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ANALYSIS OF THE TOURIST SERVICES MARKET IN UKRAINE: PROBLEMS AND PROSPECTS

Analiza rynku usług turystycznych na Ukrainie: problemy i perspektywy

Abstract

The article is devoted to analysis and summarising statistical data in the field of tourism and recreation. It has been identified the factors that influence the development of the tourism industry in Ukraine and particularly in the Polissya region in order to improve tourist services market and promotion of tourist product. Also it has been identified Ukraine's position in the world market of tourist services it and has been revealed the growing importance of the tourism industry in the country's economy.

It was determined that concentration on the management and development of tourist destinations should ensure the rapid the heyday of tourism. It was found that the creation of tourist magnets in regions with low development, particularly in Polissia, and the promotion of a comprehensive tourism product with quality service is an integral part of improvement of national tourism.

Keywords: *tourist services, destination, tourist flows, Polissia region, tourist magnets*

Streszczenie

Artykuł poświęcony jest analizie i podsumowaniu danych statystycznych w obszarze turystyki i rekreacji. Zidentyfikowano czynniki mające wpływ na rozwój przemysłu turystycznego na Ukrainie i w szczególności w regionie Polesia w celu ulepszenia rynku usług turystycznych oraz promocji produktów turystycznych. Zidentyfikowano również pozycję Ukrainy na światowym rynku usług turystycznych i wykazano wzrost znaczenia przemysłu turystycznego dla gospodarki krajowej.

Aby zapewnić szybki rozkwit turystyki należy skoncentrować się na zarządzaniu oraz rozwoju destynacji turystycznych; kreowanie turystycznych magnesów w regionach nisko rozwiniętych (szczególnie na Polesiu) oraz promocja kompleksowego produktu turystycznego wraz z jakościowym podnoszeniem usług stanowi integralną część rozwoju turystyki krajowej.

Słowa kluczowe: *usługi turystyczne, destynacja, ruch turystyczny, region Polesia, magnesy turystyczne*

Introduction

Currently, the market of tourist services, as a sphere of tourist products sales and economic relations, both inside a country and abroad, is one of the key types of economic activity for many countries. The tourism industry covers the interests of many businesses that produce and sell travel and related services: travel companies, transport companies, accommodation, catering facilities, organizations that provide tour services, museums, theaters, other leisure facilities, producers of related services and goods.

The impact of tourism on the economy and GDP of developed countries is constantly growing, but in Ukraine it does not find a worthy place in the strategic plans of national economic development and GDP from travel and its development is only about 6%.

Thus, according to the results of the World Economic Forum in Davos in 2016, Ukraine ranks only 124th in the ranking of investments in the tourism business and 88th in terms of attractiveness for tourists.

Attracting investment in tourism, creating tourism clusters as drivers of growth and tourist destinations, new tourist routes and excursion programs, tourist routes, can significantly improve the tourism industry, both in a country and individual regions. Tourism clusters can be important tools for tourism development at the regional level, and the newly created united territorial communities can become some kind of centers where tourist products are made, which being successfully sold bring benefits to communities.

Analysis of recent research and publications

Current issues of the role and importance of tourism in the economy of the world and Ukraine, as well as the development of national and world tourism markets are revealed in the works of many domestic scientists, namely V. Yevtushenko, D. Mangushev, O. Melnychenko¹, R. Miroshnyk², M. Namomova, V. Onishchenko³, M. Rakhman⁴, N. Faryniuk⁵, L. Frey⁶, V. Shvedun, I. Shchyr.

¹ Melnychenko O. A., Shvedun V. O., *Peculiarities of tourism industry development in Ukraine: monograph*, Kharkiv: NUTSZU, 2017, 153 p.

² Miroshnyk R. O., Shchyr I. V., *The tourism industry development of Ukraine: features and problems*, Bulletin of the National University "Lviv Polytechnic", 2013, № 754.

³ Rakhman M., Onishchenko V., *Analysis of the market situation of international tourist services in Ukraine*, Azov Economic Bulletin, 2018, Issue 5 (10).

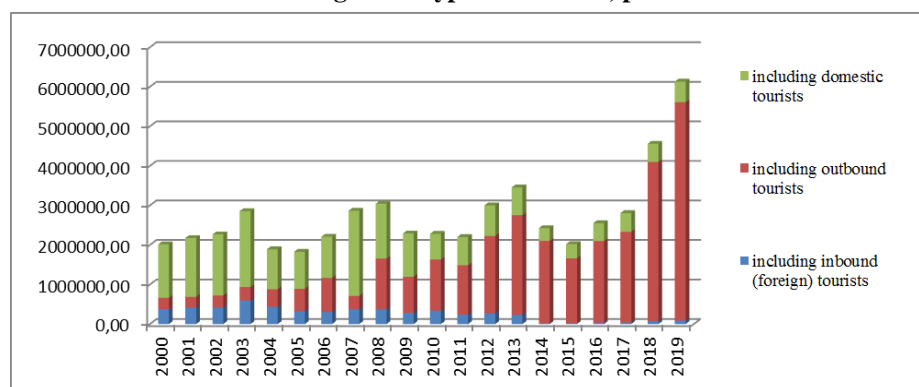
⁴ Rakhman M., Yevtushenko V., Mangushev D. V., *The impact of international tourism on economic development and the image of an separate country*, „Problems of the economy”, 2017, № 2, S. 26-34.

The aim of the article is to determine the role and significance of tourism in the country's economy, analytical review of consolidated statistics in tourism and recreation and to identify factors influencing the development of tourism in the country as a whole and in Polissia region in order to apply them to improve tourism services.

Results of the research

Ukraine is currently not such a popular tourist destination. However, this situation can be greatly improved. Nowadays, the national tourism industry has large reserves. One of them is the involvement of Ukrainians in travelling within the country, since according to statistics, about 90% of our compatriots travel to other countries. The dynamics of the number of tourists during 2000-2019 is presented in Fig.1.

Fig. 1. The number of tourists served by tour operators and travel agents, according to the types of tourism, persons



Source: Official site of the State Statistics Service of Ukraine. URL: <http://www.ukrstat.gov.ua>⁷

Analyzing the dynamics of the number of different types of tourists, we observe that over the past 5 years there has been a growing trend in the total number of tourists. However, a significant part, more than 90% are outbound tourists, i.e. citizens of Ukraine who are vacationing abroad. This

⁵ Faryniuk N. V., Naumova M. A., *Statistical analysis of the market of tourist services of Ukraine*, „Bulletin of the Student Scientific Society of Vasyl Stus DonNU”, 2017, t. 1, № 9.

⁶ Frey L. V., *Ways to improve the socio-economic development of regional tourism*, Market infrastructure, 2019, Issue 30.

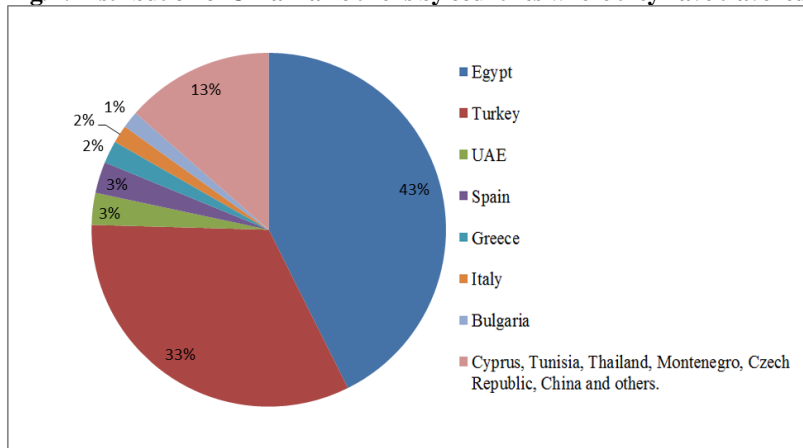
⁷ Note: all statistical data are taken from the Official Website of the State Statistics Service of Ukraine.

has a negative impact on the development of the national tourism market and related industries. At the same time, the percentage of domestic and inbound tourists has decreased compared to the period from 2000 to 2013. These trends indicate that the benefits for tourists are formed by the economic and political situation in a particular country where they plan to go.

Another trend of the modern tourism business is the desire of vacationers to save on the cost of the trip. That is to get the most fun at the lowest cost. Focusing on the wishes of Ukrainians, tour operators have begun to offer tours with accommodation in European hostels and small cottages. For instance, the cost of staying in a good European hostel in Valencia, Barcelona, Madrid or Lisbon starts from 85 euros for seven nights⁸.

Most recently tourists have chosen the countries to rest at reasonable prices with dollar pricing; now it is possible to observe other tendencies. As a result of currency jumps, the difference in the value of the dollar and the euro has decreased significantly. This fact gives tourists the opportunity to get to the resorts of European countries, which until now have been less accessible to Ukrainians. Tourists increasingly prefer countries such as Italy, Spain, Portugal, and other European resorts (Fig. 2).

Fig. 2. Distribution of Ukrainian citizens by countries where they have travelled



⁸ Official publication of the State Fiscal Service of Ukraine „Visnyk”. URL: <http://www.visnyk.com.ua/ua/pubs/id/8540>

Fig. 2 demonstrates that Ukrainians prefer such countries as Egypt, Turkey, Bulgaria, Greece, Spain, Italy, the United Arab Emirates. A total of 5 524.866 thousand citizens of Ukraine traveled abroad in 2019, which is 1.500 thousand more compared with 2018 (or 37%). This indicates small positive changes and improvement of the financial situation of citizens. The ease of paperwork, simplified visa regime, affordable cost of tours, the appropriate level of comfort are the factors influencing the domestic tourist demand.

Leading countries in inbound tourism in 2018 were Belarus, Israel, the USA, Germany, Turkey. In 2019 we have the following numbers (Fig. 3).

Fig. 3. Distribution of foreigners by countries from which they came to Ukraine

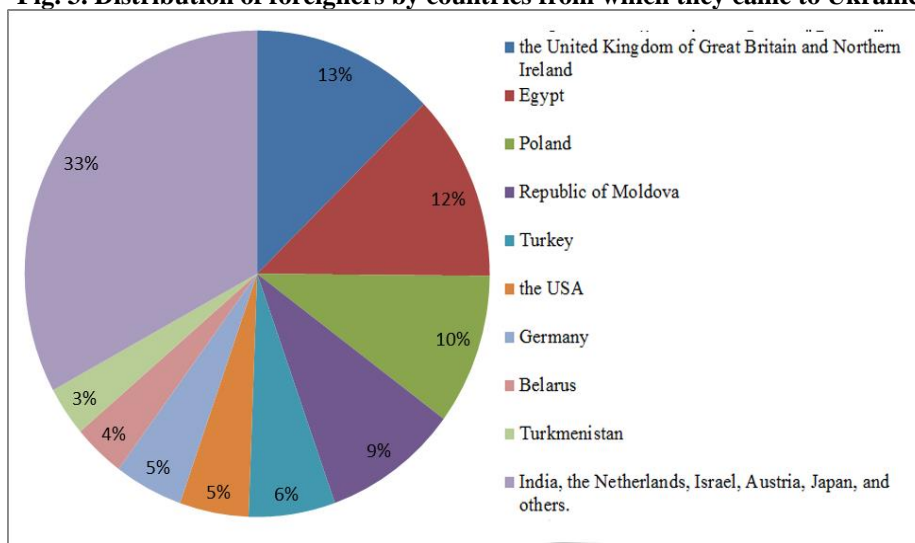


Fig. 3 demonstrates that most travellers came to Ukraine from the United Kingdom of Great Britain and Northern Ireland, Egypt, Poland, the Republic of Moldova, Turkey, the USA, Germany, Belarus, Turkmenistan. A total of 86,840 thousand citizens of other countries arrived in Ukraine in 2019, which is almost 11 thousand more than in 2018 (or 14%). The Ministry of Economy and Development notes that the Transcarpathian, Odesa and Kharkiv (acquires the role of a center of business tourism) regions are among the most popular for foreigners to visit. Ukrainians mostly visit Lviv, Ivano-Frankivsk, Odesa, Kyiv, as well as Kharkiv, Transcarpathia, and Dnipropetrovsk regions (Fig. 4).

Fig. 4. Performance indicators of tourism entities in 2019 by regions

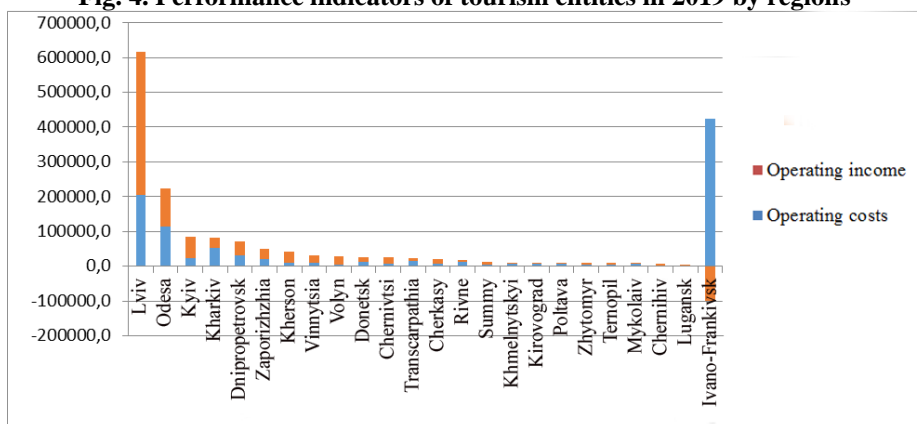


Fig. 4 demonstrates that Lviv tourism entities receive the maximum profit from tourism activities. Thus, their income from the provision of tourist services in 2019 was 564885.5 thousand UAH. The second place takes Odesa region, which is a leader in coastal tourism in the country, its income, respectively, was 176352.7 thousand UAH. These areas are in the lead, due to:

1. Lviv region attracts tourists with the European atmosphere of cities, beautiful nature and developed infrastructure, architecture and historical monuments at any time of the year. It leads in the number of hotels – there are more than 1100. Budget revenues from tourism in the region has increased by 22%.
2. Odesa region attracts tourists with its warm climate, sea and sandy beaches. However, there are other places to visit: the village of Shabo with the Center of Wine Culture, „Ukrainian Venice” – the village of Vilкове in the Danube floodplains, where a delicious gastronomic festival is hold, and Akerman Fortress.
3. Kherson region is the only region of mainland Ukraine, which is washed by two seas. It is called the protected nature territory because of the unique sand massif „Oleshkiv Sands”. In addition, in Kherson region there is unique sandy spit Arabatska Strilka, protected Byriuchy Island, uninhabited Dzharylgach Island, reserve „Askania-Nova” with African animals, and a hit of recent tourist seasons – Pink Lakes.
4. Transcarpathian region attracts tourists with a colorful mixture of cultures of different peoples, thermal springs, and seasonal flowering of daffodils and sakura. The most famous place in the region is the Synevyr National Nature Park with the largest lake in the Ukrainian Carpathians. However, most of all Transcarpathia impresses with the

original tastes of local cuisine. Bograch, gurka, banosh, rokot-krumpli – even the names are intriguing, not to mention the taste. It hosts the largest number of gastronomic festivals in Ukraine per year.

Taking into consideration the regional market of tourist services within the country, Polissia region of Ukraine is rather interesting, and the tourist potential of this region is significant, though it is not popular among tourists and requires promotion, government, information support, attracting qualified personnel and investments, and creating quality tourism product. The tourist magnets of Polissia include: Liubeshivski and Shatski lakes, Lesia Ukrainka Literary Memorial Museum, Princes' Castles, „Tunnel of Love”, Boldina Mountains, Anthony's Caves, Serhii Pavlovych Korolyov Museum of Cosmonautics, Chatskyi's head, Vchelka Waterfall, Polissia Nature Reserve, and others including numerous nature reserves and pilgrimage sites (Fig. 5).

Fig. 5. Tourist magnets of Polissia



Considering the information provided on the site of statistics of the tourism industry, the following information is processed and systematized (table 1).

Table 1. Distribution of tourists served by tour operators and travel agents, in order to travel in the Polissia region in 2019

	Number of tourists total	Including by the purpose of the trip						Children aged 0-17 years
		official, business training	leisure	recreation	sports tourism	specialized tourism	others	
Ukraine	6132	271	576	65	4	21	7	1012
	097	171	1645	929	246	529	577	694
Volyn region	27 403	156	26 667	399	148	-	33	3 832
Zhytomyr region	21 594	6	21 542	46	-	-	-	5 078
Kyiv region	86 926	1 589	84 921	345	55	-	16	16 309
Rivne region	31 425	2	31 370	4	10	-	39	5 869
Chernihiv region	26 359	21	26 312	26	-	-	-	4 482
Total for the studied region	193 707	1 774	190 812	820	213	0	88	35 570
The share of tourists served in the region	3,16 %	0,65 %	3,31 %	1,24 %	5,02 %	0,00 %	1,16 %	3,51 %

This table demonstrates that Polissia region is in low demand among tourists, only 3.16% of travellers chose this region to rest. 92.7% travellers come with the purpose of leisure tourism, recreation and 5.0% – business and education. There are a number of obstacles to the development of tourism in the region and in the provision of tourist services, the main of which are: lack of positive information about Polissia, insufficient cooperation between educational institutions and tourism entities, self-isolation of travel agencies; low level of safety of tourists and service; lack of developed infrastructure; lack of regional development programs; and lack of investment.

For the development of profitable tourism in Polissia region, it is advisable to use the experience of destination management. Effective management of which should ensure the quality of visitors' impressions and exceed their expectations; promote the long-term prosperity and development of the local community; improve the profitability of business structures, as a vital component of the tourism industry; optimize economic, social, and environmental impact by ensuring a responsible and sustainable balance between economic, socio-cultural, and environmental interests.

In general, the practice of forming the competitiveness of foreign tourist destinations proves that one of the most important areas is a set of measures aimed at

the international promotion of tourist destinations. Advertising activities at the macro level are carried out mainly on budget funds and by National Tourist Organizations (NGOs), associations or their representative offices abroad. Many countries "launch" advertising campaigns on the eve of famous world dates, various historical, cultural, and political events. Recently, there has been a global trend of transition from public funding of marketing programs to funding by the private sector through the mechanism of public-private partnership (PPP). To this end, the representatives of the destination are looking for companies that operate in the market of domestic and inbound tourism and are extremely interested in increasing tourist flows.

The National Tourism Organization of Ukraine is called upon to solve the previously mentioned problems of tourism and related fields. Its mission is consolidation of the tourism sector, development of a network of regional DMOs, raising the level of knowledge and quality of national tourism product in all regions of Ukraine⁹.

NTO of Ukraine implements and maintains a catalog of current investment projects in the tourism sector. Currently, the work of the National Tourism Organization, created in 2017, is still little effective in measuring statistics, profits, promotion, development, and destination management. Although there are some positive changes, for example: the tourist brand of Ukraine has been created, that is one of the limits of our country's identity (Fig. 6).

Fig. 6. Logo of the tourist brand of Ukraine



A tourist brand is not only a design, it is also a certain meaning, recognizability, strategy, and tactics of promoting a tourist product. Positioning the national tour product motivates tourists to come to the

⁹ Official site of the National Tourist Organization of Ukraine. URL: <http://www.ntoukraine.org/>

country. The letter „U” (English – Ukraine) combines different symbols and drawings: a bandura as a symbol of Ukrainian musical tradition, a rock guitar – a symbol of popular currents in modern music, creativity, talents and bright elements that reveal the soul of the Ukrainian people. And the main slogan „Ukraine: It's all about U” has a double meaning: on the one hand, it can be translated as: „Ukraine: it's all about you”, on the other, the meaning of this slogan: „It's all about Ukraine”.

However, it is important to remember about the safe load on the destination, when the natural complex does not lose the ability to self-healing (there is no irreversible change), and ecological sustainability of tourism development based on support of basic ecological processes, biodiversity and biological resources.

Conclusions

Having made an analytical review of the consolidated statistics in the field of tourism and recreation of the country, the following conclusions can be drawn:

1. Ukraine occupies a weak position in the world market of tourist services. Given the richness of natural, recreational, religious, and cultural resources, the country must effectively use them to create its positive image, attract investment, build infrastructure, create employment, and improve the socio-economic standard of living through tourism.
2. It is important to create tourist magnets in regions with low tourism development, in particular in Polissia, promote a comprehensive tourist product with quality service, focused on positive impressions of visitors, and establish cooperation with related industries that provide additional services (animation, souvenir, educational, and cultural components).
3. The National Tourism Organization and tourism information centers have been formed to overcome the problematic issues, including the negative image of Ukraine, insufficient information about the country's tourism product, lack of developed marketing strategy, insufficient legal framework, insufficiently established relations between educational institutions and the tourism industry, and low level of service.
4. The development of tourist destinations is influenced by localized centers of tourist demand, reflecting the state of markets for tourist services; competitors in the form of other destinations; local related industries competing with the tourism industry; behind-the-scenes, material, and financial resources; investors and financial institutions,

administrative-political bodies of the territory, public organizations, organizers, and intermediaries in the sale of the tourist product of the destination.

5. The formation of a competitive environment in the field of tourism involves the creation of an effective institutional infrastructure of the tourism market, which optimally combines market freedoms of the tourism market, regulatory functions of the state, and coordinating actions of self-regulatory bodies in tourism.

Thus, the tourism industry in Ukraine is gradually increasing its performance and leads the charge. It is the concentration on the development of tourist destinations that should ensure the rapid development of tourism. Effective management of destinations should ensure the quality of visitors' impressions and exceed their expectations; promote the long-term prosperity and development of the local community; improve the profitability of business structures – a vital component of the tourism industry; optimize economic, social, and environmental impact by ensuring a responsible and sustainable balance between economic, socio-cultural, and environmental interests.

Currently, we can note that tourism has become one of the integral components of human life in most countries and is one of the most promising areas of socio-economic activity in many countries.

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