises in the same or in another region, or something that does not apply in the tourism sector but is applied in other industries. It is quite different to develop completely new innovations and inventions to be applied in the business activity of a tourism enterprise for the first time.

If the tourism enterprise does not innovate, it lags behind, does not develop. If this also applies to other tourism enterprises in the region, there is a decline in tourism, which can also lead to a lag of the region economically and consequently to a deterioration of the standard of living of the population. Innovation in tourism businesses in the region needs to be actively introduced to prevent this from happening. The studies presented in the scientific literature show that tourism enterprises that develop and apply innovations are successful and have good economic results. To this end, a number of accommodation surveys have been carried out as major tourist sites located in different parts of the world that are innovating (Azmi, Ariffin, Norzalita, 2012; Cainelli, Evangelista, Savona, 2006; Esmaeilifar, Mirzaei, Shafiei, Albattut, 2015; Hilman, Kaliappen, 2015; Khoung, Giang, 2014; Orfila-Sintes, Mattson, 2009; Tigu, Iorgulescu, Ravar, 2013; Tseng, Kuo, Chou, 2008; Tugores, Valle, 2016; Victorino, Verma, Plaschka, Dev, 2005).

2.2. The essence of digital marketing

Digital marketing is marketing that uses primarily electronic devices such as computers, smartphones, tablets, TVs and even game consoles. Its main tools are technologies or platforms such as websites, applications and social networks, although any type of advertising and marketing material presented in digital form falls within its scope without the need for an Internet connection. Due to the intensive development and expansion of Internet access, digital marketing is often used synonymously with "online marketing", "internet marketing" or "web marketing", although these are more or less its subdivisions. It is believed that the term was first used in the late 1990s, but the first steps in digital marketing were made in the 1980s. Initially, the main objective was purely promotional, but subsequently, with the development of social and mobile tools, the focus changed dramatically. Nowadays, digital marketing is less and less involved with advertising, and it is more about providing value and creating customer experiences and connecting with it (Clark, 2014). Any exchange of information by electronic means can be attributed to digital marketing. Alex Chris (2016), a digital marketing consultant, defines this type of marketing as a term that describes a set of marketing processes that use some or all of the available digital channels to promote a product, service, or build a digital brand. He considers digital marketing to be the successor of the traditional one, displacing paper ads on Facebook and Pay-per-click campaigns. He identifies as major channels of digital marketing: websites, social media platforms, banners, email and mobile marketing, search engine optimization, pay-per-click campaigns, web TV, sms, billboard ads and everything else based on digital technology.

Also interesting is the definition of digital marketing that Douglas Idugboe, creator of the online digital marketing guide Smedio, provides (Idugboe, 2014). He said: "Digital marketing is the engine that drives business today, no matter how small or big." Idugboe believes that effective marketing is one that connects electronic technology to market psychology. The benefits of digital marketing are many and the best way to present them is by comparing traditional and digital marketing methods. Table 1 shows the main characteristics and features of both methods (see Table 1).

| TRADITIONAL MARKETING | DIGITAL MARKETING |
|------------------------|------------------|
| One way communication prevails | Dialogue dominates |
| Marketers control the amount of information disclosed | The information is widely available and difficult to keep secret |
| Communication and buying happen in different places | Communication and purchase are often done in the |
Tab. 1. Comparative characteristics of traditional and digital marketing

| Traditional Marketing                                                                 | Digital Marketing                                                                 |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Segmentation is done by dividing large groups into smaller groups with similar needs | Segments are created by individuals joining groups with similar needs               |
| Studies are expensive and time consuming                                             | Surveying is fast, easy and cheap                                                  |
| Marketers control the process                                                        | The users control the process                                                      |
| Corporate reputation is the key to success                                           | Individuals are the key to success                                                 |

The comparison chart clearly shows the benefits of digital marketing over traditional marketing. But, in addition to the greater opportunities offered by digital media to marketers, they also have some drawbacks, such as the lack of full control over the flow of information. The techniques and tools of digital marketing are used by marketers to improve their offerings to consumers and to increase the competitiveness of their company. These techniques include **value-added websites, online public relations, email, blogs, social networks, and search engine optimization (SEO)**.

The growth of digital marketing has also a negative aspect for marketing professionals. The digital media provide them with many new opportunities to capture the attention of potential customers and maintain relationships with existing customers, but at the same time provide consumers with much more information as well as instant access to the views of other clients, experts and professionals. So digital technologies have virtually taken away much of the control that companies have over what is communicated about their brands and products. However, we can say that the development of digital media has been one of the most exciting changes for marketers in decades (Schneider, 2017). The **main benefits** and opportunities that digital marketing provides to businesses are the following:

- Simultaneous communication with millions of potential or current customers, regardless of their geographical location or interaction with each of them;
- Instant updates on new proposals or announcements reflecting new developments or meeting market challenges;
- Immediate response to competition or change in marketing mix;
- Attracting new customers in the process of maintaining and consolidating relationships with existing ones;
- Reaching out to multiple audiences and stakeholders instead of just one (as is usual with other marketing communications);
- Involvement in multiple networks and influencing bodies.
- Ability to analyze the effect and success of marketing campaigns and understand what works and what doesn't, usually right now.

2. METHODOLOGY

In this research we aim to describe the framework of social media and electronic communication usage for the marketing purpose of hospitality industry in Bulgaria that gives acceleration to tourism companies in the manner of benchmarking and road mapping for their future efforts. To collect data, a field survey using in-depth questions was conducted.

Research method is based on qualitative method and data is collected from managers of Plovdiv hotels in Bulgaria. As the survey is a qualitative one with in-depth questions, it is conducted on randomly picked 8 hotels in total, 5 of which are based at the down-town of Plovdiv and 3 are located in the vicinity of the city, between February and April 2019. Data obtained from those 8 hotels were analyzed through an excel table, categorizing central and outside hotels separately, as well as according to being international or local establishments.

There are **11 open ended questions and 7 demographic questions added to the questionnaire for examining the social media and mobile application effects on marketing systems. Research is mainly based on face to face interviews with the related participants. Samples are mainly collected equal numbers between central and outside hotels. Also, international chain hotel and local hotel number are tried to be equally separated. Aim is to examine the differences between central versus outside hotels and international chain hotel versus local hotels in digital marketing and social media context.**
Demographic questions consist of: Hotel Category, Age of the Hotel, Hotel Concept, number of full-time and contingent work force, target markets, number of rooms and beds.

Open ended Research Questions are mainly questioning: Advertising and marketing efforts on social media; Using agencies for social media accounts; Used social media channels x Social media preferences; Control systems for examining customers’ social media accounts; Feedback systems on marketing efforts based on social media and mobile applications; Barriers; CRM systems on mobile and social media and Mobile application usage.

3. ANALYSES AND RESULTS

3.1. Need for development of tourism innovations in the Plovdiv region through digital marketing

The need to develop and introduce innovations in the Plovdiv region is determined by the state and development of tourism. The following generalizations can be made in this regard:

1) Regarding tourism: there is a decrease in the number of accommodation establishments (-16%), a smaller decrease in the duration of the operation period (-7%) and in the number of nights spent, although the capacity of the sites, which is expressed by the number of beds increasing (by 6%) in total for the period 2011-2018. Therefore, in the Plovdiv region are gradually building accommodation with more capacity. The lowest was the value of the four indicators in 2012, which is probably due to the economic crisis.

Table 2. Plovdiv region Local and International Chain Hotels, Digital Marketing & Social Media

| Hotel info       | Park&Spa Markovo | Landmark Creek | Grand Hotel | Trimonium-Ramada | Holiday Inn | Best Western | Business Hotel | Imperial |
|------------------|------------------|----------------|-------------|------------------|-------------|--------------|----------------|----------|
| DG Advert & Marketing | Yes              | Yes            | Yes         | Yes              | Yes         | Yes          | No             | Yes      |
| DG Master Marketing Dept/Design & PR Agency | PR&Marketing Dept/Centre, Adequate | Sales & Marketing Director | Marketing Department | DM Agency of CEO, not very professional | Agency, Not Adequate | Marketing Dept/Design & PR Agency | |
| DG Marketing Tools | FB, Twitter, Instagram, LinkedIn, Foursquare | FB, Instagram, LinkedIn, Foursquare, Google +, Pinterest | Facebook, Youtube | Facebook, Youtube, Twitter, FB, Foursquare, Google +, Pinterest, Tumblr, LinkedIn, Instagram | Facebook, Instagram | Facebook, Instagram | FB, Pinterest, Twitter, Instagram, LinkedIn, Google +, |
| Follow Customer SM/Blogs | Yes/Yes | Yes/Yes | Followers/No | No/No | Company Executives/As a hobby | Yes/Yes | No/No | Followers/Yes |
| Followers which SM Tool | Facebook | Instagram, Facebook | Facebook | Facebook, Instagram | Facebook | Facebook | Instagram, Facebook | |
In 2011-2018 there was a significant increase in tourist demand. This is evidenced by the increase in the total overnight stays by (66%), in particular by 56% of Bulgarians and 116% of foreign citizens. The highest was the value of these indicators at the end of the period (2017/2018) and the lowest was at the beginning (2011). However, the length of stay in the region is low - about 2 nights of visitors in general and Bulgarians in particular, and 2-3 nights - of foreigners.

3) Regarding the performance indicators for the activity of the accommodation establishments in the Plovdiv region, for the period 2011-2018 a significant increase in the income from the total nights spent (by 94%), by foreigners (107%) and by Bulgarians (86%) in particular. The highest value is the indicator at the end of the period (2018) and the lowest is at the beginning (2011).

4) For the entire period 2011-2018, growth in the values of the three key indicators for the hotel sector is reported: employment (by 65%), average daily rate (19%) and revenues on available bed (96%). Revenues on available beds have increased to a greater extent due to growth in employment and to a smaller but significant increase due to higher prices of accommodation in accommodation establishments. Despite significant employment growth, it is relatively low over the whole period (2011-2018), with only about a quarter (26%) of the accommodation base being occupied. The lowest was employment at the beginning of the period (19% in 2011 and 20% in 2012) and the highest was at the end (31% in 2016 and 32% in 2017). The values of the indicators daily average price and revenues per available bed were also the lowest at the beginning of the period (38 BGN and 8.12 BGN in 2011 respectively) and the highest at the end (45.09 BGN) and 15.13 BGN for 2018).

5) Internet Advertising Revenue in Plovdiv & region for 2018 amount to 13 million BGN (see Fig. 1). Display advertising have the highest share - 87%, click-to-call advertising -8%, advertising and PR publications -3% and advertising and digest and others have lowest share - 1% each. These findings on the state of tourism in the Plovdiv region make it possible to conclude that it is necessary to increase innovation activity through digital marketing.

The most used social media tools are, Facebook by far, Instagram, Twitter, LinkedIn and Foursquare. Local hotels focus on Facebook, Instagram and Twitter, while International hotels use Foursquare, LinkedIn, Google+ and Youtube as well (see Table 2). Besides, Facebook and Instagram is the most popular like the world wide usage ratios which shows that hotels follow the market tendencies. Almost every hotel use social media channel to announce their current campaigns. Only three of the 8 sample hotels do social media based discounts. Also, many hotels perform online price oriented campaigns through the Facebook, but international chain hotels suffer from high bureaucracy, which prevents them to response online market demands and solve operational conflicts rapidly.
talk about the evolution and feedback mechanism on social media, we can collect them in two groups. Half of the hotels use classical methods, such as, using phone, e-mail, sales office, front office staff feedbacks, besides individual based communication channels like TripAdvisor, Booking.com, Expedia.com, Hotels.com, Facebook, etc. The other half is using text data mining tools, such as, “Revinate” and “Medelia” application software, which produce statistical and graphical reports through filtering the feedback from evaluation sites and blogs.

Barriers faced in using social media channel as a marketing tool are; control mechanism issue (which means, on most of the evaluation sites, every comment is published no matter if the person is/was a customer of that hotel or not), number of staff allocated to deal with feedbacks, and hierarchical system of international chain hotels in particular. All of the hotels use web pages for collecting reservations and share their service and hotels’ information through web, but we face an expressive result about the mobile applications that just, few of them have full service support. Around half of the hotels use mobile applications for the aim of sharing information which are transformed through their current websites without online purchasing option. And, the other half of the hotels claims that they are using tourism agencies mobile applications. Hotels, who are not having mobile application realized that this is a necessity and they are planning to have them in short time period.

4. CONCLUSION
Both of the sides covering local chain and international hotel has realized the positive effects of the digital marketing, social media and customer relationship management, but they operate in different styles which has positive and negative sides for the companies. Local chain hotels provides the social media operation with their marketing staff located inside their hotels and they are acting less professionally and creates personal dependency to marketing person. In the other side, international hotels have central social media operation center with more enhanced social media tools, but they cannot reach to all of the events in the world wide.

The results of these studies show that application of digital marketing strategies in tourism and hotel businesses leads to significant positive outcomes like positive impact on productivity, added value and employment in other sectors of the economy and in accounting for economic growth in the region.

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