

# CAN A SMALL WINTER RESORT BE MANAGED AND MARKETED LIKE A LARGE ONE: A CASE OF BULGARIAN SKI RESORT BANSKO

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## **Abstract**

*Throughout the world today there are about 80 countries which practice various winter sports. Regardless of the wide geographical range demand in terms of existing infrastructure is highly concentrated in a few regions of the world. To be competitive ski resorts have to deliver good experiences and excellent value to tourists. Current community officials and destination managers of the Bulgarian ski resort of Bansko believe that the main weakness of this ski centre is the extensive waiting at the bottom gondola station and advocates expansion of the ski runs and lift capacity. The aim of the article is to research the strengths and weaknesses of the resort in regional and world context and to prove that further expansion will not forge a strong emotional connection with visitors and thus will not bring success in destination markets. The methodology used in this article follows three steps: 1) Literature review on the nature of the ski market in the world, as well as factors contributing to effective destination management; 2) International, national and regional data analysis of existing secondary data on winter sports market and 3) Qualitative study carried out with a purposive sample of key informants. The SWOT analysis based on the results of the qualitative study show that touristic shareholders in Bansko should apply an appropriate strategy for small winter resorts by offering a unique product that speaks to the world instead of trying to promote universal broad product for the mass market.*

**Key word:** destination, market, marketing, resort, strategy, tourism

## **Introduction**

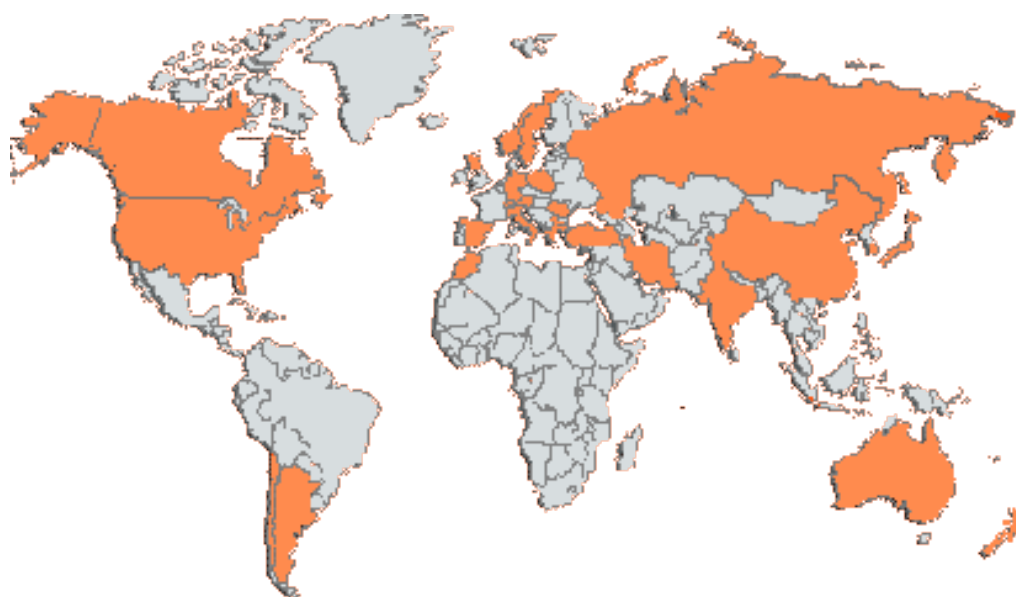
Throughout the world today there are about 80 countries which practice various winter sports. In 70 of them there are favorable weather conditions for outdoor activities, while other countries have built about 60 tracks in a confined space (Figure 1). It has been identified around 6,000 ground for skiing activities, about 2,000 separate ski centers and 27 000 lifts.

The biggest ski destinations in terms of the number and length tracks, the number of tourists and the number of tourist visits are concentrated in three world centers: European alpine countries, USA and Japan. Besides these there are many smaller destinations where tourism has ski traditions or is in the process of development in the last few years. Most rapidly developing resorts are those in Eastern Europe and central Asia.

Regardless of the wide geographical range and large number of countries that offer services in the field of ski tourism demand in terms of existing infrastructure is highly concentrated in a few regions of the world. For example, more than one third of the ski resorts are located in the Alps, and about 60% - in Europe and in Central Asia. Even greater is the concentration of demand in terms of numbers of lifts and the big resorts. For example, in the Alps are concentrated 39% of the lifts and 77% of the largest ski resorts in the world.

At the same time the most tourist visits in both absolute and relative share are concentrated in ski resorts which attract more than 100,000 tourist visits annually. Despite the fact that these resorts are only 20% of all the ski resorts, they attract about 80% of the ski tourist visits.

Most ski tourist visits take place in the Alps (about 46%), followed by the other ski resorts in Western Europe. In Eastern Europe and Central Asia are realized only about 5% of the ski visits. Seven countries (USA, France, Austria, Japan, Italy, Switzerland and Canada) have nearly 80% market share in terms of number of realized tourist ski visits, and the remaining 70 countries account for only 22% of this market.



**Figure 1: World ski resorts.**

In the period since 2000, there was some increase in tourist ski visits over the last decade amounted to about 320 - 350 million (about 400 million visits with indoor ski slopes). An exception is the winter of 2006-07, when due to the economic crisis ski visits decreased by about 20%. Traditional tourist ski destinations in Europe, USA and Japan experienced a reduced growth while countries in Eastern Europe and Central Asia, particularly China and South Korea were emerging.

One should make a distinction between the number of skiers and skier visits as a skier can go to ski several times. Where it is alleged that ski tourism is in the stage of saturation of his life cycle one has in mind the number of skiers. There are about 140 million skiers worldwide and a decreasing tendency in their number in developed countries, which is however offset by the entry of new skiers in emerging countries.

The main factors for the decreasing growth in the number of skiers in developed countries are demographic trends, particularly the gradual exit from the market of the generation of baby boomers. By 2013, the people of this generation are aged between 48 and 63 years and the median age in the world of suspension of activities with skiing is 55 years. It is known that the generation of baby boomers owns about 80% of tangible assets and over 50% of purchases of goods and services. In some sectors, such as holiday purchases of such products, it is accounting for about 80 % of the market.

**Comparative figures between old and new ski destinations**

Ski market is fast growing in the so-called “new ski destinations.” Those are the countries of Eastern Europe and Central Asia, China and India. The most commonly used criteria for international comparisons of ski resorts are access to destination, quality of ski slopes and of resort, image of the country, potential for off-piste skiing and prices.

Access to the old ski destinations from the perspective of the Western tourist is much easier. The length of the flight from the UK or Germany to Eastern Europe and Middle Asia varies between 3 and 10 hours, including the lost time for connecting at airports because of the lack of direct flights. In most cases, the road from the airport to the host mountain ski resort is too long. Exceptions are the two Bulgarian resorts Borovets and Bansko, which are 1.5 - 2.5 hours drive by car and 2-3 hours by bus from Sofia. Not so with road transport, however - Borovets cannot be reached by train and travel by train to Bansko lasts 5 hours.

**Table 1. Comparative figures of the ski resorts in the new and old ski destinations**

Country	Resort	Length of ski slopes - km („black“)	Vertical drop in m
Bosnia	Jahorina	25 ( 4 )	616
Serbia	Kapaonic Stara Planina Brezivica	55 ( 6 )	961
		13 ( 3 )	700
		16 ( 3 )	800
Turkey	Bursa/Uludag Kayseri Gumushane	28 ( 3 )	555
		40 ( 5 )	870
		30 ( 10 )	600
Slovakia	Jasna	45 ( 8 )	1 000
Romania	Polana Brasow Sinaia	20 ( 6 )	780
		22 ( 7 )	1 223
Poland	Zakopane Szczyrk	16 ( 7 )	970
		24 ( 2 )	718
Bulgaria	Botovets Pamporovo Bansko	52 ( 5 )	1 200
		40 ( 5 )	306
		75 ( 3 )	1 570
Georgia	Gudauri	60 ( 10 )	1 307
Austria	St. Anton Kitzbuhel	340 ( 14 )	1 507
		170 ( 24 )	1 200
Italy	Cortina Val Gardena	120 ( 9 )	1 507
		175	1 200
France	Val d'Isere Courchevel	300 ( 52 )	1 906
		600 ( 72 )	1 930
Switzerland	Zermatt Davos/Kloster	360 ( 63 )	2 375
		111 ( 16 )	2 034

Source: *The potential of ski resorts in Europe and Asia: Can the newcomers compete with the leading Alpine ski resorts?* Dr. Josef Zenhäusern, Expert FIS Development Programme Almaty 8.10.2013

Table 1 presents data on some of the most important ski resorts in Eastern Europe and Central Asia, as well as some world famous ski destinations in the Alps. They make clear that in terms of length and vertical drop (distance between the top and bottom elevation of the resort, measured straight down) of slopes Eastern European countries fall far short of those in the Alps. From all major resorts in Eastern Europe and Central Asia, only 2 resorts in Bulgaria and one in Georgia have runways more than 50 kilometers and vertical drop greater than 1000 m in the same time while all the ski slopes in the Alpine countries have a length of over 100 kilometers and a vertical drop of over 1 200 m. The average length of slopes in Eastern Europe and Central Asia is within 20-50 km, while in the Alps the average length is 120 km, with some resorts with runways over 300 km.

The length of the slopes in the Alps has significantly increased due to the connection between the places for skiing. Few resorts in Eastern Europe and central Asia are interconnected. In the French Alpine resort of Courchevel ski slopes with a total length of about 600 km are directly accessible from the hotel door. Another disadvantage of Eastern Europe and central Asia is the absence or insufficient number of good places to eat on the hills, especially in the higher mountain parts. Another indicator for the quality of the ski slopes is the share and the length of the so-called "black" slopes, which are used by the most experienced skiers. These slopes are within a 6 km range in Eastern Europe resorts while in the Alps their average length is about 37 km.

Altitude and geographic location of the slopes is another interesting indicator because it pre-determines the thickness of the natural snow. Due to global warming in recent years there has been a drop in snowfall in the Alps. Report by the UN Environment Programme (UNEP News Release 2003/68) shows that many ski resorts are facing economic hardship and even bankruptcy due to global warming. About 60 % of Swiss ski resorts within a few years will be considered as unprofitable. In Austria currently about 70% of the slopes for skiing are with man-made snow.

Low snowfall, and shortening of winter season is a serious problem for European resorts, including those in Eastern Europe, most of which were built at relatively low altitude. For example, the highest elevation of the two Bulgarian mountain resorts - Bansko and Borovets, is just over 2,000 meters above sea level. At the same time, most areas above this level in our country are protected and no construction activities can be realized on them. According to experts of the Organization for Economic Cooperation and Development measures to counteract global warming by producing artificial snow are ineffective solutions. Artificial snow production is not only useless above certain temperatures, but is harmful to the environment as it consumes too much energy and water.

Quality of ski resorts is the second major criterion by which traditional and new ski destinations can be compared. The evaluation is done using the indicators parking space, information centers and websites, accommodation, architectural appearance and sustainability of the resorts. Since appearing on the market a few decades after the traditional Alpine destinations, ski resorts in Eastern Europe and central Asia have relatively much newer facilities in terms of hotels, restaurants, parking and ski lifts.

Resorts in Eastern Europe and central Asia are inferior to those in the Alps in terms of "village" atmosphere and infrastructure. Overdevelopment, no balance between the capacity of accommodation facilities and existing infrastructure, construction in progress, poor design of the overall landscape are common characteristics of the ski centers in the new ski destinations. "Concrete jungles" exist in some Western European countries, but there can hardly be a situation where the sidewalk ends abruptly and the streets are not paved.

Information centers and websites are available and well developed in the new ski destinations. Significant disadvantage, however, is inadequate training of staff in the resorts and especially its inability to communicate in foreign languages. Other gaps in the service are the absence or insufficient number of family packages, packages for seniors, winter parks for skiing, snowboarding and skiing off-piste, heisting, winter hiking (currently around 20% of the

visitors are not skiers and this share will continue to grow with the increasing age of the baby boomers). A serious disadvantage of the ski resorts in the new destinations is seasonality and underuse of the capacity. Enormous potential to solve many of the existing problems of winter tourism in the new destinations lies in improving the country's image, which in most cases is bad or nonexistent.

The last criterion of comparison between traditional and new ski destinations is the price. Most experts and tourists are of the opinion that Eastern Europe and central Asia achieved a good balance between quality and price, which contributes to the increased interest of Western skiers to those destinations and the increase in the number of tourist visits. One should consider this advantage of the new destinations, however, very carefully and take into account the risks of maintaining such a competitive advantage (the rapid withdrawal of tourists to new destinations that offer even lower rates, prevalence of highly price sensitive tourists who are generally less affluent, the inability to generate sufficient profits to enable the timely update of accommodation and facilities in a few years, etc.).

There are analysts who express reservations about the "low" prices of ski resorts in Eastern Europe and central Asia. They think that new resorts in Eastern Europe should be compared to similar resorts in Western Europe, not the most famous and well-known alpine destinations. In the new destinations food and accommodation are still significantly cheaper, but in terms of the prices of ski passes, the situation is the opposite: the 1 km of slopes in the Alps is paid on average between 0.2 and 0.3 euros against 0.5 - 0.8 euros in the new ski destinations. A major problem for Western tourists is continuously raising prices of airline tickets, which is a serious problem for family vacations. These data compel experts to believe that future ski resorts in both the new and old destinations will rely increasingly on domestic tourists while international ski tourism will become an elite activity for a limited number of wealthy people who will look for more distant and exotic resorts with thick enough snowfall.

### Development of Ski Tourism in Bansko

It is interesting to see how Bulgaria and Bansko fit in the context of the world ski tourism and what are their prospects for development in the area of sport tourism. Data in Table 2 give an idea about the country's role in the regional context and confirm that Bulgaria has established itself as the market leader in South Eastern Europe. Neither one of the resort in this region can be categorized as large (attracting more than 1 million visits per year). The number of all tourist arrivals in the ski resorts of Bulgaria and Romania is equal and in the last five years amounts to about 1.2 million a year.

**Table 2. Key figures for the evolution of ski tourism in some south-eastern European countries (annual average for 2008-2013)**

Country	Number of ski areas	Number of lifts	Number of skier visits in mln.	Skier visits per lift	Number of skiers in thous.	National participation rate in %	Share of foreign skiers in%
Bulgaria	32	110	1.2	10 909	363	5.0	25
Romania	44	141	1.2	8 511	667	3.0	10
Serbia	31	64	0.6	10 156	305	3.0	20
Greece	22	111	0.8	7 207	214	2.0	10
Turkey	25	102	1.0	9 804	719	1.0	15

Source: *Lauret Vanat, 2013 International Report on Snow & Mountain Tourism*

A typical characteristic of all the countries in the region is the low number of national skiers as a share of total population. Even in Bulgaria, where their share is greater, it does not exceed 5% of the population (compared to 36% in Austria, 37% in Switzerland, 19% in France and 18% in Germany). This indicates the low “skiing” culture of the Balkan people, but also provides a great potential for development. Even if we consider the very unfavorable demographic structure in some countries like Bulgaria, Serbia and Greece, there is a vast segment of young people who could learn to ski and to love winter tourism. The data presented in Table 1 regarding the length and vertical drop of ski slopes assign again the leadership of Bulgaria.

It seems that Bulgaria is in the most disadvantaged situation in terms of the prevailing view that the future development of ski resorts will be determined decisively by national tourists. Every fourth skier in the country is a stranger, while in Serbia a stranger is every fifth and Turkey - every sixth skier. Further disaggregation of data of visitors to Bulgarian ski resort, however, shows that the majority of tourists come from neighbouring Balkan countries, which are usually a few hours away from Bulgarian resort and thus can be considered as “local” visitors.

A great advantage for Bulgarian resorts is their short location from one of the largest and most dynamic cities in Europe - Istanbul, with its 20 million population. Whether Turkish tourists would prefer Bulgarian ski resorts depends however very much on the policy of the Bulgarian government. One should not forget that Turkey has succeeded in a very short time to develop its sea tourism on such a scale that has become the biggest tourist force in the Balkans. Such intentions have currently been expressed by the Turkish government in terms of winter tourism, which has a significant potential. The same can be said for the other Balkan countries - they are interesting markets for Bulgarian ski resorts, but also a serious risk of increased competition to attract tourists from the region.

According to the National Statistical Institute of Bulgaria revenues from tourism for the winter season 2012/2013 amounted to about 417 million euros, which is about 5% more than in the previous year. Winter resorts were visited by about 1.1 million tourists, or about 8% more than in the previous season. Most tourists were from neighbouring countries: 211 294 Greeks, 161 684 - Romanians, 129 476 104 375 Macedonians and 476 104 375 Turks. The Turks recorded remarkable growth of over 60% compared to the previous season. Tourists from these four countries accounted for nearly 60% of all tourists.

In the first quarter of 2013, the most popular ski destination in Bulgaria was Bansko – with 339 608 nights spent, second was Borovets - 176 194 nights, and third - Pamporovo - 160 197 nights. Most popular among Bulgarians was Pamporovo - 98 382 nights or 61% of all nights spent in the resort, followed by Bansko - 60 819 nights or 18 % of the nights and third - Borovets - 46 811 nights and 27% of the nights.

The highest number of nights spent by foreigners was registered in Bansko - 278 789 nights or 82% of all nights in the resort followed by Borovets - 129,383 nights or 73% of all nights spent and third was Pamporovo - 61,815 nights or 39% of all overnight stays in the resort. The turnover of all kinds of accommodation facilities for the same period amounted to about 18 million live in Bansko , 6.5 million in Pamporovo and 6.0 million in Borovets.

Bansko is thus the biggest Bulgarian winter resort with a capacity almost equal to the aggregate capacity of the other two ski centers - Borovets and Pamporovo. At the beginning the resort was planned (on the base of the ski slopes area and the possibilities for forest clearance) to accept about 5 000 visitors at the same time. There are no official data about the number of beds in the resort but experts say they are between 50 000 and 80 000 or 10 to 16 times beyond the initial intentions. Exceeding the optimum capacities resort is associated with long lines of people and extensive waiting for lifts, environmental pollution, poor road infrastructure, low capacity use of beds, loss of local identity. Local authorities and businesses urge the Ministry of Environment (as the resort falls within the protected area) to issue a permit for the extension of the lifts and ski slopes and thus enlarging even more the resort capacity.

In order to support or reject the idea for further expansion and transformation of Bansko

in a mass touristic center a qualitative study was carried out with a purposive sample of 40 respondents. One hour interviews with a representative mix of tourist stakeholders (tourists, hotel owners, lift operators, local residents, community officials and non-government organizations) were conducted. The interviews were tape recorded and transcripts were produced in order to facilitate the analysis. The questions covered a general common section and specific sections for tourists, business managers, community officials and non-government organizations. Interviews were conducted between 19 and 25 February 2013 during the Open championship on biathlon.

The results from the interviews were used to make a SWOT analysis of Bansko destination. The respondents identified the following six strengths of the resort:

- Suitable natural conditions (altitude, vertical drop, north facing of the slopes, variety of runs, good water resources);
- Good geographical conditions (easy access to two airports, easy access by road, large population within distance of 2-3 hours, local population for day skiers);
- Modern lift systems and snow making technology;
- Priority of new and luxury hotels (rating 5\* to 2\*) with spa facilities;
- Rich rocking night life and delicious food in the small family type restaurants;
- Excellent price/quality ratio;
- Rich cultural and ethnographic traditions and originality of local folklore.

The majority of the respondents believes that although relatively new, the resort suffers from serious structural problems and identified the following weaknesses:

- Lack of intelligent town – planning - architectural decisions are taken by many persons and some new buildings are not in the style of the region;
- Weak cooperation between the different touristic shareholders (public and private);
- Lack of easy public transport within the resort and to the lower part of the runways;
- Poor technical training for the staff of the resort, especially in foreign language's capacity;
- Long queues and extended waiting time for lifts;
- Low bed occupancy, even in the high season;
- Great traffic jams in the town and heavy load on the slopes.

## Conclusion

The main conclusion from the research is that the resort is about to lose its cultural identity as a result of unprofessional planning in which accommodation, leisure and real estate are not well integrated. The real estate development boom has not been followed by strong sales activities and high bed occupancy. The marketing concept of the destination is weak: it tries to concentrate on low prices and thus is directed to mass tourists. The increased number of visitors did not lead to increased revenues. In spite of the new and luxurious hotels and modern snow equipment the resort fails to attract wealthy tourists.

The intention of local public authorities to further expands the lift and slopes capacity is a wrong strategic step which will exacerbate rather than solve the problems. The geographical features predetermine Bansko as a small ski resort and can survive in today's mature ski market if it succeeds to keep a family atmosphere and to preserve the culture identity. Instead of trying to promote a universal broad product for the mass market, the public and private stakeholders should create and offer a unique touristic product that speaks to the world.

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