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## Regional Trends of the Tourist Flow in Ukraine

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**Abstract:** *The purpose: The article deals with the structure of tourist flow in Ukraine. The place of Odessa region among other administrative and territorial units of Ukraine by types of tourism was discovered.*

*Design/Methodology/Approach: The research of tourist distribution by type of tourism and the purpose of the trip, compared with the general indices in Ukraine, was conducted. The list of countries most visited by tourists from Odessa region is given. Structural changes in foreign tourism of Odessa region are presented. The article gives a detailed analysis of the essence and significance of cruise tourism to the economy of the state.*

*Findings: Ukraine is country with the higher number of citizens who travel abroad than number of foreigners visiting its own territory. Prior to political crisis, the share of inbound tourism in the total amount equaled to 7.21% in 2013 and 9.80% in 2012. The share of domestic tourism is decreasing in both relative and absolute terms in 2012 it was 24.00% while in 2014 – 12.40%. The low efficiency of the implementation of cruise business development programs and maritime infrastructure modernization were due to insufficient inflow of investments related to the unfavorable investment climate in Ukraine.*

*Originality of the research: Analysis of factors and general market tendencies, which influence the state of tourism flow, will offer economic instruments for regional tourism and recreation sphere development stimulation create directions of regional strategies for attraction of tourists.*

**Keywords:** *tourist flow, the Odessa region, the cruise destination, the Black Sea cruise region.*

### 1. INTRODUCTION

The modern tendencies of regional social and economic development are in need of upgrading the instruments of region development regulation. The most important are those instruments that can provide regions with incentives for discovering their own resources, motivate them to activate inner development reserves. The reliable source of investment resources should be the development of tourism, moreover each region of Ukraine contains sufficient amount of inviting tourist attractions which, under conditions of relevant advertising and support, could become a considerable source of local budget profit. In accordance with the data provided by the World Economic Forum, Ukraine is using less than a third part of the available tourism and recreation potential. Due to the expert estimations, the revenues of budgets of all levels could amount to \$10 billion per year under full-fledged realization of Ukrainian tourism potential, the same amount as countries with commensurate with Ukrainian tourism and recreation potential receive [1, p. 27]. Ukraine's integration with the international community, realization of regional development strategies, introduction of market methods management of both economy taken as a whole and certain recreation and tourism enterprises and should be based on marketing researches of tourism flows dynamics and demand for the regional tourism product which is produced and released in the regions of Ukraine.

### 2. STRUCTURE OF TOURIST FLOW BY KINDS OF TOURISM

Regional problems of development of the tourist flow, analysis of the factors affecting its dynamics attracted the attention of modern researchers: Parte-Esteban, L. and Alberca-Oliver, P. [2, p. 15], Bajs, I. P. [3, p. 122], Nenciu, D. S., Constandache, M., Stanciu, A. C., and Condrea, E. [4, p. 809]. One of the tourism development indicators in the separately considered region could be the volume of tourism flow that reflects the actual number of tourists being present on the given territory. As far as is known, country's position on the international tourism market is defined by the net tourism balance - difference between rates of inbound and outbound tourism. Analyzing structure of

country's tourism flow the conclusion about the potential of separate tourism directions development may be drawn. In 2015 distribution among separate tourism types in Ukraine was as follows: general amount of served tourists – 2019576 people (100.00%), inbound tourism 15159 people (0.75%); outbound tourism – 1647390 people (81.57%); domestic tourism – 357027 people (17.68%) (Table 1).

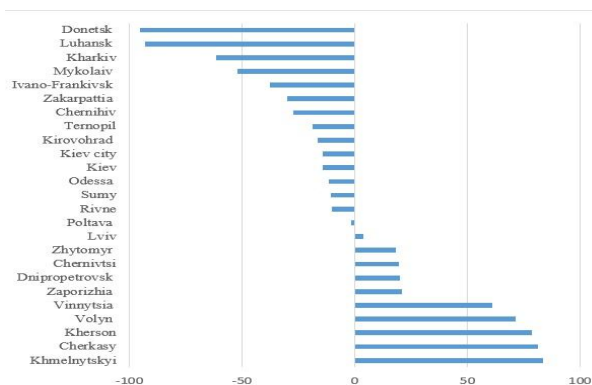
According to official data of statistics, scientists' research on the state of organized tourism, Ukraine is country with the higher number of citizens who travel abroad than number of foreigners visiting its own territory. Prior to political crisis, the share of inbound tourism in the total amount equaled to 7.21% in 2013 and 9.79% in 2012. The share of domestic tourism is decreasing in both relative and absolute terms in 2012 it was 24.00% while in 2015 – 17.68% [5].

**Table 1:** Tourist's distribution by the tourism types in 2012-2015 (people)

Region	Years	Change, 2012 – 2015, %	The total number of tourists	From total number:		
				Inbound tourism	Outbound tourism	Domestic tourism
Ukraine	2012	- 24,66%	2680507	262465	1774737	643305
	2013		3067747	221272	2270001	576474
	2014		2425089	17070	2085273	322746
	2015		2019576	15159	1647390	357027
The structure of tourist flow	2012	-	100,00%	9.79%	66.21%	24.00%
	2013			7.21%	74.00%	18.79%
	2014			0.70%	85.99%	13.31%
	2015			0.75%	81.57%	17.68%
Odessa region	2012	- 11,58%	51808	9509	30628	11671
	2013		46845	6959	33910	5976
	2014		43382	2975	34811	5596
	2015		45809	1126	33744	10939
The structure of tourist flow	2012	-	100,00%	18.35%	59.12%	22.53%
	2013			14.86%	72.39%	12.76
	2014			6.86%	80.24%	12.90%
	2015			2.46%	73.66%	23.88%

**Source:** Compiled by the authors based at the [5]

The general amount of tourists in Odessa region also decreased by 11.58% that corresponds to the 14th place (Figure 1). Positive value of the given indicator can be traced in Khmelnytskyi, Cherkasy, Kherson, Volyn, Vinnytsia, Zaporizhia, Dnipro, Chernivtsi, Zhytomyr, Lviv regions. The biggest decrease in percentage is in Donetsk regions. Distribution by type of tourism in Odessa region is slightly different from the general in the country. The region inbound tourism occupies a larger share in 2015 than in Ukraine as a whole - 2.46%, although the trend over the past 4 years tends towards decline. The biggest share falls on outbound tourism - 73.66%, domestic tourism takes the second place with the index of 23.88%.



**Fig 1:** Change in the total tourist amount in the regions of Ukraine for 2012 - 2015.

**Source:** [6, p. 540]

Over the past four years Odessa region has risen from 8th (2012-2013) to the 5th place (2015) by the total number of served tourists. Judging by the numbers, in 2015 tourism flow constituted 45.8 thousand people that is 5.59% (or 2.4 thousand people) more than in 2014. In terms of inbound tourism Odessa region occupies the 4th place in 2015, with only Kyiv city, Lviv, Ivano-Frankivsk regions preceding, the reason of such change (in 2012-2013 - 5th place) is exclusion of Autonomous Republic of Crimea and city of Sevastopol from the rating. We can state that the closest competitors for inbound tourism are Kyiv city, Lviv and Ivano-Frankivsk region [6, p. 540]. According to the research, outbound tourism in Odessa region ranks first in the distribution by the types of organized tourism, for the last four years in the outbound tourism rating of Ukraine Odessa region has risen from the 5th (2012-2013) to the 4th place in 2015, but the total amount of served outbound tourists decreased in 2015 in comparison with 2014 by 3.06% or by 1.1 thousand people. Number of served domestic tourists in Odessa region in the last four years was falling and in 2015 constituted 10.9 thousand people that is 6.27% (or 0.7 thousand people) less than in 2012 (Table 2). Nevertheless in the rating of Ukrainian administrative units Odessa region moved from 11th position in 2013 to the 5th position in 2015 that confirms the general decline of the domestic tourism in the country. At the same time services of Odessa region tour operators and travel agents were used by the 1.1 thousand foreign tourists from 21 world countries. The highest number of foreign tourists arrived from Georgia – 160 people.

What should be noted is a rapid decline in demand for tours in Odessa region from countries such as Russian Federation (decrease from 76.48% in 2013 to 12.5% in 2015), the USA (448 tourists arrived in 2012 while in 2015 only 59 tourists used the services of tour operators and travel agents), Great Britain (185 tourists in 2013 compared to 7 tourists in 2015). There are a growing number of tourists from the following countries: Georgia (2013 - 7 tourists, in 2015 - 160), Lithuania (in 2013 - no tourists, in 2015 - 101). Regional studies of the tourism market show that in 2015 245 subjects (164 legal entities and 81 natural persons-entrepreneurs) performed tourist activities in Odessa region, services of which were used by 45.8 thousand of tourists, while in 2013 there were 302 subjects of tourism, which provided services to 61.6 thousand of tourists and sightseers.

**Table 2:** *Distribution of foreign citizens by the countries from which they arrived to Odessa region*

Rank	2012			2013			2014			2015		
	Country	people	%	Country	people	%	Country	people	%	Country	people	%
1	Russian Federation	5435	57,2	Russian Federation	5322	76,5	Belarus	1535	52,0	Georgia	160	14,2
2	Germany	1164	12,2	USA	190	2,7	Poland	445	15,1	Belarus	158	14,0
3	USA	448	4,7	Great Britain	185	2,7	Georgia	336	11,4	Russian Federation	141	12,5
4	Austria	252	2,7	Belarus	164	2,4	Russian Federation	238	8,1	Lithuania	101	9,0
5	Great Britain	245	2,6	Australia	154	2,2	Lithuania	138	4,7	Bulgaria	88	7,8
6	Turkey	235	2,5	Austria	147	2,1	Israel	62	2,1	Israel	87	7,7
7	Italy	232	2,4	Netherlands	119	1,7	Italy	38	1,3	Poland	74	6,6
8	Australia	200	2,1	Italy	97	1,4	Turkey	36	1,2	USA	59	5,2
9	Netherlands	146	1,5	Japan	75	1,1	Belgium	31	1,0	Czech Republic	55	4,9
10	Hungary	120	1,3	Germany	65	0,9	France	28	0,9	Germany	54	4,8
-	<b>Total</b>	<b>9509</b>	<b>100,0</b>	<b>Total</b>	<b>6959</b>	<b>100,0</b>	<b>Total</b>	<b>2954</b>	<b>100,0</b>	<b>Total</b>	<b>1126</b>	<b>100,0</b>

**Source:** *Compiled by the authors based at the [5;6]*

### 3. THE CRUISE TOURIST FLOW IN THE BLACK SEA REGION OF UKRAINE

Researches of the market of marine passenger transportations has shown that not high efficiency of marine cruise tourism functioning in Black Sea regions of Ukraine is to the greatest extent defined by not taking into consideration its vital part which is modernization of the port and tourism infrastructure, construction of cruise fleet. Thus the amount of investments in the water transport sector in 2014 is only 0.2 billion UAH or 1% of the total industrial investment [7]. Reduction of the sea passenger transportation in Ukraine has been caused by their unprofitability and a decrease in the number of passenger ships which are suitable for use. High payment rates on loans, burdensome taxes, higher than those imposed on ship owners in other countries, have led to the loss of marine

cruise fleet, its physical and moral deterioration. Under such circumstances state appeared unable to prepare and implement reformation of the sector timely, take effective measures aimed at creating legal framework on water transport which would ensure implementation of the necessary support tools and its withdrawal from the systemic crisis, drawing on the experience of other countries. Analysis of the problems of the cruise market development shows that for successful functioning of marine tourism an integrated development of all elements of cruise ship industry and corresponding regional tourism and port infrastructure is necessary [8, p. 170]. Over the past five years, the number of ship entries to the ports of Ukraine increased by 40% while number of passengers by 53.4%. Most often, the Black Sea region is visited by tourists from Germany, Great Britain and Italy. The share of cruise tourists from the CIS countries in the ports of Ukraine is 6.1%, while in 2012 for example it was less than 1%. According to experts, the low efficiency of the implementation of cruise business development programs and maritime infrastructure modernization were due to insufficient inflow of investments related to the unfavorable investment climate in Ukraine [9, p. 540]. Athens, 26 May 2015 – CLIA Europe, the association representing the 40 billion euro cruise industry in Europe, and MedCruise, the association of cruise ports in the Mediterranean and its adjoining seas, have signed a strategic partnership agreement to collaborate, sponsor and support the advancement of a European travel agent training program. Set up in Rome in 1996, MedCruise is the Association of Mediterranean Cruise Ports. MedCruise's mission is to promote the cruise industry in the Mediterranean and its adjoining seas. The Association assists its members in benefiting from the growth of the cruise industry by providing networking, promotional and professional development opportunities. Today, the association has grown to 74 members representing more than 100 ports around the Mediterranean region, including the Black Sea, the Red Sea and the Near Atlantic, plus 31 associate members, representing other associations, tourist boards and ship/port agents. Countries represented in MedCruise: Croatia, Cyprus, Egypt, France, Georgia, Gibraltar, Greece, Italy, Malta, Monaco, Montenegro, Portugal, Romania, Russia, Slovenia, Ukraine, Spain, Syria, Tunisia, Turkey. MedCruise members in Black sea are Batumi, Constantza, Odessa, Sevastopol, Trabzon, Sinop, Sochi. The total of cruise passenger visits at the 72 MedCruise port members for which data are available in 2014 reached 25,8 million. Comparing to the previous year, this number is 7,28% lower, as the cruise passenger movements that had taken place in 2013 were 27,8 million [10].

As for Ukraine, the ports of the Black Sea region have enough great potential for the development of cruise tourism. In the basins of the Caribbean and Mediterranean Seas cruise ship are crowded. The fight for customers makes the cruise companies to seek new markets for their services. Black Sea region is suitable for this like no other, because, in fact, is part of a Mediterranean cruise market. An estimated 6.12 million cruise passengers embarked on their cruises from European ports in 2015. The European market has grown by 111% over the last ten years but with economic growth moderating over the past five years, European-sourced passengers have only increased by about 18% since 2010 [11]. As the 2015 data show, tourists from the Black Sea countries (Russian Federation, Ukraine and Georgia) make up to 1.7% of the European cruise market (Table 3). Ukraine could initiate establishment of an international cruise cluster of ports of the Black Sea. Black Sea by its geographical location is not transit, therefore, in order to stand out in an independent direction for mass cruise tourism at least five ports should have infrastructure capable of handling vessels up more than 300 m. Now the modernization of facilities for receiving passengers is going on in ports of Burgas (Bulgaria), Sochi (Russia) and Batumi (Georgia). After this the Black Sea region can declare itself as cruise ship direction for the mass segment [12, p. 186]. The cruise market in Ukraine is in a state of decline. According to the operative data of the Department of Tourism Service and European integration of the Port Authority, the number of passenger ships' visits to Odessa in 2015 was 13, which is 15 ship calls less than last year and 93 ship less than in 2013.

**Table 3:** *Cruise Passengers by Country of Embarkation, 2015*

Country	Passengers	Share of Total
Italy	2,000,000	32.7%
Spain	1,282,000	20.9%
UK	1,060,000	17.3%
Germany	584,800	9.6%
France	309,600	5.1%
Greece	201,200	3.3%
Denmark	185,000	3.0%

Sweden	92,800	1.5%
Netherlands	86,000	1.4%
Malta	70,300	1.1%
Cyprus	33,000	0.5%
Croatia	31,400	0.5%
Norway	24,900	0.4%
Other EU + 3	56,900	1.0%
EU+3	6,017,900	98.3%
Other Europe <sup>1</sup>	104,400	1.7%
<b>Total</b>	<b>6,122,300</b>	<b>100.0%</b>

<sup>1</sup> Russia, Georgia and Ukraine.

**Source:** *Contribution of Cruise Tourism to the Economies of Europe, 2015*[11].

Another big problem of the cruises industry (especially in some areas of the Mediterranean and Black Sea) is the lack of modern port infrastructure, appropriate new passenger ships (larger, faster, more luxurious, etc.) in several ports, and the existence of different national regulations on environmental protection, safety of the ship, navigation and passengers etc. So, it is necessary that contractual and economic relations between ports and cruise companies are developed as long-term projects. This cooperation should not be just a business relationship but a complex “contract” for cooperation between companies - local and central authorities, ensuring sustainable development of tourism areas, directly related to economic efficiency, environmental marine and terrestrial protection. A good example would be that of cooperation between airlines and airports in many parts of the world, even if they are different realities. Another concern is the uncertainty of political, social and military field in some destinations in North Africa, Eastern Mediterranean and Black Sea. Political and economic stability are critical factors on business and management and marketing of passenger companies. The Arab Spring, instability that was installed in the area, the war in Syria, piracy, terrorist threats, the crisis in Ukraine have forced companies to rethink their strategy quickly and suddenly change their itineraries planned, with serious economic repercussions on the profitability of companies, and the planned tourist destinations, now avoided due to high degree of risk [13, p. 350].

Professionals believe that modernization of the port infrastructure will annually increase number of ship entries in Ukrainian ports by 10-15% and will help to receive annually not less than 60 thousand tourists, flatten seasonality and provide jobs for the tourism industry. It will subsequently attract international cruise operators to the Black Sea basin. The development of passenger complex of Odessa seaport presupposes the following: bring the design capacity of the complex - to 1 million passengers; length of berths - to 1370 meters; depth at the berth - 11.5 meters. The total cost of the investment project realization equals to 120 million UAH.

#### **4. CONCLUSION**

This way, timely analysis of factors and general market tendencies which influence the state of tourism flow will offer economic instruments of regional tourism and recreation sphere development stimulation create directions of regional strategies on attraction of tourists. Following to the data of the conducted research, formation of certain tendencies on the structure of tourist flow in Odessa region can be noted:

- decline of tourists activity reflects not only state of inner market environment but also a tourism reputation of Ukraine among world markets, that influences investment attractiveness of the field and regions;
- tendency of outbound flow prevailing over inbound that negatively affects net tourism balance in Odessa region;
- in the structure of tourism flow bigger share consists of the trips with “leisure and recreation” purpose while business, medical, sport and specialized tourism contain potential for the development by means of special measures conduction;
- the rise of Odessa region tourism field level can be observed in distribution pattern in Ukraine as a whole according to the tourism types and in relative terms due to exclusion of Autonomous Republic of Crimea, Sevastopol and Donetsk region from the tourism market;



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- motivation and geographic factors of influence on the distribution of tourist flow of inbound and outbound tourism are worth noting. Positioning of Ukraine as a maritime state requires a consideration of global trends in world maritime trade and keeping those trends that occur in the Black Sea region. The necessity of the development of national marine economy and port infrastructure is dictated by the high profitability of market cruise services through a world-recognized competitive advantage of waterway transport (environmental friendliness, low cost, investment attractiveness, etc.). Thus, government authorities, port and cruise business entrepreneurs need to make significant efforts to promote Black Sea tourist region in the European market of cruise tourism. The development of cruise shipping stimulates the development of related sectors of the regional economy (hospitality, catering, transport, shipbuilding, ship repair, etc.). It promotes investment, creates a multiplier effect for regional economic development, and therefore - helps to create new jobs.

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