

ANALYSIS OF THE CURRENT STATE AND TRENDS OF THE TOURIST SERVICES MARKET IN UKRAINE

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Abstract

The article provide the analysis of the current state of the tourist services market in Ukraine based on the statistical data of State Statistics Service of Ukraine in 2007-2017. The research results indicate the level of competitiveness of tourism potential in geographic and economic regions of Ukraine. The green tourism is seem as a promising form of tourism development in Ukraine. The matrix of green tourism potential of Ukrainian regions is presented. The matrix of green tourism potential combines two integral indicators: the ecological competitiveness of and tourism competitiveness. The recommendations for tourist services market are formed.

Keywords: marketing research, tourism, tourist services market, green tourism

Introduction

Basic characteristics of tourism does not have any fundamental differences from other forms of economic activity. Therefore, all existing provisions of modern business can be applied in the tourism sector. At the same time, tourism has a specificity that distinguishes it not only from trade of goods, but also from trade of services. In tourism, a trade is carried out both by services and goods (according to experts, the share of services in tourism is up to 75%, goods – 25%). Also there is a special type of consumption of tourist services and goods at the place of their production, moreover, in a certain situation.

The notion of quality has a significant level of importance in the tourism sector. In this regard, the central value have acquired various kinds of certification agencies and companies that assign a certificate and / or certification mark to touristic facilities, travel agencies, locations etc. Business activities in tourism comes to the tourism product, which is characterized by some specific features and components.

This article aims at analysis the statistical data on tourism product of Ukraine and identification the trends of the tourist services market.

1. Analysis of prospects for the tourist services market in Ukraine

In order to determine what region of Ukraine has the greatest potential, it is not enough simply to analyze the size of income or expenses in the industry. To determine the tourist potential of Ukrainian regions, a set of criteria can be identified (Table 1) and the method of determining the competitiveness [Illiashenko, 2004] can be used. The statistical data of State Statistics Service of Ukraine¹ in 2007-2017 were used.

Analysis cover the following performance indicators of tourist services market:

¹ <http://www.ukrstat.gov.ua> [Accessed January 19, 2019].

- Income from tourism (excluding VAT, excise and other mandatory payments) – for legal entities (1) and individual entrepreneurs (2);
- Expenses of legal entities and entrepreneurs on tourism services (3);
- The cost of the sold tourist trips: by tour operators (4) and travel agencies within Ukraine (5);
- The number of tourists that been served by tour operators (6);
- The number of collective accommodation facilities (CAF) for tourists (legal entities): total number of CAF (7), hotels and similar accommodation facilities (8), tourist facilities and mountain shelters, etc. (9), specialized accommodation facilities (10), recreation facilities, etc. (11);
- Number of collective accommodation facilities (CAF) for tourists (individual entrepreneurs): total number of CAF (12), hotels and similar accommodation facilities (13);
- Capacity of hotels and similar facilities (legal entities / entrepreneurs): total number of beds (14/17), number of beds in hotels (15/18), number of beds in tourist centers and mountain shelters, etc. (16/19).

Table 1. A set of performance indicators of tourist services market of Ukraine

Indicator		2016	2017	Trend
Income from tourism (excluding VAT, excise and other mandatory payments), thnd UAH	Legal entities	11522520.4	18502975.3	↑ (60.6%)
	Individual entrepreneurs	413161.3	519654.3	↑ (25.8%)
Expenses of legal entities and entrepreneurs on tourism services, thnd UAH		11533121.0	18363278.1	↑ (59.2%)
The cost of the sold tourist trips, thnd UAH	By tour operators	19755813.0	18234911.1	↓ (7.7%)
	Travel agencies within Ukraine	401753.3	338062.0	↓ (15.6%)
The number of tourists that been served by tour operators, people		2250107.0	2403987.0	↑ (6.8%)
The number of collective accommodation facilities (CAF) for tourists, units	Legal entities	2194.0	2064.0	↓ (5.9%)
	Individual entrepreneurs	2062.0	2051.0	↓ (0.5%)
Capacity of hotels and similar facilities, number of beds	Legal entities	89843.0	87882.0	↓ (2.2%)
	Individual entrepreneurs	46073.0	45514.0	↓ (1.2%)

Source: Based on State Statistics Service of Ukraine.

Table 1 shows that negative trends are revealed for 6 out of 10 performance indicators. That state of the tourist services market can be explained by the devaluation of the national currency, the decline in purchasing power of the population, the active shadowing of the industry and the increasing popularity of tourist internet services, replacing the traditional forms of tourism business.

The above-mentioned indicators have the same weight (0.0556). For each criterion the priority value was defined – maximum or minimum. All criteria (except the expenses of legal entities and entrepreneurs on tourism services) were determined by the maximum priority values.

Calculations were based on the formula determining the coefficient of competitiveness [Illiashenko, 2004]. According to the calculations, the following data were received (Table 2).

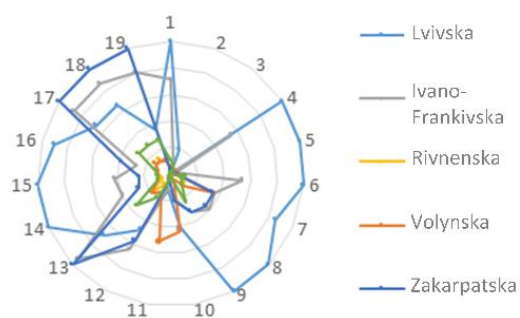
Table 2. Ranking of competitiveness coefficients of tourist capacity of Ukrainian regions

Ranking	Region	Competitiveness coefficient	Ranking	Region	Competitiveness coefficient
1	Lvivska	0.29944	13	Volynska	0.85676
2	Odeska	0.48522	14	Chernivetska	0.86606
3	Ivano-Frankivska	0.55446	15	Cherkaska	0.86821
4	Zaporizka	0.56201	16	Khmelnyska	0.88067
5	Zakarpatska	0.63650	17	Ternopilska	0.89462
6	Dnipropetrovska	0.68538	18	Vinnytska	0.89611
7	Mykolaivska	0.72738	19	Zhytomyrska	0.89916
8	Khersonska	0.76536	20	Chernihivska	0.93674
9	Kharkivska	0.76978	21	Rivnenska	0.93858
10	Kyivska	0.80066	22	Sumska	0.93935
11	Donetska	0.84998	23	Kirovohradska	0.94068
12	Poltavska	0.85113	24	Luhanska	0.96899

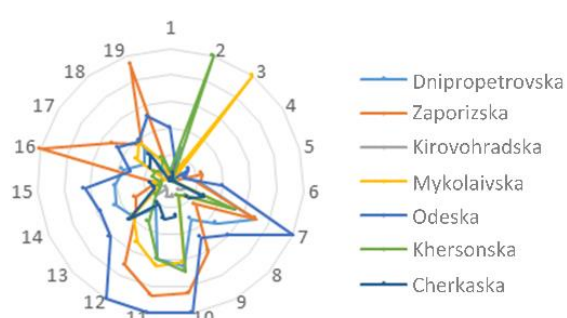
Source: Own calculations.

Thus, the Lvivska, Odeska and Ivano-Frankivska regioni have the most promising ranking results, then, respectively, the worst ranking result has Luganska region.

The results of data systematization on the economic-geographical districts of Ukraine are presented in Figure 1. The largest areas sizes of the cyclogram have the Carpathian and North-West districts, the Central, Black Sea and Dnieper districts have average areas sizes of the cyclogram, the worst areas sizes have Podilsk and Capital districts.



a) the Carpathian and North-West districts



b) the Central, Black Sea and Dnieper districts

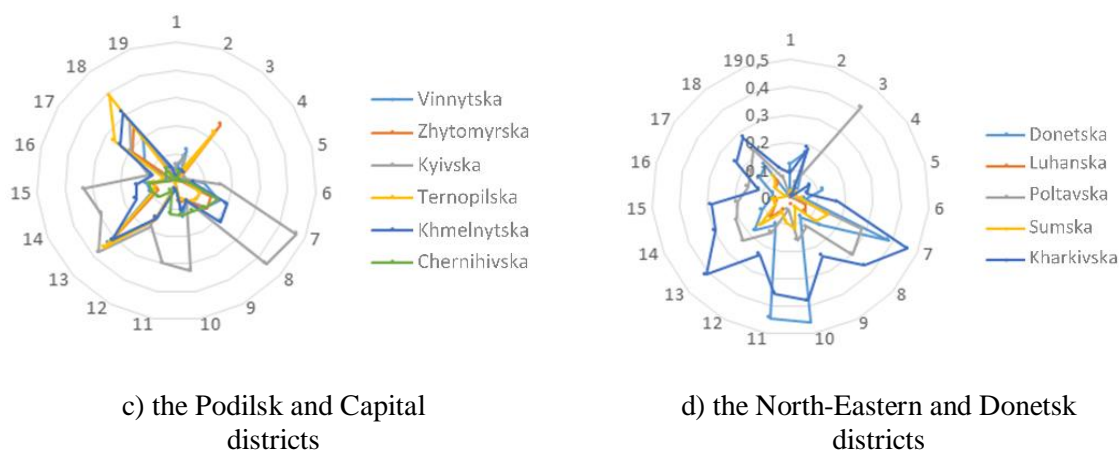


Figure 1. The cyclograms of competitiveness of tourism potential in geographic and economic regions of Ukraine

Source: Own elaboration

The number specified at each criterion for which the competitiveness analysis was conducted corresponds to the number of the cyclogram's rows. That is, for example, the first row of the cyclogram reflects the indicator of income from tourism (excluding VAT, excise and other mandatory payments) for legal entities.

In the Carpathian and Northwestern districts, almost all indicators are high, except for the following: income from tourism for an individual entrepreneurs; high expenses of legal entities and entrepreneurs on tourism services; the inadequate number of CAF for tourists (legal entities / individual entrepreneurs).

In the Podilsk and Capital districts the most problematic indicators are low income from tourism for legal entities and individual entrepreneurs; high expenses on tourism services; low number of tourists that been served by tour operators. On the other hand, the most promising indicators are the capacity of hotels and similar facilities (legal entities / entrepreneurs) and an average number of CAF for tourists (legal entities / individual entrepreneurs).

In the Central, Black Sea and Dnieper districts almost all indicators have average and high levels, except for the cost of the sold tourist trips and the number of tourists that been served by tour operators.

The number of CAF for tourists (legal entities / individual entrepreneurs) and the capacity of hotels are the strengths for North-Eastern and Donetsk districts. The other indicators has low levels.

In addition to traditional types of tourism, new types have recently been developing. Over the past 5 years, special attention has been paid to the development of local tourism.

This is not surprising, because there are many places that can be discovered by tourists in Ukraine. For example, 11 million hectares of forests, more than 20 thousand lakes, 70 thousand rivers. However, in most cases, they are not always concentrated near the popular tourist resorts. Considerable attention must be paid to the study of these places in the countryside, not only as a traditional place of agrarian activities, but also as an interesting form of recreation and tourism. It should be noted that this tourism form is already showed some

progress, though still in the legislative field. According to Information agency, “Pravda”² such form of tourism takes a growing demand among Ukrainians and more tour operators offer trips to wineries, to cheese factories and various food fests.

2. Green tourism as a promising form of tourism development

Green tourism provides recreation in clean natural areas or regions, combined with a visit to thematic and cultural-cognitive places and events. At the same time, this activity helps to maintain and increase the ecological potential of certain territory and increase the welfare of the population.

According to [Lee et al., 2016] “green tourism” is a term that can be applied to any form of tourism that relates to the natural environment and cultural heritage of an area or that undertakes good environmental management (or green) practice.

In [Tang et al., 2017] is emphasized that green tourism can be analyzed both broad concepts and narrow concepts: 1) as a kind of tourist activity that pays attention to resources and protects ecology; or 2) as a mode of tourism economic development that advocates recycling.

On the other hand, some authors underline that concepts “green tourism”, “sustainable tourism” and “eco-tourism” are not synonyms (Table 3).

Table 3. The “green tourism”, “sustainable tourism” and “eco-tourism” concepts definition

Concept	Definition	Source
Green tourism	Travel to distant locations seeks to provide recreational attractions and hospitality facilities to local people within their local regions, thereby reducing tourism-related travel	Mazilu M. (2013)
	Type of tourism that deals with the reducing the environmental costs, and maximizing the environmental benefits of tourism	Swarbrooke J. (1999)
Sustainable tourism	Policies, practices and programmes that take into account not only the expectations of tourists about responsible natural resource management (demand), but also the needs of communities that support or are affected by tourist projects and the environment (supply)	Mazilu M. (2013); Thomas H. (1995)
	An approach to tourism which recognizes the importance of the host community, the way staff are treated and the desire to maximize the economic benefits of tourism	Swarbrooke J. (1999)
Eco-tourism	A segment within the tourism sector with focus on environmental sustainability	Mazilu M. (2013);

We believe that the basic principles which green tourism is based on are the following:

- cleaning of pollution or ecological balance support in certain territories;
- protection of flora and fauna;

² <http://pravda.press/chronicle/analytics/yakiy-turistichniy-potentsial-ma-ukraina--28158/> (Accessed January 19, 2019).

- use of organic, biodegradable and / or recycled materials that are essential in providing tourist services;
- use of clean energy (such as wind, geothermal sources, sunlight, etc.);
- technologies of resource clearing and resource recovery;
- reduction of waste (both energy and materials);
- imperceptible integration of a tourist object into the environment (for example, what and eco-friendly buildings or net zero houses);
- teaching society the principles and ideas of conscious and eco-friendly tourism.

Green tourism – is a relatively low budget type of tourism that combines the such forms as:

- eco-tourism (its goal is to preserve the beauty and integrity of nature. As a rule, such tourist objects are covered: nature reserves, nature protection objects, water / eco-systems etc. Eco-tourists often organize various actions and raise funds for the rehabilitation of wildlife, reviving nature or preservation of such places);
- sports and health tourism (an active form of tourism (eg. hiking, expeditions, fishing, etc.) on an environmentally friendly area with beautiful scenery and routes);
- ethnographic tourism (study of the ecological potential of the region, its ethnographic and cultural traditions, etc.);
- rural tourism (a specific form of recreation with the village-based accommodation and using the natural, material and cultural potential of the area);
- cognitive tourism (visits to several cities and centers, natural monuments, organized in the form of a trip).

3. Ukraine’s regions green tourism potential

Green tourism is already presented relatively extensively in Ukraine (see Tables 4 - 5). Today many players of tourism market in Ukraine are promoting this touristic product with the eco-component. However, it should be noted that not everyone is aware of what should be understood under the classical concept of “eco-tourism” or “green tourism”, which represents not only outdoor recreation or activities, but also covers the educational component, forms the consciousness of tourists and is a key component of local culture.

Table 4. The dynamics of green (rural) tourism by regions of Ukraine in 2015 – 2017

Region	Number of estates, units			The number of persons who use green tourism estates, persons		
	2015	2016	2017	2015	2016	2017
Ukraine	235	375	377	49253	79891	82570
Vinnnytska	1	1	1	42	35	35
Volynska	2	2	2	3659	2517	3 050
Dnipropetrovska	1	1	1	84	46	265
Donetska	-	-	-	-	-	-
Zhytomyrska	-	-	-	-	-	-
Zakarpatska	5	4	8	947	271	488

Zaporizka	-	-	-	-	-	-
Ivano-Frankivska	179	305	306	25 038	55 797	55 096
Kyivska	-	-	-	-	-	-
Kirovohradska	2	2	2	1 451	1 590	1 669
Luhanska	-	-	-	-	-	-
Lvivska	12	16	14	2 201	2 003	2 797
Mykolaivska	1	2	4	500	765	881
Odeska	2	3	3	1 025	1 606	1 672
Poltavska	1	1	1	70	50	15
Rivnenska	-	-	-	-	-	-
Sumska	-	-	-	-	-	-
Ternopil'ska	2	6	6	1 504	2609	4 088
Kharkiv'ska	-	-	-	-	-	-
Kherson'ska	-	1	-	-	232	-
Khmeln'ytska	5	5	6	4 357	4 114	3 797
Cherkaska	5	6	4	338	303	728
Chernivetska	15	17	16	7 089	7 034	6 974
Chernihiv'ska	2	3	3	948	919	1 015

Source: Based on State Statistics Service of Ukraine.

Using the data in Table 3 it can be concluded that the overall dynamics of green tourism development in Ukraine is satisfactory. Currently, a unique tourist lifestyle is being created in Ukraine, which forms potential opportunities for the implementation of the entrepreneurial basis of the rural population and becomes a promising factor for improving their living standards in the future.

Table 5. Financial indicators of green (rural) tourism by regions of Ukraine in 2015 – 2017

Region	Income from tourism (excluding VAT, excise and other mandatory payments), thnd UAH			Actual costs of one day of stay, UAH		
	2015	2016	2017	2015	2016	2017
Ukraine	20,0	47,0	105,0	108,7	255,4	257,0
Vinn'ytska	942,2	839,8	937,9	255,8	264,5	286,4
Volyn'ska	58,7	52,7	131,2	223,2	340,0	186,9
Dnipropetrov'ska	-	-	-	-	-	-
Donetska	-	-	-	-	-	-
Zhytomyr'ska	546,5	300,4	501,3	157,4	290,8	371,9
Zakarpatska	-	-	-	-	-	-
Zaporizka	10 553,9	30 463,5	39 214,9	145,8	194,6	253,5
Ivano-Frankiv'ska	-	-	-	-	-	-
Kyiv'ska	306,2	420,1	462,8	69,5	231,1	236,2
Kirovohradska	-	-	-	-	-	-
Luhanska	1 973,5	4 091,8	4 980,1	181,3	201,8	215,8
Lviv'ska	493,0	854,0	1 378,4	300,0	389,1	399,3
Mykolaiv'ska	653,8	649,9	800,9	227,7	195,1	239,4
Odeska	10,0	10,0	3,0	150,0	150,0	150,0
Poltavska	-	-	-	-	-	-
Rivnenska	-	-	-	-	-	-
Sumska	65,3	501,1	1 052,2	41,2	98,5	193,4

Ternopil'ska	-	-	-	-	-	-
Kharkiv'ska	-	106,4	-	-	45,9	-
Kherson'ska	732,6	627,3	839,4	146,5	154,9	193,0
Khmeln'ytska	122,6	140,0	128,5	114,9	126,6	180,2
Cherkaska	1 725,0	2 612,4	2 741,4	134,3	225,2	229,3
Chernivetska	165,7	163,1	317,4	150,0	151,9	192,1
Chernihiv'ska	-	-	-	-	-	-

Source: Based on State Statistics Service of Ukraine.

Green tourism is not a high-yielding business and does not guarantee fast payback. It can be considered to a greater extent as a social rather than an economic project, since it is aimed primarily at removing social tensions in depressed agrarian regions. However, this kind of tourist activities demonstrates a multiplicative socio-economic, cultural-philosophical effect taking into account the peculiarities of world outlook and lifestyle, as well as cultural needs and psychological peculiarities of the middle class.

Green tourism has a good potential in western regions of Ukraine (e.g. the Carpathians). The Carpathians is the mix of unique cultural foundations and traditions with untouched nature. Tourists have the opportunity to combine active recreation with excursions, visiting cultural heritage, folk master classes and entertainment. Equally, promising destination for green tourism is the Shatsky lakes area (Volyn'ska region). An interesting region for green recreation is the Vinnitska region. This region features beautiful landscapes, fish-rich ponds and mixed forests. There will be a great demand for hiking and ethnographic tours. The most depressive in terms of green tourism is the Eastern region. The only exception is the Zaporizka region, in particular the Island of Khortytsia and the places known as the historical location of the Zaporizka Sich, where tourists can feel the glorious past of Ukraine (including participation in various types of ethnic events and festivals).

In order to identify the potential of green tourism in Ukraine, a matrix is formed (see Figure 2). It combines two integral indicators: the ecological competitiveness of and tourism competitiveness. Based on this matrix regions that in the future may become key to the development of elements of green tourism can be identified.

On the X-axis of a matrix is an integral indicator of the ecological competitiveness and on the Y-axis is an integral indicator of the tourism competitiveness. The priority value of both integral indicators is minimal, that is, the closer the region's coordinates is to 0, the greater the potential of green tourism it has.

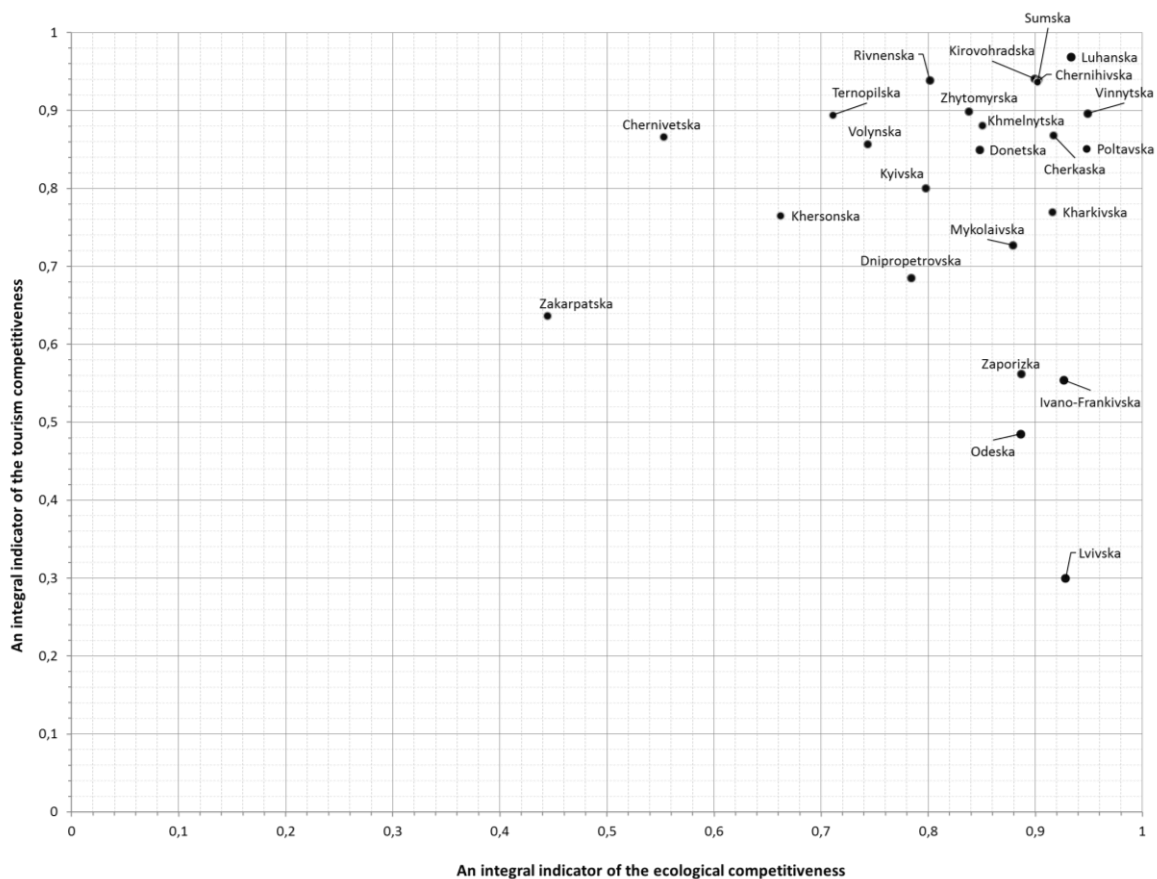


Figure 2. The matrix of green tourism potential (Ukraine's regions)

Source: Own elaboration

Thus, according to the constructed matrix the following conclusions can be formed:

- Sumska region has one of the worst positions on the matrix. Integral indicators of competitiveness are poorer than the results of most regions (but the ecological component is in a better condition than the touristic);
- Lviv'ska, Odeska, Ivano-Frankiv'ska and Zaporizka regions (respectively, in terms of decreasing tourism potential) have the best value for tourism potential, but unsatisfactory indicators of the ecological potential;
- Zakarpatska region has average values for both indicators;
- Kherson'ska and Ternopil'ska regions are characterized by slightly worse than the average indicators on both axes (however, indicators of the Kherson region are better);
- Chernivetska and Volyn'ska regions hold almost identical positions on an indicator of tourist potential. But Chernivetska region takes the second place on an ecological component (after Zakarpatska region);
- Dnipropetrov'ska region is slightly inferior to Volyn'ska region on the ecological component, and inferior to Zakarpatska region – on tourist component;

– Kyivska, Mykolaivska and Kharkivska regions are approximately on the same level in terms of tourism potential. And in accordance with the given sequence change from the best to the worst in terms of the ecological component;

– Rivnenska, Zhytomyrska and Kharkivska regions are approximately on the same level in terms of ecological component. And in accordance with the given sequence change from the worst to the best in terms of the tourism potential;

– Luhanska, Vinnytska and Poltavska regions have the worst positions in terms of the ecological component among all regions of Ukraine. And in accordance with the given sequence change from the worst to the best in terms of the tourism potential.

That is, today the Zakarpatska region has the greatest potential for green tourism. Zaporizska, Ivano-Frankivska, Lvivska, Dnipropetrovska and Odeska regions need to be improved by ecological indicators, and Chernivetska, Ternopilska and Khersonska regions need to be improved by tourist indicators. Other regions need a compulsory improvement in both directions.

Conclusions

The generalization of the above allows to provide the following conclusions:

1. Some negative trends in tourist services market of Ukraine can be explained by the devaluation of the national currency, the decline in purchasing power of the population, the active shadowing of the industry and the increasing popularity of tourist internet services, replacing the traditional forms of tourism business.

2. In addition to traditional types of tourism, new types have recently been developing. Over the past 5 years, special attention has been paid to the development of local tourism and green tourism.

3. Green tourism is not a high-yielding business and does not guarantee fast payback. It can be considered to a greater extent as a social rather than an economic project, since it is aimed primarily at removing social tensions in depressed agrarian regions.

4. In general, green tourism has good prospects for development in Ukraine. The natural potential that Ukraine possesses can undoubtedly become a highly effective platform for the development of this type of tourism in a future. Beginning with the gradual implementation of green ideas in the tourism industry (primarily for the most promising regions according to the matrix in Figure 2), while simultaneously improving the ecological and tourist status of the regions, significant results can be achieved. This can open Ukraine to the international tourist markets as a country with a highly developed network of green tourism services.

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