INNOVATIONS IN THE TOURIST PRODUCT OF HOLIDAY APARTMENTS IN THE SOUTHERN BLACK SEA REGION

ABSTRACT

on PhD thesis for the awarding of an educational and scientific degree "PhD" in a professional direction 3.9. Tourism, scientific specialty Economics and Management (Tourism)

SUPERVISOR:
Prof. Dr. Tanya Dabeva Filipova

VARNA
2022
The dissertation consists of 279 pages, of which - introduction (6 pages); exposition in three chapters (219 pages); conclusion (3 pages); list of references (17 pages). The main text contains 30 tables and 28 figures. The list of used literary sources consists of 197 literary and informational sources, including 126 literary sources and 71 internet sites. The dissertation also includes 7 appendices (19 pages).

The defense of the dissertation will take place on......... from ......h. in the hall ... of the University of Economics - Varna at a meeting of a scientific jury, appointed by Order ... of the Rector of the University of Varna.
UNIVERSITY OF ECONOMICS VARNA

FACULTY OF MANAGEMENT

DEPARTMENT OF ECONOMICS AND ORGANIZATION OF TOURISM

Mira Dimova Dzhendova-Duneva

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ABSTRACT

on PhD thesis for the awarding of an educational and scientific degree "PhD" in a professional direction 3.9. Tourism, scientific specialty Economics and Management (Tourism)

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1. THE ACTUALITY AND IMPORTANCE OF THE PROBLEM

In our present modern times, innovation is considered a fundamental, necessary and inevitable element in all economic activities. The effects and benefits that innovation generates are discussed and analyzed in academic and business circles. In the context of the tourism business, innovation is defined as a mean that turns change into an opportunity, and every opportunity into a successful implementation.

Different destinations and companies organize their work processes in an environment of ever-increasing competition. An important condition is that they can accurately and accurately predict future changes in the preferences and requirements of tourists. In this way, an aspiration to satisfy the needs and expectations of customers is created.

The actuality of the topic is determined by the fact that tourist organizations strive to offer a tourist product that changes with time. The aim is for it to be promoted, implemented and imposed as "new" and "unique" and tailored to specific preferences and expectations. In its totality, innovations are studied in two organically related categories - novelty and change. Without newness there is no change, without innovation there is no newness.

The global travel industry is seeing the application of innovative technologies aimed at increasing personalization, connected and sustainable solutions for the benefit of businesses and consumers. By "innovation" or "innovations" we mean the end result of the process of creating a new product, service, process or form of organization. In this concept, we also include all types of innovations, regardless of their degree of novelty in the market and the organization. The goals

1 Backman, M., Klaesson K., & Öner Ö., Innovation in the hospitality industry - Firm or location?, 2017, DOI: 10.1177/1354816617715159
3 Ribov M., Stankova M., Dimitrov P., Restaurant and hotel industry, Trakia-M- Sofia, 2007, p. 300
of the innovation strategy must be measurable, tied to the general company strategy and contain the guidelines for action of those involved in the innovation process. On the other hand, the application of innovations proceeds according to the specifics of the tourist product, which is “complex in structure and purpose to satisfy complex human needs”.

The current research focuses on tourism product innovation in holiday apartments. In recent years, their development has been quite fast and dynamic, and more and more this type of tourist product is approaching the product of traditional hotels. Trends in the tourism market place holiday apartments in a situation where, despite the more complex organization, they are required to offer a variety of services in order to be as preferred as a place of accommodation as hotels.

2. Subject and object of the research

The subject of research in the dissertation is innovations in the tourist product of holiday apartments.

The object of the research is the holiday apartments in the Southern Black Sea region and their tourist product.

3. Aim and tasks of the study

The research objective, which is formulated in the dissertation work, is: based on theoretical analysis and systematization of the innovations in the product of holiday apartments, to highlight opportunities for their application in the product of holiday apartments in the SBTR (Southern Black sea Tourism Region).

By setting the main goal, the solution of the following main research tasks is determined:

1. Theoretical analysis and definition of innovations in tourism.

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4 Vasileva - Danova, M., Smart tourism in the marketing management of hotels", collection "Tourism beyond expectations - UNSS", 2020, pp. 457-458

5 Dabeva, T and al., "Innovative technologies in the Bulgarian hotel industry", Science and Economics, IU-Varna, 2019, p.20
2. Revealing the features of innovations in the tourist product of holiday apartments.

3. Development of a conceptual model for evaluating the application of innovations in tourism.

4. Survey of the attitudes of customers, employees and managers about the use of innovations in holiday apartments.


6. Formation of proposals and guidelines for increasing the significance of innovations in the tourist product of holiday apartments in the Southern Black Sea region.

4. Research thesis and hypotheses

The main thesis of the dissertation is: **Innovations in the tourist product of holiday apartments are a mandatory element for its improvement in order to reach new markets and better realization.**

The proof of the thesis in the dissertation work is realized on the basis of the following hypotheses:

- **H1** - The application of innovations in the tourism product of holiday apartments is strongly influenced by the consumer habits and behavior of different market segments.

- **H2** - In times of force majeure in the tourism industry, innovation helps increase tourism demand.

- **H3** - Training and increasing the qualifications of managers/management team in the hospitality industry are of key importance for the implementation of innovations in order to increase the competitiveness of the complex product.

5. Research instruments and limitations

The realization of the set research goals and tasks is achieved through the combined application of research methods and approaches: *analysis and synthesis, chronological approach, systematic approach in determining the*
environment of application of innovations as favorable and unfavorable, observation, survey, situational analysis, comparative analysis and content analysis.

In order to achieve well-grounded research results, the following limitations are set:

1. Lack of sufficiently systematized statistical and empirical data for the object of research in Bulgaria.

2. The comparative data cover a period of unpredictable market changes in the tourism industry due to the introduction of anti-epidemic measures due to COVID.

3. Due to significant dynamism and variability of innovations, the object of the study is geographically and temporally limited.

The main problems in the realization of the dissertation are the lack of specifically targeted specialized literature on innovations in holiday apartments, difficulties on the part of the respondents in conducting the surveys, lack of statistical information on the number of complexes with holiday apartments in Bulgaria.

6. Information assurance

➢ Primary sources

Under the category of primary sources, the collection of empirical data from two groups of respondents - managers and tourists in complexes with holiday apartments in the Southern Black Sea region has been organized. The results of the questionnaire surveys for processed through a descriptive and comparative method with software SSPS. Questionnaires for both surveys have been prepared with a total of 21 questions. To conduct the research in a situation of epidemiological measures, the possibilities of the Internet have also been used with some of the managers - Google forms, Zoom, Google meet, email and phone calls.
Secondary sources

The category of secondary sources mainly includes publications by Bulgarian and foreign specialists in the field of research, official statistical data in Bulgarian and international until the beginning of 2022 (NSI, WTO, OECD, Euromonitor, Eurostat, Ministry of Tourism and consulting agencies), specialized media, data from non-governmental organizations, legal and regulatory acts, scientific reports from international conferences, information from specialized websites related to the issue under consideration.

II. STRUCTURE AND CONTENT OF THE DISSERTATION

1. Structure of the dissertation

The structure of the dissertation work is determined by the combination of the subject, the object, its goals and tasks and reflects the author's approach to the research. The dissertation has a total volume of 279 pages, of which: introduction (6 pages), exposition in three chapters (219 pages), conclusion (3 pages) and list of used literature (17 pages). The dissertation includes 7 appendices (19 pages).

2. Content of the dissertation

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III. BRIEF DESCRIPTION OF THE DISSERTATION

Chapter I

NATURE AND CHARACTERISTICS OF INNOVATIONS IN THE TOURIST PRODUCT OF HOLIDAY APARTMENTS

In § 1.1 Theoretical foundations of innovations in tourism and subsection § 1.1.1 Definition and features of innovations in tourism. Definition and features of innovations in tourism, examples of the definitions of innovations according to the Bulgarian and Oxford interpretive dictionaries are indicated. Traces the origins and development of the earliest theories of innovation, which later reflected research on innovation in the tourism sector. Innovation is accepted as a tool for economic growth and a way for an organization to survive economically. Towards the end of the 20th century, innovation was accepted as a factor of major economic growth and as overall progress, social change and personalization of individuality. Schumpeter is mentioned as an example of a theory with great weight. With his theory of innovation, he changes the stereotype of thinking that users have the greatest influence on their application. In practice, consumers are in a passive position, they choose from goods and services offered to them.

Managers have an active role, for whom it is important to track, change and create new goods and services following market trends and attitudes. Schumpeter was against the claim that any company seeking higher profits must innovate. Of the variety of definitions, Drucker, Hjalager, Edwards - Shachter and Tonchev are presented to the WTO. In tourism, the length of the life cycle of products and services is constantly decreasing, which gives rise to the need for their constant

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8 Śleżzik K., Schumpeter’s view on innovation and entrepreneurship (in) Management Trends in Theory and Practice, (ed.) Stefan Hittmar, Faculty of Management Science and In-formatics, University of Zilina & Institute of Management by University of Zilina, 2013
improvement in order to maintain a certain competitiveness and market share. Companies competing in the tourism market must develop the ability to accurately and faithfully predict future changes in the preferences and demands of tourists. It is necessary to offer a variety of options for choosing new tourist products and services and operational implementation of new technologies in the service. From the variety of definitions, we can summarize and accept that "innovation" is any realized idea aimed at introducing a new or improved element or service in the tourism product, with the aim of preserving or increasing the competitiveness and profitability of any tourism enterprise.

In recent years, more and more managers have started to use the word "innovation" in business processes that are even for solving problems. In reality, innovation is a positive outcome. If a manager or employee is committed to solving problems, he brings the innovative attitude that any organization needs. Any change that leads to progress can be considered a certain type of innovation. Every innovation requires time to plan, create and implement.

From what has been stated so far, we summarize the main characteristics of innovations in tourism:

✓ An economic tool aimed to increase turnover (profit), strengthening competitiveness, lowering the cost of tourist products;
✓ Added value to a similar product/service, attracting new users, reaching new segments and markets;
✓ Positive impact on society: increases the corporate image, gives commitment on the part of state institutions, improves the creation and development of tourist destinations.

In a subparagraph § 1.1.2 Elements of innovation in tourism, the components of innovation in tourism and their interaction in the innovation process are examined. Innovative use in production processes as well as observing

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customer attitudes are a prerequisite for providing innovative services and products to tourists, so managers and theorists should strive to implement and develop an effective innovation process within the destination\textsuperscript{11}. Innovations are the challenges characterized by uncertainty, risk and complexity. This makes it even more important to develop a structure, system and methodology for creating new products. This also includes a practical innovation process according to different phases, which on the one hand leaves enough room for creativity, but also focuses on the goal\textsuperscript{12}. This tourism destination innovation process involves five phases, which can be summarized as follows\textsuperscript{13}:

1. \textit{Idea generation} - ideas arise from market research, tourists, intermediaries, competitors for the given destination;

2. \textit{Screening} - the strengths and weaknesses of the innovation application are identified and its compatibility with the objectives, the needs of the target market, the destination brand and sustainability are tested;

3. \textit{Idea evaluation} - testing the concept, monitoring customer perception, forecasting costs, profits, cash flows and revenues;

4. \textit{Development of the innovation idea} - the service model is developed and explored in the marketing mix;

5. \textit{Diffusion and commercialization} - tourism innovations take place in target markets.

It is important to mention that the idea generation stage, although a stand-alone stage, is also repeated throughout the innovation process. Ideas can be suggested by employees and from external sources such as interaction with customers, markets and competitors. However, the purpose of this stage is to actively create new ideas and then collect, analyze, improve, organize and store

\textsuperscript{11} Maráková, V., Medveďová, M., Innovation in tourism destinations, Forum Scientiae Oeconomia, Vol.4, (1), 2016, pp.33-43

\textsuperscript{12} Lead Innovation, https://www.lead-innovation.com/english-blog/the-4-phases-of-innovation (последно влизане 8.06.2020)

\textsuperscript{13} Boycheva, S. Innovations and competitiveness in the context of the Bulgarian tourism industry, Economic Alternatives, 2017, pp. 137-148
them for future development. Ideation itself is composed of the following elements¹⁴:

- **Creativity** – can be defined as the ability to produce a new (original and unexpected) idea that is of high quality and relevant (useful) to the organization;

- **Knowledge** - represents the most significant resource of the company. The organization that wants to deal dynamically with the changing environment must create conditions for its employees to access information and acquire more knowledge;

- **Collaboration** - innovation is fundamentally a joint effort. Individual ideas can hardly grow into innovations. More often, innovation comes from the right network of people and teams bringing different ideas together. People can work alone to produce ideas, interaction and collaboration with others and the external environment are critical to generating creative ideas. Hence the importance of creating a creative environment that leverages the diversity and collective knowledge of all its members and thus puts internal and external collaboration at the center of idea management efforts;

- **acquisition of new knowledge** - generating ideas is an activity for extracting existing knowledge from memory and for combining it into new ones, it can be considered as a form of learning. However, creative ideas can be inspired by previous situations and experiences through training within the organization itself. Another side from which learning can be considered is the ability to adapt old solutions to emerging problems, to combine multiple existing ideas into a concept, to test, acquire, create, share knowledge and transform it into valuable information, which accelerates innovative thinking and thus generates new ideas.

Idea generation can be targeted (undertaken by a campaign according to the innovation strategy) or incidental through conversations and discussions with employees.

Important moments in the stage of creating a concept of the chosen idea covers:

- market and customer requirements;
- market potential, e.g., market scope and size;
- risks and implementation opportunities - technical feasibility, market entry barriers, framework conditions (laws, regulations, standards, patents).

In the context of tourism, few studies have sought to model how new tourism products/services are developed. Most models to date are complementary, and "correspond to new service development models created in the 1980s," states a research paper by Kitsios and Kamariotou (2019) that synthesizes literature on new product creation. The development of new tourism products can be based on three main components: identifying the main resources of the destinations on which the innovative tourism products should be based, determining the modifications arising from these products and establishing the design of the product development processes. In order to visualize the framework for the development of new tourism products, we indicate in figure. 1.

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15 Kitsios, F.; Kamariotou, M. Mapping new service development: A review and synthesis of literature, 2019, pp 1–23

16 MDPI Journals, https://www.mdpi.com/journal/sustainability (последно влизане на 10.05.2020)
For a good example of stages in the process of implementing an innovation, we offer the model of Janice Malloy from Harvard Business School 17:

**First stage - Identification of opportunities for innovation.** The opportunities lie in what problems the company plans to solve.

**Stage Two - Prioritization** - Time and resources are limited and therefore prioritize potential innovations based on where the most capital will be generated. The focus is on two or three ideas to be analyzed, tested and refined. Hypotheses are then created and tested through targeted experiments.

**The third stage is testing potential innovations.** Specialists stick to experiments that are more modest in scope. Creating "paper prototypes" is beneficial, as are blueprints of the new product or process that end users can interact with to see what works and what doesn't. Each round of testing moves to progressively more complex experiments involving more users.

**Fourth stage – Implementation of the innovation.** During this stage, it is important to prioritize the resource provision of the given innovation. According

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to the author, it is important to locate and involve as many free resources as possible for a given innovation.

*Fifth stage – Analysis and evaluation of the previous stages.* The life cycle of any innovation ends as the beginning of another more effective and improved innovation for the given organization.

**In a subparagraph § 1.1.3 Types of innovation in tourism** systematize the different types of innovation in tourism together with main characteristics. In the presented author's classification, the traditional innovations in tourism, which are most often found in scientific works, are included and the modern innovations in tourism are added, to which the accommodation places have paid attention and started partial or full implementation (green and social).

1. Product innovations/ service innovations
2. Process innovations
3. Organizational innovations
4. Marketing innovations
5. "Green" innovations
6. Technological innovations
7. Social innovation

Tourism services and products have a complex composition, so they can be part of product innovation and at the same time part of process innovation. Tourism product innovation is based on the addition of new and diverse tourism models and activities.¹⁸

Many different service providers are involved in creating a tourist experience. Therefore, vertical cooperation is necessary, as tourists' overall quality assessment depends on the cumulative quality perception. The peculiarities of service innovations in tourism activity are mentioned chronologically in table 1.

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Table 1

Peculiarities of innovations in tourism services

<table>
<thead>
<tr>
<th>Author</th>
<th>Innovations in services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundbo and Gallouj (1999)</td>
<td>Service innovations are often small adjustments to procedures and therefore incremental and rarely radical.</td>
</tr>
<tr>
<td>Van Ark et al. (2003)</td>
<td>Service innovation is by definition multidimensional. Compared to manufacturing, service innovation is characterized by much more emphasis on the organizational dimension of innovation (new service concepts, new customer interface and new delivery systems) over technological options.</td>
</tr>
</tbody>
</table>
| Carvalho (2008)               | Service innovation is a complementary process that includes two components:  
- a non-technological component emphasizing organizational structure and factors that can add value to customer service (marketing, distribution channels, etc.);  
- technological component inseparable from the first component that depends on technology, especially information and communication technology (ICT) |

Source: Carvalho and Costa (2011)

There are many ways to classify innovations in tourism. The innovations themselves have a complex composition and in most cases the same innovation may be referred to several types. For example, online social platforms for sharing tourist travel experiences can be attributed in some form to technological, marketing or product innovation.

In § 1.2 Essence of innovation in the tourism product of holiday apartments and in subparagraph § 1.2.1 Characterization of the holiday apartment tourism product outlines the nature of innovation in the holiday apartment tourism product. In order to present the features of the tourist product of holiday apartments, it is necessary to first examine what are the similarities and
differences of this type of accommodation in the general picture of hospitality. The presence of this type of accommodation is well known in the tourist markets. However, there is no single definition of holiday apartments. Based on the following 2 definitions, given below, an author's version is proposed, the purpose of which is to cover the main features of this type of accommodation.

1. Holiday apartments are real estate that people use for their own vacation or rent out.\textsuperscript{19}

2. In the term "vacation ownership", the focus is on the motive for purchasing or using the hotel units as part of the tourist trip or stay.\textsuperscript{20}

In the context of this research, when defining this type of accommodation establishment, we assume that holiday apartments are properties located in tourist areas, in built complexes with a tourist focus and superstructure, which can be rented short-term or long-term to tourists for the purpose of income for their owners. On the other hand, the owners can also use the holiday apartments as a "holiday home", but this process is not included in the definition because it is not of interest to the study. When classifying holiday apartments, we accept that it is good to stick to some of the classic classifications in the hospitality industry and adapt them to the segment of vacation apartments by proposing that they be divided into the following groups:

- By location - urban, mountain, sea;
- By capacity - studio, two-room, three-room, four-room;
- By price level - budget, economy, medium, modern, luxury;
- By duration of operation - year-round; seasonal
- According to official categorization - guest apartments with 2 or 3 stars;


\textsuperscript{20} Dabeva, T. and al., Application of timeshare in the hotel industry of the seaside regions of B-ya, Science and Economics, University of Varna, 2016, pp. 25-27
By scope of services - fully equipped, with meals included, with daily cleaning included on a hotel basis;

By way of management - individually through an owner/intermediary or through a property management company.

In terms of the tourism product, holiday apartments also overlap with timeshares, vacation clubs, condominium hotels, destination clubs, residence clubs and peer-to-peer accommodation.

In a subparagraph § 1.2.2 Features of innovations in holiday apartments examine the similarities and distinctive features with other types of accommodation facilities. Holiday apartments, corporate suites in extended-stay hotel complexes are relatively new products in the tourism industry, which have gained enormous popularity in recent decades, thus representing an important competitor to "conventional" hotel systems in heterogeneous markets around the world. From a relatively humble origin segment, characterful and close to a home away from home, holiday apartments are increasingly attracting longer-stay guests.

Innovation is of utmost importance to ensure sustainable growth and prosperity in any sector, it is especially important in industries where markets are saturated and customers choose products or services from all over the world, as is the case in tourism.

The main distinguishing features of holiday apartments compared to classic hospitality are:

✓ “Feeling at home” - available amenities similar to apartments in residential buildings (for example - equipped kitchens, refrigerator, washing machine, dishwasher, etc.);

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✓ Ability to accommodate family for extended stays on trips reducing the need to return home;
✓ Competitive costs;
✓ Specificity of ownership – individual or investor;
✓ Receiving income - guaranteed income for a certain period, according to the number of nights and occupancy of the vacation property or a guaranteed % return on the sales price on an annual basis;
✓ Flexible financing options for the vacation apartment investment 23.

The European holiday property market (which includes holiday apartments) was estimated at €23.28 billion in 2016. As for the period 2017 - 2023, the forecasts are for an increase of 3.8%. 24

The main global online booking platforms operate in all 3 geographic markets and include Airbnb, HomeAway, Tripadvisor, Wimdu and Wyndham. Spain (10.41%) and Italy (6.51%) complete the top 5 European markets by size.

**Table 2**

<table>
<thead>
<tr>
<th>Europe Vacation Rental Market Segmentation (Value) - 2017</th>
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<tbody>
<tr>
<td><strong>By way of booking</strong></td>
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<tr>
<td></td>
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<tr>
<td><strong>By way of marketing</strong></td>
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<td></td>
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<tr>
<td><strong>By rental method</strong></td>
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*Source: SAC Insight Publishings [www.sacinsight.com](http://www.sacinsight.com)*

24 The European Commission and European Parliament have shown the EU’s highly diverse short-term rental regulations, 2016
Regarding the tourism product itself, a number of changes are also observed. The development of the so-called "alternative hospitality" continues to increase its share in the tourism industry. According to Tanya Dabeva, "generally presented, the objects of the alternative hotel industry are non-traditional, they are the antithesis of the mass and standard, but at the same time their owners and managers show a new (humane, socially responsible) attitude towards their own activity and customers."

The modification of the tourist product in the case of holiday apartments is dynamic in a short period of time and is influenced by features similar to those in the hotel industry. Examples we mention are globalization, heterogeneity, intangibility, heterogeneity, indivisibility, perishability and individual ownership relevant to accommodation facilities.

As a result of all these factors, the need to innovate and modernize the tourist product for holiday apartments increases. These changes lead to the introduction of new services such as Property Management Software/Platform (PMS/PMP) used by property management companies to process bookings, communicate with clients and owners through an online application, receive analytics and activity reports. One of the goals is the personalization of vacation apartment services, which is possible through online travel guides. In addition to the exact location of the vacation apartment and information about the region, details about how the facilities in the apartment work are also added. The investment in the automation of the holiday apartments shows that in the future it is a good decision to manage the property remotely, on the one hand it reduces the costs of electricity and water, on the other hand it provides greater security and safety.

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26 Hostfully Software Newsletter, Tips on vacation property management, March 2020
With holiday apartments, we see a tendency for the product/services to resemble those of traditional hotels, while retaining their distinctive features. Examples of this are:

1. *Increased hospitality* - upon booking, tourists receive bonuses such as discount coupons or paid services for nearby attractions and sights. Early check-in and late check-out options at no extra charge;

2. *Pet Policy*;

3. Services necessary for the stay of families with small children (high chair, bassinet, stroller, children's toys, etc.);

4. *Remote work office* - desktop computer with printer, fast and reliable Wi-Fi;

5. *Food options* - through homemade local food or through arrangements with nearby restaurants;

6. *Additional value* - most often this is a loyalty program through which additional discounts can be obtained in the future. Encouraging tourists to leave feedback and comment about their stay.

In a subparagraph § 1.2.3 *Role and participation of managers* in innovative processes, the importance of training and personal contribution to the application and development of innovations is noted. Universities, business and the public sector play an important role in the development of innovation. Innovation is now a key ingredient in managing global competitiveness, and companies must address the creation of new products and services.\(^{27}\)

An innovation also has a greater potential to be accepted if it is compatible with people's experiences and values. Each successive generation is more willing to take risks and therefore we can expect a greater saturation of innovative technologies.\(^{28}\) Studies show that innovation management can not only change the


organization, but also bring benefits to it and redefine the company by spreading new ideas. Leadership can effectively drive innovation and new thinking.

**Table 3**

The main variables that influence innovation in management processes

<table>
<thead>
<tr>
<th>Innovations</th>
<th>Employee skills (including managers)</th>
<th>Organizational connections, monitoring, professional training, new technologies</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Strategic advantage</td>
<td>Socio-economic environment (tourism markets, customers)</td>
</tr>
<tr>
<td></td>
<td>Organizational possibilities</td>
<td>Resources from other companies</td>
</tr>
<tr>
<td></td>
<td>Decision making process</td>
<td>Procedures and control</td>
</tr>
</tbody>
</table>


Views on the role and position of tourism managers in organizations are changing. The role of manager in the *classic* sense of performing managerial functions (ie planning, organizing, directing and controlling), including leadership tasks such as motivating, inspiring, etc., is no longer sufficient. Today's organizations need leaders who will not only guide others directly, but who will all work together with them to achieve common goals, develop new skills for risk-taking and responsibility. Today, a leader is a source of creative ideas who recognizes future opportunities and threats. The differences in management style are shown in the table below for traditional and 'new generation' managers“29.

The human factor is considered an important capital in the tourism industry, which positively influences different types of innovation.

From the above, we highlight the key role that managers play in tourism. The development and application of innovations directly depends on their personal attitude, professional skills and knowledge and entrepreneurial spirit.

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29 Thomas, M., Mastering People Management: Build a Successful Team—Motivate, Empower and Lead People, Thorogood press, 2007, pp 41-45
In § 1.3 A conceptual model for the application of innovations in the tourism product of holiday apartments. The results of the analysis will contribute to a more specific and up-to-date assessment of the state and applicability of innovations in the tourist product of holiday apartments.
Chapter II
APPLICATION OF INNOVATIONS IN THE TOURIST PRODUCT OF HOLIDAY APARTMENTS IN THE SOUTHERN BLACK SEA REGION

In § 2.1 Methodology for evaluating the application of innovations in a tourist region, we adapt the methodology proposed by T. Dabeva, which refers to the evaluation of two main groups of factors: general and specific for the application of a franchise concept as well as for the application of timeshare as "specific forms of management of ownership in the hospitality industry". This methodology, we believe, is also suitable when evaluating the application of innovations in the tourist product of holiday apartments because of its interrelationship with the overall state of tourism and, in particular, the hotel industry, which also includes holiday apartments as a type of accommodation facility.

In § 2.2 Evaluation of factors for the development of innovations in the tourist product of holiday apartments in the SBTR and subparagraph § 2.2.1 We divide the evaluation of the general factors of influence into 3 groups. The first group, which we consider the most priority to be considered, are the general factors that help to outline the features and the environment in which the innovations in the tourist product of holiday apartments in the Southern Black Sea region are placed. If they are to be considered as a more general tourism framework, economic, social and cultural factors emerge as the most significant. On the other hand, political and legislative factors have an auxiliary relationship. Economic factors and conditions - from this group, the main factor for the state and development of innovations in a business environment is the gross domestic product (GDP). Another important economic factor that we consider as part of the macro framework with a reflection on the state of innovation is inflation. To measure inflation, we use 2 indicators CPI (Consumer Price Index) and HIPC (Harmonized Index of Consumer Prices). For the last year, we look at the state of

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30 Dabeva, T. et al., Hotel and restaurant franchising, Varna - Science and Economics, 2013, pp. 231-233
inflation by month and comparative data by year, so that the dynamics of this indicator can be tracked more specifically. The Harmonized Index of Consumer Prices is a comparable measure of inflation across EU (European Union) countries. It is one of the criteria for price stability and for Bulgaria's accession to the Eurozone. According to BNB (Bulgarian National Bank) data, the flow of foreign direct investments (FDI) entering Bulgaria for the period January - August 2021 remains positive, but decreases sharply on an annual basis.

Table 4

<table>
<thead>
<tr>
<th>Industry</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2272.8</td>
</tr>
<tr>
<td>Construction</td>
<td>47.9</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>-23.3</td>
</tr>
<tr>
<td>Real estate</td>
<td>16.5</td>
</tr>
<tr>
<td>Culture, sport and entertainment</td>
<td>-6</td>
</tr>
<tr>
<td>Education</td>
<td>1.6</td>
</tr>
<tr>
<td>Professional activities and scientific research</td>
<td>1270.6</td>
</tr>
<tr>
<td>Transport, warehousing and mail</td>
<td>160.3</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>802</td>
</tr>
</tbody>
</table>

*Source: BNB (Bulgarian National Bank)*

The composite indicator "business climate in the service sector", to which we can also attribute the tourist activity for holiday apartments, remains at its level from December 2019. As important distinguishing determinants, the main problems for the activity related to competition in the industry, the uncertain economic environment and the shortage of labor force are outlined, although in the last six months of 2020, a decrease in their adverse influence is reported. The level of investment in a given region or country is also influenced by the corruption perception index. According to data for 202031 Bulgaria's index is 44.

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31 Corruption Perceptions Index 2020, pp. 2-10
points, with which the country ranks on 69th position in the world ranking and last in the European Union, together with Hungary and Romania. From the variety of indices and indicators that can give an idea of the socio-economic status of a given country, we have chosen as an addition the following ones that are related directly or indirectly to the development of innovations\textsuperscript{32}: the Economic Freedom Index 2020, the Digitization Index in the Economy and Society (European Commission), the e-Government Development Index 2020 (UN), the Human Freedom Index 2020 (Cato Institute and Fraser Institute), Global Innovation Index. The main goal of the Global Innovation Index is to become a quantitative measure that better and more fully reflects innovation in society and crosses the line of the traditional understanding of innovation. The group of \textbf{legislative factors} includes laws that reflect the application of innovations in holiday apartments. They are formed into 2 groups - main (law on tourism, law on condominiums, law on consumer protection, law on innovations) and auxiliary (law on territorial planning, law on citizens' property, law for the promotion of scientific research was last promulgated in 2018. It establishes policies related to the Ministry of Education's national strategy for the promotion, financing and improvement of scientific research, the law on patents, the law on copyright and related rights, the law on the protection of competition, the law on obligations and contracts, the law on investment promotion, law on trademarks and geographical indications, law on protection of foreign investments, law on small and medium-sized enterprises, law on protection of personal data, law on VAT). To the group of sociocultural factors, we present the demographic and cultural factors, from which G. Hofstede's assessment of the national culture \textsuperscript{33} and analyzing the business environment through the PEST analysis created by Francis Aguilar.

\textsuperscript{32} Slavova, Z., Bulgaria in the international rankings for 2020, according to IPI data (www.ime.bg)
\textsuperscript{33} Dabeva, T and al., Application of timeshare in the hotel industry of the seaside regions of Bulgaria, Science and Economics - IU Varna, 2016, pp. 107-112
In a subparagraph § 2.2.2 Evaluation of the specific factors and conditions we consider the most modern indicators that represent the state of tourism in Bulgaria.

In § 2.3 Analysis of the state of innovation in the tourism sector in Bulgaria, we systematize that innovation in Bulgaria (including in tourism) is developing below the average European level. Nevertheless, this process of development and application has begun and is happening, albeit more slowly than other countries with which Bulgaria is compared. The relationship between research, universities and business is extremely favorable and optimistic for the future development of innovation in the tourism sector.

In § 2.3.1 Analysis and assessment of innovations in the tourism product in the Southern Black Sea region, we note that holiday apartments have their similarities and differences with classic hospitality. As a trend, we point out that management companies adapt their tourist product as well as the familiar hotel one as best as possible. The implementation of this type of accommodation is for the most part from the direct influence of the management companies. Their appearance in Bulgaria is a consequence of the rapid development of construction along the Black Sea after 2004, according to data from imoti.net. The maintenance of the entire building fund is the reason for the presence of these companies, on the one hand their activity falls under facility management, on the other hand their activity is more like rental companies. For a more precise definition of these companies, we adhere to the definition given by the Bulgarian Facility Management Association (BFMA) established in 2016. By facilities management we understand "the integration of processes within an organization for the provision and development of contracted services that serve to support and improve the effectiveness of the organization's core business." 34

any company - cleaning, safety, building installations, telecommunications, HVAC, energy efficiency, parking systems, fire safety, etc. To define property management companies, we adapt to the definition proposed by BOMA 35 - “property management is a process, aligned with the owner's goals, in which the owner or service provider maintains and creates value in the property, through an efficient balance of tenant (tourist) and owner relationships“. As we have already indicated, the activity of property management companies is comprehensive in terms of activities inside holiday apartment complexes. For the past nearly 20 years, these companies have borrowed various practices and adapted innovations from classic hotels. Product innovation in the tourist product itself we find that these complexes are offered as standard hotels and even the tourists themselves cannot understand that these are individual units of different ownership. The tourist product includes familiar marketing tools as with hotels - discount offers for early bookings, free nights in the wings of the summer season, reservation/cancellation methods and conditions, etc. We observe process innovations in the organizational culture of property management companies, such as the appointment of a senior administrator, senior valet, marketing and advertising specialists and bar and restaurant managers. We notice technological innovations in the adaptation of hotel software in complexes with holiday apartments, construction of a laundry farm, digital menus in restaurants, mobile smart applications, etc. In the complexes with holiday apartments, attention is also paid to "green" innovations, such as the construction of eco-parks (with "Santa Marina" - Sozopol).

In § 2.4 Application of innovations in the tourist product of holiday apartments from the point of view of the management company. According to data from the municipality of Nessebar, real estate transactions will grow by 85% for 2021. For comparison, in Tsarevo and Balchik this growth is within 50%,
for Pomorie - 34%, for Bansko and Razlog - 21\%\textsuperscript{36}. Experts from Bulgarian Properties explain this interest primarily on the part of the Bulgarian market, where due to the restrictions imposed by the pandemic, people prefer to own a vacation apartment for the following reasons:

- as an investment (because of the increase in annual inflation);
- for the purpose of additional income from renting out a vacation apartment;
- less often as their "second home" for vacation;
- remote office for “remote workers“.

One of the innovative activities, especially after the effects of the pandemic, is for companies to invest in building their own website with the possibility of direct booking and direct payment. One of the serious perspectives is how to unify the comforts and style of furnishing of the vacation apartments. According to our observations, the majority of holiday apartments are individually furnished according to the preferences of each owner. With this, the investment companies optimize the sale price of the apartment on the one hand and on the other hand they do not have to get involved in this whole design and furnishing process.

The main conclusions we draw are:

- the tourist offer of holiday apartments is saturated and numerous, especially in the coastal strip, with the largest concentration in the resort - Sunny Beach;
- the activities that property management companies engage in are diverse, detailed and require serious human resources;
- the tourist product has significant differences and at the same time is maximally adapted to the classic hotel product in order to maintain competitiveness;
- innovations are rather adapted from the hospitality industry and the building stock maintenance process. As types of innovation, we notice the

\textsuperscript{36} \texttt{Imoti.net}, https://www.imoti.net/bg/novini/view/silna-godina-i-za-pazara-na-vakancionni-imoti (last accessed 15.12.2021)
most technological, followed by product, process, marketing, organizational, environmental and social.

In § 2.5 Application of innovations in the tourism product of holiday apartments from the perspective of the individual tourist. In the SBTR, holiday apartment complexes make an effort to offer the highest possible product quality. Unlike classic hotels that only serve tourists, for management companies these groups are 2 in total:

✓ administration and servicing of owners;
✓ organizing and serving tourists.

As we have noted so far, the development and application of innovations directly depends on the demand and preferences of tourists. These processes function in a common "guest cycle" and are described in a scientific work by Tanya Dubeva and al. This cycle covers four main stages:

✓ before arrival;
✓ check in and accommodation;
✓ during the stay;
✓ check out.

Tourists' assessment of the quality of the tourism product is of great importance to the management, which studies, analyzes and plans every innovative activity in its overall product. It is important to mention another practical division of holiday apartment innovation that innovation can be “closed” and/or “open”.

If we have to shape the main elements that guests take into account and that are important for innovation, we mention:

✓ service;
✓ rate;

37 Dubeva, T. and al, Innovative technologies in the Bulgarian hotel industry”, Science and Economics - Varna University, 2019, pp. 111-118
Tourists become a source of open innovation, as through their collaboration they bring their requirements to the business network and allow services to be created in accordance with their expectations.

Chapter III

GUIDELINES AND OPPORTUNITIES FOR EXPANDING THE APPLICATION OF INNOVATIONS IN THE TOURIST PRODUCT OF HOLIDAY APARTMENTS IN THE SOUTHERN BLACK SEA REGION

In § 3.1 Trends in the application of innovations in the tourist product of holiday apartments are presented in the results of the conducted survey. In order to provide a realistic and objective analysis of the researched matter, 2 surveys were conducted for the period 20.09.2021 - 1.11.2021. The first survey examines managerial attitudes and opinions about the state of innovation in the tourism product of holiday apartments in the SBTR. The other study was carried out in a shorter period of time (from 20.09.2021 - 10.10.2021) and presents the attitudes and evaluation of users (tourists) about the state of the tourist product of holiday apartments in the SBTR. The survey period is as concentrated as possible to be able to recreate a real state of innovation in the tourism product, which is characterized by great dynamism, modification, adaptation, copying and change.

In a subparagraph § 3.1.1 Managerial assessment of the application of innovations in the tourist product of holiday apartments in the SBTR, the results of the survey are presented and the following conclusions and summaries are drawn:

- Managers are not well informed and familiar with the possibilities and influence of general factors related to innovations in the tourism product;
They show a desire to apply technological innovations aimed at improvements in the material base as well as organizational innovations in order to increase the qualifications of employees, which contributes to more professional service to tourists;

- The adaptation of innovative processes in the tourism product of holiday apartments is strongly influenced by classical hospitality;

- The dynamics and volume of the additional services offered is of high intensity due to the fact that the management companies serve two groups of clients - owners and tourists;

- Problems and lack of long-termism in the design of the elements in the tourist product are caused by the fact that the ownership is not with the management company, but with individual owners. This communication is often followed by personal, variable and unclear preferences.

**In a subparagraph § 3.1.2** Evaluation of the application of innovations in the tourist product of holiday apartments in SBTR by customers, the results of the second target group are presented - that of tourists, and how they understand the application of innovations in the tourist product of holiday apartments. The survey was conducted for the period 20.09 - 10.10.2021, distributed to 150 participants through online options - email, social media and paper survey cards left in selected 5 locations. The answers of 93 respondents were received. The survey period is sufficient to reflect the current, real state of innovation in the tourism product. The questions included in the survey are a total of 22 - specialized (15 questions) in the researched topic and demographic part (7 questions) for more opportunities to analyze them as segment groups. From the data, comments and information presented in connection with the survey of tourists on the application of innovations in the tourist product of holiday apartments, we can distinguish the following conclusions:

- Tourists positively assess the state of the tourist product of the holiday apartments in the SBTR;
Tourists notice and recognize that the application of innovations aimed at increasing the quality of service improves the overall impression of the holiday;

Holiday apartments are extremely preferred for married couples with/without children;

The researched technological and marketing innovations have been highly rated by tourists (possibility of direct online booking, digital locks, controlled access to the common areas of the site, mobile application for requesting additional services (cleaning, room service, sports or wellness services), software (policy) for loyalty program, quality assessment and submission of online feedback).

In § 3.2 Barriers and problems in the application of innovations in the tourist product of holiday apartments based on the current information on the state of the general and specific factors that have an impact on the development, implementation and application of innovations in holiday apartments in the SBTR, barriers and problems are outlined that we are considering detailed in this part of the scientific study. In an attempt to define the "innovation barrier", we mention the definition given by D'este et al. 39 - "an innovation barrier prevents a non-innovative firm from engaging in innovation activities or an innovation-active firm from introducing specific types of innovation. Barriers to innovation increase costs or create technical problems that often have solutions. Data collection on innovation barriers or obstacles should ensure that all questions are applicable to both innovative and non-innovative firms. Differences in awareness of barriers are evident between the two types of firms. We generally group the barriers to innovation into two main groups, external and internal to the company. The external barriers and problems that fall into this group surround the tourism organization and influence the decision-making process of the innovation itself.

Internal barriers are mainly aimed at the internal determinants of the tourist organization - material environment, entrepreneurial activity, skills and knowledge of managers and employees of holiday apartment complexes. Other barriers that are considered are the influence of general macroeconomic indicators, the level of the economy and the emergence of difficulties in front of the business climate, problems in tourism markets, which can be defined by strong heterogeneity and low transparency. In a study by Tsonev it is found that the tourist product is "self-positioning" in a natural and individual way due to a lack of selection and differentiation of the international tourist markets even at the national level, the certain seasonality of the tourist market in the SBTR and the effects of Covid. A peculiarity is that the tourism industry, including holiday apartments are heavily dominated by the presence of SMEs. These tourism enterprises do not possess sufficient knowledge and skills for market positioning and adequate response to dynamic market changes, lack of discovery, selection and evaluation of potential partners at the regional and international level, lack of up-to-date information on business financing opportunities, lack of information and incompetence for participation in international projects. We also mention the impact of unfair competition and protection of personal data and financial security as an important condition. Apart from the human potential in the companies, we can also note the internal barriers related to the problems with investments for innovative activity. As a summary, we conclude that the service sector, where the tourism activity of holiday apartment complexes falls, is faced with barriers - external or internal of a material nature - problems with the financing of innovation, problems with the allocation of investments for innovation activity, global economic effects of the pandemic or of an intangible nature - low awareness of innovation on the part of managers and employees,

40 Tsonev, N., Problems of the positioning of the Bulgarian tourist product, Economic and social alternatives, no. 3, 2014, pp. 98-108
dissatisfaction with cooperation within the organization itself between teams and unclear rules and conditions when evaluating the effectiveness of innovation application.

In § 3.3 Opportunities to increase the application of innovation in the tourism product of holiday apartments we are looking at elements for improvement in the external environment.

First, the creation of conditions for improving the business environment and general macroeconomic indicators in Bulgaria will facilitate the process of increasing foreign direct investments.

Second, the application of innovations is in most cases accepted as a positive process. As a future perspective, we recommend the creation of a commission/unit at the Ministry of Tourism that can investigate innovations in this industry and propose strategies for their more successful application and development.

Third, creating technological (web-based) platforms for greater cooperation between tourism enterprises at the regional level, where they will be able to exchange experience, knowledge, practical references.

Fourth, development of a strategy to increase competitiveness in tourism (cultural tourism, spa tourism, business tourism, etc.).

Fifth, more digital marketing in promoting Bulgaria on the map of international tourism.

As elements for improvement in the internal environment we mention.

First, developing a strategy in the application of innovations. Without going into details, developing a short-term and long-term innovation strategy is management's responsibility.

Second, the implementation of innovations depends on the set of reliable information. Information related to potential competitors, market research, pricing, consumer knowledge, employee attitudes to change is a multifaceted process.
Third, thanks to the implementation of innovations, companies expect to improve their competitiveness and profitability. Implementation of quality assessment standards is considered organizational innovation. For example, the "Perfection Model" of European Foundation for Quality Management (EFQM).

Fourth, financial discipline in the allocation of resources necessary for the implementation of innovations. This recommendation is actionable by developing a plan to implement and value the planned innovations.

For the higher quality of the tourist product, continuous partial innovation improvements are important, which can be in the material environment of the holiday apartment complexes or in the field of services they offer.

As a summary, we conclude that by improving the condition of the elements of the external and internal environment, there is a favorable influence on the application of innovations in the holiday apartments in the SBTR. Through the presented model for constant improvements and innovations, tourism companies identify opportunities to improve the tourism product they offer.

In a subparagraph § 3.3.1 Guidelines for the creation, development and application of innovations in the tourist product of holiday apartments, we present the proposals and guidelines for the more successful application of innovations in the tourist product of holiday apartments, form the following main priorities:

Priority 1 – The unexplored possibilities of corporate cooperation

Priority 2 - Analyzing, monitoring and segmenting consumers as key to identifying innovations in the tourism product

Priority 3 - Optimizing work processes through technological and organizational innovations in the management of human resources at holiday apartments

The segment of holiday apartments is characterized by many details regarding the organization of work processes. We take their optimization as a leading priority. According to our observations, organizing and coordinating the
entire human resource is a long and often problematic process. For this reason, holiday apartment complexes are implementing technological, process and marketing innovations as a solution. From the information so far, we present these priorities as possible improvements and direct influence of management companies on the application of innovations in the tourism product of holiday apartments. Another function of these priorities is to focus companies on this, to show more activity and interest in innovative processes. In this part, we omit a comment on the interaction of tourism companies with external influencing factors because their impact is rather indirect.

In a subparagraph § 3.3.2 Priority influence of technological innovations in the tourist product of holiday apartments, we consider the importance of this type of innovation. Due to their tangible nature, technological innovations receive special attention from the management companies and from the users themselves.

- The impact of technological innovation is increasingly enhanced due to tourists' demands for instant, real-time booking;
- Personalization and its interaction with process and product innovation before, during and after the guests' stay;
- Investments in "business intelligence" through the capabilities of software solutions for market condition, competitive group, price dynamics are essential for the strategic development of the holiday apartment tourism product;
- Optimizing the online space, adding cloud databases, providing limited and remote access to information lead to higher profitability of the company.

In a subparagraph § 3.3.3 Understanding and participation of the management team in the application of innovations in the tourism product, we detail their impact. The role of the management team in the levels and intensity of innovation in the tourism product has its primary importance. In the SBTR, during the research, we noticed that the managers of the holiday apartments have
modest professional experience in this field. The conclusions we can make are that, in general, innovation in tourism is accepted as something necessary, but the steps and ways of applying innovation are not a priority compared to other management activities of planning, delegating tasks to employees, compliance with standards. These ongoing management processes are even more difficult for management companies to operate.

CONCLUSION

The study of the nature and features of innovations in the tourism product of holiday apartments in the SBTR is motivated by the need to define and characterize the environment and factors of application, the more favorable development of this type of accommodation facilities. The appearance of the complex tourist product for holiday apartments is relatively recent in the hotel industry for this tourist region, which is the leading in terms of visits in the country.

In accordance with the set goals and objectives, a theoretical analysis and definition of the main concepts related to innovations in tourism and hospitality has been performed in this dissertation. The constituent elements of innovations are examined in detail in order to objectively systematize their effects and impacts on the tourism product. The implementation of innovations in holiday apartments imposes a number of requirements on the management companies. Preserving the relevance and state of the modern tourist product is important for the development and application of innovations. General and specific impact factors were investigated. The assessment of the impact of specific factors and determinants is summarized, indicating an overall value of the environment from modest to favorable for the development of innovation.

In conclusion, it can be summed up that there are good prerequisites for the overall application of innovations in the tourist product of holiday apartments in
the SBTR. As for their creation, implementation or adaptation. The study of this issue cannot be considered exhaustive, but a useful and positive form for future research.

IV. REFERENCE ON SCIENTIFIC AND SCIENTIFIC-APPLIED CONTRIBUTIONS IN THE DISSERTATION

As a result of the conducted research, the following main scientific and scientific-applied contributions can be made:

1. Modern trends for the development and application of innovations in the tourist product are systematized.

2. The theory was supplemented by an author's definition and classification of vacation apartments as accommodation facilities.

3. Based on the constructed conceptual model, an author's methodology was developed for the application of innovations in the tourist product of holiday apartments.

4. A survey was conducted with 2 groups of respondents - managers and tourists in vacation apartments in the SBTR to analyze the state of innovation in the tourist product.

5. The main barriers and determinants in the application of innovations in the tourist product of holiday apartments are presented.

6. 3 main priorities have been formed that will favor the application of innovations in SBTR, in order to improve the state of the tourism product of holiday apartments.
V. LIST OF PUBLICATIONS RELATED TO THE DISSERTATION

ARTICLES


REPORTS

1. **Dzhendova-Duneva, M.** (2015). Problems in the management of holiday apartments in Sozopol, collection of reports "Tourism in the age of transformation", dedicated to the 50th anniversary of the establishment of the specialty "Tourism" at the University of Economics - Varna, pp. 698 -706


DECLARATION OF ORIGINALITY

I declare that this dissertation is a completely author's product and that during its development no foreign publications and developments have been used in accordance of their copyrights.