



# Subsidized tourism and recreation in Bulgaria

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# The need of subsidized tourism for elderly people

- Supply-side and demand-side of elderly tourism
  - to develop senior tourism there should be elderly people that have not only the desire, but also the possibility to travel
- Growing volume and importance of senior tourism – growing number of elderly tourists due to
  - Increased longevity
  - Improved health status
  - Significantly higher free disposable time
  - Improved economic conditions
- The general trend is not unambiguous – differences between individuals, groups and countries



# The demographic situation in Bulgaria

- Bulgaria is an old and fast ageing nation
- Median age in 2012 – 42,7 years (3<sup>rd</sup> in EU)
  - Increase in 1992-2012 – by 5,6 years (15%)
- 18,8% of the population is above 65 years old
  - Above EU average (17,8%), 5<sup>th</sup> in the EU
  - Growth by 5 p.p. in 1992-2012
- 14,4% of the population is aged 55-64 (“young seniors”)
  - Above EU average (12,6), 1<sup>st</sup> in EU
  - Growth by 1,8 p.p. in 1992-2012
- The potential market for senior tourism (55+) is 2,435 Mio
  - 1/3 of Bulgarian population
  - Above EU average (30,4%), 2<sup>nd</sup> in EU
- The more active group (55-79 years) amounts to 2,1 Mio



# The economic situation of elderly people

- GDP p.c. - 46% of the EU average (last in EU)
- Elderly people and especially the group above 65 years are more disadvantaged in terms of income and overall economic conditions
- The disposable income of people above 65 years is 72% of the country average
- 61,1% of the people above 65 years are at risk of poverty or social exclusion by 49,1% country average
  - 3 times higher than the EU average (20,5%), 1<sup>st</sup> in EU
  - for the group 55-64 years – 110%
- 31% of the people above 65 years are at risk of poverty after social transfers by 22,3% country average
  - Twice higher than the EU average (15,9%), 2<sup>nd</sup> in EU
- 53,7% of the elderly people above 65 years fall in the group of severely materially deprived persons by a country average of 43,6%
  - 9 times higher than the EU average (7,2%), 1<sup>st</sup> in EU



# The history of subsidized tourism

- A long tradition of subsidized recreation and tourism
  - After 1945 most of the pleasure tourism was subsidized as well as the “resort treatment”
  - Subsidies provided to tourist establishments – not to tourists
  - In 1980s 3 Mio people had a subsidized holiday
  - In 1985 70% of the overnights were in establishments serving mainly social tourism (rest homes, youth camps, private lodgings)
  - Relatively high intensity of tourist travel – 50%
- Collapse in the beginning of 1990s
- Significant impact on most of the resorts
- New practices emerging from the late 1990



# Subsidized prophylaxis, rehabilitation and recreation

- Main sources for subsidies provided for prophylaxis, rehabilitation and recreation
  - The budget of the National Social Security Institute
  - The budget of the National Health Insurance Fund (limited to treatment and recreation of war veterans only)
- Subsidized activities for prophylaxis and rehabilitation are carried out in:
  - Companies owned by the National Social Security Institute
  - Specialized hospitals for rehabilitation approved by the Minister of Health



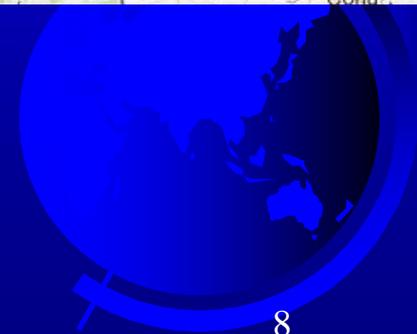
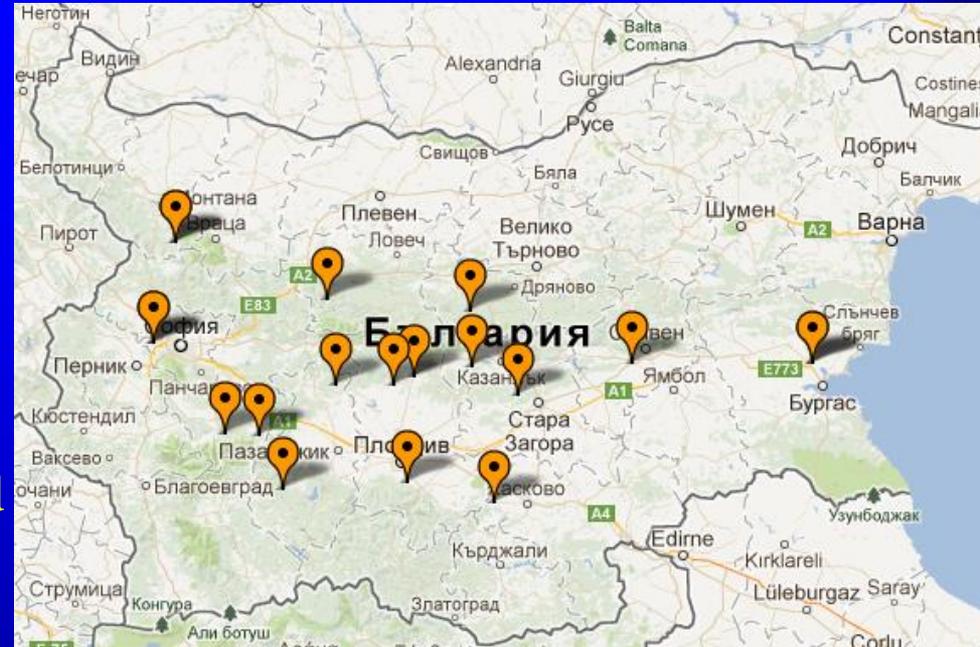
# The National Social Security Institute

- Main role in subsidizing prophylaxis, rehabilitation and recreation, incl. for elderly people
- Total amount of subsidy for 2012 – 15,7 Mio Leva (8 Mio Euro)
  - 1,5% of all social aids and compensations
  - 40 thousand people (4,4 % of all socially insured persons)
  - 390 Leva (195 Euro) per person
- The subsidy is given to the service provider on the basis of a contract and covers
  - Up to 4 diagnostic and therapy procedures per day (incl. medical examinations)
  - Accommodation costs (15 Leva per day)
  - Food costs (5 Leva per day)
- A person could receive subsidy for 10 days per year



# Main service provider - PRR

- For 2013 – contracts between the NSSI with 15 legal persons operating 48 accommodation facilities and hospitals
- The main service provider is “Prophylaxis, rehabilitation and recreation” (PRR)
  - a company with a capital of 53 Mio. Leva (26,5 Mio Euro), owned 100% by the NSSI
  - 18 accommodation facilities in 16 spa and mountain resorts (2-3 stars)
  - No facilities at the Black Sea coast
  - 58 thousands customers per year



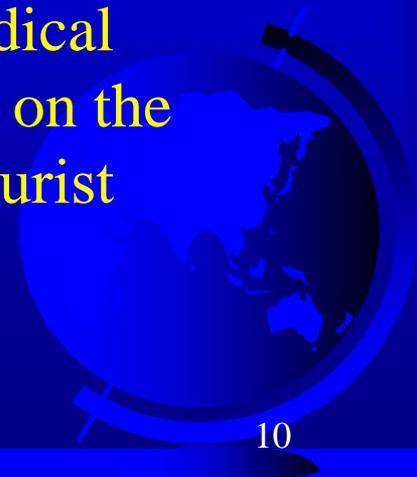
# Programmes offered

- PRR offers significant number of differentiated programmes (13 in 2013) targeted at specific needs of different groups, e.g.
  - Active age customers requiring physiotherapy and rehabilitation
  - Pupils
  - Pregnant women
  - People with overweight and obesity
  - People with occupational diseases
  - Etc.
- Some of the programmes are mainly curative, other – mainly recreational
- Programme duration – 5-10 days
- Prices paid by the consumers – 28-59 Leva (14-30 Euro) per day depending on the programme and hotel
- 2 specific programmes for elderly people (pensioners), which are among the cheapest



# Programme “Rest”

- Curative programme
- Offered by all PRR hotels
- Targeted at pensioners in need of medical treatment – require specific physicians recommendation
- Duration – 5 days
- Price (paid by the consumer) – 33-49 Leva/day
- The price includes: accommodation, food, 2 medical examinations, 3-4 treatments per day depending on the health status and the physician’s prescription, tourist insurance and tourist tax



# Programme “Care”

- Recreation programme
- Offered by a limited number of PRR hotels (4)
  - And only in the inactive season (November-March)
- Targeted at pensioners who can serve themselves and are in need of optimizing the physical regime, changing the atmosphere and communication
- Duration – not specified
- Price (paid by the consumer) – 30-32 Leva/day
- The price includes: accommodation, food, 1 medical examination, 3 treatments, tourist insurance and tourist tax



# Active ageing

- A programme adopted by the government in February 2009 and cancelled by the next government in August 2009
- (Objectives): “Providing opportunities for active aging, adequate participation of pensioners in social life and prevention of their social exclusion”
  - High seasonality and low occupancy rates
- Activities:
  - Rest and recreation
  - Social and cultural programmes
  - Rehabilitation
  - Provision of information on issues like active ageing, pensioners’ rights, etc.



# Active ageing (2)

- Targeted at economically deprived pensioners over 65 years of age (receiving benefits for heating or living in specialized institutions for the elderly)
- Completely free for the users (100% subsidy)
- Duration – 10-14 days
- Offered only in the off-season (March-May, September-November)
- End users – initially 5000, later increased to 15000
- Service providers (hotels) to be selected through a tender procedure (maximal price 400 Leva, i.e.40 Leva/day)
  - Requirements to the facilities – 3 stars or more
- Budget – 6,5 Mio Leva (3,25 Mio Euro)
- Source of Funding: Ministry of Labor and Social Policy



# Active ageing (3)

- The programme was implemented for only several months
- Reasons for failure:
  - Change of government
  - Financial constraints imposed by the new government in face of the stronger impact of the global crisis on Bulgarian economy and public finances
  - Strong criticism of the rules, e.g. selection of users (pensioners), selection of service providers
  - Strong concerns about corruption and clientelism, e.g. political influence on the selection of service providers



# Other practices for support of senior tourism (1)

- Organization of the holiday for participants in a project funded by OP Human Resources (2011)
  - A grant scheme targeting elderly people with disabilities and people living alone
  - Project in Sofia, involving 55 social assistants and 60 elderly people
  - Organized 10 days holiday at the Black sea coast including relaxing gymnastics and walks on the beach at sunrise
  - Additional voluntary chosen activity of the project
  - Costs covered by the participants themselves



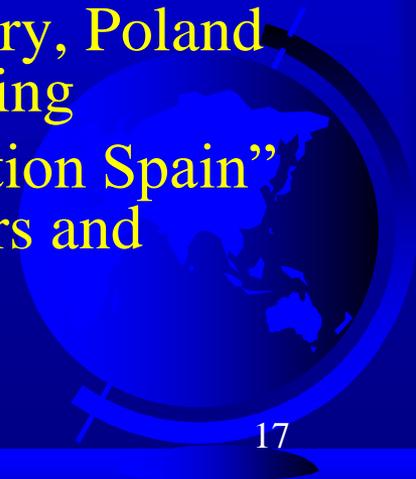
# Other practices for support of senior tourism (2)

- Low cost offers for people with specific needs
  - Social program of a tourist agency (Oasis A – Blagoevgrad)
  - 4-nights holiday on the Aegean Sea (Greece) at a price of 65 Leva (33 Euro) in the off-season (early spring, late autumn)
  - Targeting social institutions and people with physical disabilities and special needs and with limited financial capacities
- Specific loans
  - Loan “Pensioner” provided by Easy Asset Management (specialized loan company)
  - Between 100 and 1500 Leva
  - Approved in 24 hours, services at home
  - Loan repayment – in 3-18 months, through monthly payments in compliance with the financial capacity of the recipient and the date for payment of pensions
  - Could be used for different purposes – mainly urgent needs, incl. holidays and excursions
  - High interest rate (up to 100%/year) ?! – support or robbery ?!



# Subsidized holidays abroad – European Senior Tourism Program

- A program developed by the Spanish government and several Spanish regions
- Organized and subsidized trips to Spain in low and medium season, for residents in EU countries aged over 55 and their companions
- Launched in 2009-2010, 19 EU countries involved
- Mainly 8-days packages at a price of 340-500 EUR (BG – 485 EUR)
- Subsidy – 130 EUR/person for Slovakia, Hungary, Poland and Czech Republic and 90 EUR for the remaining
- Offered in Bulgaria by the consortium “Destination Spain” (involving 3 companies – Aerotravel, Profi Tours and Bohemia))



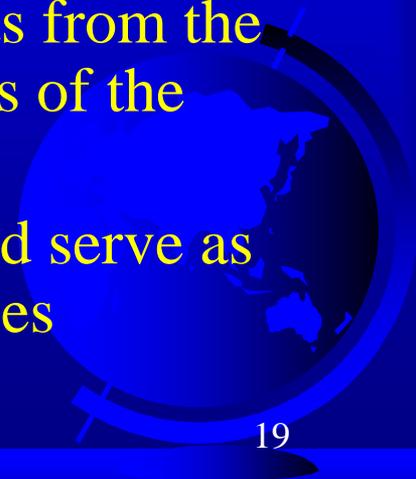
# Bulgarian participation in EST

- High interest, high satisfaction level (>9), high willingness to participate again
- However the overall volume is relatively limited – 21-53 Thous./year
- Although the participation from Bulgaria is over-proportional (1,5-4,4 Thous./year), it covers a small share of 55+ people (0,1%) that are more wealthy. The market potential is assessed at the level of 8-10 Thous.

	Participants in the programme			TOTAL
	2009/2010	2010/2011	2011/2012	
EST All countries	43952	54701	21033	119686
Bulgaria	1534	4473	2500	8507
Bulgaria, %	3,5%	8,2%	11,9%	7,1%
Bulgaria, rank	7	5	5	7
Bulgaria % of population 55+				1,5%

# Conclusions

- The current practices of subsidized tourism in Bulgaria are small scale
- Therefore they could have only limited impact both on the demand and on tourist providers and destinations
  - E.g. in near future Bulgarian regions could not rely significantly on the domestic subsidized senior tourism
- In addition they are focused rather on compulsory trips (cure, rehabilitation) than on pleasure travel
- In many cases they require some financial efforts from the recipients and therefore cannot address the needs of the most disadvantaged people
- Still they can have some impact at local level and serve as a models for establishing of larger scale initiatives



Thank you for your attention

