



Business Model Generator

for sustainable use of the potential of natural and cultural heritage resources in the border region by involvement of local stakeholders

***QuesTour –
Valorisation and capitalization of
unexplored tourism cultural and historical routes in the cross-
border region Bulgaria-Serbia***

contract number RD-02-29-59/14.04.2020

ref. number: CB007.2.13.225

Bulgaria/Serbia, January 2021

Lina Gergova, PhD
Institute of Ethnology and Folklore Studies
Ethnographic Museum
Bulgarian Academy of Sciences
on behalf of National Tourism Cluster “Bulgarian Guide”
(NTC BG Guide)

and

PBK A.C.E.
Branks Krsmanovica 51-8,
18000 Niš, Serbia
on behalf of ENECA

Editorial Team:

Desislava Yordanova, NTC BG Guide
Georgi Jordanov, NTC BG Guide
Iliyana Hristova, NTC BG Guide

The Document is developed originally in English on behalf of National Tourism Cluster “Bulgarian Guide”, Sofia, Bulgaria and ENECA, Nis, Serbia, being Partners in the project “QuesTour – Valorisation and capitalization of unexplored tourism cultural and historical routes in the cross-border region Bulgaria-Serbia”, contract number RD-02-29-59/14.04.2020, ref. number: CB007.2.13.225, funded by the Interreg-IPA CBC Bulgaria-Serbia Programme 2014-2020.

Any translation into other language shall be deemed as reference and English version shall prevail in any case!

Bulgaria/Serbia, January 2021



Table of contents

Executive summary	4
1. Introduction.....	4
2. Objectives of the Business Model Generator.....	6
3. Brief overview of the cross-border region.....	6
3.1 Geographical specifics	6
3.2 Historical development.....	7
3.3 Demographics	7
3.4 Economic development.....	8
3.5 Bulgaria-Serbia cross-border region as a common tourist destination	8
3.6 Is the cross-border region marketed as a common tourist destination?.....	9
3.7 Tourism resources in the cross-border region.....	10
Natural resources	11
Historical and Cultural heritage	13
Infrastructure.....	14
4. Development of a sustainable cross-border business models	14
4.1 The PESTEL Model.....	15
4.2 Competitive environment analysis.....	16
4.3 Establishment of a cross-border tourism product by using the CANVAS model.....	18
4.4 GE-McKinsey nine-box matrix	23
4.5 Ansoff Matrix or the Matrix Product-Market	24
5. Stakeholders/ Business sectors.....	25
5.1 Identification of stakeholders.....	25
5.2 CB-cooperation, integration of local communities.....	32
6. Identified ways for capitalization of a cross-border tourism product.....	33
7. Matrix of a cross-border business model generator.....	34
8. Sustainable use of the potential of natural and cultural heritage	38
9. Role of the QuesTour for sustainable economic development of the region.....	39
10. Model Examples of Cross-Border Tours	40
Model 1: Weekend package for general tourists in a group.....	40
Model 2: Package for adventure tourists in a small group	43



Model 3: Sophisticated trip for highly motivated tourists	46
11. Conclusion	48
12. References.....	49
13. Annexes:	50
Annex 1: Mapping the unexplored resources and intangible heritage in the Bulgarian-Serbian cross-border region	50
Annex 2: Analysis on the willingness of local stakeholders to contribute to the promotion of identified resources	50

EXECUTIVE SUMMARY

The Business Model Generator (hereinafter referred to as “BMG”) is elaborated following the conduction of a cross-border survey on the current state-of-the-art in the field of unexplored tangible and intangible cultural heritage, natural resources, as well as on the attitude of local communities and their willingness to contribute to the promotion of the identified resources in the border region of Bulgaria and Serbia. Designed within the implementation of the project “*QuesTour – Valorisation and capitalisation of unexplored tourism cultural and historical routes in the cross-border region Bulgaria-Serbia*” the BMG is a tool that describes the rationale on how local stakeholders from the cross-border region of Bulgaria and Serbia can create, deliver, and capture value in a sustainable manner.

The cross-border region covers 13 districts, as follows, 6 in Bulgaria (districts of Vidin, Montana, Vratsa, Sofia, Pernik and Kyustendil) and 7 in Serbia (districts of Nis, Jablanica, Pcinja, Pirot, Zajecar, Toplica and Bor) and the QuesTour project targets this area (“targeted region”) in its entirety. Funded by the EU through the Interreg-IPA CBC Bulgaria-Serbia Programme 2014-2020, the project aims to boost the level of community involvement and dedication to the sustainable use of cross-border (CB) natural, cultural, and historical resources. It seeks how to valorise and spice up the tourism experience through pilot initiatives by engaging the local communities and tourism provided. The conducted analysis has confirmed the potential of the tourism sector to boost the sustainable economic development of the region and the involvement of the local communities and stakeholders. Thus, the BMG provides an overview on the factor conditions of the targeted region and proposes various economical tools on assessment, decision-making, implementation of a business strategy and models for sustainable use of the existing resources, which are explained through some practical examples applicable to the targeted cross-border region.

1. INTRODUCTION

Based on the conducted research and analysis in the cross-border region in the period November 2020-January 2021, following recommendations can be identified to overcome the identified problems in the region:

- Mapping the unexplored resources, tangible and intangible heritage and elaborating new potential thematic cross-border routes that combine stakeholders from both sides of the border and relies on their specific expertise to offer a co-created tourism product;
- Building a network and searching for partners rather on a cross-border level than addressing national centres to contribute to the CBR cohesion and elaborate helpful local and regional business and social models;
- Initiating and encouraging national and international policies for enhancing the cross-border business collaboration, cultural and social interactions, people movement and goods transportation;
- Counting on continuous efforts and business plans not only on project funding and activities to develop sustainable business and social practices in tourism.

By supporting decision-makers to develop knowledge on common local and individual issues regarding responsible tourism development, QuesTour offers a different approach for improving the capitalisation of natural and cultural resources. The Analysis that involved over 100 stakeholders from the targeted region identified some weaknesses for the development of sustainable tourism and evaluated the attitude of local stakeholders to a common cross-border approach for the development of sustainable tourism product or service. It showed that many of the stakeholders do not rely on local potential and have not fully researched nor developed it. It highlighted several recommendations, and the most

important one is the enhancement of the cross-border collaboration. One of the key instruments that might boost the development of the local stakeholders both individually and as a network is the regional cross-border economic, institutional, and cultural cohesion. Furthermore, it is recommended that stakeholders must turn their sight from the national centres to the region and across the border, as in such way to approach larger markets and to expand their potential resources.

Therefore, the current Business Model Generator proposes a cross-border approach on the capitalisation and valorisation of unexplored cultural, historical, and natural routes by enhancing the cross-border collaboration between the stakeholders in the targeted region.

Divided into several chapters, the Business Model Generator has the following structure: an overview of the framework conditions of the cross-border region with emphasis on its resources and recent developments, followed by a brief analysis on the tourism development in the targeted region. The next chapter is dedicated to the business models that are applicable for the creation of a cross-border tourism product and a strategy for development of a cross-border business model is identified. Considering the core business models and their various elements, a Matrix for the development of cross-border tourism product was proposed. Followed by the identification of several groups of stakeholders/business operators, the document offers several models for sustainable use of the potential of natural and cultural heritage by various groups of stakeholders.

The stakeholders compete and co-operate in producing and delivering a tourism product. Competition is defined as a race, counteraction or interaction between companies or other entities to achieve their goals and interests using national, regional and global strategies. On the other hand, the competitiveness in the tourism sector is defined as the ability of the tourism market, tourism resources and tourism infrastructure in the country to create added value and increase national wealth¹. Most of the economists highlight the rivalry between companies and nations as main features of the competition, whereas the opportunities for cooperation and the achievement of common goals for a particular industry and / or region enjoy less attention. However, there are strong evidence that the success of a cross-border destination competitiveness relies on the efforts of all stakeholders that create the entire tourism experience. The collaboration of all involved parties is an essential part of the sustainable tourism competitiveness². In such a context, a Business Model Generator that enables stakeholders to collaborate better and proposes a matrix that can be followed to valorise the cultural heritage and identify potential cross-border routes and tours, is the most appropriate tool. Key factors of stakeholder business development are not only the networking, the partnership, and the tight cooperation among all CBR stakeholders, but also the same approach to better define a common tourist product or service that might be offered.

Finally, the proposed potential example route models resulting from this strategic document are based on the separate mapping of unexplored cross-border cultural heritage and natural resources, as well as on the analysis on the willingness for cooperation of identified potential stakeholders from the two border countries. The results are justified by the collection of primary data – surveys among several types of stakeholders, experienced entrepreneurs, or sites' operators, as well as secondary data – strategic documents and statistical data analysed. The identified models are a potential innovative cross-border product/service that will boost the sustainable tourism development in the region and promote it as a common tourist destination for quests.

¹ Manol Ribov, Prof. Dr., and various authors, Competitive strategies in tourism; Collection of articles under the general editorship of Prof. Dr. Manol Ribov

² Amira Fathimath, PhD, The Role of Stakeholder Collaboration in Sustainable Tourism Competitiveness: The Case of Auckland, New Zealand, 2015, www.researchgate.net (accessed on 20th January 2021)

2. OBJECTIVES OF THE BUSINESS MODEL GENERATOR

The objectives of the Business Model Generator are:

To be a useful tool for local tourism providers on development of sustainable Bulgarian-Serbian cross-border tourism product by capitalizing the existing resources;

To support local stakeholders to boost their business initiatives and offer a cross-border tourist product/service;

To guide local stakeholders to generate a comprehensive sustainable business strategy based on the existing natural and cultural-historical resources in the cross-border region by building a network of key partnerships;

To identify potential specific cross-border routes for promotion of the sustainable use of natural and cultural resources.

Proposals for actions of the identified groups of stakeholders/ business operators were further listed, based on the identified needs and weaknesses, aiming at supporting the expansion of their offers, by networking and cooperation across the borders.

3. BRIEF OVERVIEW OF THE CROSS-BORDER REGION

The current chapter provides a brief overview of the state-of-the-art of the cross-border resources and area.

3.1 GEOGRAPHICAL SPECIFICS

Bulgaria's six border districts occupy about 23 000 sq. km. or 20,72% of its territory and are bordering with Serbia, Romania, and North Macedonia, while the Serbia's 7 districts cover around 21 141 sq. km. or 24% of its territory and are bordering with Bulgaria, Romania, and North Macedonia. The border length between the two countries (Serbia and Bulgaria) is 364 km in total, out of which 337 km land and 27 km river section.³ It has five road cross-passes and one railway pass.

South-eastern Serbia borders Romania to the north, Bulgaria to the east and North Macedonia to the South. The territory of south-eastern Serbia is mostly hilly, mountainous. Forests covers almost a half of the entire area of south-eastern Serbia. On the other hand, the Bulgarian border area is defined by geographical and, in general, natural diversity: mountains, plains, valleys, river gorges, etc. The most significant Bulgarian rivers pass through its territory (Iskar, Maritsa, Struma). There are also some natural lakes and lots of artificial dams.

³ Regional Direction "Border Police – Dragoman", official website, www.mvr.bg/gdgp (last accessed on 20.01.2021)



Southern and Eastern Serbia are considered the poorest regions in the country, and in Bulgaria these are the North-western parts. All major cities in the targeted region have seen a significant decline in their industrial base in the last few decades.

Southeast Serbia is a region with completely untouched nature and great tourist potentials. Some of them are mapped and identified within the implementation of the current QuesTour project.

3.2 HISTORICAL DEVELOPMENT

The historical features have been determined by its geographical location – the cradle of European civilisation, at a crossroads, and the most important economic and military ways between Europe and Asia. Therefore, many historical layers might be observed in the cross-border region and both countries, in general – prehistory, antiquity, Middle ages, Revival period, modern monarchies and socialist past. Since the Middle Ages, when first the Bulgarian and then the Serbian states were established, the targeted region was predominantly a border area. Moreover, the mountains have always been natural borders and got the special attention of national authorities that means both privileges and economic regress. Although the people from both sides of the border usually consider their neighbours as a brother nation, from foreign-policy perspective, the two countries have been in rather tension than alliance. Serbian-Bulgarian War of 1885, Second Balkan War of 1913, The First and the Second World Wars put the two countries one against the other causing mistrust and alienation between the neighbouring nations. Even being both part of the ex-communist bloc, some political differences marked the relations between Bulgaria and Serbia.

Besides the obscure past and the present challenges in front of the cooperation between both countries, the last years are highlighted by intensive political dialogue, joint-initiatives, cross-border investments, and increased tourist flow. Bulgaria has become a dedicated supporter of the EU-integration of Serbia, the first highway between both countries is almost finished and some more cross-border checkpoints will be opened. The Interreg-Programme, as well as other cohesion funds contributed to the economic development and the strengthening of the cultural relationships.

However, there is still unused potential for enforcing the cross-border collaboration in terms of social, cultural, and economic interexchange. The tourism and the auxiliary sectors are among the measures to overcome the tensions from the past and to support the sustainable development from both sides of the border.

3.3 DEMOGRAPHICS

The targeted region is defined by a lower population density than in the other parts of both countries. The population in the border Bulgarian parts is 936,494 people or about 13,5%⁴ of Bulgaria's population, while the population in the Southern and Eastern Serbia is 1.5 million (census 2011 for both countries). The recent demographic developments show a constant decrease of the inhabitants in the targeted region.

The Serbian part of the region is mostly inhabited by Serbs. Other ethnic groups are the Bulgarians (ar. 1%), where they make up the absolute majority in Bosilegrad and the relative majority in Dimitrovgrad municipality. In Bulgaria, the population is predominantly Bulgarians, although there is a small Vlachs minority in the villages near the Vidin region.

In a conclusion, the population development is one of the indicators used for assessment of region's attractiveness and its long-term economic potential. The demographic situation of the border area is

⁴ National Statistical Institute of Bulgaria, <https://www.nsi.bg/>

characterized by a continuous tendency of decreasing birth rates and aging population, which coupled with significant outer migration, leads to a general trend of depopulation. Another constant trend in the region is the youth migration from smaller towns and villages to bigger cities due to lack of opportunities for prosperity in smaller settlements. Exceedingly small number of youths returns to their birthplaces after completion of their education.

3.4 ECONOMIC DEVELOPMENT

Bulgaria's border districts are not a single planning unit because they fall into two planning regions – Northwest (Vidin, Vratsa, and Montana) and Southwest (Sofia, Pernik and Kyustendil). The economic development of the most underperforming districts in the region (Vidin, Montana, and Pernik) was evaluated as unsatisfactory. It was particularly mentioned in priorities like modernization and development of the transport infrastructure and waste treatment.⁵

In the Regional Plan for the Northwest region's development (2014-2020), tourism potential and its underestimation were emphasized.⁶ Sustainable tourism forms development was formulated as a sub-priority (1.3.2.). Tourism development is considered a measure of economic development based on the region's own potential. Regarding the Southwest region, sustainable tourism is also among priorities for the previous period (Specific aim I.4). Regional inequality was reported – ski and spa resorts occupy a big part of the market. Measures were proposed, but they also cover almost all possible zones: infrastructure, tourism resources and stakeholder cooperation.⁷

In general, Bulgaria's border region is economically underdeveloped, and tourism is considered a possibility for economic growth, but no priorities have been defined.

Now, that the Republic of Serbia is entering the process of European integration and building stronger geostrategic position, numerous large private and public projects are possible that enable it to create clear and unambiguous alternatives to long-term sustainable growth and development in the next period. In the conditions when the Republic of Serbia raises its bargaining power in relation to closer and further global markets, it is realistic to expect more favourable conditions for positive development of the country's tourism. Therefore, the goal of the strategy for tourism development of Serbia⁸ (2016-2025) is to approach tourism systematically, not only through economic indicators (as a possible sustainable source of creating new added value and employment in the Republic of Serbia), but also through the multiplier effects that tourism has on overall social development, local and regional development, on the development of culture and education, improvement of the environment and on the development of complementary activities (trade, agriculture, construction, etc.), and it is necessary for tourism to occupy a significant place on the agenda of strategic decisions of the Government and thus finally determine the ambitions of the Republic of Serbia.

3.5 BULGARIA-SERBIA CROSS-BORDER REGION AS A COMMON TOURIST DESTINATION

We consider that the tourists visit of the targeted region are far below their real potential considering its natural, historical and cultural resources. The Covid-19 crisis, ongoing during the preparation of the BMG, having devastating effect on tourism all over the world revealed the significance of the tourism

⁵ National Development Programme: Bulgaria 2020.

⁶ <http://www.strategy.bg/FileHandler.ashx?fileId=4079>

⁷ <http://www.strategy.bg/FileHandler.ashx?fileId=4076>

⁸ Strategy of tourism development of Republic of Serbia, 2016-2025

sector for the world economies and social wealth. In the decade between the financial crisis 2007 and the pandemic 2020 tourism has recorded progressive growth all over the world and became an increasingly important branch of the economy. In this regard, there were constant and frequent changes, with contemporary trends and new expectations of guests. For the last 5 years (2013-2017) for Bulgaria an average of just 4% of all overnight stays have been realized within the targeted region. The region remains highly unpopular among foreign tourists, compared to the nearby capital - Sofia, which attracts more than 6% alone each year. As for the CB region, the ratio between domestic and foreign visitors can get as high as 2.5 times: less than 2% of all overnight stays for the country have been realized by foreigners in the CB area. The situation on the Serbian side of the border is quite similar. The share of overnight stays for a period of 5 years (2012-2016) is 15% on the average. Stays are highly concentrated within the districts of Zajecar (where the spa resort Sokobanja is located), and the city of Nis. Apart from this city, the other parts of the region remain several times less popular among foreign visitors. The major tourist destination in Serbian side of the border region according to the number of nights is Sokobanja, which was also leader in visitors for 2013, 2014, while for 2015 and 2016 the District of Nis attracted the most people. For Bulgaria, Sofia district is well ahead in the recent years both in terms of overnight stays and visitors, followed by the district of Kyustendil, where the spa resort Sapareva Banya and the Rila monastery are located.

Identified challenge is the investing in effective valorisation and efficient management of the territory. Proposed solutions that could support the tourism development in the targeted region are:

- Weekend Cross-border tourism – especially appropriate for small groups and families;
- Growing interest in cultural heritage and specific routes, especially those which are still unexplored or not so well-known;
- Growing interest in active holidays, special and other facilities (originality, instead of uniformity);
- Increasing demand of modern guests for the quality of the destination and service providers;
- Ecological responsibility – tourist valorise ecologically preserved destinations.

3.6 IS THE CROSS-BORDER REGION MARKETING AS A COMMON TOURIST DESTINATION?

The efforts to present the CBR as a common tourist destination are merely vague and timidly. Some initiatives have been launched mainly by the authorities – by means of EU strategic documents and funding programmes. CBR tourism development is a sub-priority of the whole Danube region strategy⁹ and the EU members cross-border activities in general. However, besides IPA projects for new tourism products and services, not much has been done.

In Bulgaria, the Danube strategy defined the Danube region in its tourism strategy, particularly in a document titled Concept for Tourist Zoning of Bulgaria. In this concept, the centre of the Danube region is in Ruse because of the presumption that the powerful tourist centres would successfully lead the whole zone.¹⁰ In the concept, a west sub-zone was defined, but it was omitted in the Tourism Law. In this zone, Vidin district has been included.

Vratsa and Montana districts were involved in the Stara Planina zone governed in Veliko Tarnovo; Pernik and Sofia districts – in Sofia zone; and Kyustendil – in Rila-Pirin zone led by Blagoevgrad.

⁹ EU Strategy for the Danube Region 2019, https://ec.europa.eu/regional_policy/en/policy/cooperation/macro-regional-strategies/danube/

¹⁰ A concept for tourist zoning in Bulgaria, <https://www.tourism.government.bg/sites/tourism.government.bg/files/uploads/raionirane/koncepcia.pdf>

Besides Sofia, all other zones are managed by remote administration with entirely different problems and perspectives and without any touch to CBR and Bulgarian-Serbian border in general.

Another problem that contributes to underestimating the CBR region and its potentials is the envisioned zones' specialisation. Danube zone is specialised in cultural, river cruise, quest and eco, urban entertainment and shopping, wine and culinary, religious and pilgrimage tourism. For the Vidin district, it is too broad specialisation, and some sectors are irrelevant – urban entertainment and shopping tourism, for instance. The situation concerning the other districts is similar – spa tourism is not among priorities in the Stara Planina zone, but in the Montana district, it is a significant asset; the Kyustendil region is considered suitable for quest and eco-tourism, but it is not among priorities for Rila-Pirin zone, etc.

On the other hand, in the Sustainable Tourism Strategy 2014-2030, Serbia was considered a potential partner in joint resorts for short stays for hunt, spa or gambling tourism; joint pilgrimage routes; cultural tourism; joint sports events¹¹. However, it is positioned as rather a potential market than a partner for a joint tourist destination. The only steps in developing joint tourist products are taken regarding the Interreg-IPA CBC Bulgaria-Serbia programme through projects for modern transportation infrastructure, joint tourist routes and databases, cooperation and networking.

Memorandum between the Ministry of Tourism of the Republic of Bulgaria and the Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia for cooperation in the field of tourism was signed in February 2019. In the same year, Bulgaria was the partner of the International Tourism Fair in Belgrade. These activities do not consider joint initiatives particularly in CBR but **general cooperation**.

The border area of Serbia and Bulgaria has never been characterized by mass tourism, although it is a potential solution to many economic problems, primarily unemployment.

The main challenges facing tourism service providers in the CB region are:

- High seasonality
- Low level of capacity utilization
- Level of quality of accommodation / services and equipment
- Location recognition and accessibility
- Ability to differentiate service / product for different target segments
- Legal procedures, standards in food preparation, safety procedures

To ensure balanced regional development, the Government of the Republic of Serbia has determined the minimum number of regional development agencies that must be accredited in the regions and has determined the formation of three regional development agencies for the region of Southern and Eastern Serbia.¹² Besides that, there are no plans or strategies on national level, which are related for development of this region specifically.

3.7 TOURISM RESOURCES IN THE CROSS-BORDER REGION

Regardless of the richness of natural, cultural, and historical heritage of the border area, there is still a need to invest in the development of tourist destinations. Many tourist attractions are not sufficiently developed and used, and the tourist infrastructure is outdated, in poor condition or completely missing.

¹¹ <http://www.strategy.bg/FileHandler.ashx?fileId=4758>

¹² [Zakon o regionalnom razvoju \(paragraf.rs\)](#)

Also, the training of staff working in tourism requires investment. The lack of qualified staff in tourism is noticeable and the quality of tourist services is not constant and at an elevated level.

Tourism in Bulgaria's border region districts is not among the main economic sectors and is not well developed, too. Last years, the six CB-districts provided only 8.80% of the hotels and 5.24% of bed-places¹³. That means that the hotels are small, and the hotels' category statistics also confirm it – the majority are of 1 or 2 stars, and there is no hotel with 4 or 5 stars in Vratsa and Pernik regions. Their contribution to the tourism incomes is also meagre, respectively: Vidin – 0.19%, Vratsa – 0.14%, Montana – 0.16%, Sofia district – 2.52% (and Borovets resort makes the half), Pernik – 0.64% and Kyustendil – 0.42%, or together – barely 3.49%. Bulgarian tourists predominate foreign and are about 77-79% of all. These numbers were slowly increasing before the Covid-19 pandemic, and there is no data for 2020 yet. Serbian tourists in Bulgaria (no statistics particularly on the region) are only 8% of all foreign travellers (2020). They are on the 5th place of foreign tourists visiting Bulgaria (2019), respectively on 3rd place (2020)¹⁴.

The major tourist destinations are ski resorts, mainly Borovets, but also Osogovo, Panichishte and Kom; spa resorts: Sapareva banya, Varshets, Kyustendil, Kostenets, etc.; cultural heritage sites – the largest towns, Rila monastery, Belogradchik rocks, etc.; and the natural parks Vrachanski Balkan and Vitosha. The only event that attracts a significant foreign audience is the International Masquerade Festival Surva that occurs annually at the end of January in Pernik.

In a conclusion, the CBR tourism market is not homogeneous and is mainly oriented in offering ski and spa resorts. Natural and cultural heritage is not explored and utilised sufficiently, the tourist infrastructure is not well developed and is concentrated in the cities and resorts.

NATURAL RESOURCES

In the CBR, protected natural zones are disproportionate – in Bulgaria, they cover huge areas in the mountains and river valleys, however, in Serbia, these zones are mainly located precisely on the border and are not easily accessible.

¹³ National Statistical Institute, 2016-2019.

¹⁴ National Statistical Institute, 2015-2020. The given statistics refer to arrivals in accommodation establishments, i.e. the number of people that have stayed overnight. That particular statistic has been chosen because it eliminates Serbian travellers that only cross Bulgarian on their road to Turkey or Greece. The statistics regarding all arrivals of visitors from abroad display different situation – 8.36% of all foreigners entered Bulgarian in 2020 are from Serbia, and in the years before the COVID-19 pandemic, this rate was between 4.63 and 5.41% (2016-2019).

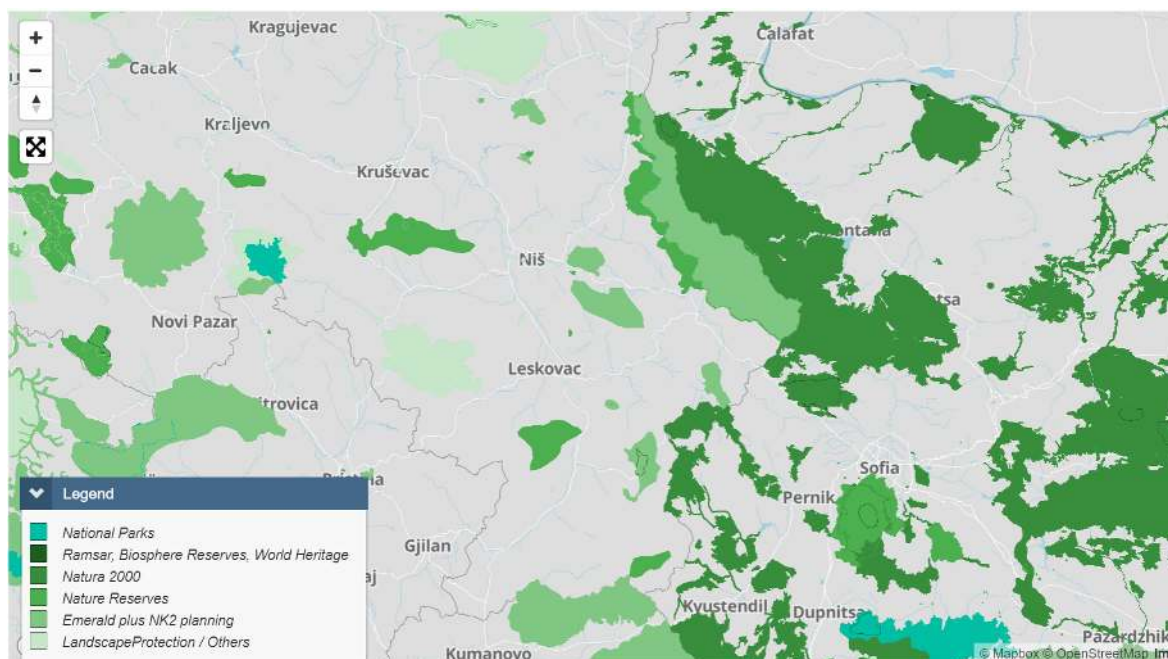


Figure 1: Protected zones in CBR (Source: balkanrivers.net)

In Bulgaria, on the territory of the border districts, there are 2 national parks (Rila and Central Balkan), 3 natural parks (Vitosha, Rila monastery and Vrachanski Balkan), 8 reserves (about 21,500 ha), 5 managed nature reserves (about 500 ha), 88 protected sites and 64 natural monuments. Some of the biggest rivers pass through this region (Iskar, Topolovitsa, Struma, etc.). There are also some natural lakes and lots of dams that are open for camping, fishing, sailing, etc. Among them, the most popular are the natural parks but quite exciting and deserving tourist attention are the Managed park of Ostritsa because of unique flowers that might be observed there, Chuprene reserve with its biodiversity and virgin nature, Dragoman and Chokilovo swamps, as well as dozens of waterfalls (Ovtcharitsa, Polska Skakavitsa, Haydushki, Koprenski, etc.), caves (e.g. Magura, Venetsa, Govedarnika) and rock phenomena (e.g. Belogradchik, Borov kamak, Sopovo).

The region is rich in mineral water, not only in the significant resorts like Varshets, Spareva Banya, Berkovitsa, Dolna Banya, Kostenets but also in particular town and villages, e.g. Samokov, Kyustendil, Belchin, Momin проход. The hottest geyser in the Balkans is located in Sapareva banya (Kyustendil district).

Borovets (Sofia district) is among the three most prominent ski resorts in Bulgaria and attract tens of thousands of tourists every year. The other ski resorts are of local significance: Osogovo, Panichishte (Kyustendil district), Kom (Montana district).

Two natural sites of the region are included in the UNESCOs tentative lists, both of them in Bulgaria: Rocks of Belogradchik and Vratsa Karst.

In comparison to Bulgaria, there are five national parks in Serbia, none are in the border zone with Bulgaria. There are two nature parks, Stara Planina (Balkans), i.e. its smaller part that belongs to Serbia, as well as the Sićevačka gorge as a part of the Nišava river valley, 16-17 kilometers long.

In addition, there are three special nature reserves, Jelasnica gorge (2 km long and only 30 m wide) and Suva planina (45 km long) in the Nis district, as well as the river Jerma in the Pirot District, a total length of 74 km, of which, a small part, also passes through Bulgaria (about 20km).

Stara planina is also a famous ski resort (one of four in Serbia), while Suva planina is a favourite destination for mountaineers and walkers.

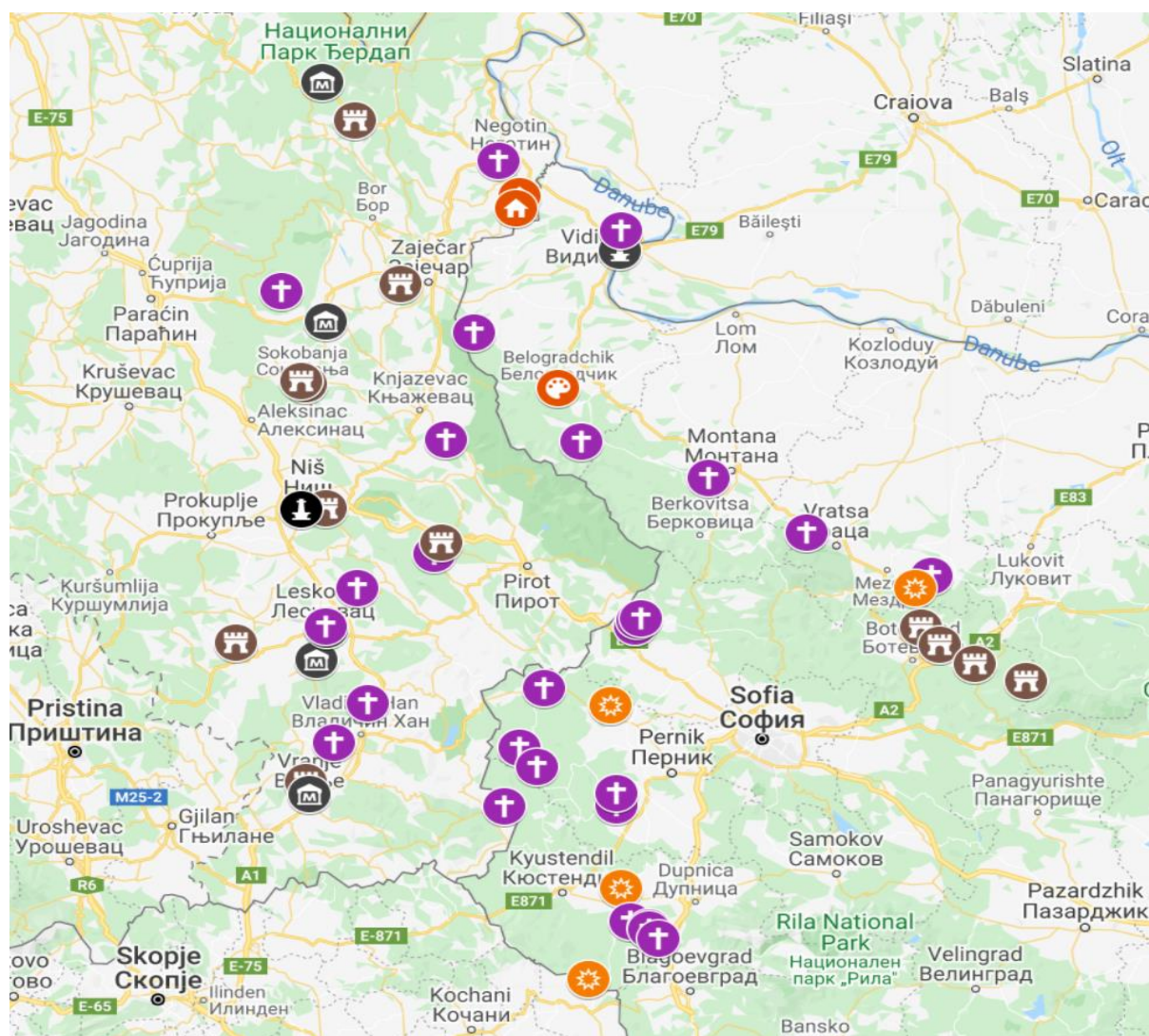
Vratna gates and Lazarev canyon are described as natural monuments and belong to the Zajecar district.

There are also several lakes in the border region, which are all artificial and are very well known as picnic areas and favourite places for passionate fishermen.

In addition to many mountain rivers and streams, there are two large rivers, the Nišava and the Južna Morava.

HISTORICAL AND CULTURAL HERITAGE

The CBR historical and cultural heritage is multi-layered and is based on prehistoric, antic, medieval, and recent past remains. The identified unexplored cultural heritage sites are shown on the map below (Map 1) and are part of the document "Mapping the unexplored resources and intangible heritage in the cross-border region".



Map 1: Cultural sites identified by the QuesTour project

Until the liberation of both countries in 19th century, the border practically did not exist since their territories were part of the Ottoman Empire. At present, some ethnographic groups are considered similar (Torlaks and Shops), and in Serbia, a Bulgarian minority is located. The Roma and Vlachs communities are also considerable and cross-border.

INFRASTRUCTURE

Tourism development requires a well-established infrastructure that facilitates the transport within the region and connects the destination with the main tourism markets.

Transport services and transportation facilities in the targeted region are suitable but not sufficient and modern. There are railways in all six districts, but the trains are not comfortable and time schedule is infrequent. In general, except this between biggest cities, public transport is not organized well, and locals prefer travelling by private vehicles. The highways are in the region periphery; only some short sections that are still in progress are located there (of E79 (A2) and E80 (A1)). Only in the city of Sofia (which is not outside the border districts), an airport is operating. The existing 5 border checkpoints between Bulgaria and Serbia are deemed as not sufficient. There are long sections that are not crossable, for instance, the border in the region of Stara Planina, which has potential for CB tourism development. Bulgarian and Serbian foreign affairs ministers declared their willingness to open three more checkpoints, namely Salash – Novo Korito (Vidin – Zaječar districts), Bankya – Petachintsi and Treklyano - Bosilegrad. It is expected that the opening of the new CB-checkpoints will facilitate the short visits and the CB tourism.

After the brief overview of the macro-economic environment of the targeted region, the next chapter will be dedicated to the identification of applicable cross-border business models.

4. DEVELOPMENT OF A SUSTAINABLE CROSS-BORDER BUSINESS MODELS

According to one of the existing definitions *“A business model provides a comprehensive description how a network, community, organization, or actor creates and sustainably captures value from its activities”*¹⁵.

One of the objectives of the BMG is to be a guideline for the local stakeholders, which will allow them to generate a comprehensive sustainable business strategy based on the existing natural and cultural-historical features in the cross-border region by building a network of key partnerships.

Numerous business models, tools, guidelines, etc. have been developed in economic theories, which aim to conceptualize various aspects of the business strategies of economic entities. Some of them, such as the PESTEL model and Porter's 5 forces, are aimed at analyzing the competitive environment in which economic entities operate. Others focus primarily on the company's strategy and management-controlled tools, e.g. the Canvas model, and others offer a decision-making process in the field of marketing products and services, e.g. Ansoff 's matrix.

This document does not aim to present comprehensively the existing business decision-making models, nor to examine them in detail. The purpose is through a combination of different tools based on the

¹⁵ Casadesus-Masanell & Heilbron, 2015; Zott, Amit, & Massa, 2011.

characteristics of the cross-border region, each organization to develop its own capacity to build a successful and sustainable business model by involving local stakeholders and local communities.

4.1 THE PESTEL MODEL

The so called PESTEL (or also PESTLE) model examines various macro factors influencing the development and strategy of companies/businesses, in our case the stakeholders in the targeted region. The name of the model origins from the abbreviation of the analyzed factors: **P**olitical, **E**conomic, **S**ocio-cultural/social, **T**echnological, **E**cological/environmental and **L**egal factors.

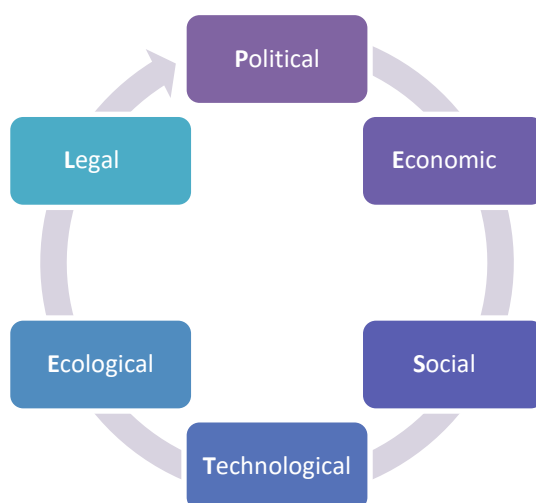


Figure 2: own graphic editorial team, based on the PESTEL model (<https://pestleanalysis.com>)

- **Political factors**

Political factors concern the influence of the political system and management decisions on the business environment. These include government policy, political stability or instability, corruption, foreign trade policy, tax policy, labor law, environmental law and trade restrictions, and more. The political environment has a direct impact on the other elements of the model, incl. social, legal, environmental, etc.

- **Economic**

Macroeconomic factors such as economic growth, exchange rates, inflation rates, interest rates, disposable income of consumers and unemployment rates shall be considered. These factors can have a positive or negative effect on companies, as by determining disposable income and economic expectations of consumers, they affect consumer demand for the products and services offered.

- **Social**

Among these factors are the demographics, norms, customs, and values within which a business can operate. These group of factors are the basis for measuring consumer attitudes, market segmentation and building marketing strategies. They also influence the appointment and development of human resources in an organisation.



- **Technological**

This cluster of factors embrace the technological incentives, level of innovation, automation, analysis and development activity, technological amendment and also the quantity of technological awareness that a market possesses.

- **Ecological**

Ecological factors are those which are mostly affecting the tourism industry. The scarcity of raw materials, pollution, carbon footprint is rapidly increasing and have become targets for the governments. They include ecological and environmental aspects such as weather, climate, environmental offsets and climate change.

- **Legal**

The legal factors are those, influencing every aspect of the business operation. This group includes laws such as discrimination laws, antitrust laws, employment laws, consumer protection laws, copyright and patent laws, and health and safety laws.

4.2 COMPETITIVE ENVIRONMENT ANALYSIS

Porter's model helps to analyze the competitive environment in which the business operates. According to Prof. Porter, competition in a particular sector depends mainly on 5 forces, namely:

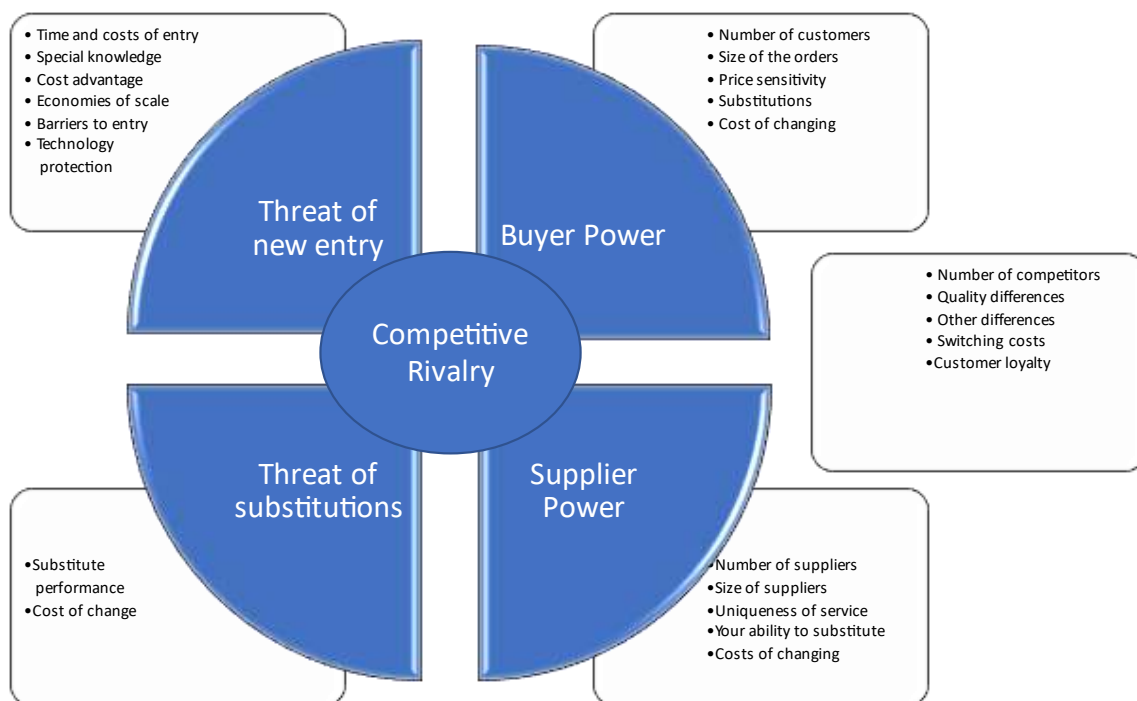


Figure 3: own graphic editorial team, based on Porter's model¹⁶

- **Competition in the industry**

The key of the model is the strength of competitors. It depends on several factors, including growth and concentration in the sector, the number and diversity of competitors, economies of scale and more. Strong competition between market participants generally reduces the chances of success when a new entrant enters the relevant market.

- **Potential of new entrants into the industry**

The possibility or threat of new players entering the market indicates the extent to which the market is open to new competitors.

- **Power of suppliers**

When the market is dominated by strong suppliers, they determine the terms of delivery and suck a large part of the margin of competing market players.

¹⁶ Michael Porter, Prof., Competitive Strategy, Klassika i Stil OOD, Sofia 2010



- **Power of customers**

When customers have similar (or more profitable) choices, they dominate the market and can force market participants to reduce prices or improve the quality of services at the expense of profits.

- **Threat of substitute products**

In tourism, competing destinations can also be considered as substitute products. A tourist who has chosen an exclusive resort in Turkey for his summer vacation cannot visit the cross-border region at the same time.

The in-depth knowledge of these five sources of competitive pressure will help the stakeholders to identify its strengths and weakness, will guide them to its proper positioning in the relevant industry, will reveal the areas, changes of which could lead to best results, as well as the possible threats that can arise¹⁷.

4.3 ESTABLISHMENT OF A CROSS-BORDER TOURISM PRODUCT BY USING THE CANVAS MODEL

While the so-called Porter's 5 Forces is the suitable model for identification and evaluation of external factors of the sectoral competitiveness, the elements of the CANVAS business model define strategic decisions that depend largely on the organization itself (internal factors). Business Model Canvas (BMC) is a contemporary strategic tool used to develop business strategy of businesses in a structures and visually perceived way with easiness.

¹⁷ Porter, Michael, op. cit.

19



customer will help the respective business to formulate more precisely the value proposition and to position itself more appropriately in front of the target market compared to its other competitors.

It should be noted that depending on the type of customers, a distinction is made between products and services provided by a company and directed to other business organizations (so-called business to business or the abbreviation "b2b") or those intended by a company to end users (so-called b2c). There are other combinations, such as c2c (intermediation between individuals and the provision of the possibility of concluding direct transactions between them), as well as the less popular c2b, in which individuals offer goods or services to companies for remuneration.

The diverse types of customer segments include:

- **Mass Market:** There is no specific segmentation for a company that follows the Mass Market element as the organization displays a wide view of potential clients. e.g. Car
- **Niche Market:** Customer segmentation based on specialized needs and characteristics of its clients. e.g. Rolex
- **Segmented:** A company applies additional segmentation within existing customer segment. In the segmented situation, the business may further distinguish its clients based on gender, age, and/or income.
- **Diversify:** A business serves multiple customer segments with diverse needs and characteristics.
- **Multi-Sided Platform / Market:** For a smooth day-to-day business operation, some companies will serve mutually dependent customer segments. A credit card company will provide services to credit card holders while simultaneously assisting merchants who accept those credit cards.

Key activities

Summarizes the key activities that allow business to provide services and deliver on your value proposition.

It is possible to offer related products or services through different business models. For comparison, a hotel chain and a reservation system for accommodation or a taxi company and the Uber service can be mentioned. In both varieties of the above examples, the user uses a similar service, but the activities, respectively. The business model of the companies is radically different. It is no coincidence that the Airbnb platform is the leader in overnight sales without owning a single hotel, and Uber is perhaps the largest short-haul passenger company without a single taxi. These examples demonstrate that innovative business models have the potential to significantly change existing markets and consumer demand, as well as to grow exponentially at the expense of their competitors' market shares.

Revenue streams

The ability to generate revenue is one of the most crucial factors for a company's success. Often it is the company's inability to cash in on a value proposition that can hinder its development and even lead to bankruptcy. Revenues do not have to be defined as the price of the service provided. There are successful business models (including Google, Facebook, many electronic media) in which the end user service is free, and the revenue comes from other sources - e.g. business advertising. The price does not always depend on the quantity of goods or services consumed. For example, some restaurants offer a fixed price for unlimited consumption "as much as you can eat," and some gyms offer a monthly subscription at a low price, with consumers paying only for the days when they do not visit the gym.



Several ways to generate a revenue stream:

- **Asset Sale** – (the most common type) Selling ownership rights to a physical good. e.g. retail corporations
- **Usage Fee** – Money generated from the use of a particular service. e.g. UPS
- **Subscription Fees** – Revenue generated by selling access to a continuous service. e.g. Netflix
- **Lending/Leasing/Renting** – Giving exclusive right to an asset for a particular period of time. e.g. Leasing a Car
- **Licensing** – Revenue generated from charging for the use of a protected intellectual property.
- **Brokerage Fees** – Revenue generated from an intermediate service between 2 parties. e.g. Broker selling a house for commission
- **Advertising** – Revenue generated from charging fees for product advertising.

Customer relationships

This part of the Canvas model defines and describes the primary relationships you have with your customers. That element should address three critical steps on a customer's relationship: How the business will get new customers, how the business will keep customers purchasing or using its services and how the business will grow its revenue from its current customers.

Various forms of customer relationships include:

- **Personal Assistance:** Assistance in a form of employee-customer interaction. Such assistance is performed during sales and/or after sales.
- **Dedicated Personal Assistance:** The most intimate and hands-on personal assistance in which a sales representative is assigned to handle all the needs and questions of a special set of clients.
- **Self Service:** The type of relationship that translates from the indirect interaction between the company and the clients. Here, an organization provides the tools needed for the customers to serve themselves easily and effectively.
- **Automated Services:** A system similar to self-service but more personalized as it has the ability to identify individual customers and their preferences. An example of this would be Amazon.com making book suggestions based on the characteristics of previous book purchases.
- **Communities:** Creating a community allows for direct interactions among different clients and the company. The community platform produces a scenario where knowledge can be shared and problems are solved between different clients.
- **Co-creation:** A personal relationship is created through the customer's direct input to the outcome of the company's products/services.

Channels

Details how customers are reached, how services are provided, different distribution channels and how value proposition is delivered. Business can reach clients through its own channels, partner channels, or a combination of both.

Key resources

The resources business relies upon or uses in order to operate and create value for customers. These are company assets in form of resources: human, equipment, financial, intellectual.

The resources available to a company are factor-determining in tourism, where the location and the natural and cultural-historical features, largely define the characteristics of the offered product. And the greatest marketers can hardly convince us that a hotel at the foot of the ski slope in the Alps will successfully offer a package “sun and sea”. However, many businesses from seasonal locations are trying to position themselves in areas for which there is tourist demand outside the active season, including by providing several additional services and activities. Examples of this are conference and festival tourism, which can be practiced all year round. In Bulgaria, festivals that take place outside the active season, such as Borovets Adventure Fest and the International Jazz Festival Bansko (held in the summer in some of the largest ski resorts in Bulgaria), Arts Festival “Apollonia” (early September in Sozopol), etc.

Cost structure

Identify the primary costs associated with operating your business and providing your services, then detail the relationship between these costs and other business functions.

There are two basic business models concerning costs:

- Cost-driven - business model focuses on minimizing all costs.
- Value-driven - Less concerned with cost, this business model focuses on creating value for products and services

Basic characteristics of Cost Structures:

- Fixed Costs – Costs are unchanged across different applications and don't change with volume of business activity (salaries, rent, etc)
- Variable Costs – Costs vary depending on the amount of production of goods or services. (raw material, etc)
- Economies of Scale – Costs go down as the amount of goods are ordered or produced.
- Economies of Scope – Costs go down due to incorporating other businesses which have a direct relation to the original product.

Key partners

Key partnerships contribute to the individual footprint of the offered product or service, lowering the cost and finally to increasing the sustainability of the overall business model of the organization. This connection is especially useful in the tourism business, which combines various products and services into one overall tourist experience. Good practices in this sense are the offering of traditional local products, active cooperation with local craftsmen, folklore groups and others. Cooperation with different (local) organizations is usually a win-win situation, as the consumption of products or services by local suppliers contributes to their economic development and their supply of better and more competitive conditions. In this way, the satisfaction of end users increases, who receive a unique tourist product based on local characteristics and individuality, factors that are key to a successful tourist offer. Finally, the interaction between local organizations and communities helps to build a coherent image of the respective destination, a process that is the basis for the development of a successful brand of the destination.

4.4 GE-MCKINSEY NINE-BOX MATRIX

Another model that might be applied for the capitalization of resources and promotion of local businesses is the GE-McKinsey nine-box matrix. The model helps to plan how to develop, maintain or abandon a product or service. Although generally suitable for large corporations with a rich portfolio of products or services, the model can also be used by micro, small and medium-sized enterprises to assess the potential for development of a product or service. In general, the matrix consists of two coordinate axes - Attractiveness of the sector vertically and strength of the company / product horizontally. The assessment of attractiveness considers several factors such as:

- Long run growth rate
- Industry size
- Industry profitability: entry barriers, exit barriers, supplier power, buyer power, threat of substitutes and available complements (use Porter's Five Forces analysis to determine this)
- Industry structure
- Product life cycle changes
- Changes in demand
- Trend of prices
- Macro environment factors (use PEST or PESTEL for this)
- Seasonality
- Availability of labor
- Market segmentation

The following factors determine the competitive strength of a business unit:

- Total market share
- Market share growth compared to rivals
- Brand strength (use brand value for this)
- Profitability of the company
- Customer loyalty
- VRIO resources or capabilities
- Your business unit strength in meeting industry's critical success factors
- Strength of a value chain
- Level of product differentiation
- Production flexibility

Each of the indicators is evaluated using two variables - weight (weight) and rating (rating), and when multiplying them, a total result (Weighted Score) is calculated. Based on the overall result of the two indicators (Industrial Attractiveness and Strength of a business unit / product) the position of the company / product in the coordinate system is determined. Inside the matrix are nine boxes. Depending on the position of the analyzed product, one of the three possible strategies is recommended: "Invest", "Selective strategy" and "Harvest".

The capitalisation of resources and especially tourism products is outlined in chapter 6.

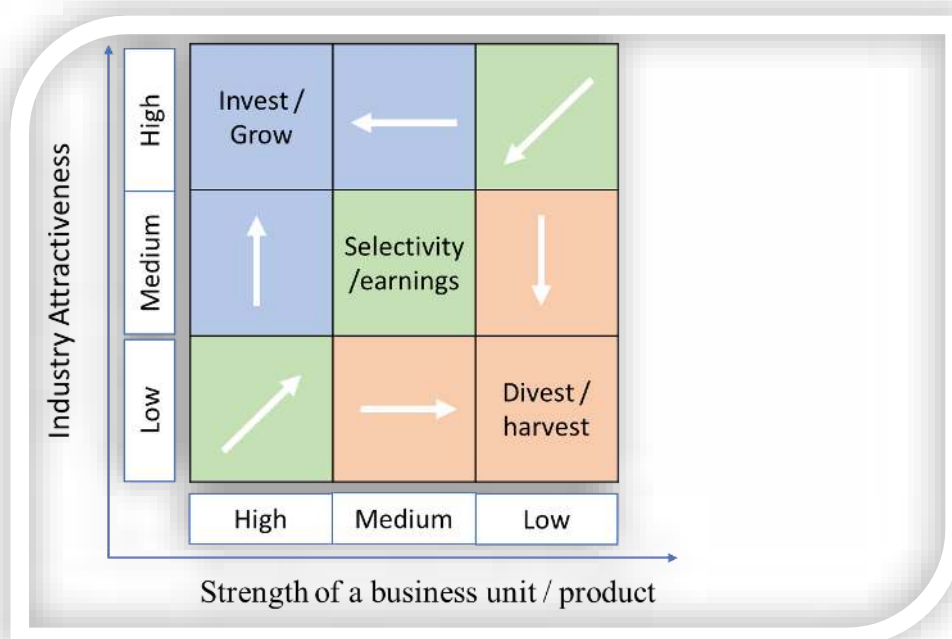


Figure 6: own graphic editorial team, based on McKinsey Matrix (www.mckinsey.com)

4.5 ANSOFF MATRIX OR THE MATRIX PRODUCT-MARKET

On the other hand, the Ansoff's matrix assesses the risk of introducing new products and / or entering new markets. The matrix is divided into four quadrants, distributed along the axes - products and markets. In the left part of the axes are the existing ones, and in the right part - the new products / markets. Thus, four combinations are formed: offering existing products on existing markets, introducing new products on existing markets, entering new markets with existing products, and breaking through with new products on new markets. According to the indication of the matrix, the latter option is the riskiest and requires the most resources from the company. It is applicable in the cross-border promotion of valorised and capitalised tourism products and serves as an outline to boost the cross-border market and turn it into a joint cross-border tourism destination.

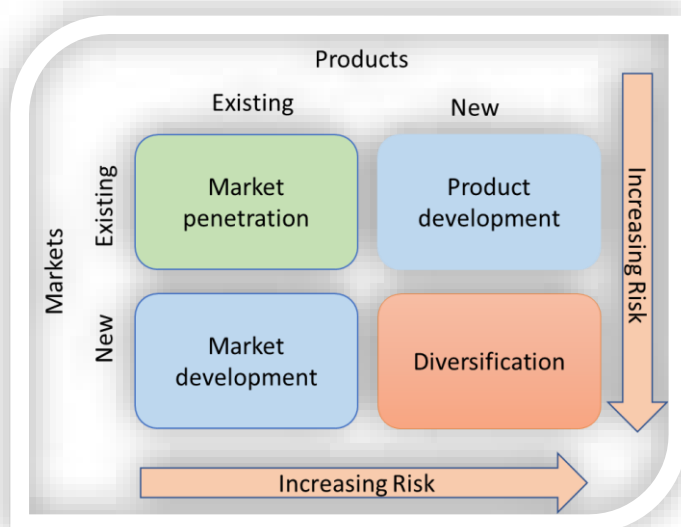


Figure 7: Own graphic editorial team, based on Ansoff Matrix¹⁸

After reviewing the main elements and applicability of the business models in the cross-border environment, the next chapter gives a special attention to the identified groups of stakeholders or those who are willing to and will actively use the potential of the natural and cultural heritage resources in the targeted region.

5. STAKEHOLDERS/ BUSINESS SECTORS

5.1 IDENTIFICATION OF STAKEHOLDERS

Considering the identified ways for capitalization and promotion of a cross-border tourist product or service, including the identified cross-border routes (refer to Annex 3), the groups of local stakeholders that can actively take part in these, shall be further analysed.

Based on the conducted desk and field research the stakeholders are organized into the following five groups taking in consideration the nature and similarity of their services, needs and expectations:

¹⁸ Ansoff Matrix (<https://corporatefinanceinstitute.com/resources/knowledge/strategy/ansoff-matrix/>)



1.
Governmental,
Cultural and
Municipal
organizations



2. Farms,
Agriculture &
Food production



3. Craftsmen



4.
Accommodation
providers



5. Travel
Agencies & Tour
operators

Based on the research and the analysis below are the general outlines on how the local stakeholders can develop a sustainable tourism product/service based on the existing cross-border resources and on the unexplored ones. They are presented in the Matrix below (Figure 8):

	Overview	Needs and Expectations	Requirements	Proposals
Governmental, Cultural, Municipality Organizations	National and Local Authorities in both countries: Ministry of Tourism in Bulgaria; Ministry of Trade, Tourism and Telecommunications in Serbia; National Tourism Organization of Serbia (NTOS); Regional and local tourism organisations in both countries; Professional tourism organisations such as Associations of Tourist Agencies, Associations of Hotels and Catering Operations, Serbian Spas and Resorts Association, Bulgarian Union of Balneology and SPA Tourism,	Improving the image of the region and making it recognizable as a tourist destination; Improving the educational level of tourism workers; Increasing accessibility and visibility to tourist attractions; Development of new tourist products; Increase marketing and promotion activities; More interest of municipality authorities in promotion of tourism in the city and region;	Tourism is a high productive economic sector and in this way stimulation and supplement to the other economic sectors	<ul style="list-style-type: none"> • Involve locals in advertising region through social network and campaigns • Barter advertisement with neighbouring municipalities; • Encourage local private stakeholders to advertise together, e.g. invite them to leave brochures in the municipal or local tourist centre, gather them in a local tourism website, etc. • Support each stakeholder, it does not matter how minor it is – every room,

Overview		Needs and Expectations	Requirements	Proposals
	Municipalities in the border region; etc.	Need better protection and maintenance of the resources (especially archaeological); Education of the locals in a tourism and rural tourism; Availability of information on the internet; Cooperation between the border regions of Bulgaria and Serbia to exchange the experiences; Partnership of public, private and civil sector in implementing environmental protection initiatives and promoting sustainable development programmes and projects;		every souvenir, every yoghurt producer is important <ul style="list-style-type: none"> • Actively work with the NGO sector for rising funds, proposing projects and on activities for protecting, safeguarding and promoting archaeological sites and natural and intangible cultural heritage. Working with community support sustainability of the heritage use strategies • Pay more attention to the sustainability of already elaborated and launched projects and products • Continue studying cultural and natural heritage in cooperation with local museums, hobby historians and ethnographers, teachers (together with students), etc. • Find and build your local image that has to be independent of the big story, the national tourism plans and

	Overview	Needs and Expectations	Requirements	Proposals
				advertisement strategy targeted tourists from abroad (the neighbouring region on the other side of the border is not that far)
Farm, Agriculture, Food Production	Rural areas in the targeted cross-border region offer a possibility for tourism development, as they are rich in tourist resources, such as making use of the rural potentials, natural surroundings and cultural heritage. Almost half of the terrain is used for agriculture, with the main agricultural resources being the high mountain pastures suitable for cattle, valleys suitable for vegetables, with some regions where fruits and vines are cultivated.	<ul style="list-style-type: none"> • Financial needs. Many of the stakeholders stated financial difficulties. Some of them have ongoing projects to develop their tourism offer, however, they are usually financing them by themselves and lack public funding. • Logistical. Some stakeholders stated that the infrastructure was not sufficient enough in the terms of road qualities, whereas for the others these types of issues didn't exist. • Mix of needs: communicational, logistical, and financial. In some cases, stakeholders stated their problems were caused by a set of problems. 		<p>In order to improve the tourism offer related to farms, agriculture and food productions, there are four different offers to consider:</p> <ul style="list-style-type: none"> • Gourmet tourism • Rural tourism • Product and souvenir sale • Festivals and events.

	Overview	Needs and Expectations	Requirements	Proposals
Craftsmen	Regional Crafts Associations are working to promote the local crafts in the region. Recently, in Vratsa was established the Association of masters of old crafts aiming to reactivate the old crafts and traditions typical for the region - copper smithing, pottery and weaving. Typical crafts in the border region: carpeting (f.e. Chiprovtsi, Pirot), weaving, pottery, etc. Most artisans in the border regions, however, operate only for the needs of their small shops.	<ul style="list-style-type: none"> • Financial needs. Needed for creation of appropriate space for performing activities, its maintenance and storage. • Logistical needs. First, insufficiently good roads (a feature of the entire region), but for some, water supply and even sewerage. • Society support. And "society" should be primarily local government bodies, but also government ones. This support is necessary in order to overcome all the mentioned problems and difficulties. • Promotional needs: many local craftsmen do not use Internet. Their products shall be marketed in another way, or to seek for collaborations with local/border promotional companies 	f.e. special certificates in the field of traditional crafts, old and artistic crafts and handicrafts	<ul style="list-style-type: none"> • Digital marketing – video materials, blogs, social media, etc. • Networking with other stakeholders from the same region, as well as with similar activities from other regions. Both in order to strengthen (enrich) their own offer as well as exchange knowledge and experiences. Which will especially help in implementing the following point: <ul style="list-style-type: none"> • Permanent education and training of employees, both in the field of core business and in the field of complementary knowledge and skills.
Accommodation and Food	Accommodation and food services offer is only one segment of	<ul style="list-style-type: none"> • Redirection to closer, lesser known and safer 	Cooperation with other accommodation	<ul style="list-style-type: none"> • better positioning of accommodation

	Overview	Needs and Expectations	Requirements	Proposals
Service Providers	the entire tourist offer. However, an adequate accommodation offers and representative food and beverages services are a prerequisite for destination development. It is especially important in underdeveloped tourist regions, such as southeastern of Serbia, i.e. regions in the border zone with Bulgaria.	destination <ul style="list-style-type: none"> • Increase in shorter, more frequent and weekend trips • Growing guests' interest in cultural events and also • Growing interest in active holidays and special activities (originality, instead of uniformity) • Growth in demand for the quality of destinations and services, both accommodation and complete offers • Providing customized service • A modern guest is required in terms of "value for money" as well • Very environmentally conscious (valorization of ecologically preserved destinations) • need for a continuous engagement of local community stakeholders, through a series of networking actions, in order to develop responsibility in sustainable 	service providers, harmonization of offers, prices and exchange of guests in order to "increase" capacity.	capacity for more demanding guests <ul style="list-style-type: none"> • larger range of guests, better market coverage • creating a permanent guest base (guests who return periodically) • mutual benefit from the affirmation of associates, providers of other services, ie the use of associates of other activities for their further promotion, ie better capacity utilization • better attendance of the location itself - popularization of the location and positioning on the tourist map of the country • use of associates from the same activity for sharing guests and better occupancy, both of their capacities and the capacities of associates.

	Overview	Needs and Expectations	Requirements	Proposals
		tourism development.		
Tour Operators (TO) and Travel Agencies (TA)	<p>In Bulgaria, in the BR, there are 116 licensed tour operators and travel agents: 16 in Vidin district, 3 in Montana district, 13 in Kyustendil district, 11 in Pernik district, 10 in Vratsa district, and 63 in Sofia district¹⁹. There are also several tour agencies operating on the national level.</p> <p>According to the official data from YUTA (National Association of Tourist Agencies of Serbia)²⁰ there are 19 licensed tourist agencies in BR in Serbia: 13 in Nišava district, 2 in Bor district, 2 in Zaječar district, 1 in Jablanica district and 1 in Pčinja district.</p>	<p>Redirecting guests to closer and more accessible destinations, and thus</p> <ul style="list-style-type: none"> • Increase in local tourism - shorter, more frequent and weekend trips, especially for small groups and families • Growing interest in cultural content • Growing guests' interest in active holidays, special and other facilities (originality, instead of uniformity) • Increasing demand of modern guests for the quality of the destination and service • choosing safer holiday destinations • Modern tourists are also ecologically aware and valorize ecologically preserved destinations • It is demanding 	<p>The legal requirements, to operate as a travel agency or tour operator in Serbia, are regulated by the Ministry of Trade and Tourism of the Republic of Serbia. In Bulgaria these are regulated in by the Ministry of Tourism.</p>	<ul style="list-style-type: none"> • To develop sustainable and responsible tourism product the TO and TA should focus on the following offers: Activity trips (walking, cycling, multisport, kayaking, horseback riding, etc.), Free Independent Travelers (FIT), Culture Discovery, Eco Tours, Wildlife, Pilgrimage, Special Interest Tours (wine, gourmet, birdwatching, etc.). • Develop the unique product. A small number of people in group gives much more space to take them behind the scenes and experience and taste the real life of locals, their culture, cuisine, customs, etc. • Do not base the product on top tourist sites

¹⁹ According to the Register of registered tour operators and travel agents 2020 (<https://ntr.tourism.government.bg/>).

²⁰ According to YUTA (<http://www.yuta.rs/>)

Overview	Needs and Expectations	Requirements	Proposals
	in terms of "value for money".		<ul style="list-style-type: none"> • Many places in CBR are much easier accessible with smaller groups

Figure 8: Matrix of stakeholders' involvement, own graphic, authors

In a conclusion, all stakeholder groups shall aim to encourage positive interaction with local people, to foster mutual respect and understanding and be an economic benefit to the local people. Local shall be convinced that that sharing their knowledge is not just a matter of financial profit but mutual cultural and social benefit. The tourists are among the heirs of the local heritage.

5.2 CB-COOPERATION, INTEGRATION OF LOCAL COMMUNITIES

Although the local communities may be considered also as a subject of valuable intangible assets (e.g. Turlaks, Bistrishkite babi, etc.), on first place they shall be considered as key stakeholders. The major challenge by approaching the local communities is to identify and involve their **representative bodies**.

In Bulgaria, the traditional local cultural and social representative institution is the community centre (chitalishte) that, according to particular legislation, is considered a non-governmental organisation with special status and privileges because of its historical significance. After 1989, the NGO sector flourished, and currently, numerous such organisations represent local communities, business, artists, youth, activists, etc. On a local level, all these institutions work in a network and might be involved in communication and cooperation. CB-cooperation experience consists of cultural cooperation regarding artist activities (folklore and art festivals, exhibitions, scientific projects, etc.); project cooperation within the Interreg IPA CBC Bulgaria – Serbia programmes; business partnerships and commerce practices beyond the regional level.

Another considerable step is to find **purposeful ways** for the integration of local communities. Tourism might be used to facilitate intercultural dialogue, but also local business and particularly cultural industries. The local entrepreneurs have limited access to capital and international networks, but they govern local assets and, therefore, can become a competent partner. The integration of the local community in the tourism market must be based on the vision of authenticity, safety and respect, freedom of interpretations, compliance with local policies and legal regulations. The local community integration is to be a goal not only of the policy-makers and administration but also of the significant business stakeholders. They need to "decide where to compete and where to complement local business" (Fuller, T., Guy, D. and Pletsch, C. 2001. *Asset Mapping: A Handbook. Canada: Agriculture and Agrifood Canada*) because local development benefits all stakeholders. For instance, local cultural industries products might be offered in the key CBR resorts like Babin Zub, Borovets, Varshets, Sokobanja, etc.). Briefly, the local community's integration is a commitment of the more powerful stakeholders with direct access to all integration and cooperation means.

Furthermore, the local community must act as a business stakeholder but not as a treasure guard. Transforming heritage as **social capital into economic capital steps** on distinguishing the pride and sentiment from a marketing strategy. Local communities shall act through professionals and encourage capacity building. For instance, traditional singing in small border villages in the Chuprene area is safeguarded, but it should find the right for performing to be attractive and to become a tourist product,

not just a local community treasure. CB-cooperation also depends on **tourism market targets**. Considering local communities both producers and customers of tourist products rely on the cultural diversity of the region. Offering the region as a joint destination to distant tourists is based on inner cohesion. Nevertheless, adding local cultural value to products for the global tourism market (ski holiday, spa stay, etc.) contributes to the destination branding and market positioning.

For the valorization of the tourist potentials of the border area, primarily the undiscovered heritage, the active participation of local communities is necessary.

6. IDENTIFIED WAYS FOR CAPITALIZATION OF A CROSS-BORDER TOURISM PRODUCT

The World Tourism Organisation gives the definition of the tourism product, as follows: it is "a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific center of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels and it has a life-cycle".²¹ And to convert an idea and use the existing natural and cultural resources into a business is the process of capitalisation. Based on this and considering the GE-McKinsey nine-box matrix model, identified ways that can be applied for the capitalization of the targeted cross-border region are:

Capitalisation of unexplored natural heritage:

- Joint CB tourist products involving thematically similar natural sites and trails.
- CB nature trails to border peaks and joint tourist events.
- Attracting unusual customers and offering the product to unusual markets (for instance, offering CB eco-tourist product based on the Serbian army's route during the Russo-Turkish War of 1877-1878).
- Diversification of natural sites offering – for general tourists, mountaineers, sky runners, camp tourists, hunters, etc., giving full information on the accessibility and facilities (for instance, focused advertisement (and further development) of nature trails like Haidushki waterfalls and Erma gorge as family destinations and providing all services that a family might need).
- Combining natural and other assets for complex tourist service and involving not only nature sites managers in a partnership (T&H stakeholders, cultural industries, etc.).
- Organising specialised international and regional tourism fairs or exhibitions for nature tourism customers and stakeholders.

Capitalisation of unexplored cultural heritage:

- Replacing spatial approach with a thematic CB one (for instant, a tourist interested in Roman fortresses might see Castra Martis and Felix Romuliana instead of Baba Vida fortress in Vidin, which is medieval, nevertheless quite impressive)
- Collecting of fees from guided tours instead of selling tickets (many cultural sites are not socialised and produce rather expenses than incomes, collecting fees through organised tours is a way for capitalisation of such sites and tourist experience improvement: Oslen-Krivodol, Chokilovo swamp, etc.)

²¹ UNWTO, Product Development, <https://www.unwto.org/tourism-development-products> (last access on 22 January 2021)

- Seeking volunteers' aid: many locals and local NGOs would voluntarily help in marking trails, accompanying visitors, promoting destination via personal social networks, etc.
- Sustainable industrialisation of traditional food production: in the CBR region, food production traditions are similar and still vital, so industrialisation for increasing production and opening bot for the local and external market might proceed (e.g. dairy products, meet delicacies, traditional snacks and meals).

Capitalisation limitations:

- Legal heterogeneity of the CBR might limit business initiatives in one of the two countries (e.g. food production, travelling, goods transportation, etc.)
- Legal protection of some sites, predominantly natural, limit their capitalisation ways
- No perfect model: capitalisation models would improve the overall picture, but each stakeholder shall seek its own model.
- Narrow market facilitates rather bad competition practices than cooperation: specific measures shall address this issue.

7. MATRIX OF A CROSS-BORDER BUSINESS MODEL GENERATOR

Based on all business models identified, described in the previous chapters, and applicable for capitalisation and valorisation of the cross-border natural, cultural, and historical resources, a Matrix of a cross-border Business Model Generator was elaborated. It aims to involve local communities to use the unexplored resources in the region and boost their businesses. It is a capacity building tool aiming to capitalize the common tourist products and/or services. By filling it in, local stakeholders can identify the various distribution channels, flows and business models that can be used for the capitalization of a common tourist product or service.

Stakeholders	Value proposition	Valorization of cross-border resources	Target groups	Marketing channels	Involvement of local communities and stakeholders	Sustainability
Governmental, cultural, municipality organizations						
Farm, agriculture, food production						
Craftsmen						
Accommodation						
Food service providers						

TO & TA						
---------	--	--	--	--	--	--

Figure 9.: Matrix of cross-border BMG, own graphic, authors

And below is an example of the filled in Matrix.

Figure 10: Example of a filled in Matrix for a cross-border business model generator, authors

Stakeholders	Value proposition	Valorization of cross-border resources	Target groups	Marketing channels	Involvement of local communities and stakeholders	Sustainability
Governmental, cultural, municipality organizations	<p>Implementing best practices in valorization of the natural and cultural heritage</p> <p>Maintenance and extension of museum and galleries collections</p> <p>Open-air archaeological sites</p> <p>Promotion of local traditions and folklore (crafts, arts, singing, dancing, cuisine, etc.)</p>	<p>Joint tourist routes and trails</p> <p>Museums and galleries' artefacts exchange and joint events</p> <p>Joint traditional performance festivals</p> <p>Joint tourist fairs and exhibitions</p>	<p>General individual and group tourists</p> <p>Students</p> <p>Families with children</p> <p>Pensioners</p> <p>Professionals (e.g. scholars, businesses, bodies, administration employees, tourists)</p>	<p>Official administration channels</p> <p>Tourist fairs and economic forums</p> <p>Professional events (conferences, workshops, etc.)</p> <p>Social networks</p> <p>Media</p> <p>TO&TA</p> <p>Local people blogs and digests</p>	<p>Communities as heritage bearers</p> <p>Particular communities with special knowledge or skills/professional organisations or individual professionals for elaborating the product</p> <p>Stakeholders from H&T domain for elaborating</p>	<p>Sustainability on each of the following levels: partners network, products segments, costumers' relations and marketing</p>

Stakeholders	Value proposition	Valorization of cross-border resources	Target groups	Marketing channels	Involvement of local communities and stakeholders	Sustainability
			agents, etc.) Volunteers		g a complete tourist product	
Farm, agriculture, food production	Ecological farm products Local dairy products, wine and meat delicacies Certified organic food Special requirements – non-gluten, lactose-free, halal, kosher, etc.	Ecologically preserved areas Joint products and labels Joint farm bazaars Farming cooperation	General individual tourists General food consumers and retailers Eco oriented consumers and retailers Specific consumers' groups	TO&TA Social networks Media Farming and agricultural events Eco communities' networks	Community knowledge and producing heritage Strengthening community through sustainable producing practices Partnership with local H&T	Sustainability is traditionally at the core of this branch, so it needs to be kept
Craftsmen	Authentic craft and art products and souvenirs Workshops	Joint craft bazaars and workshops	General individual and group tourists Companies (team building) Particular retailers (souvenir shops, gift	Social networks Media TO&TA Craft bazaars and fairs Retail companies	Partnership with local H&T and companies	Adherence to the traditional producing processes supports sustainability

Stakeholders	Value proposition	Valorization of cross-border resources	Target groups	Marketing channels	Involvement of local communities and stakeholders	Sustainability
			shops, etc.)			
Accommodation	Authentic experience – rural places Relaxation, e.g. Spa, culture Adventures Quality local food and wines	Joint tours Events (family celebrations, feasts, etc.) Mountaineer marches, cycling. Sport competitions Joint recreation programmes	General individual and group tourists Families with children Companies (teambuilding, seminars, events) Sport clubs	Social networks Media TO&TA Tourist fairs and economic forums	Employees Expanding tourist product through offering local services and goods (e.g. food, attractions, craft)	Sustainable hotels practices, i.e. energy and water conservation, recycling and waste reduction, etc. Open and respectful relations with local community and food and beverage producers
Food service providers	Traditional cuisine Local dishes with local herbs Local dishes	Joint culinary and wine tours and events (e.g. bazaars, trainings, competitions, degustation)	Companies (teambuilding, gifts for employees or partners) Food industrial producers/retailers Local restaurants	Social networks Media TO&TA Culinary forums and media Restaurant digests	Local producers, i.e. farms, dairies, craftsmen	Open and respectful relations with local community and food and beverage producers Sustainable food service practices, i.e. energy and water conservation, recycling and waste reduction, etc.

Stakeholders	Value proposition	Valorization of cross-border resources	Target groups	Marketing channels	Involvement of local communities and stakeholders	Sustainability
TO & TA	Additional attractions based on local resources – e.g. horse-riding; cave-visits; paragliding; hiking, etc.	Joint individual or group tourist products for local, national and international tourists (e.g. thematic tours, quest tours, CB recreation stays, etc.)	General individual and group tourists from the CBR, Bulgaria, Serbia and third countries Companies (teambuilding) Other TO&TA H&T domain	Social networks Media Tourist fairs and economic forums Direct communication with companies, schools, universities, sport clubs, etc.	Elaborating and offering a tourist product containing local services and attractions	Open and respectful relations with local community, H&T and food and beverage producers Encouraging sustainable services

8. SUSTAINABLE USE OF THE POTENTIAL OF NATURAL AND CULTURAL HERITAGE

The paradigm of sustainable valorization of the resources is not new, but in the last decades it became crucial from both – macro and micro perspective. It is obvious that the mankind shall radically change some of its habits and behaviour models in order not to irrevocably ruin the existing living conditions on the planet Earth. On the other hand, sustainable models should be applied by the market players in order to achieve competitive advantage and to extend the longevity of their business model. The sustainable development allows economic progress, improvement of the living standard and achievement of long-term consistency and integrity in the environmental protection²².

²² Mihailov, Mihail, Assoc. Prof., Sustainable tourism development, New Bulgarian University Publishing House 2013, p. 27

The sustainable development has a complex nature. It includes three main pillars, which shall be examined in their entirety – ecological, economical and socio-cultural aspects²³. As a fundamental frame of reference for responsible and sustainable tourism, the Global Code of Ethics for Tourism (GCET) has been adopted. It represents a comprehensive set of principles designed to guide governments, the travel industry, communities and tourists alike. It aims to help maximise the sector's benefits while minimising its potentially negative impact on the environment, cultural heritage and societies across the globe²⁴.

Although the achievement of sustainable development can be affected by some external factors (refer to PESTEL model), there are many other factors, which depend on the individual business strategy of the respective stakeholder. One of the proved ways to limit the associated risk is to assure that any initiative is in compliance with the local and national policies and legal framework (tourism or eco-tourism policies and plans, resource management plans, rural development plans, protected area plans, economic strategies, etc.) and the market environment²⁵. This approach is beneficial both – for the respective stakeholder and the local communities, generally granting a political support and possibility for the initiative to apply for public funding.

The main principles²⁶, which should be implemented by the targeted stakeholders are:

- Harmony with the local culture
- Positive impact on the local communities
- Limiting the negative impact on the environment
- Protection of the biodiversity
- Alternative transportation

The achievement of a certain level of sustainability is not a single action, but it requires the implementation of various policies, which must be followed and reevaluated.

9. ROLE OF THE QUESTOUR FOR SUSTAINABLE ECONOMIC DEVELOPMENT OF THE REGION

Based on the main characteristics and potential of the targeted region, considering the existing challenges we assume that the development of sustainable tourism could be a solution for demographic and social revitalization, economic development, and increased cultural exchange of the CB-region. The project QuesTour aims to promote this type of activities and to further contribute to an inclusive cooperation between the local communities and stakeholders, promoting of the unexplored heritage and increasing the attractiveness of the cross-border region among the travellers.

As a result of the conducted research and analysis, the “QuesTour” team identified the potential for development of the following types of tourism in the targeted cross-border region:

- Rural tourism
- Mountain hiking
- Cycling

²³ Mihailov, Mihail, op. cit., p. 29

²⁴ <https://www.unwto.org/global-code-of-ethics-for-tourism>

²⁵ Mediterranean experience of ecotourism, A survey of ecotourism best practices in the world

²⁶ Alexova, Desislava, Article: The responsible and solidarity tourism – a path to Man and contiguity, Band of articles Tourism – challenges in terms of economical crisis

- Cultural Tourism
- Speleology (Cave tourism)
- Ornithological tourism / Photo hunting
- Religious tourism
- SPA tourism
- Culinary and eno-tourism
- Adventure tourism
- Hunting and fishing
- Festival tourism
- Sports tourism
- Congress tourism
- Shopping tourism

Cross-border specialised tours (proposed by the Project as pilot activities called QuesTours) are one of the ways to promote the existing but unexplored or forgotten cultural heritage, as well as natural resources and the old traditions and crafts. Based on the analysed Business models in the previous chapters, following cross-border tours were identified as having the potential to involve not only tourist service providers, but also local stakeholders.

10. MODEL EXAMPLES OF CROSS-BORDER TOURS

Several examples of model cross-border tours were identified and elaborated considering the results of the mapping of the targeted region and the conducted research and analyses, as well as the identified matrix of the business model, observing all other elements of the applicable business models.

MODEL 1: WEEKEND PACKAGE FOR GENERAL TOURISTS IN A GROUP

VALUE PROPOSITION

It is a package for crossing border weekend trip for groups of general (non-specialised and without special needs) tourists. The trip combines diverse activities from ranges of sightseeing, culinary experience, nature trails, etc. It aims to give a tourist an insight of a neighbour region in its cultural and natural wealth through all senses. The package might be organised

Possible combinations

- culinary experience with nature trails
- wine tasting at a cultural heritage site
- natural heritage site and folklore programme
- religious site and

Ideas

In Bulgaria: 'Wind orchestras and nature' (Festival of wind bands 'Diko Iliev' and short trips to Sopovo and Rock phenomenon Bozhiya most)

In Serbia: 'Once upon a wine' (Rogljevo village, Rogljevo village, Matalj Winery, Vinski Podrum Mirjana 1861)

Cross-border: 'The taste of nature'





both only in one country or in the two countries. The optimal approach is to pin less explored sites to a well-known one.

- natural trail
- religious site and an organic farm
- event with short walks nearby

(Organic farms and natural sites in Sofia and Pirot districts: Skok waterfall, Pirot Jerma gorge, Farm Eva, Mandra Diary, Dragoman swamp)

- ☑ When customers choose a trip abroad, they expect to see something different from their home country, so emphasise *diversity*.
- ☑ Do not combine the sites only in terms of the location but the topic, they might form a *story*.
- ☑ Pin less explored sites to one that is quite popular. Thus, it would be seen in a new light and contribute to the entire product.
- ☑ Not the site but the experience makes visitors *return*. Furthermore, regardless of what sites the customers would visit, they need to *buy* something to bring back home (food, wine, souvenirs).

CUSTOMERS

Customer segments

Model is suitable for all customers segments that are able and prefer travelling in group: pensioners, students, clubs, pilgrimage communities, company staff, etc. The organiser can recruit a group-by-bus offering the package to individuals. Suitable for monthly excursion of clubs (e.g., pensioners) or for team building activities.

Customer relationship

This product combines the independent efforts of each partner to attract customers and contribute to the joint package service. Every partner develops its customer relationship strategy, and when they launch this collaborative project, they need to elaborate joint marketing policy. The organiser would rely on it and address potential customers through its social network, visual channels and specialised channels, e.g. wine magazines, tourist websites and TV programmes, etc.



- ☑ Diversify groups and approaches to them: team building and a pilgrimage trip is not the right combination
- ☑ Brand the package: give it a name and work on its development
- ☑ Keep a secret: a little surprise on the road will make customers remember the route and the organiser
- ☑ Make photos of the group, print it with your logo and give them for free: customers would not throw the pictures away and will show them to friends (Word-of-Mouth Marketing)

COST STRUCTURE AND REVENUE STREAMS

- ☑ Transportation (incl. drivers daily allowance)
- ☑ Travel insurance
- ☑ Accommodation (per person in double room ★★)
- ☑ Entrance fees (if applicable)
- ☑ Fees for activities (wine or food tasting, concerts, etc.)



- ☒ Tour guide expenses (transportation, accommodation, fee, etc.)
- ☒ Profit

The organiser must offer the package all year even during official holidays. Accommodation facilities in most regions are developed, and many tourist sites can accept a large number of tourists. Therefore, the revenue streams depend on the organisers' ability to attract customers and negotiate better financial terms with partners and contractors.

KEY ACTIVITIES

- ☒ Advertisement and client's relationship
- ☒ Communication with partners
- ☒ Transportation by bus
- ☒ Accommodation
- ☒ Arranging the activities
- ☒ Arranging the visits
- ☒ Account management

KEY PARTNERS AND CONTRACTORS

Partners are these stakeholders that are involved in the process of attracting and/or servicing the customers, advertising or supporting the product. They might participate in elaborating the package and offer something further their primary activity on the market – that will bring value to the product and make it preferable instead of a self-organised trip.

- ☒ Tourist sites (partners)
- ☒ Municipalities on which territories are the tourist sites (partners)
- ☒ Tour agency (partner)
- ☒ Hotels and restaurants (partners/contractors)
- ☒ Transport agency (contractor)
- ☒ Insurance agency (contractor)

RISK MANAGEMENT AND SUSTAINABILITY

The organisers could choose whether to work with stakeholders as partners, e.g. to share the profit with them, or as subcontractors. This choice would influence the structure of the costs and the establishment of the business model. Launching the package does not need initial expenses for infrastructure or prepaid services.

Although the partners elaborate an entirely new product, its segments may be well-established, so the main risks are rooted in the communication between partners. Combining working activities would ensure the sustainability of the project concerning local natural and cultural heritage and social effects. This project aims not to build new attractions but new audiences and approaches to existing already developed or underestimated tourist sites.

EXAMPLE

Route: RED ROUTE FOR WINE AND ROCKS LOVERS

Weekend wine tasting at caves and rocks (Knjaževac, Boljevac & Belogradchik municipalities)

In that route, wine lovers would be invited to combine their passion with visiting some gorgeous caves and rock phenomena in the area. Red wine and red rocks would contribute to an experience for all senses. The package offers two wine tasting events (in Jovic and Borovitsa wineries) and visits to a rock phenomenon (Borov kamak) and two caves (Bogovina and Venetsa).

MODEL 2: PACKAGE FOR ADVENTURE TOURISTS IN A SMALL GROUP

VALUE PROPOSITION

The product is addressing active people who seek for a memorable weekend experience. It combines sports with cultural events and visiting cultural and/or natural sites. The trip would achieve simultaneously two main goals - it is designated for communities that already share a common interest, but it also forms new communities. The accent is on ways of moving like biking, kayaking, swimming, climbing, mountaineering, etc. that are central for tourists' experience and are essential for choosing the exact route. The other activities make the product attractive and preferable.

Possible combinations

Sports: biking, kayaking, swimming, climbing, mountaineering, off-roading, sailing, tracking, skyrunning, extreme off-road biking, mountain biking, off-road riding, horse riding, hang gliding, extreme skiing, cave diving

& Sites: natural and cultural sites nearby

Ideas

In Bulgaria: Mountaineering on the fortification system of Stara Planina: Bozhenishki urvich fortress – Borovets Fortress – Ostroma fortress – Chertigrad fortress (Sofia district)

In Serbia: Mountain biking/riding on the route Markovo kale – Beliševo – Jovačka lakes (Pčinjski district)

Cross-border: Skyrunning Hayduk waterfalls (Berkovitsa municipality, BG) – Skok waterfall (Dimitrovgrad municipality, SRB)



- ☑ The targeted customers would appreciate an exciting and challenging tour abroad. Furthermore, these sports communities are international and often travel to other countries to practice.
- ☑ Usually, adventure tourism customers seek new adventures/destinations, so have some extra ideas in the pocket.
- ☑ Sometimes organisers have to provide expensive facilities and services (transportation of vehicles and equipment, camping equipment, meals on extreme destinations, etc.)

CUSTOMERS

Customer segments

Model is suitable for adventure tourists in small groups (5-10 depending on activity). The organiser can recruit a group offering the package to individuals or to offer an entire package to a club or already established community. If the organiser elaborates several projects, may offer a chain of routes. Easier routes could be offered for teambuilding events.

Customer relationship

As the product is quite specialised, the communication channel with customers should be so. Particular websites, social network groups, and specialised media are the primary way for advertising the package. Tournaments and events that potential customers take place in or the shops for specialised equipment and general sports shops also provide a friendly environment for contacting the customers.



- ☒ Hire a specialist in particular sport because each of them has its specifics and requires an expert touch
- ☒ Bear in mind that this market is international, and the stakeholder competes others not only in the region
- ☒ Elaborate the package in developing mode progressively including various services: shooting and broadcasting, team competitions and prizes, events, etc.

COST STRUCTURE AND REVENUE STREAMS

- ☒ Transportation of customers and equipment
- ☒ Extreme sport insurance
- ☒ Accommodation: camping equipment (tents, sleeping bags, mats) or a hotel (if available)
- ☒ Meals (on-the-spot catering or ration packs)
- ☒ A tour and/or an expert guide expenses (transportation, accommodation, fee, etc.)
- ☒ Entrance fees and fees for other services (if applicable)
- ☒ Profit

The package's very nature limits revenue streams – often, there is no space for large groups and the effects of seasonality have to be considered.

KEY ACTIVITIES

- ☒ Advertisement and client's relationship
- ☒ Communication with partners
- ☒ Transportation by bus
- ☒ Accommodation and catering
- ☒ Arranging the activities
- ☒ Arranging the visits
- ☒ Account management



KEY PARTNERS AND CONTRACTORS

Partners are these stakeholders that are involved in the process of attracting and/or servicing the customers, advertising or supporting the product. They might participate in elaborating the package and offer something further their primary activity on the market – that will bring value to the product and make it preferable.

- ☒ Municipal offices on which territories is the particular route located (partners)
- ☒ Natural parks (partners, if applicable)
- ☒ Tourist sites (partners)
- ☒ Adventure tour agency (partner)
- ☒ Sport clubs (partner)
- ☒ Transport agency (contractor)
- ☒ Insurance agency (contractor)
- ☒ Hotels and restaurants (contractors, if applicable)

RISK MANAGEMENT AND SUSTAINABILITY

The organisers could choose whether to work with stakeholders as partners, e.g. to share the profit with them, or as subcontractors. This choice would influence the structure of the costs and the establishment of the business model. Significant limitations of the product appear. Initial expenses for infrastructure, equipment, or materials are needed; however, working with a subcontractor is the right way to treat such problems. Another critical issue is that the route is not suitable for disabled persons or people who are not in good physical shape. Natural risks are considerable: bad weather (e.g., heavy rainfall, hail, storm, strong wind, etc.), unexpected changes in the weather, low/high level of the particular river or lake, unsuitable wind, mud, etc. In some cases, the organiser may postpone route but in others must elaborate a backup plan depending on the particular activities.

EXAMPLE

Route: Erma river quest

Extreme hiking weekend between Erma gorge and Erma canyon

The product is addressing active people who seek a memorable weekend experience. It combines hiking with camping, open-air storytelling and natural phenomena visiting. It offers a 2-day hiking route on the Erma River starting from the gorge near Tran (Pernik district), passing through the Ruj mountain and finishing at the canyon close to the Poganovo monastery. Tourists may be accommodated in tents near the village of Iskrovci (Piriot district).

MODEL 3: SOPHISTICATED TRIP FOR HIGHLY MOTIVATED TOURISTS

VALUE PROPOSITION

It is a one-day trip for purposeful cultural tourist – educated, and highly motivated people with rich experience and specialised interests in the sphere of cultural heritage, traditions, cultural and natural landmarks, etc. The product relies on historical and cultural studies and adds sophisticated value regarding means of transportation, meals or supplementary activities. The role of the tour guide is essential. Thus, almost every place and route might be suitable.

Possible topics

- ☒ Religious/ Roman/ Ottoman/ Pre-Christian/ etc. heritage in a region or from a period
- ☒ A particular painter's works
- ☒ Revival architecture
- ☒ Traditional crafts
- ☒ Fortification systems
- ☒ The places of a novel
- ☒ Battle fields
- ☒ Old manuscripts, etc.

Ideas

In Bulgaria: Cult of St. Petka in Tran region (St. Petka rock chapel of Tran, St. Petka church of Penkyovtsi. and St. Petka church Radibosh) with workshop for icons painting (Pernik district)

In Serbia: Ancient architecture of Sokobanja (within a SPA weekend) (Zaječarski district)

Cross-border: Travelling seminar 'Roman heritage in Danube region' (Felix Romuliana, Zaječar, SRB – Castra Martis, Kula – Ratiaria, Archar, BG)



- ☒ These routes are not designed to be repeated; it is a product for a specialised organiser that has to be consulted by experts.
- ☒ The time of travelling should be filled with an activity or very travelling has to be an experience too. Prepare an information kit.
- ☒ Provide an expert guide and enough time for free visiting after the guide's lecture.

CUSTOMERS

Customer segments

This package product is addressing customers who seek an educational perspective in tourism. They might be not scholars but, in some fields, have considerable knowledge or are quite experienced in self-organised trips and are looking for a new one. The organiser may recruit visitors offering the package to individuals or contact established hobbies or interests' clubs and virtual groups: at schools and universities, community centres, associations of numismatists and antiquarians, in social networks, etc.

Customer relationship

The organiser should use purposeful advertisement channels, e.g. specialised magazines and journals, blogs, social network groups, community centres, etc. Communication with customers has to be honest and open and to provide information on all trip's elements. Continue customer relationship after the trip.



- ☒ Event management companies might be prospective customers, and they can resell the product for companies' costumers, staff, and partners.



- ☒ The supplementary activities have to be suitable for all ages. The meals must be either sophisticated or quite simple.
- ☒ At some moments, give the floor to the customers, they would appreciate the chance to demonstrate their knowledge and experience.

COST STRUCTURE AND REVENUE STREAMS

- ☒ Transportation (depends on means)
- ☒ Travel insurance
- ☒ Meals
- ☒ An expert tour guide expense
- ☒ Entrance fees and fees for supplementary activities
- ☒ Information kit cost
- ☒ Profit

Revenue depends on the ability of the organiser to elaborate a sophisticated and science directed tour for general tourists. The most expensive and laborious segment is the research and if it is done only for a limited number of customers, either would not be paid well or the customers would have to pay much.

KEY ACTIVITIES

- ☒ Research
- ☒ Advertisement and client's relationship
- ☒ Transportation
- ☒ Arranging the activities
- ☒ Arranging the visits
- ☒ Account management

KEY PARTNERS AND CONTRACTORS

- ☒ Local museums and scientific organisations or individual scholars (partners)
- ☒ Activity providers, e.g. hotels, workshops organisers, adventure agencies, etc.(contractors)

RISK MANAGEMENT AND SUSTAINABILITY

In general, there are not substantial risks but some limitations:

- ☒ No need for start-up costs for infrastructure, equipment, or materials, however, some service is to be prepaid
- ☒ Price per person depends on the group's size, so groups of 50 people would be more suitable, but a considerable number of sites are not suitable for visiting by a large group
- ☒ Organiser should arrange every detail quite early, so the trip has to be booked too much time beforehand.

EXAMPLE

This example is a bit different and suitable for general tourists as well.

Route: RAILWAY TO DIMITROVGRAD AND GODECH ORTHODOX HERITAGE

One-day cross-border attraction railway route on Nishava River valley to four impressive Christian sites

The product addresses people who consider religious places not only as pilgrimage objects but also the architecture and historical heritage sites. It combines a passion for travelling, nature, and Orthodox art. It offers a short attraction railway trip (about 90 minutes round trip with 4 stops 1 hour each) in a retro train with steam/diesel locomotive through the picturesque valley of Nishava river. There are four stops – on Dimitrovgrad (Tsaribrod) Monastery of St. Dimitry (Manastirche), St. Peter Church of Berende, Cheparlyantsi Monastery, and Razboishte Monastery – four significant and attractive pieces of Christian art that are not easily accessible.

Based on these models, specific examples and scenarios for cross-border routes may be proposed and designed, considering the business models and the level of involvement of local stakeholders.

11. CONCLUSION

The research results and derived models illustrate the complexity of elaborating a CB tourist product or service based on unexplored heritage and indicate some possible directions for doing it. This process must run simultaneously with active partnerships building and political efforts for opening the targeted cross-border region inwards and outwards. Although only a few stakeholders were mentioned in some models, the others display the role of all micro factors (see the PESTEL Model). Therefore, the initiative might be undertaken by a single stakeholder, but the final goal cannot be reached without a network or a chain of partners.

In a conclusion, the following steps shall be made on the road to a successful business initiative:

- 1) Preliminary evaluation of the value proposition, study of potential customers and previous experience in the area, initiation of a partnership
- 2) Sharing ideas with partners, selection and further design of a model, model tests
- 3) Implementation of the model
- 4) Continuous feedback, assessment and further development of the model, partnership management

Suggested models' appeals reflect current business environment aspirations for economic, ecological and social sustainability, natural and cultural heritage respect and safeguarding, regional instead of national cohesion, economic development based on knowledge and community prosperity.

The BMG contributes to both the individual efforts for expanding initiatives and targets in the region made by local governmental, non-governmental, business and R&D stakeholders and the networking addressing exploration and valorisation of natural and cultural heritage. The proposed sustainable cross-border business models and examples offer the opportunity to be adapted to the tourists' needs and implemented by the stakeholders and put into action. Utilisation and capitalisation of the unexplored heritage in the CBR benefit the heritage owners and bearers (usually local communities and governmental bodies), the final customers and all the links on the chain between them.

12. REFERENCES

- Alexova, Desislava, Article: The responsible and solidarity tourism – a path to Man and contiguity, Band of articles Tourism – challenges in terms of economic crisis
- Amira Fathimath, PhD, The Role of Stakeholder Collaboration in Sustainable Tourism Competitiveness: The Case of Auckland, New Zealand, 2015, www.researchgate.net
- Ansoff Matrix, <https://corporatefinanceinstitute.com/resources/knowledge/strategy/ansoff-matrix/>
- Business Model Canvas, <https://www.strategyzer.com/canvas>
- Casadesus-Masanell & Heilbron, 2015; Zott, Amit, & Massa, 2011.
- EU Strategy for the Danube Region 2019, EU Strategy for the Danube Region 2019, https://ec.europa.eu/regional_policy/en/policy/cooperation/macro-regional-strategies/danube/
- Manol Ribov, Prof. Dr., and various authors, Competitive strategies in tourism; Collection of articles under the general editorship of Prof. Dr. Manol Ribov
- McKinsey Matrix, <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-ge-and-mckinsey-nine-box-matrix#>
- Mediterranean experience of ecotourism, A survey of ecotourism best practices in the world, <http://www.medecotourism.org/report.pdf>
- Michael Porter, Prof., Competitive Strategy, Klassika i Stil OOD, Sofia 2010
- Ministry of Economics and Energetics, 2014, Strategy for sustainable tourism development in Bulgaria 2014-2020, <http://www.strategy.bg/FileHandler.ashx?fileId=4758>
- Ministry of Finance, National Development Programme: Bulgaria 2020, <https://www.minfin.bg/en/869>
- Ministry of Regional Development and Public Works, Bulgaria, 2013, Regional Development Plan for the Northwest region 2014-2020, <http://www.strategy.bg/FileHandler.ashx?fileId=4079>
- Ministry of Regional Development and Public Works, Bulgaria, 2013, Regional Development Plan for the Southwest region 2014-2020, <http://www.strategy.bg/FileHandler.ashx?fileId=4076>
- Ministry of Tourism, Bulgaria, A concept for tourist zoning of Bulgaria, 2015, <https://www.tourism.government.bg/sites/tourism.government.bg/files/uploads/raionirane/koncepcia.pdf>
- Ministry of Trade, Tourism and Telecommunications, Serbia, Strategy of tourism development of Republic of Serbia, 2016-2025, <https://mtt.gov.rs/>
- National Statistical Institute of Bulgaria, <https://www.nsi.bg/>
- PESTLE Analysis, <https://pestleanalysis.com>
- Regional Direction "Border Police – Dragoman", official website, www.mvr.bg/gdgp
- Register of registered tour operators and travel agents 2020 (<https://ntr.tourism.government.bg/>)
- UNWTO, Global Code of Ethics for Tourism, <https://www.unwto.org/global-code-of-ethics-for-tourism>
- UNWTO, Product Development, <https://www.unwto.org/tourism-development-products> (last access on 22 January 2021)
- YUTA (<http://www.yuta.rs/>)
- Zakon o regionalnom razvoju (paragraf.rs)

13. ANNEXES:

ANNEX 1: MAPPING THE UNEXPLORED RESOURCES AND INTANGIBLE HERITAGE IN THE BULGARIAN-SERBIAN CROSS-BORDER REGION

ANNEX 2: ANALYSIS ON THE WILLINGNESS OF LOCAL STAKEHOLDERS TO CONTRIBUTE TO THE PROMOTION OF IDENTIFIED RESOURCES

©The material or any parts of it cannot be copied and/or reproduced in any way without the prior written consent of its authors (Ass. Prof. Dr. Lina Gergova and PBK A.C.E.), ENECA and National Tourism Cluster "Bulgarian Guide".

This publication was produced with the assistance of the European Union through the Interreg-IPA CBC Bulgaria-Serbia Programme, CCI No 2014TC16I5CB007. The contents of this publication are the sole responsibility of its authors, ENECA and National Tourism Cluster "Bulgarian Guide", and can in no way be taken to reflect the views of the European Union or the Managing Authority of the Programme.