

## SECTION 2.

### ENTREPRENEURSHIP, TRADE AND SERVICE SECTOR

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## PROSPECTS FOR THE DEVELOPMENT OF THE TOURISM INDUSTRY IN UKRAINE

**Introduction.** The tourism industry is experiencing significant changes nowadays. As a result of the Covid-19 pandemic, the consumer of consumer services has changed his lifestyle and become more digested. The tourism and travel sector is responsible for about 10.4% of global GDP. During the coronavirus infection it is tourism that has suffered the most from the pandemic, in particular due to the restrictive measures imposed by states on the movement of citizens, quarantine, ban on air transportation, and so on. Because of this, the tourism industry has begun to introduce new information technologies into its activities.

**The purpose.** The paper aims to theoretically substantiate and develop practical recommendations for ensuring the long-term development of the tourism industry in Ukraine. The object of the research is the process of forming a promising development of the tourism industry in Ukraine. The subject of the research is a theoretical and methodological study of the prospects for the development of the tourism industry in Ukraine.

**Methodology.** The paper involved the method of analysis, the case method, the systems analysis method, the comparative method and SPACE method of analysis, which are the methodological basis of the research.

**Results.** Currently the tourism sector is in critical condition. The coronavirus pandemic and harsh anti-epidemic measures imposed by various countries have accelerated the transformation of world tourism. The industry is losing hundreds of billions of dollars and millions of jobs. But at the same time, as digital tourism technology startups hit the market, new opportunities for individual tours and formats of international cooperation are emerging. The experts from the Organization for Economic Co-operation and Development (OECD) are convinced that the current crisis is an opportunity to create a more sustainable tourism economy [1].

According to the World Tourism Organization UNWTO report on traffic restrictions related to COVID-19, 100% of all international destinations in 2020 have imposed restrictions on movement through the pandemic: 97 destinations (45%) completely or partially closed their borders to tourists, 65 destinations (30%) completely or partially suspended international flights, 39 destinations (18%) close their borders on a more differentiated basis, banning passengers from certain countries of origin [2].

Quarantine forced the hotel business to refocus on domestic tourism, which affected the development of the market situation in the regions. Traditionally, the main tourist centers of Ukraine are Odessa, Kherson, Zaporizhia and Mykolaiv regions with access to the Black Sea, as

well as the Carpathian region. According to the results of the half-year season, we see a stable demand in these regions, and this is typical for hotels of different classes and price categories. Occupancy in popular hotels in the price category above average and high is over 85% [3].

Tourism also covers a number of specific sub-sectors such as food and transport sectors. Therefore, bars and restaurants, meetings and events, museums, translation centers, nature reserves and national parks found themselves during the period of isolation in a such situation when they were closed and unable to earn money and receive visitors. Only takeaway or delivery services could be provided during quarantine activities. After the quarantine is eased, institutions wishing to resume work must follow the rules of physical distance and hygiene. Visitors are allowed only in the open air, and customers must sit at different tables at a distance of at least two meters.

As an example, there is a study by Poster, an expert in technical equipment in the field of service for the beginning of quarantine restrictions in 2020, which shows the following figures on sales of catering in Ukraine in 2020: sales of catering in Ukraine for the first week of restrictions in March 2020 decreased by an average of 26% compared to the same period before the introduction of restrictions. Over the weekend of March 14-15, this figure decreased by as much as 36%. Sales fell sharply not only in the capital (by 24% in four days compared to the same period last week), but also in all major regional centers. Thus, in Lviv, Kharkiv, Odesa and Dnipro it decreased on average by 23%, 20% and 24% respectively [4].

The passenger traffic decreased throughout 2020 to half of last year and will resumed in direct dependence on quarantine measures. The most serious losses were suffered by railways and aviation, and road and public transport in the cities felt somewhat better. Significant reduction in traffic was expected. But as practice has shown during 2021, traffic resumed soon enough. Freight traffic was also expected to suffer significant losses, but there was also a reduction only in some companies, and in 2021 the number of orders resumed. Passenger road transport, as a type of transportation during the pandemic in 2020-2021, was suspended several times, but partially, and with the weakening of quarantine requirements was resumed in 2021.

Thus, we can conclude that all sectors of the tourism industry have suffered from quarantine restrictions and need significant consultative implementation to overcome the crisis. If urgent measures are not taken in the near future, the travel and tourism sector will face difficulties with an economic collapse, from which it will be difficult to get out, and millions of people working in tourism will "drown" in debts [5]. Therefore, now there is a need to develop ways out of the crisis caused by the COVID-19 pandemic. In view of the above, this issue is relevant and requires search, analytical and practical developments.

In order to determine the strategy of the tourism industry to overcome the crisis, it is reasonable to use innovation strategy in the SPACE coordinate system, which will give a generalized economic situation of enterprises in the tourism industry and the conditions of its operation. In the frame of this system, we build a vector of the recommended strategy of the tourism industry of Ukraine. The beginning of the vector is at the origin point (x):

$$X = AI - CE \quad (1)$$

where:

*AI* – the attractiveness of the industry,

*CE* – the competitiveness of enterprises in the tourism industry.

And the end of the vector is at the point A with the coordinates (y):

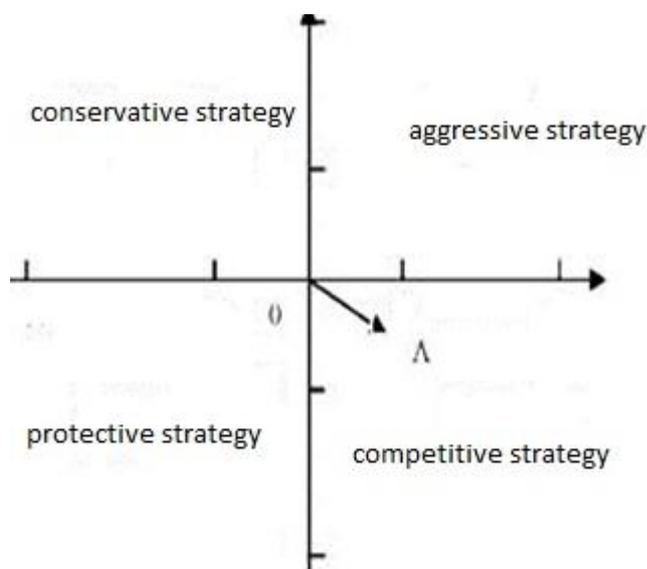
$$X = FS - SI \quad (2)$$

where:

*FS* – financial strength,

*SI* – stability of the industry.

Thus, it is possible to determine the vector of activity of the tourism industry of Ukraine. Let's build a vector of the existing strategy of the tourism industry of Ukraine (Pic. 1).



Pic. 1. Determining the vector of the recommended strategy of the tourism industry of Ukraine in the SPACE coordinate system

Having analyzed the state of the tourism industry of Ukraine on the basis of selected indicators using the SPACE analysis, we can recommend the basic strategy for the development of the tourism industry. This strategy will bring Ukraine's tourism industry to a higher level, which requires re-equipping the existing advantages in a zone of low competition. This will increase profitability. When choosing a competitive strategy, it is necessary to review the typical diversification identified in order to have information about the production capacity of the tourism sectors of the industry, its competitive position and potential market threats. They are responsible for the main alternative to development: attack strategy – the strategy of expanding positions and relevant private markets; defense strategy – the strategy of maintaining positions; retreat strategy – the exit strategy.

The main factors determining the choice of these strategies: markets for doing business are in a state of violence or reduction of product descriptions (tourism market tends to decline due to direct dependence on exchange rates and the pandemic situation in Ukraine, as a whole); current business exceeds consumers over the inflow of money that can be profitably invested in other areas of business; new business can use the synergy effect, thanks to the better development of the domestic market of excursion activities it is possible to create new skilled workers.

**Conclusions.** Having analyzed the tourism industry of Ukraine, despite the crisis situation and its further development, the activities of the tourism sector began to show losses, which in the future, if not taken appropriate measures, led to the banking company.

Today, the crisis associated with the COVID-19 pandemic has forced the tourism business to leave the zone comfort and look for innovative ways of development and activity. In order for tourism to resume after the crisis, it should be reanimated by the introduction of various innovations. There are many ways to do this. The main ones should be the state support for tourism and entrepreneurial initiatives in this area, improvement of the quality of business development service and strengthening the information company on the Internet.

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