Tourism Market of Ukraine: The State and Trends of Functioning Through the Activities of Tourist Enterprises

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(Received: 16.01.2020, Revised: 17.02.2020, Accepted: 20.03.2020)

Abstract. The relevance of the study lies in the necessary development of the tourism market of Ukraine. The purpose of the paper is to analyse the state and trends in the development of the tourism market of Ukraine, to identify the place of tour operators in ensuring its functioning. The paper examines the current state of development of the tourism market of Ukraine; analyses the main performance indicators of tourist enterprises; identifies the leaders of the tourism industry in Ukraine; attempts are made to predict the functioning of the tourism market of Ukraine in the near future, considering the challenges of modernity. The activities of tour operators that are engaged in the development and promotion of tourist routes, destinations, and types of tourism, and therefore have a serious impact on the functioning of the tourism industry have been announced. The paper analyses the performance indicators of tour operators in the Ukrainian market and identifies the most powerful of them. The most visited countries by Ukrainians are established. It was stated that tour operators specialise in organising holidays abroad, therefore, there is reason to predict that in the future, the financial capital of Ukrainians will continue to work for the economy of other countries, and Ukrainian tourism will wait for better times. It was recommended that in order to increase the attractiveness of recreation in Ukraine, serious well-coordinated work of state authorities, tourist enterprises, business structures, and public activists is necessary. It is noted that due to the coronavirus pandemic and the economic crisis, it is too early to make any forecasts. Therewith, there are reasons to predict an increase in demand for recreation of Ukrainians within the state this year since foreign countries, especially those most affected by the COVID-2019 epidemic, will not be ready to open their borders to tourists. The rapid development of the tourism market of Ukraine is determined. The study of aspects of the tourism industry development in Ukraine will undoubtedly remain relevant in terms of developing practical recommendations for optimising its functioning.

Keywords: tourism, tourism market, tourist enterprises, tour operators, travel agents

The Problem Statement

In the context of the intensification of globalisation processes, tourism is becoming one of the leading branches of national economies in many countries of the world. At the end of 2017, the share of tourism in global GDP (gross domestic product) was 10.4% (8.3 trillion USD). In the Maldives, which is the most tourism-dependent region in the world, this share is 39.6%. There is a considerable contribution of tourism to the GDP of Malta (15.0%), Croatia (15.0%), Thailand (9.3%), Iceland (9.2%), while in Germany tourism adds 4.5% to GDP, Great Britain – 3.7%, the United States – 2.6% [1].

In Ukraine, despite the enormous tourist and recreational potential and rapid development of tourism, the industry continues to be insufficiently competitive, and its direct contribution to GDP is 1.54% [1]. Due to the lack of human resourcing for the industry, the high cost of hotel services, non-compliance of the service with international standards, the neglect of historical and cultural heritage monuments, problems of an economic, social, and political nature, Ukraine conventionally acts as a “donor” of tourists, and the tourist balance remains negative. The vast majority of Ukrainians choose a vacation abroad, and tourist...
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enterprises help them to organise it. A well-built marketing and pricing policy, the offer, the range of which is constantly updated and adapts to consumer demand, has led to the fact that such companies as “Join up”, “ANEX Tour”, “TEZ Tour”, “TUI Ukraine”, “Coral Travel” are known even to those who have never been abroad, not to mention those who can be called “experienced tourists” [1].

Analysis of Recent Research and Publications

Considering the importance of the tourism sector for the Ukrainian economy and therewith the presence of numerous serious problems that complicate its development, cause low competitiveness despite the enormous tourist and recreational potential, aspects of the problem have been studied by many Ukrainian scientists: O.O. Liubitseva [1], V.F. Kifyak [2], M.P. Malska [3], I.A. Bondarenko [4], T.H. Sokol [5], S.V. Kovalchuk, V.V. Mykolyshyna [6]. Therewith, despite a considerable number of publications on the issues under consideration, some theoretical and practical aspects of tourism development in Ukraine require further deepening.

Purpose of the Study

The purpose of this paper is to analyse the state and trends in the development of the tourism market of Ukraine, to identify the place of tour operators in ensuring its functioning. To achieve this purpose, the research objectives are established: to study the current state of tourism market development of Ukraine; to analyse the main performance principles, including a well-formed marketing strategy, a well-outlined pricing policy and accessibility for consumers, the success of tour operators, also considering the place of tour operators in ensuring the functioning of the tourism market of Ukraine in the near future considering the challenges of modernity.

Research Results

Like other areas of business activity, the tourism market is represented by entities whose activities are aimed at providing consumers with a wide range of services and is characterised by acute competition. The main participants in the tourism industry are tour operators and travel agents, who differ in the range of professional areas, functional diversity, and appropriate systematisation of responsibilities and types of work performed. Unlike travel agents, who are limited to the implementation of intermediary activities for the sale of a tourist product, characteristic and related tourist services, tour operators, in accordance with Article 5 of the Law of Ukraine “On Tourism” [7], are engaged in the creation of a tourist product and it is on them that the overall picture of the development and promotion of tourist routes, directions, and types of tourism depends. Tour operators have a serious impact on the tourism market by creating a tourism product, forming and distributing standards of tourism service.

In general terms, a tourist product is any service (according to Ukrainian legislation, a set of at least 2 services) that serves to meet the basic needs of tourists [7]. The main tourist product is tour – a comprehensive service that includes a basic list of services. The development of a tourist product, as one of the main functions of a tour operator, involves the conclusion of a considerable number of contractual and partnership agreements with third parties: accommodation establishments, catering establishments, transport carriers, establishments that provide active recreation, leisure, and recreation activities, etc. In addition to developing tours, tour operators are also engaged in their information support, promotion – directly to the consumer or through cooperation with travel agents, organisation of tourist services throughout the trip, etc. [8].

The accelerated development of the tourism market has led to increased competition between tourist enterprises, affected their activities, market positions, methods of fighting for consumers. In the case of tour operators, their competitiveness considerably depends on the ability to form, promote, and sell a tourist product, the validity of the price offer, availability in customer service, ensuring an equally high level of quality and safety of all tourist goods and services [9].

Each of the tour operators is a specialist in creating a particular tourist product, forming routes in a particular direction, is recognisable on the market and thus has a profile formed. The profile feature of a tour operator is the dominant types of recreation, tourist routes, and geographical directions, the sales volume of which the tour operator has the maximum and provides them with the main profit, and is also an evidence of the professionalism and special skill of the staff, due to which tourists determine the tour operator as the best among those operating within a particular region and turn to them repeatedly. The profile of a tour operator, as is known, is created due to a number of principles, including a well-formed marketing strategy, a well-thought-out pricing policy and accessibility for consumers, competitiveness, the ability to predict the actions of competitors in the tourism market, and the subordination of activities to the influence of environmental factors [10].

Given the growing competition, operating in the tourism market requires tour operators to have outstanding professional skills, high qualifications, and up-to-date knowledge. The success of tour operators, also considerably depends on how decisive and motivated their steps in the market are, how much the policy implemented corresponds to the current market situation, how popular the offer they have formed is among tourists, etc.

According to official statistics, in the Ukrainian tourism market during 2014-2018 (Fig. 1) there was a rather ambiguous situation: the number of tour operators ranged from 667 in 2014 to 529 in 2018, reaching the minimum value in 2017 – then the needs of tourists were met by 498 tour operators, and in 2018 their number increased by 31 (6.3%). The number of travel agents (legal entities and individuals) was constantly growing – from 2547 in 2015 to 3565 in 2018 (an increase of just under 40%) [11].
The monitoring of the dynamics of the number of tourists served by tourist enterprises of Ukraine (Fig. 2) showed the leading positions of tour operators, which is quite justified since they are manufacturers of touristic products and act as reliable guarantors for the sale of services. During 2014-2018, tour operators reached the highest level in terms of the number of tourists served in 2018, organizing holidays for 2351338 people. In general, in 2018, the subjects of the tourism market of Ukraine (tour operators and travel agents) served a record number of tourists – 4557447 people. Therewith, the share of tour operators was 51.6% (2351338 people), the share of travel agents – legal entities – 35.2% (1606285 people), travel agents – individuals – 13.2% (599824 people). Compared to 2017, the total increase was 62.4% (1751021 people) [11].

This situation became possible due to the increase in the purchasing power of citizens, as well as the ongoing development of a “culture of recreation”, the growing availability of recreation abroad, namely, it owns the “lion’s share” in the structure of recreation of Ukrainians by geographical principle [11]. In general, the analysis of the income of tourist enterprises showed a positive trend (Fig. 3).
Thus, during 2014-2018, the revenues of tour operators grew rapidly – from 4233.7 million UAH in 2015 to 2 0307.5 million UAH in 2018, while the largest increase in revenues was in 2016: compared to the previous year, it amounted to 6749.4 million UAH (159.4%). The positive dynamics of income growth of travel agents – individuals was constant: from 210.9 million UAH in 2015 to 501.1 million UAH in 2018. As for travel agents – legal entities, in 2016, compared to the previous period, their income decreased but in 2017 there was a positive trend, which continued the following year. Thus, in 2017, the income of travel agents – legal entities increased by 33.8 million UAH, in 2018 – by 4.1 million UAH. Thus, tour operators remained the main “player” in the tourism market, their revenues grew most rapidly and they accounted for the “lion’s share” of them: as of 2018, the revenues of tour operators amounted to 94.3% of the total revenues of the tourism market of Ukraine [11].

According to the Ministry of Economic Development and Trade of Ukraine (as of now – the Ministry of Economic Development, Trade and Agriculture of Ukraine), as of January 1,2019, 2737 licensed tour operators worked in Ukraine [12]. According to the 2019 rating compiled by specialists of the online publication [13], the top three companies (in terms of the number of tourists served) included “Join up” (1015475 people), “ANEX Tour” (821730 people), and “TUI Ukraine” (450000 people) [13]. Compared to 2018, there was a kind of rotation in the top three – “TPG”, which was previously the third, lost ground in 2019, and dropped one step lower, while “TUI Ukraine”, which was previously the fifth, considerably strengthened its presence in the tourism market. In addition to these three operators, the top ten leaders of the tourism market also included “TEZ Tour”, “Coral Travel”, “PEGAS Touristik”, “Accord-tour”, “Compass”, and “ALf”. Notably, not all tour operators submit reports on the results of their activities to the Ministry of Economic Development, Trade and Agriculture of Ukraine (for example, in 2018, only 537 (19.6%) companies submitted information), and the Office for National Statistics of Ukraine does not have such reports. Therefore, the rating of tour operators formed by the online publication [13], although it has already managed to become conventional, remains somewhat hypothetical.

It is worth paying attention to the rating of tour operators compiled by the Association of Travel Agencies of Ukraine. Considering such criteria as compliance with the declared charter programme, flight postponements and delays, frequency of non-visits to booked hotels, assessment of the work of guides, etc., according to the results of 2018-2019, “TEZ Tour”, “’PEGAS Touristik”, “TUI Ukraine”, “Coral Travel”, “Compass” were among the five most reliable tour operators. Therewith, the market leader “Join up” was left far behind due to repeated flight delays [14].

As for the most visited countries by Ukrainians, in 2018-2019, Egypt was the first, the second place was taken by Turkey. However, the demand for holidays in Turkish resorts in 2019 increased more than twice (from 13.0 to 26.07%), while the popularity among Ukrainians of holidays in Egypt considerably decreased (from 71.0 to 48.28%) (Table 1-2). The fact that Turkey occupies only the second position is explained by the seasonality of holidays, while Ukrainian tourists fly to Egypt for holidays throughout the year. According to the data, the UAE also remained in the “top three” (3.59% of travels in 2019) [14].

[76]
Table 1. Travels of Ukrainian tourists by country in 2018, %

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<td>Sri Lanka</td>
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<td>Thailand</td>
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Table 2. Travels of Ukrainian tourists by country in 2019, %

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Source: [11]

“Discovery of the year” was China: it was visited by 3.15% of Ukrainian tourists [15].

In 2019, the leaders in the direction of Egypt were “Join up”, “ANEX Tour”, and “TEZ Tour” – they accounted for 76.1% of tourist travels [16]. The “top three” in the direction of Turkey was formed by “ANEX Tour”, “TUI Ukraine”, “TEZ Tour”, with a total share of 61.4% (according to the results of the summer season), while such a market leader as “Join up” took the fourth place (11.4%) [17].

Notably, tour operators that are in demand in Ukraine specialise in organising holidays abroad, while Ukrainian tourism, which requires special promotion and support for development, remains out of their attention. If the current situation persists, the leaders of the tourism industry will increase their presence in the Ukrainian market in the future, and more Ukrainians will go on vacations abroad. Consequently, the money of Ukrainian citizens will work for the economy of other countries and Ukrainian tourism will continue to wait for better times.

As for the recreation in 2020, the previous forecasts have lost their relevance due to the coronavirus pandemic and the economic crisis, the true scale of which is difficult to evaluate today [18]. However, there is no doubt that the number of tourists will significantly decrease and the tourism industry will suffer catastrophic losses. In mid-March, almost immediately after the official announcement of quarantine in Kyiv, Ukrainians began to return pre-purchased trip vouchers en masse, while bookings for the May holidays and summer period occur at the level of 10% of sales in the same period of the previous year [14].

Conclusions

During the analysed period, the tourism market of Ukraine developed rapidly, as evidenced by both an increase in the number of travel agencies, an increase in the number of tourists for whom they organised recreation, and an increase in the profitability of the industry. Based on the fact that Ukrainians mostly choose other countries for recreation, it would be possible to predict the next strengthening of the presence of tour operators in the Ukrainian market, in particular those who have already managed to gain a reliable foothold in it, due to the coronavirus pandemic and the economic crisis, it is too early to make any forecasts. In the face of current challenges, the study of aspects of the tourism industry development in Ukraine will undoubtedly remain relevant, especially in the aspect of developing practical recommendations for optimising its functioning.

References


Список використаних джерел


Туристичний ринок України: стан та тенденції функціонування крізь призму діяльності туристичних підприємств

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Анотація. Актуальність дослідження полягає в необхідній активізації розвитку туристичного ринку України. Метою статті є аналіз стану та тенденції розвитку туристичного ринку України, з'ясування місця туристичних операторів у забезпеченні його функціонування. У статті було досліджено сучасний стан розвитку туристичного ринку України; проаналізовано основні показники діяльності туристичних підприємств; з'ясовано лідерів туристичної галузі України; зроблено спробу прогнозу функціонування туристичного ринку України на найближчу перспективу, з урахуванням викликів сьогодення. Проаналізовано діяльність туристичних операторів, які займаються формуванням та просуванням туристичних маршрутів, напрямів і видів туризму, а тому здійснюють серйозний вплив на функціонування туристичної галузі. Проаналізовано показники діяльності туристичних операторів на ринку України, виокремлено найбільш потужних із них. Відзначено найбільш відвідуваних країн для українців. Констатовано, що туристичні оператори спіцілізуються на організації відпочинку за кордоном, відтак, є підстави прогнозувати, що у перспективі фінансовий капітал українців надалі працюватимуть на економіку інших держав, а український туризм чекатиме кращих часів. Зроблено рекомендацію, що для підвищення привабливості відпочинку в Україні, необхідною є серйозна злагоджена робота органів державної влади, туристичних підприємств, бізнесових структур та громадських активістів. Зазначено, що у зв'язку з пандемією коронавірусу та економічною кризою будь-які прогнози робити заразо неможливо. Водночас, наявними є підстави прогнозувати у поточному році збільшення попиту на відпочинок українців всередині держави, адже зарубіжні країни, особливо ті, що найбільше постраждали від епідемії COVID-2019, не поспішать відкривати свої кордони для туристів. Визначено стрімкий розвиток туристичного ринку України. Дослідження аспектів розвитку туристичної галузі України, безперечно, залишається на часі в аспекті розробки практичних рекомендацій щодо оптимізації її функціонування.

Ключові слова: туризм, туристичний ринок, туристичні підприємства, туристичні оператори, туристичні агенти