

## DEVELOPMENT OF THE TOURIST SERVICES MARKET IN UKRAINE UNDER CONDITIONS OF TRANSFORMATION CHANGES

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**Abstract:** The article is dedicated to the investigation of market functioning peculiarities of tourist services in Ukraine and the influence of the level of profits of the population on the development of the tourist branch. A characteristic of theoretical bases of the category «tourist service» is investigated from different approaches. Basic tendencies of the market development of tourist services for the period 2014-2018 were analysed. Diagnostics of tourist flows according to the regions of the world was performed and the tendency of tourism role growth both on the local as well as on the international levels was established. Due to the usage of the systemic analysis method a close connection was proved to be between the level of profits of a consumer and the level of profits of a tourist enterprise which influences on the formation of gross domestic product of the country.

**Key words:** tourism, tourist infrastructure, tourist flows, inbound tourism, non-residents

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### INTRODUCTION

Today tourism is considered to be one of the most perspective directions of social-economic development of the country, regions, towns as the tourist industry generates 11 % of the gross product in the world. If using the analytical method we stop on the characteristic of separate indexes then according to the data of the International tourism organization the contribution of the tourism field in producing gross domestic product has a different figure in every country. For instance, it is 4% in Great Britain, 20% in the countries of the Caribbean region. A direct economical contribution of tourism into GDP of Switzerland is 5.6%, and indirect one due to a multiapplied effect of tourism is 2.6. Total contribution of tourist business into GDP of Switzerland is 8.2% (Tourism industries, 2019). In 2015 about 983 million foreign tourists used services of the tourist field and in 2017 their number was 1 billion persons. At the end of 2018 the turnover of the world tourism was more than 1.2 trillion US\$. The USA. More than 235 mln people work in tourism or every 12 worker (Tourism Dashboard, 2019). According to the data State Statistics of Ukraine, the contribution of the tourism industry in Ukraine is valued as 1.3 mln US\$ by experts or 1.4% GDP. 1.2% of the total number of the employed in the country is in the sphere of tourism (Ukraine Gross Domestic Product).

In comparison, in Poland the tourism field is valued as 8 mln US\$ or 1.7 % GDP, the employment is 1.7% of the total number of the working population; in Turkey it is 35.9 US\$ or 5 % GDP (Ukraine Gross Domestic Product, 2019). According to the data of the World Travel & Tourism Council (WTTC), the part of Ukraine in tourist flows of Europe is approximately 4% and about 0.9% in general European income from the tourist activity (<https://wtcc.org/en-gb/Research/Insights>). So a maximum 2018 – the number of citizens who came to Ukraine was 14.2 mln people in least number were 12.4 mln people in 2015. And in 2018 the number of foreigners that visited Ukraine decreased in comparison with 2017 for 1.4% (Felenchak, 2019; Melnychenko and Shvedun, 2017).

According to the index of competitiveness in the field of travelling and tourism in 2018 Ukraine got 3.5 points from 7 possible and held 88 place among 136 countries of the world having lost 12 positions in comparison with 2013 (<https://m.tyzhden.ua/publication/227774>). A low level of the usage of Ukraine tourist potential is confirmed by small volumes of export of tourist services. As we see Ukrainian market of tourist services develops quite slowly and is not characterized by a stable growth. So we can say that Ukraine has not used an available resource potential of the tourism field to the full extent. In its turn, as investigations show the development of the tourist service market causes a stimulative influence on forming profits of regions, encourages the development of flexible forms of employment for the population. Thus all expenses that tourists have during travelling are profits of the subjects that give goods and services. The more is the sum and diversification of the tourist expenses, the greater is the indirect influence of the tourist field on the social-economic development of the country in general. But even a significant tourist potential does not give a guarantee for a successful tourist industry. As a result the necessity of finding obstacles is of urgent topicality. They are in the base of the full value use of the potential of the tourist industry field and distinguishing strategic directions of the tourist service market development of Ukraine.

### MATERIALS AND METHODS

The survey of a recent literature proves that there is a number of significant investigations as to the development of tourist market. Works of Ukrainian scientists that are dedicated to a characteristic of theoretical aspects of the tourist service market such as Malska et al. (2003), in which due to the method of empirical investigations laws and conformities of tourism field development were determined, peculiarities of the forming of working mechanisms of the tourist field functioning in Ukraine under the conditions of transformational changes were distinguished (Lyubitseva, 2002). In particular, in the scientific work of Bepala (2017), the analysis of tourist flows of Ukraine by statistical methods was conducted, on this basis, the tourist potential of Ukraine was determined. The article by Smyrnov and Smyrnova (2016) explores a current state of Ukrainian tourism, as well as the features and perspective directions of its development, to define a strategy for

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increasing the attractiveness of Ukraine as a subject of the tourist services market at the international level. In the investigation of Mazur (2019) main directions of macroeconomical strategy of Ukraine coming on foreign markets of tourist services due to the method of economical-mathematical modeling were distinguished. In the work of Smyrnov and Smyrnova (2016) the content and different approaches to competitiveness evaluation of countries in the world tourist market were found, the place of Ukraine in the rating of competitiveness Index in the field of travelling and tourism was defined and constituents of index for Ukraine were characterized. Scientific methodological aspects of a stable social economical development of Ukraine were covered in the works (Mikhalyova, 2013).

Eight principles of innovation in tourism were distinguished by a Ukrainian scientist Kalchenko (2011), positive and negative factors were proved which influence on the process of realization of an innovative activity in tourism, and also a classification of innovations in tourism for activation of market activity of tourist services were given. The usage of the historical-chronological approach gave a possibility for authors Zbarsky and Gribova (2020) to distinguish four stages of the world tourist field evolution with the level of infrastructure provision of the country in the base of each. The usage of the comparative analysis in the context of conformity investigations and the study of development tendencies of the tourist service market caused to the following general conclusions: firstly, as an approval of the opinion Korol (2017); (Malska et al., 2003) tourism in a global world becomes a profitable field, secondly, it is an effective way of forming positive qualities in people, tolerance and respect to different cultures (Bespala, 2017). Thirdly, the tourist industry is a struggle of two oppositions, globalization and regionalization (Gontarzhavska, 2019; Kifyak, 2003). Despite the large number of studies on the subject and the significance of the scientific results obtained, it should be noted that important practical issues of research into the development of the tourist services market remain unresolved. For example, the systematic approach to analysis proposed in the article shows that our country has a small share in the world and European inbound tourism market, mainly serving as a tourist supplier to these markets, which means an outflow of funds from the country and influences the formation of gross regional product (Badik et al., 2019). Therefore, the purpose of the article is to analyze the tourist services market of Ukraine for the period 2014-2018 with determining the activity of inbound and outbound flows by country. Selection, according to the results of the survey among the respondents, "strengths" and "weaknesses" of the development of the tourist services market of Ukraine. Justification of the five major structural changes in tourism based on the Government's 2026 Tourism and Resorts Development Strategy. At the same time, it is taken into account that activation of the subjects of tourist infrastructure, within separate administrative and territorial entities, can be the most important step to the formation of a competitive tourist product of local importance, which will positively influence the formation of the revenue part of the regional budgets. Such a comprehensive analysis will help to formulate priority actions to achieve the goal.

## RESULTS DISCUSSIONS

In their studies, some scholars only superficially consider the nature of the tourist service, because such a characteristic as "a set of actions in the field of service" is more in line with the definition of "tourist product" rather than "tourist service". Let us dwell more on the interpretation of the essence of individual representatives. Thus, according to Felenchak, (2019) "tourist service is a complex concept that includes all possible material and intangible components for tourists". According to Zaitseva and Kornienko (2012), a tourist service is a production activity, because it requires a production plan and a strict adherence to the time-bound sequence of actions performed. Harbera (2010) proposes to define tourism service as "a segment of the service sector aimed at meeting the needs of consumers of a tourism product based on the sale of a specific tourist resource". Korostashyvets (2010) offers a similar definition of content, considering the tourist service as: "... a segment of the service sector that provides for meeting the needs of people and realizing their activities in the process of recreation, development, travel."

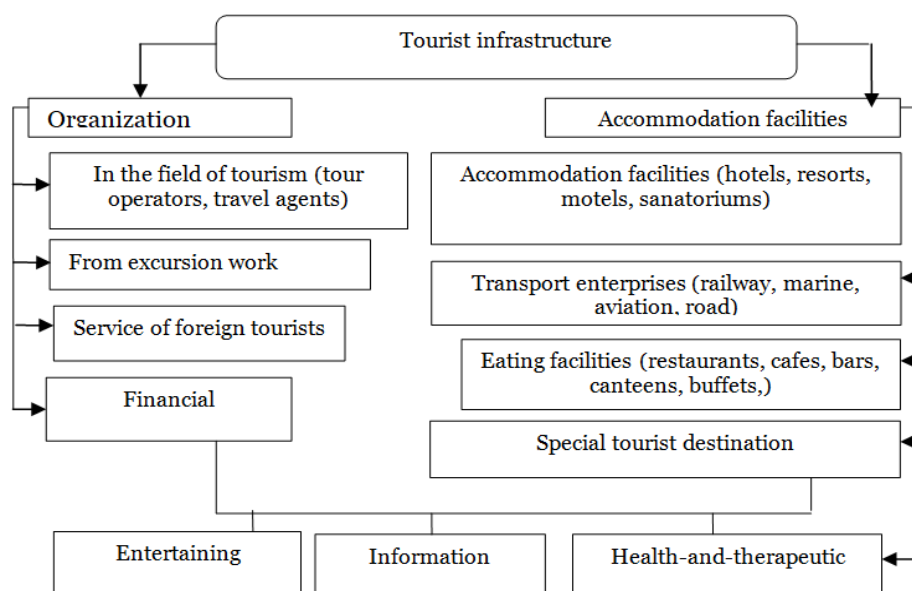


Figure 1. Components of tourism infrastructure  
(Source: compiled on the basis of information from the Department of Tourism and Resorts, 2019)

The analysis of the multivariate format of opinions of scientists gives an opportunity to define the tourist service as the activity of tourism enterprises, aimed at meeting the specific tourist need by providing a separate service or their complex. In turn, as Malska and Khudo (2007) argue, the tourist services market is a sphere of meeting the needs of the population in services related to leisure and meaningful leisure travel. The specificity of the tourism market is that it is mainly the implementation of services. Travel goods and services can only be consumed if the consumer is in the place where they are consumed, whereas ordinary goods and services are ready for consumption when they are delivered to the place of consumption. The peculiarity of the tourist market is the professional disconnection of the tourist service producer, their consumer and the contractor of the purchased service. Undoubtedly, the infrastructure elements of the tourist services market are entities. According to the Law of Ukraine "On Tourism" entities that carry out and/or provide tourist activities: "...

are legal and natural persons who create a tourism product, provide tourist services (transportation, temporary accommodation, food, excursion, resort, sports, entertainment and other services) or provide intermediary activities for the provision of typical and related services, as well as citizens of Ukraine, foreigners and stateless persons (tourists, sightseers, visitors and others) in the interests of which tourist activity is seen (Law about tourism, 2018). The interaction of the subjects of tourist activity of Ukraine is shown in Figure 1.

In general infrastructure, as an economic category, is sufficiently studied. The scientific search in this area is characterized by multiple approaches and copyright positions for the interpretation of its essence. Bogdanova (2015) divides the entities in the tourist services market into two groups: entities that carry out and provide tourism activities and other entities. "The subjects that carry out and provide tourist activity are tourism operators and travel agents". "Other entities include entities that may provide temporary accommodation, catering, sightseeing, entertainment and other tourist services". These classifications of tourist entities indicate a central role in the provision of a comprehensive end-product for tourism by operators and agencies. At the same time, the identification of the mentioned tourist entities is erroneous due to the different specificities of the implementation of tourism activities and their functions in the market of tourist services for consumers. A tourist service refers to a set of actions by tourism industry entities that are provided to an individual or a group of individuals to meet the needs associated with moving for a certain period of time for the purpose of rest, recovery, training and more. A competitive tourism service should reflect the optimum value for money. In 2005, Ukraine received full membership of the European Tourism Commission, whose main task is to create a common space for European tourism by pursuing a coherent policy through an integrated image (<http://www.umg.ua>). In general, the process of developing the tourist services market is a complex multi-stage system of development of interconnected entities that are closely linked, systematic interaction and multidimensional intense interaction (Rudenko et al., 2019). In the process of analysis, it was established that in Ukraine for the period 2014-2018 years observed growth and slowdown in the dynamics of tourist streams (Figure 2).

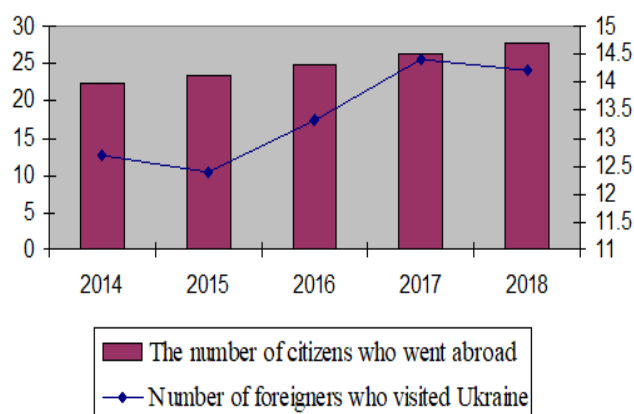


Figure 2. Tourist streams in Ukraine for 2014-2018 years  
(Source: State Statistics Service of Ukraine, 2019)

Thus, the statistics, on the number of foreign nationals who came to Ukraine, show that after 2014 there is a dramatic decrease in visits due to political instability, military conflict, and unfavorable criminal situation in the country. The maximum number of citizens entering Ukraine was recorded in 2018 - 14.2 million people, the smallest in 2015 - 12.4 million people. In contrast to the rapid decline in the number of citizens who came to Ukraine in 2015, the number of Ukrainian citizens who went abroad was ascending. For objective reasons, the number of citizens leaving for the purpose of the tourism trip decreased, while the number of citizens aiming for labor migration during socio-economic instability in the country increased from 26.4 million in 2017 to 27, 8 million people in 2018, up 5.3%. Although traditionally border areas are the leaders in terms of the number of visits to Ukraine, compared to 2017 in 2018, the number of foreign tourists increased from the Russian Federation alone by 1.2% or by 18.2 thousand. In turn, the tourist flow of people from Moldova by 2.5%, Belarus by 2.4%, and Poland by 4.1% and Hungary by 13.6%, more detailed information on the tourist traffic is shown in Figure 3.

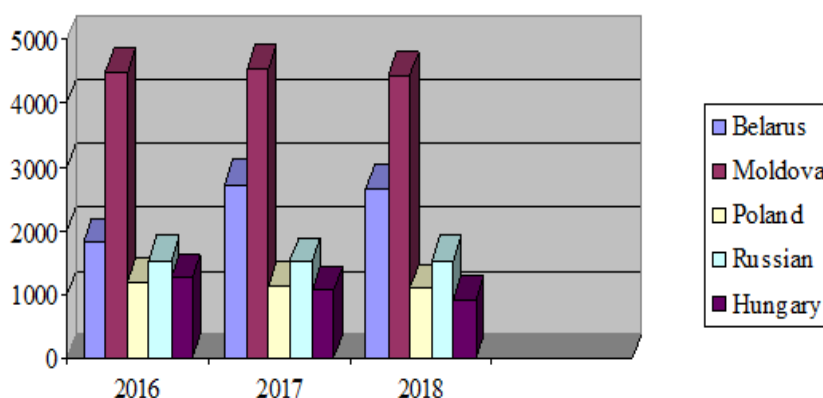


Figure 3. The entry of foreign citizens to Ukraine (by countries)  
(Source: compiled on the basis of information from the Eurostat, 2019)

Visits to Ukrainian border countries in 2018 decreased, while non-border ones increased: the UK by 47.3%, China by 38.8%, Lithuania by 23.4%, Israel by 21.7, the United States by 19.7%, the Czech Republic 16.0%, Italy 15.4%, Germany 13.3%, France 9.2%, Bulgaria 7.9%. According to the World Tourism Organization, more than 800 million people travel annually. In more than 40 countries, tourism is a major source of national budget revenue. For example, in Spain, the share of foreign tourism revenue in total exports of goods and services is 35%, in Cyprus and Panama more than 50%, in Haiti - more than 70% (Rudenko et al., 2019). The leading places on the state contribution to the

development of entrepreneurship in the country are Germany, Japan, USA, UK, and Switzerland. For example, Cyprus invests € 20 million in the promotion and generates revenue of \$ 2 billion; Georgia uses a budget of approximately \$ 18 million. The United States of America is the biggest contributor of travel and tourism to the world's GDP. According to the State Statistics Service of Ukraine, the share of Ukraine in the tourist flows of Europe is about 4% and about 1% - in pan-European revenues from tourist activities (<http://www.ukrstat.gov.ua/>). In turn, in Ukraine, a large number of travel companies focus on inbound tourism, that is, send Ukrainians to vacation in foreign resorts.

Because of this, the number of people leaving the country significantly exceeds the number of those who visit our country, this is one of the factors that have a negative impact on the budgeting of our country. As you know, the active tourism potential of Ukraine depends on the indicators of the direct and general contribution of tourism to the gross domestic product, employment, filling of the revenue part of the budget (Table 1). Taking a closer look at the characteristics of these indicators, it should be noted that during the period 2014-2018, the share of direct revenues from tourism activity in the structure of GDP production increased slightly from 1.42% to 1.44% respectively over the years. At the same time, in recent years, the total contribution of tourism to the GDP of the country has significantly increased, more than doubling or by USD 1.1 billion, which indicates that the tourism industry, although slow, is gaining importance for the development of the economy and social sphere of Ukraine. The tourism industry's direct contribution to employment has fallen from 224.1 thousand people in 2014 to 206.2 thousand people, or 8.7% in 2018. The dynamics of the overall contribution of tourism to employment is negative: there has been a decrease in jobs due to tax collisions on hired workers. Compared to the global trends for 2018, the share of direct contribution of tourism to GDP is 4.4%, the share of total tourism contribution to GDP is 9.4%, and as opposed to foreign countries in Ukraine these indicators are rather low: 1.44 % and 1.3% in accordance. Analysis of the dynamics of capital investments for 2014-2018 shows a 13.1% increase in money investments in the tourist market. A similar trend is observed in revenues from tourism services, as their share increased slightly from 3.5% in 2014 to 3.7% in 2018, respectively, increasing the share of tourism development spending from 7.8% in 2014. to 12.1% in 2017, data for 2018 are not available in official statistical reports.

Table 1. Characteristics of the tourism market of Ukraine  
(Data source: Department of Tourism and Resorts, 2019; Ministry for Development of economy, trade and agriculture of Ukraine)

| №   | Indicators  | Years |       |       |       |       |
|-----|---|-------|-------|-------|-------|-------|
|     |   | 2014  | 2015  | 2016  | 2017  | 2018  |
| 1.  | Direct contribution of tourism to GDP, billion USD                    | 1,3   | 1,7   | 1,3   | 1,5   | 1,7   |
| 2.  | Direct tourism contribution to GDP, %                                 | 1,42  | 1,43  | 1,45  | 1,45  | 1,44  |
| 3.  | Total contribution of tourism to GDP, billion USD                     | 5,3   | 6,7   | 5,1   | 6,1   | 6,4   |
| 5.  | Direct contribution of tourism to employment, thousand people         | 224,1 | 213,4 | 208,6 | 207,8 | 206,2 |
| 6.  | Direct contribution of tourism to employment, %                       | 1,2   | 1,3   | 1,3   | 1,3   | 1,3   |
| 7.  | Capital investment in tourism, million USD                            | 312   | 309   | 278   | 330   | 353   |
| 8.  | The share of revenues from tourism in total exports of the country, % | 3,5   | 2,1   | 2,2   | 3,7   | 3,7   |
| 9.  | Share of tourism expenditures in the country's total imports, %       | 7,8   | 10,8  | 12,0  | 12,1  | -     |
| 10. | Receipts of tourist tax in local budgets, million USD                 | 1,5   | 2,3   | 2,1   | 2,5   | 3,2   |

Table 2. Description of problems and perspectives of the Ukrainian tourist services market development  
(Data source: on the basis of research of the Ukrainian Marketing Group, 2019)

| № п/п | The essence of the problem  | %    | № п/п | Perspective  | %    |
|-------|---|------|-------|--|------|
| 1     | Lack of sufficient information about Ukrainian tourist product        | 39,2 | 1     | Convenient logistics by attracting investments in tourist infrastructure development | 25,6 |
| 2     | Unstable political situation  | 25,3 | 2     | Implementation of EU tourism legislation   | 20,3 |
| 3     | Lack of qualitative transport infrastructure and efficient logistics  | 20,6 | 3     | Ensuring the safety of tourists and protecting their legitimate rights and interests | 20,1 |
| 4     | Problems with service and qualified personnel in the field of tourism | 12,1 | 4     | Improvement of the Ukrainian information field                                       | 15,6 |
| 5     | Unfair competition  | 2,8  | 5     | Improvement of the system of professional training of tourism specialists            | 18,4 |
| Total |   | 100  | Total |  | 100  |

In addition, it should be noted that the amount of revenues from the payment of the tourist tax in 2018 amounted to \$ 3.2 million, which is \$ 1.7 million more than in 2014. In the TOP-5 regions of Ukraine (according to the results of four years), the largest amounts of revenues from the payment of tourist tax to local budgets included: Kyiv - \$ 1.1 million (36.4% of the total amount of the tourist tax); Lviv region - \$ 473.0 thousand (14.8%); Odessa region - \$ 409 thousand (12.7%); Transcarpathian region - \$ 134 thousand (4.2%); Ivano-Frankivsk region - \$ 130 thousand (4.1%). However, if we analyze the share of tourist tax in the structure of gross regional product in the regional section, it should be noted that these figures are, alas, very small. Thus, in the results of 2018, the Lviv region holds the first position with an indicator of 9.1%. Transcarpathian region - 8.9%, Odessa and Kherson region - 7.7% each; Ivano-Frankivsk region - 5.7% (Department of Tourism and Resorts, 2019). The prospects for the development and creation of the tourist sphere of Ukraine are extremely large, because virtually every region has its own features that will become a business card of the country. Based on the above analysis, it should be noted that in Ukraine, although not high rates, but there is a resumption of tourist activity. From the above, it is obvious that in the current economic environment, the tourism industry is becoming increasingly important. However, in the process of work, it is quite common to encounter all sorts of obstacles. In the period from 01/01/2019 to 01/04/2019, a survey of 450 respondents from Chernivtsi Ivano-Frankivsk and Lviv regions (Ukraine) features of tourist services development (Table 2). According to the results of the study, the obstacles that are a weak side of the development of the tourist services market of Ukraine were identified:

1. 39.2% of the surveyed subjects stated that this was a "lack of positive information about the Ukrainian tourism product", or rather, a lack of a coordinated, highly-qualified system of measures to promote Ukraine's tourism product to the world market.

2. The political situation in the country, the lack of protection and efficient use of domestic tourist resources by the state, also have a detrimental effect on the development of the tourism industry, according to 25.3% of respondents. It should not be forgotten that two years ago, Ukraine was in the TOP-10 most dangerous countries for tourism and travel, according to the rating of the World Economic Forum, Davos 2017 (Tourism industries, 2019). Although as of July 1, 2019, we have risen from 127 to 107 position, but on the websites of the Ministries of Foreign Affairs of the countries there is enough warning about the threat of visiting Ukraine.

3. Of course, the transport infrastructure of Ukraine has a lack of quality roads and efficient logistics - 20.6%. Transport, in general, satisfies the needs of the economy and the population, however, its efficiency, level of safety, quantity and quality of services for transportation of passengers and cargo, environmental protection do not fully meet the requirements of consumers and the principles of the concept of sustainable green development. Transport logistics is a factor in realizing the country's geostrategic potential, and its role in the international division of labor is only growing (Pohuda and Rozmetova, 2018). The quality of transport services will influence the tourist flow to Ukraine.

4. 12.1% of respondents believe that the attractive image of Ukraine in the international arena should be created by a new generation of qualified staff of the tourism industry, which will enhance the traditions of Ukrainian hospitality and provide a high level of service to domestic and foreign tourists.

As noted by Gontarzhavska (2008), another part of the problem is related to the mismatch of the tourism infrastructure to international standards. First, it is related with the low capacity of tourist facilities. For example, if in the EU countries for every 10 thousand population there are at least 20-30 places in hotels (mostly 2-3-4 stars), then in Ukraine no region meets these standards. The single capacity of hotels, motels, campsites, tourist bases is only 127.8 thousand places, catering establishments - only 12.3 thousand places. Secondly, the cost of services provided by tourist infrastructure establishments does not substantially coincide with their quality. Third, tourism infrastructure is largely morally and physically obsolete. It was created mainly in 1965-1988 on outdated projects and needs reconstruction. For example, among Kyiv hotels, only less than ten meet the requirements of tourists from developed countries. Fourth, the condition of tourist routes is inadequate, due to the lack of equipped resting places, shelters, lack of an international signage system.

5. Unfair cases of unfair competition in the provision of tourist services are not uncommon, as 2.8% of the respondents believe. At this stage of development, Ukraine can be attributed to the countries with an average level of tourism product development, although this does not sufficiently utilize favorable conditions for the proper development of inbound tourism. Building a tourism industry in Ukraine that would successfully integrate into international tourism relationships is one of the leading areas of structural restructuring of the country's economy. Favorable conditions for the formation of a national market for competitive tourism services should be created by the state on the basis of new economic mechanisms, in an open economy. Therefore, taking into account the basic principles adopted by the Government of the Strategy for the Development of Tourism and Resorts of Ukraine for the period up to 2026, a set of actions was formed to activate the subjects of the tourism industry market at the appropriate levels, Table 3.

Table 3. Directions of activation of the tourist services market of Ukraine  
(Data source: Tourism and Resort Development Strategy for the period up to 2026, 2019)

| №              | Directions                                       | Characteristics  |
|----------------|--|--|
| State level    | Amendments to the Law of Ukraine "On Tourism"    | Amendments to the legislation of Ukraine on the detailed interpretation of the rights and obligations of foreign tourists to ensure safe movement of tourists and increase the responsibility of the country for violations.   |
|                | VAT rates  | Exemption from VAT in the field of domestic and inbound tourism; Application of reduced VAT rate for hotels (if certified) and other entities in the tourism industry (Kolosinska et al., 2018).   |
|                | Development of tourist attraction of the country | The tourist positioning of the country should give tourists a good reason to come to Ukraine. The letter "U" (from English. Ukraine) combines different symbols and drawings: bandura as a symbol of the Ukrainian musical tradition, rock guitar - a symbol of the popular current in modern music, creativity, talents and bright elements that reveal the soul of the Ukrainian people.   |
|                | Innovations in tourism                           | One of the innovations in the logistics of tourism is the "just in time" approach at all levels of the tourism industry (Srednitskaya and Humena, 2018: 698). This approach is also called the "Pull system". Since tourism logistics and recreational resources are crucial in tourism logistics, this approach will contribute to the formation of tourist flows at a specific place at a specified time.  |
| Regional level | Development of tourist clusters                  | The formation of a competitive tourist and recreational cluster continues to do so (Chir and Kacharovskiy, 2017). Considering the creation and promotion of a national destination as a cluster unit. Applied in Ukraine, which operate in a classic style, can be called a "resort", which does not lose its innovative composition, and it imparts world infrastructure storage, and it has a well-established brand of "resort-type destinations".          |
| Local level    | Professional training of specialists             | A high level of specialist training can ensure the proper competitiveness of the Ukrainian tourism product in the domestic and international tourist services markets. Within the framework of the implementation of the Bologna Process, certification of UNWT. OedQual quality standards remains an important area of activity for educational institutions (Vinogradova and Soldatov, 2009).  |
|                | Work in united territorial communities           | The development of the tourist services market in the united territorial communities contributes to: increase in budget revenues (personal income tax, ESV, land tax, etc.), is the most powerful incentive for development for small and medium-sized businesses (in more than 50 related sectors of the economy), facilitates job creation (every 26 tourists create 1 job), develop infrastructure, improve quality of life, reduce outflow (Gorina, 2016). |

Based on the above, the strategy for the development of the tourist services market in Ukraine should include five main directions and an appropriate system of measures:

1. Improvement of legal bases of regulation of internal foreign economic relations of tourist enterprises. After all, state support to the tourism sector plays an important role in the implementation of tourism activities. At the same time, as noted by Aparina, (2015), the real steps of state support for priority tourism for Ukraine can be as follows: for inbound and domestic (in particular, simplification and harmonization of tax regulation: exemption from value added tax on exports of services and reduction income tax rates, promotion of tourist opportunities of Ukraine abroad, including providing at the expense of the state budget partial financing of the costs of participation of tour operators in prestigious tourist exhibitions Closed events held abroad, etc.).

2. Increasing the level of financing of attractive tourist facilities and related infrastructure for foreign tourists. As a result of effective development of tourism industry, Ukraine faces an opportunity to enter a new quality level of development in tourist sphere. However, confirming Gorina (2016) opinion, it is important to introduce high standards of economic, political and social spheres, to ensure stability and a sufficiently high level of socio-economic indicators in the long-term perspective.

An interesting example of the integration of the state and the tourism sector, according to Stoyka (2011), is the UK experience, where there is a government structure that deals with tourism market research and advertising, promoting the UK as a tourist country in the world market. Around £ 80 million is annually allocated for these events. Without government investment, tourism development is not possible, and investment is, in fact, not an expense but an investment. After all, an analysis of market research conducted in the UK shows that £ 1 in tourism gives £ 27 of income to every tourist visiting the country, £ 4 of which goes back to the state budget in taxes. An example of a

successful financial instrument for influencing the development of a tourist complex in Ukraine is the development of special economic zones of the tourist and recreational type (SEZ TR). The SEZ TR is considered to be part of the territory of the country, which creates conditions for the development of subjects of tourist infrastructure with state support (Pauk, 2014).

1. Ensuring that the quality of tourism services is in line with international standards should include the following measures:
  - inventory and certification of tourist infrastructure;
  - encouraging the establishment of direct links between tourism enterprises and enterprises in related and supportive industries, which will enable foreign tourists to obtain additional services with minimal time;
  - promotion of international franchising;
  - introduction of a system of international logistics in tourism as a system of optimization of promotion of tourism products in foreign markets;
  - a radical change in the training system (Srednitskaya and Humena, 2018).
2. Creation of "Regional Information Tourist Centers", which should provide a wide range of services for entrepreneurs in the field of tourism business, holidaymakers, as well as potential consumers. Besides, they can perform the work of ordering interested organizations to collect and systematize statistical and other information on the results of tourism and excursion activity in the city, to analyze the markets for services for developed investment projects, to control the quality of tourist and excursion services provided in the city (Kostashyk, 2014).

3. Introduction of a cluster model of tourism business organization, which will increase coordination of actions of all subjects of the industry and develop competitive advantages of the region by activating all types of tourism, which envisages the following priorities: the creation of a real register of tourist infrastructure objects so that investors know where invest money; providing advertising and creating the tourist image of the region; stimulating the development of green tourism by creating a database of owners of agro-settlements; taking advantage of the opportunity to form United Territorial Communities (CTAs). Rural, ecological (green), agro-recreational, farm tourism is one of the areas of development of UGT and tourism destinations based on them. In many countries of the world, the development of rural, ecological and other types of tourism in rural areas is dynamically increasing. Thus, according to the research of Tolkanov et al. (2019), 35% of EU citizens prefer to spend in rural areas. In the Netherlands, their share is particularly high - up to 49%. Leaving the owners \$ 200 to \$ 1,000.

According to Kifyak (2019) in Ukraine the development of rural, ecological and green tourism is most widespread in the communities of Transcarpathian, Ivano-Frankivsk, Lviv and Chernivtsi regions. According to the Union of Rural Green Tourism in Ukraine, in these areas there are "from 100 to 400 estates that receive tourists and this is not only due to natural conditions. They are closer to the border, there are many European programs of international donors in the field of tourism development, rural population involvement in mountainous areas, gastronomy development". It is hard to disagree with Mikhailichenko, 2012, who noted that the contradictions that arise today between the growing needs of the population in tourist services and the possibilities of satisfying them with the tourism industry, between the changes in the competitive situation and the lack of competence of staff in different areas of tourism influence on the formation of a positive image of Ukraine in the international arena. After all, the tourism industry of the country will not become fully operational until the tourist enterprises are profitable, profitable. And in this process an integral role should be played by interactions in the form of "power-community-business".

## CONCLUSION

Summarizing the above, it can be argued that the tourist services market of Ukraine is a complex business structure of various branches of the national economy of the state that are involved in the production and sale of tourism products for domestic and international tourism. The study of inbound and outbound tourist flows of Ukraine leads to the conclusion that their undoubted increase during 2014-2018, which results, among other factors, is an increase in tourist activity of Ukrainian citizens, a saturation of consumer demand with a national tourist product, on the one hand, and increased interest foreign nationals national tourist market. However, based on the analysis of indicators of development of the tourist services market of Ukraine, it was found that the share of citizens who went abroad significantly exceeded the share of those who visited Ukraine in tourist flows. The predominance of tourism imports over exports harms the overall economy.

The development of international tourism in the most host countries is driven by the desire to increase foreign currency inflows and create new jobs. And as a consequence, the gross income of the country. Based on the analysis of the development of the national tourist services market, a tendency to increase the volume of direct and indirect contributions of the tourism industry of Ukraine to GDP, increase of capital investments in tourism, decrease in the number of employed population in the tourism industry of the country, low level of competitiveness of the tourist industry of the country in the global tourist market services, despite the availability of significant cultural, historical, infrastructural and social resources. It is proved that the leading positions on the share of tourist collections in the structure of gross regional products are: Lviv, Zakarpatska, Kherson, Odesa and Ivano-Frankivsk regions, Odesa, Zaporizhzhya region. However, this indicator varies by region from 0.3 to 9% at best. As a consequence, it is substantiated that the development of the tourist services market is a derivative product of the economic benefits of the regions. The questionnaire survey, among the respondents, of the main factors that negatively affect the competitiveness of the tourist market of Ukraine, showed that it:

- 1) insufficient information about the Ukrainian tourist product;
- 2) the primitive development of the infrastructure of the tourist services market, due to the lack of necessary investments for the development of tourism - both domestic (due to the prolonged economic crisis) and foreign (due to unfavorable investment climate);
- 3) military conflict in eastern Ukraine, political and socio-economic crisis;
- 4) lack of experience in providing services;
- 5) lack of a comprehensive vision of the country as a promising tourist destination. In this context, within the framework of the strategy of development of tourism and resorts of Ukraine for the period until 2026, a set of measures for implementation at the state, regional and local levels will promote activation of the market of tourist services of Ukraine is substantiated.

Therefore, according to the research, assessing the real situation on the tourist services market of Ukraine, it should be noted that tourism is beginning to recover in economic indicators, and most importantly, the confidence of not only foreign tourists but first of all, of Ukrainian citizens is growing, which indicates positive changes, however without government support for the tourism industry, the industry will not be able to compete.

That is why we need to develop and elaborate an integrated strategy for the development of the tourist services market in Ukraine, with the definition of priority vectors and our further research will be devoted to this.



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