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## Comparative Analysis of International (Inbound) Tourism Development within Ukraine and Poland

**Abstract:** According to UNWTO standards, tourism takes the forms of domestic and international tourism. International tourism is subdivided into inbound and outbound tourism. The statistics of inbound tourism comprises two basic sections: statistics of tourist arrivals and statistics of tourism receipts. The inbound tourism in Poland and Ukraine is researched in this article. It is interesting to analyze the inbound tourism in the neighbouring countries, i.e. Poland and Ukraine, taking into account the “split in time” similarities in the development of the tourism market in these countries, their place in the world tourist flows, as well as attempts of Ukraine to repeat Poland’s experience in its integration into the EU. The aim of this paper is to conduct a comparative analysis of inbound tourist flows in Ukraine and Poland, as well as to reveal the factors influencing tourist arrivals, receipts and profitability as the ratio of the last two. The number and structure of tourist arrivals to Poland and Ukraine in 2000–2016 are analyzed. It was assumed that tourists’ exchange between neighbouring countries probably depends on the length of common land border. To test this assumption, the criterion  $\chi^2$  was used, which is also called the criterion of independence, consistency and homogeneity. The receipts from inbound tourism in above-mentioned countries during the same period of time are estimated. By applying the Consumer Price Index (CPI), the tourism receipts are recalculated for the prices of 2000. The profitability of inbound tourism in Poland and Ukraine in 2013 and 2016 is calculated. The factors influencing tourism receipts and profitability of inbound tourism are described.

**Keywords:** inbound tourism; international tourism; profitability of inbound tourism; tourism receipts; tourist arrivals

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## INTRODUCTION

Tourism is understood as one of the form of population migration that is not connected with place of residence or work changes. The necessity for defining the term “tourism” arose in the first half of the 20th century, caused by a growth of tourists’ flow, tourism economic significance increase and, as a result, efforts to statistically count the travellers.

The Committee of Experts in Statistics at the Nations’ League was the first to offer definition of the term “tourist” (1937). The term gained international acknowledgement and preserved its form till nowadays, with some further amendments. As of our days, a definition, worked out at International Conference for Travels and Tourism Statistics (Ottawa, 1991), is widely used in international practice. The World Tourism Organization (UNWTO) and the UN Committee for Tourism Statistics approved the definition. According to it, a tourist is a visiting person, i.e. a person who travels and stays in places outside his/her usual environment for not more than one consecutive year with any purpose excluding activities, paid from the sources in the places of visit (UNWTO).

The definition allowed for more clear outlining of the part of travellers who can be the object of statistical research in tourism. The summarizing documents of the Ottawa Conference and the UNWTO technical recommendations refer tourist as a visitor. This definition is recommended to be used in tourism statistics as a basic one. Alongside with tourists (overnight visitors), the term is also extended to same-day visitors. Probably, the latter is the reason of absence in definition of the minimal stay outside the usual environment (24 hours), set in national tourism legislation in many countries.

## ANALYSIS OF THE LATEST STUDIES AND PUBLICATIONS

Considering the geographical nature of tourism as a form of migration of population which is connected with the peculiarities of the distant territories (water areas), that is, with the differences “from place to place”, significant contribution in this sphere belongs particularly to the geographers, which is reflected in the writings of V. Preobrazhensky, Yu. Vedenin, I. Zorin, M. Ananiev, N. Zachinyayev, N. Falkovich, Ye. Kotlyarov and other researchers of the Soviet era, and in Ukraine – in the publications of M. Krachylo, O. Liubitseva, O. Beidyk. Among the recent important works devoted to international tourism, we would like to accentuate upon the writings of A. Aleksandrova (2002), O. Liubitseva (2003), etc. The authors describe the main concepts of international tourism, analyze the geography of tourist demand in regions of the world, reveal the latest trends and processes of globalization in the tourism sphere. Among foreign works it is worth mentioning the publication of Boniface B. & Cooper C. (2009), which is devoted to the geography of tourism, in particular the analysis of destinations by regions of the world. The latest statistical information can be found in the annual analytical electronic edition “UNWTO Tourism Highlights” (UNWTO, 2001–2017). However, some aspects of international tourism still remain insufficiently studied, in particular, the structure of inbound tourism in various countries.

## AIM OF THE PAPER

Tourism takes the forms of domestic and international tourism. International tourism presupposes travels outside the country of residence. It covers visitors who are non-residents in the country of destination. Depending upon whether a person is travelling to or from a certain country, international tourism is subdivided into inbound and outbound tourism. The statistics of international inbound tourism comprises two basic sections: statistics of tourist arrivals and statistics of tourist receipts.

It is interesting to analyze inbound tourism in the neighbouring countries of Poland and Ukraine, taking into account the "split in time" similarities in the development of the tourism market in these countries, their place in the world tourist flows, as well as attempts of Ukraine to repeat Poland's experience in its integration into the EU. The aim of this paper is to conduct a comparative analysis of inbound tourist flows in Ukraine and Poland, as well as to reveal the factors influencing tourist arrivals, receipts and profitability as the ratio of the last two.

## INTERNATIONAL TOURIST ARRIVALS TO UKRAINE AND POLAND

The quantity of arrivals presupposes the number of registered visitors of a certain country who are non-residents of this country, per certain period of time (usually, a year). Visitors can be divided into same-day visitors, and tourists (overnight visitors). Measurements are conducted according to the following parameters, following the scheme (UNWTO data):

Tab. 1. Units of measure to quantify the volume of inbound tourism

Object	Parameter	Place	Comments
Visitors	Arrivals	At frontiers	
Tourists (overnight visitors)	Arrivals	At frontiers	
		At hotels and similar establishments	- excludes tourism in private accommodation
		At collective tourism establishments (e.g. hotels and other)	- arrivals are counted in every new accommodation visited

Source: UNWTO

According to Table 1, all arrival measurements in international tourism are divided into the following categories:

- TF – International tourist arrivals at frontiers (excluding same-day visitors);
- VF – International tourist arrivals at frontiers (including tourists and same-day visitors);
- TCE – International tourist arrivals at collective tourism establishments;
- THS – International tourist arrivals at hotels and similar establishments.

When measuring, preference in international tourism is given to arrivals at frontier. However, it should be borne in mind that not every country has these data at its disposal. Hence, other ways for measuring can be used.

Since a tourist may conduct several trips per year, or he/she may visit several countries within a single trip, the actual number of tourists is less than the number of arrivals.

According to UNWTO data, the number of arrivals to Ukraine and Poland is as follows (see Tab. 2):

Tab. 2. International tourist arrivals (million)

Year	Arrivals to (TF)			
	Ukraine		Poland	
	million	change (%)	million	change (%)
2000	6.431	-	17.400	-
2001	9.174	+43	15.000	-14
2002	10.517	+15	13.980	-7
2003	12.514	+19	13.720	-2
2004	15.629	+25	14.290	+4
2005	17.631	+13	15.200	+6
2006	18.936	+7	15.670	+3
2007	23.122	+22	14.975	-4
2008	25.449	+10	12.960	-13
2009	20.798	-18	11.890	-8
2010	21.203	+2	12.470	+5
2011	21.415	+1	13.350	+7
2012	23.013	+7	14.840	+11
2013	24.671	+7	15.800	+6
2014	12.712*	-48	16.000	+1
2015	12.428*	-2	16.722	+5
2016	13.333*	+7	17.471	+4

\* Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone.

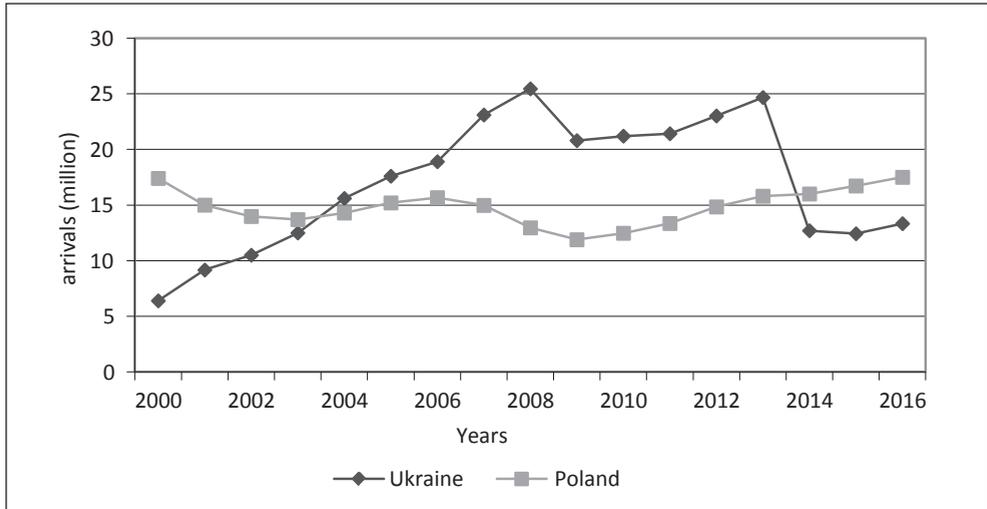
Source: UNWTO

Poland, with 17.5 million international tourist arrivals, and Ukraine (13.3 million) kept 15<sup>th</sup> and 23<sup>rd</sup> positions respectively in the ranking of the world’s tourism destinations, as well as 10<sup>th</sup> and 14<sup>th</sup> positions respectively among European countries in 2016.

Since there has been the Russia’s “hybrid war” in Ukraine during the last three years of research, which resulted in the annexation of Crimea and the occupation of Donbas, in addition to 2016, one more marker year should be selected, and it is the year 2013. In particular, this year, Ukraine significantly outpaced Poland in the number of arrivals (24.6 million) and ranked 13<sup>th</sup> in the world (9<sup>th</sup> among the countries of the UNWTO European region). Poland placed 16<sup>th</sup> in the world and 11<sup>th</sup> in Europe with 15.8 million international tourist arrivals.

Dynamics of inbound tourism in Ukraine and Poland were different. The tourist flows to Ukraine showed a stable growth during 2001–2008 with average annual increase of about 19%. The biggest one was fixed in 2001 (+43%). The number of international tourist arrivals in Ukraine has increased almost fourfold from 6.4 million in 2000 to 25.4 million in 2008 (Tab. 2, Fig. 1), when the largest number visitors is observed.

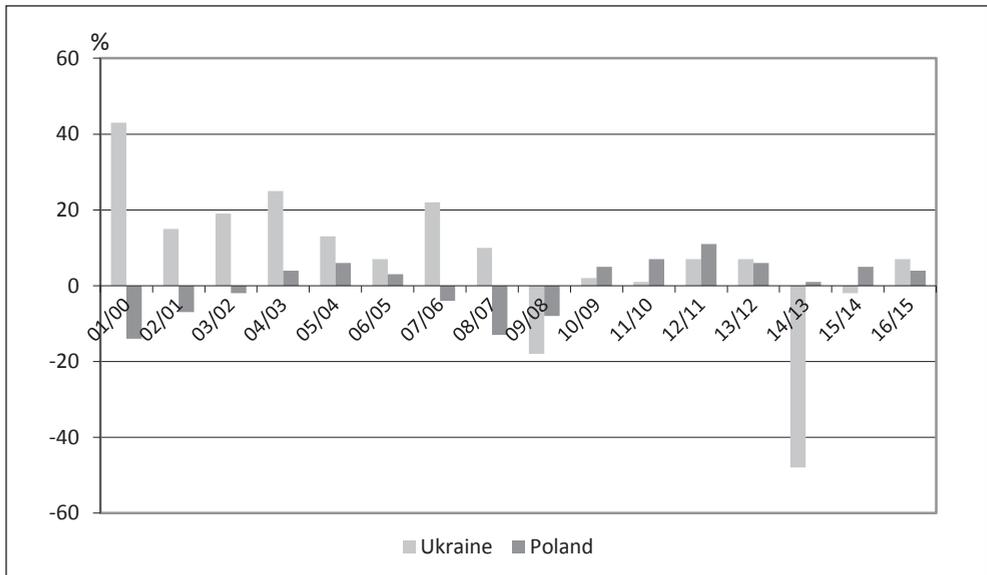
Fig. 1. International tourist arrivals



Source: UNWTO data

In 2009, for the first time in years of research, the annual change was negative (-18%), due to the global financial crisis. The largest reduction in inbound tourism flows was recorded in 2014, as a result of the beginning of military aggression in eastern Ukraine. Then the number of arrivals dropped to 12.7 million, which was twice less than in the previous year 2013. Despite the difficult security situation, political and economic circumstances in Ukraine, international arrivals were estimated to have increased by 7% in 2016 (Tab. 2, Fig. 2).

Fig. 2. Annual change of international tourist arrivals (%)



Source: own work based on UNWTO data

Regarding the dynamics of inbound tourism in Poland, from 2001 to 2009 there is an alternation of 3-year periods of contraction and growth of tourist flows. The most significant decrease in the number of arrivals occurred in 2001 (-14%) and, as it is seen in Figure 1, 2004 had become the turning-point for the first wave of negative trend. That was the year when Poland joined the EU (since May 1, 2004, citizens of all European Union countries – the members of European Economic Community Organization may stay in Poland without a visa) and right after that, the arrivals to Poland started to increase.

The biggest annual decline for the next wave of negative trend in dynamics of inbound tourism in Poland, which started in 2006, was fixed in 2008 (-13%) (Tab. 2, Fig. 2). 11.9 million was the minimum figure observed in 2009, due to the global financial crisis. Beginning in 2010, we note the steady increase in the number of arrivals. At the same time, in 2016, the maximum for the last 16 years was 17.5 million, which corresponds to the level of 2000.

Thus, in 2000 (at the beginning of the study period), in Poland, there were 2.7 times more arrivals than in Ukraine. However, as a result of the opposite trends in the development of inbound tourism (the decline of tourist flows in Poland and the increase in the number of arrivals in Ukraine), in 2004 the situation changed and during 2004–2013 both absolute number of arrivals and its growth in Ukraine were higher than those for Poland. At the same time, it should be noted that in 2009, an unfavorable year for tourism, in Ukraine there was a more marked decrease in the number of arrivals (-18%) than in Poland (-8%), that, by the way, was one of the countries whose economy showed growth at that time. In addition, the growth rate of arrivals in Poland (11%) in 2012 was higher than in Ukraine (7%). As you know, this year, the European Football Championship (Euro 2012) took place on the territory of two countries.

Analyzing volumes of inbound tourist flows, in addition to the absolute number and growth rates, it is necessary to point out relative values per capita. If population number is taken into account then the proportion of arrivals number to population quantity in 2013 comprises 0.54 arrivals per capita for Ukraine against 0.42 arrivals per capita for Poland, in 2016 – 0.29 and 0.46 respectively.

For better understanding of the tourist flow, it is necessary to analyze the arrivals' structure (Tab. 3).

Tab. 3. Structure of international tourist arrivals

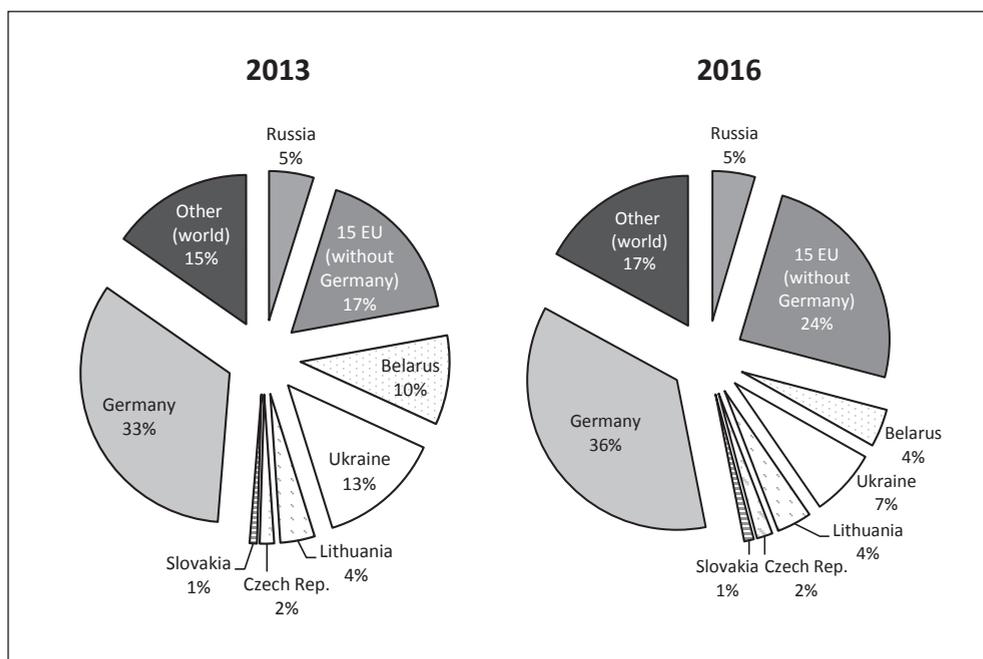
№	Countries of origin of tourists	2013		2016	
		arrivals (1,000)	share (%)	arrivals (1,000)	share (%)
International tourist arrivals to Poland					
1	Germany	5,280	33.4	6,289	36.0
2	Ukraine	2,110	13.4	1,265	7.2
3	Belarus	1,530	9.7	715	4.1
4	Russia	765	4.8	801	4.6
5	Lithuania	590	3.7	657	3.8
6	Czech Rep.	245	1.6	299	1.7
7	Slovakia	125	0.8	183	1.0
8	15 EU (without Germany)	2,735	17.3	4,279	24.5
9	Other (world)	2,420	15.3	2,983	17.1
	Total	15,800	100.0	17,471	100.0

№	Countries of origin of tourists	2013		2016	
		arrivals (1,000)	share (%)	arrivals (1,000)	share (%)
International tourist arrivals to Ukraine					
1	Russia	10,285	41.7	1,474	11.1
2	Moldova	5,418	22.0	4,296	32.2
3	Belarus	3,354	13.6	1,822	13.7
4	Poland	1,259	5.1	1,195	9.0
5	Romania	877	3.6	775	5.8
6	Hungary	771	3.1	1,270	9.5
7	Slovakia	424	1.7	411	3.1
8	Germany	253	1.0	171	1.3
9	Other (world)	2,030	8.2	1,919	14.4
	Total	24,671	100.0	13,333	100.0

Source: own work based on data from Central Statistical Office of Poland and State Statistics Service of Ukraine

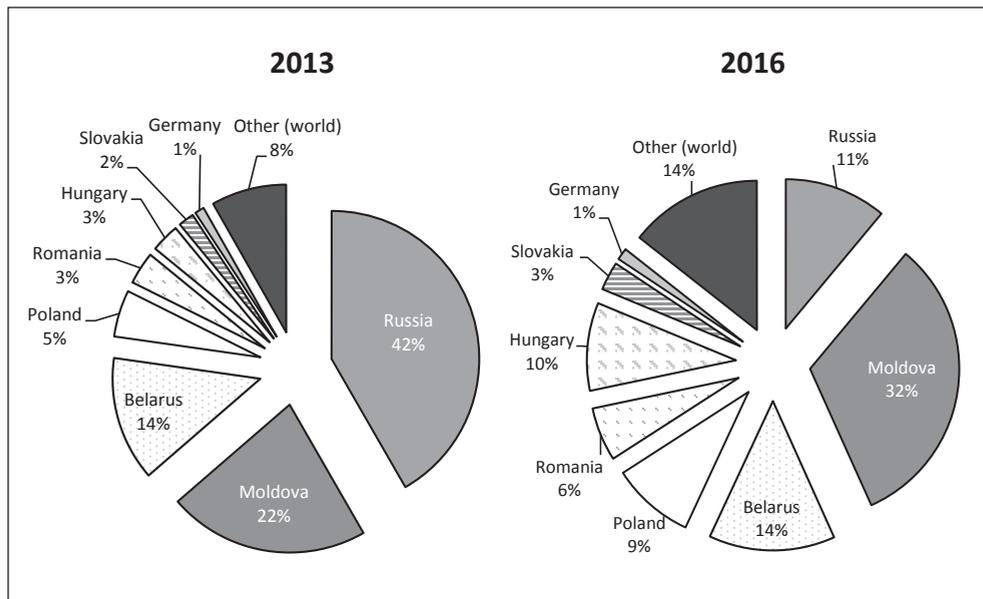
The structure of international tourist arrivals to Poland is much different than that to Ukraine (Fig. 3, Fig. 4). The majority of tourists arrives in Poland from Germany (33.4% in 2013). This country keeps second position in the ranking of the world's outbound tourism. The share of the German tourist departure in the world accounts for 6.8%. Germany, together with the other "Old European" countries (EU-15), provides more than half of the tourist arrivals (50.7%) to Poland (Fig. 3). Citizens of these countries spend on tourism much more than on average in the other world.

Fig. 3. Structure of international tourist arrivals in Poland



Source: own work based on data from the Central Statistical Office of Poland

Fig. 4. Structure of international tourist arrivals in Ukraine



Source: own work based on data from the State Statistics Service of Ukraine

Starting in 2004, i.e., the year of Poland’s joining the EU, arrivals from the above-mentioned countries started to increase. The provision of visa-free regime in European Union countries and their citizens’ interest in the new EU members may explain this situation. However, at the same time, a visa regime was put in for citizens of Russia, Ukraine and Belarus. And, though partly, owing to this, these countries’ share in Poland inbound tourism permanently decreases. Therefore, in the structure of inbound tourism in Poland, an increase in the share of arrivals from the Old European countries (EU-15) from 45.8% in 2000 to 50.7% in 2013 (60.5% in 2016) and simultaneously reducing the impact of arrivals from the neighbours outside of the Schengen zone from 37.9% in 2000 to 27.9% in 2013 (15.9% in 2016) can be observed. The share of the new EU members in the inbound tourism in Poland is about 12%.

It should be noticed that the drop of the number of arrivals from Russia, Ukraine and Belarus, alongside with the decrease of the tourist visits of the EU-15, resulting from terrorist attacks on September, 11, 2001, followed by the Iraq War and stagnation of the world economics, caused the decrease of the total arrivals to Poland in 2000–2003.

The analysis of the structure of inbound tourist flows to Poland shows that today a significant place belongs to tourist exchanges with neighbouring countries. However, since 2004 there has been a tendency towards a decrease in their share. If in 2004 the share of arrivals from these countries amounted to 75.9%, then in 2013 – 67.4%, and in 2016 it is already 58.4%, which is mainly due to the decline of tourist flows from Ukraine (by 40% in comparison with 2013) and Belarus (by 53%) against the backdrop of an increase in the number of tourists from the other countries and in general, the increase in arrivals to Poland. Changes in the structure of inbound tourism over the study period were caused by the geopolitical changes that have broken existing international relations, by the complication of tourist formalities to enter Poland for

the citizens from the main tourism-generating countries outside of the Schengen zone, as well as in recent years by reason of the military events in Ukraine, which have an impact on the tourist movement in the region as a whole.

As for Ukraine, in the structure of inbound tourism in 2004–2013 the neighbouring countries traditionally accounted for 90–94% of the total volume of incoming tourist movement, while in the world in general, 50%. Ukraine has a visa-free regime for citizens of all neighbouring countries. For many years, tourists from Russia have taken the first place within the structure of inbound tourism and Russia has been a tourists supplying country, which can be explained by the large length of the border, the lack of visa controls, as well as close economic and historical relations with this country. However, since 2014, after the annexation of Crimea and the occupation of Donbas, the share of Russian tourists begun to decrease. If in 2013 visitors from Russia made up 41.7%, then in 2016 – 11.1% and, in general, the third place after Moldova and Belarus (Tab. 3, Fig. 4). In absolute terms, the number of Russian tourists reduced 7 times, which caused some changes in the structure of inbound tourism and in 2016 the neighbouring exchanges made 84.3% from the total volume of international tourist flows.

During 2004–2008 tourists from Poland had the second largest share of arrivals to Ukraine. However, since 2009, the country has ranked 4<sup>th</sup> in the structure of inbound tourism, and in 2016 tourists from Poland took the 5<sup>th</sup> position, preceded by those from Moldova, Belarus, Russia, and Hungary. In general, the share of Polish tourists declined from the maximum of 21% in 2006 to 9% in 2016. In absolute terms, the number of visitors decreased 3.3 times. This may be due to the Poland's entering the Schengen area, and respectively the opening of the borders of its Member States to Polish citizens, and the increase of the tourist interest of the Poles to the tourism developed countries of Europe.

The increment of the arrivals from the EU is extremely needful for Ukraine, since average European tourist's expenditures are much higher than those from the former Soviet countries. Besides, it is also helpful in developing links with the EU, making integration a little closer.

Consequently, the structural analysis of inbound tourism of Ukraine and Poland showed the predominance of tourists from neighbouring countries. It seems interesting to find out if there are any features in such tourist flows.

Travels to neighbouring countries often cover areas nearby the state border and have the character of "diffusion". Tourist flows to neighbours may come within the Hagerstrand's statistical theory of movements, according to which those inhabitants of home country who live closer to state border would have more often visits to border regions of neighbouring country (Hagerstrand, 1970). In the structure of international tourism, the neighbouring countries that share a land border, can account for up to 80% of arrivals, and on average their share reaches 50%. At the same time, the number of neighbouring countries does not play a significant role, the more important here is the existence of a long land border.

Previously, in our study of tourist flows of 28 countries, mostly the EU (Korol, 2017), we observed that the fraction of the neighbouring country in the structure of tourist arrivals was often proportional to the share of the common land border with the country of destination. We assume that under otherwise equal conditions, the volumes of tourists' exchange between such countries are congruent with the length of common

land border. To test this assumption for neighbouring inbound tourist flows to Ukraine and Poland, the chi-square criterion ( $\chi^2$ ) was used, which is also called the criterion of independence, consistency and homogeneity. It is defined as:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where  $O$  is the observed fraction, and  $E$  is the expected fraction.

The deviation between the observed and the expected fractions may be significant if caused by some factor, and also insignificant, which is due to random causes, then the consistency of the fractions is confirmed. To determine this, the calculated chi-square value is compared to the table's values for a given degrees of freedom. If the total value of  $\chi^2$  is more than the one in the table, then the discrepancy is not random, i.e. the consistency of fractions is not confirmed (Horkavyi, Yarova, 2004).

Thus, as a result of the performed analysis, the coherence between the share of arrivals from neighbours with the share of the common land border was observed only in Ukraine in 2013. Exceptions for both marker years for Poland and Ukraine in 2016 were explained. In particular, with regard to Ukraine in 2016, we note a marked divergence of shares in the case of Russia due to the sharp (repeated) reduction of visitors from this country (because of the deterioration of interstate relations in connection with the above-mentioned events) and the corresponding changes in the structure of inbound tourism in Ukraine (Tab. 4).

Tab. 4. The structure of tourist arrivals from neighbouring countries and the criterion  $\chi^2$

№	Countries of origin of tourists	The length of the land border		2013			2016		
		(km)	share (%)	arrivals (1000)	share (%)	$\chi^2$	arrivals (1000)	share (%)	$\chi^2$
Poland									
1	Germany	467	15.2	5,280	33.4	16.337	6,289	36.0	24.563
2	Ukraine	535	17.4	2,110	13.4	0.133	1,265	7.2	0.614
3	Belarus	418	13.6	1,530	9.7	0.017	715	4.1	1.433
4	Russia	210	6.8	765	4.8	0.006	801	4.6	0.059
5	Lithuania	104	3.4	590	3.7	0.413	657	3.8	0.780
6	Czech Rep.	796	25.9	245	1.6	13.582	299	1.7	11.197
7	Slovakia	541	17.6	125	0.8	9.879	183	1.0	7.935
	Total	3,071	100.0	10,645	67.4	40.367	10,209	58.4	46.581
Ukraine									
1	Russia	1,974	35.1	10,285	41.7	1.385	1,474	11.1	8.800
2	Moldova	1,222	21.7	5,418	22.0	0.133	4,296	32.2	4.238
3	Belarus	1,084	19.3	3,354	13.6	0.516	1,822	13.7	0.241
4	Poland	535	9.5	1,259	5.1	0.938	1,195	9.0	0.062
5	Romania	581	10.3	877	3.6	2.622	775	5.8	0.616
6	Hungary	137	2.4	771	3.1	0.170	1,270	9.5	5.562
7	Slovakia	98	1.7	424	1.7	0.008	411	3.1	0.684
	Total	5,631	100	22,388	90.7	5.771	11,243	84.3	20.204

Source: own work based on data from the Central Statistical Office of Poland and the State Statistics Service of Ukraine

Exceptions for inbound tourism in Poland relate to the tourists from Germany, the Czech Republic and Slovakia. Thus, the Germans account for a much higher percentage compared to the share of the common land border. At first glance, it is not clear why, for example, almost 2.5 times less tourists arrived in Poland from Ukraine than from Germany in 2013, while these countries have almost the same length of the land border with Poland (Tab. 4). This can only be explained by the fact that Germany is one of the world's foreign tourism market leader. In 2013, inhabitants of this country made 87.5 million departures, while Ukrainians travelled abroad considerably less – 23.7 million.

Proceeding from this, the share of arrivals from neighbours is influenced not only by the length of the common land border, but also by the volume of outbound tourism in the country of origin of tourists, which is measured by the number of departures.

In the case of the Czech Republic and Slovakia we note the opposite situation: there is a very low share of the tourist arrivals from these countries compared with the length of the common border with Poland. In particular, the Polish-Czech part accounts for almost 26% of the entire length of the border, but only 1.6% of tourist arrivals from the Czech Republic in 2013, the Polish-Slovakian part – 17.6% of the border line and 0.8% of tourist arrivals from Slovakia (Tab. 4). This inconsistency may be explained by the very significant prevalence of same-day visits. In particular, the share of tourists is 1.8% of all Czech arrivals to Poland (Janczak, Patelak, 2014: 34). The same share of the typical tourist arrivals is also observed from Slovakia. In addition, these countries are characterized by a small number of departures on the whole (Czech Republic – 5.3 million, Slovakia – 2.1 million).

## INTERNATIONAL TOURISM RECEIPTS IN UKRAINE AND POLAND

According to UNWTO, the statistics of international inbound tourism include not only physical indicators (arrivals) but also cost ones (receipts). Statistics of tourism receipts include those in money equivalent (US\$), received by a country of destination from inbound tourism during a certain period of time (usually a year). Tourism receipts consist of visitors' expenditures. Among the most important items of inbound tourists' expenditures in the country of destination are: accommodation, food and drinks, internal transport and fuel, excursions, entertainment, shopping, etc. The latter parameter covers the receipts received from overnight and same-day visitors, which can be considerable if visitors from neighbouring countries who seek for beneficial goods and services are taken into account. These shopping tours may have a regular character, thus making same-day visitors a weighty source of receipts from inbound tourism.

Receipts from tourism exclude expenditures connected with transportation of inbound tourists by contracted companies from countries of their residence, or from the third countries. These expenditures comprise a separate category as International Transport Receipts. The share of this category in inbound tourists' expenditures is about 18% (UNWTO data).

Estimation of international tourism receipts by UNWTO in current prices distorts the true picture of this parameter's changes. Thus, the Consumer Price Index (CPI) seems to be adequate to show the real changes in the receipts from inbound tourism. The CPI inflation calculator uses the average Consumer Price Index for a given calendar year. These data represent changes in prices of all goods and services purchased for consumption by urban households (Tab. 5) (CPI Inflation Calculator).

Tab. 5. Consumer Price Index for US\$

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
CPI	100	101.6	104.0	105.9	109.4	113.1	116.0	120.7	120.8

Year	2009	2010	2011	2012	2013	2014	2015	2016
CPI	124.1	126.0	129.7	132.0	133.9	135.0	135.9	138.8

Source: own work based on data from CPI Inflation Calculator [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)

According to UNWTO data, the receipts from inbound tourism in current and constant prices in Ukraine and Poland are as follows (see Tab. 6, Fig. 5):

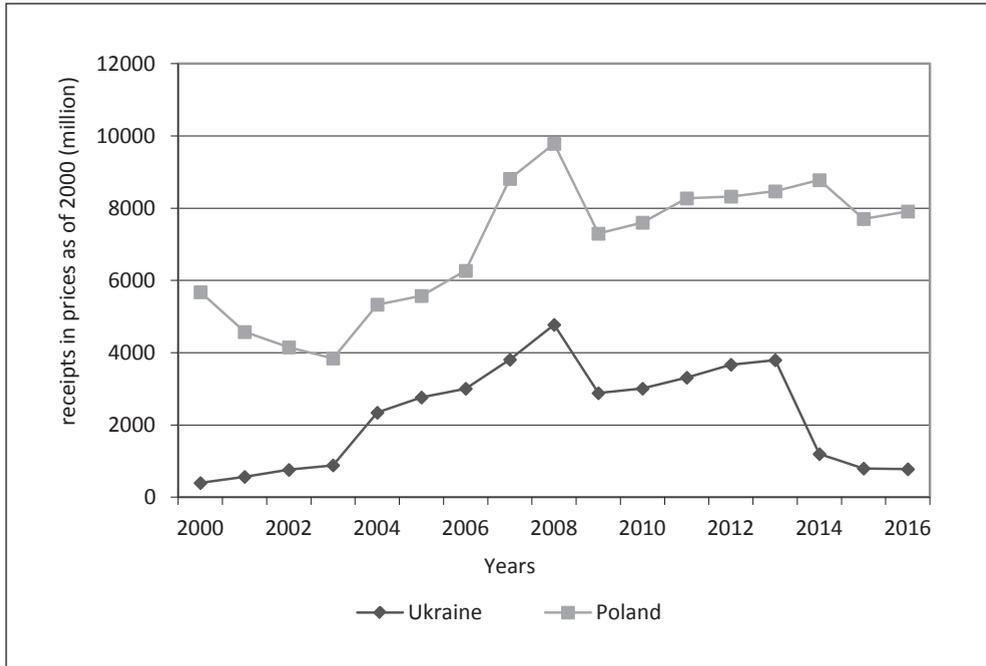
Tab. 6. Receipts from inbound tourism (million)

Year	Ukraine			Poland		
	Receipts (current US\$)	Real receipts in prices as of 2000 (US\$)		Receipts (current US\$)	Real receipts in prices as of 2000 (US\$)	
		(US\$)	Change (%)		(US\$)	Change (%)
2000	394	394	-	5,677	5,677	-
2001	573	564	+43	4,646	4,575	-19
2002	788	758	+34	4,314	4,149	-9
2003	935	883	+16	4,069	3,842	-7
2004	2,560	2,341	+165	5,833	5,333	+39
2005	3,125	2,763	+18	6,304	5,574	+4.5
2006	3,485	3,005	+9	7,271	6,269	+12.5
2007	4,597	3,808	+27	10,640	8,815	+41
2008	5,768	4,774	+25	11,824	9,786	+11
2009	3,576	2,881	-40	9,057	7,298	-25
2010	3,788	3,007	+4	9,576	7,602	+4
2011	4,294	3,311	+10	10,732	8,274	+9
2012	4,842	3,670	+11	10,985	8,325	+0.6
2013	5,083	3,795	+3	11,344	8,469	+2
2014	1,612	1,195	-69	11,848	8,780	+4
2015	1,082	796	-33	10,474	7,705	-12
2016	1,078	777	-2	10,977	7,911	+3

Source: own work based on UNWTO data

It is evident from data of Table 6 and Figure 5 that the receipts from inbound tourism were prevailing all this time in Poland. In 2000–2013, its average annual value was 2.6 times higher than that in Ukraine. However, this difference was decreasing from 14.4 times in 2000 to 2 times in 2005, yet since 2009, the gap has begun to increase slightly and the most noticeable it has become in the last 3 years (it reached 10.2 times in 2016). Such a big difference in receipts is caused by different structures of arrivals to Poland and Ukraine, and in the last 3 years, also by a significant decline in the number of arrivals as a result of armed hostilities in the East of Ukraine. As it is stated above, the majority of tourists arrive in Poland from the EU, where the population's welfare is on a higher level.

Fig. 5. Real receipts from inbound tourism (US\$)



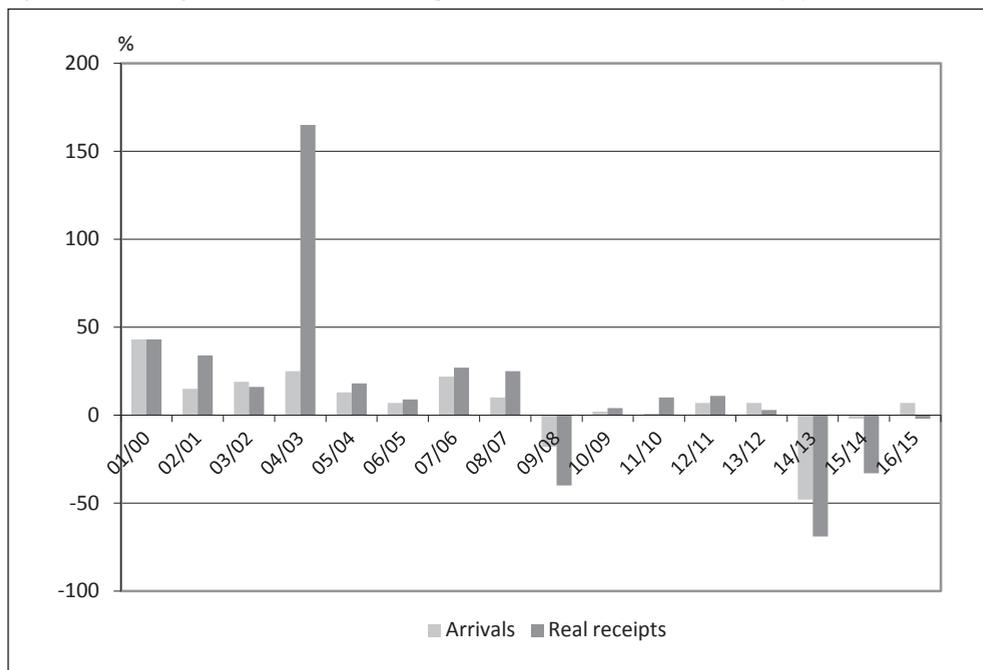
Source: own work based on UNWTO data

The receipts from inbound tourism depend on international tourist arrivals. In general, the directions of the annual changes of these parameters are similar, but their values are different (see Tab. 2 and Tab. 6).

Over the period 2001–2013 the moderate increment with slowing down annual change from +43% in 2001 to +3% in 2013 was observed in Ukraine with the exception of 2009, when the annual change was -40%. In 2004, the annual change was +165% without any serious reason. This fact can be explained by applying a different methodology for estimation of international tourism in Ukraine since December 2003. Despite an increase in arrivals by +7% in 2016, Ukraine recorded a 2% reduction in real receipts (see Tab. 2, Tab. 6, Fig. 6).

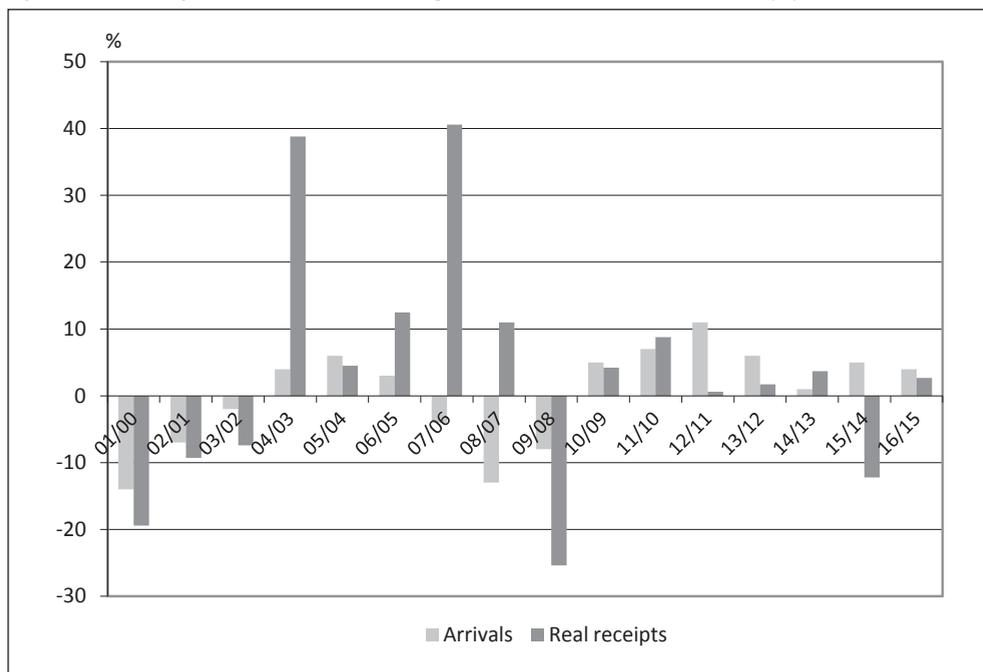
The decrease of receipts from inbound tourism in Poland from 2001 till 2003 was followed by a significant growth in 2004 (+39%), that is caused by the accession of Poland to the EU and cancelling visa regime for Europeans. For example, the increase of arrivals from Germany that year was about +16%, from 15 EU countries excluding Germany +9%. But, alongside with this increment in 2004, arrivals from new European countries (excluding Slovakia) and Russia, Ukraine, Belarus did not go up – on the contrary, their number dropped a little. Thus, due to the change of the structure of arrivals to Poland, the receipts from inbound tourism increased much more than number of the tourist visits to this country. It should be noted that in Poland in 2007–2008 and 2015 there was a revenue growth despite the decline in the number of arrivals (see Tab. 2, Tab. 6, Fig. 7).

Fig. 6. Annual changes of arrivals and real receipts from inbound tourism in Ukraine (%)



Source: own work based on UNWTO data

Fig. 7. Annual changes of arrivals and real receipts from inbound tourism in Poland (%)



Source: own work based on UNWTO data

## PROFITABILITY OF INBOUND TOURISM IN UKRAINE AND POLAND

Having at disposal the data on the number of tourist arrivals and receipts, it is now easy to calculate the profitability of inbound tourism by dividing the latter parameter by the former one.

In 1995, UNWTO conducted a research concerning the profitability of tourism flow directions. The average figures there comprised US\$ 708 per arrival, though the sum was significantly different in different countries. Receipts from arrivals were lower in the countries (Canada, Mexico) which have common ground borders with the countries – principal tourist suppliers (the USA in this case), as well as in the socialist (or former socialist) countries (e.g., China). High level of receipts from arrivals is observed in countries located far from big seller's markets, in those having considerable customs obstacles, and being characterized by a high cost of life, or oriented towards tourists' elite (Aleksandrova, 2002: 53).

Profitability of inbound tourism in Ukraine in 2000 was estimated at a rate of US\$ 61 per arrival and US\$ 326 per arrival in Poland. In 2013, these figures, recalculated for the prices of 2000, gave values of US\$ 154 per arrival in Ukraine and US\$ 536 per arrival in Poland. Thus, profitability of inbound tourism in Poland was 3.5 times higher than that in Ukraine, since Poland, receiving less arrivals, has three and a half times as much tourism receipts. In 2016, real receipts amounted to US\$ 453 per arrival in Poland, which exceeded the similar indicator in Ukraine (US\$ 58 per arrival) by 7.8 times. In both Poland and Ukraine profitability of inbound tourism is less than that in Europe (US\$ 650 per arrival in 2013, US\$ 526 in 2016).

Such differences in the profitability of inbound tourism in Ukraine, Poland, and the European Union may be caused by several reasons. In particular, as a rule, the profitability of inbound tourism is lower in countries visited by tourists often, but not for long. This situation is due, above all, to the existence of an extended land border free of customs duty with the countries-suppliers of tourists. Especially common history and mental similarity, in particular linguistic resemblance, contribute to frequent trips. In such circumstances, especially in areas close to the border, an intensive tourism exchange will be formed. However, these trips will not last long and will be mostly independent. Many tourists will visit relatives abroad, who will partially take them on their financial maintenance. As a result, small receipts from inbound tourism will be divided into a significant number of arrivals, which will substantially reduce profitability.

This is the situation typical for Ukraine and Poland. In 2013, 90.7% of all foreign tourists in Ukraine and 67.4% in Poland came from neighbouring countries with which there are no customs barriers. Poland and Ukraine have common land borders with countries which are principal tourist suppliers for them (Germany for Poland and Russia for Ukraine). As a result, 74% of trips to Ukraine and 67% of trips to Poland are independent and have private or business purposes of visit. Many visitors, who arrive from neighbouring countries, seek for beneficial goods and services. Such trips are not durable and possess regular character, which significantly decreases receipts from one arrival. For example, the share of a tour with short time stay (1–3 nights) in 2013 in Poland was 57% (46.4% in 2016) (Janczak, Patelak, 2014: 40). It should be noted that, in 2016, the average length of stay of tourists in Poland increased significantly and increased to 6.2 nights compared with 4.5 nights in 2013. Unfortunately, there are no official data about the average length of stay in Ukraine.

It can also be assumed that receipts from one arrival will depend on how “expensive” the destination is. That is, receipts from inbound tourism per arrival will be higher in countries with higher specific consumption expenditures of residents. In particular, household final consumption expenditure per capita (current US\$) in Poland in 2013 amounted to US\$ 8398 (World Bank Open Data), which is almost three times higher than in Ukraine (US\$ 2880), and in 2016 the difference was already 5.4 times (Poland – US\$ 7255, Ukraine – US\$ 1338).

The profitability of inbound tourism can be influenced by the geography of arrivals, as, for example, German tourists will have the opportunity to spend in the destination more money than tourists from poorer countries. That is, the purchasing power of tourists can affect the size of their costs in the destination. This capacity is reflected by an indicator such as *specific tourism expenditures (per capita)* that are calculated for the country of origin of tourists. Since there may be a lot of such countries, we should limit to the Top 7 and compute these costs as weighted average by percentage of arrivals:

$$Exp_{top7} = \frac{Exp1W1 + Exp2W2..+ExpnWn}{W1 + W2..+Wn}$$

Where:

$Exp_{top7}$  – the average weighed international tourism expenditures of the 7 top countries in the structure of tourist arrivals;

$Wi$  – percentage of arrivals from the country of origin of tourists ( $i$ ),  $n=7$ :

$Exp_i$  – specific tourism expenditures (per capita) in the country of origin of tourists ( $i$ ).

Therefore, in 2013, average weighted international tourism expenditures per capita by the countries of origin of tourists, who visited Poland, was equal to US\$ 703 per capita (current US\$), which was 2.9 times higher than that for Ukraine – US\$ 244. It is important that these expenditures for Ukraine are higher than receipts per arrival for this country (profitability of inbound tourism US\$ 206), which means that the tourism industry of Ukraine could receive more money from foreign tourists, but this surplus remains unused.

## CONCLUSIONS

Poland and Ukraine kept 15<sup>th</sup> and 23<sup>rd</sup> positions in the ranking of the world’s tourism destinations in 2016. During 2000–2013 the dynamics of tourist flows in Ukraine showed a stable growth of the inbound tourism (except in 2009, when world financial crisis it influenced negatively), whereas in Poland an alternation of periods of growth and decline in the number of arrivals was observed. Simultaneously in 2000 (at the beginning of the study period) in Poland there were 2.7 times more arrivals than in Ukraine. However, during 2004–2013 the situation changed to the opposite and both absolute number of arrivals and its increase in Ukraine were higher than those for Poland. In particular, in 2013, 1.6 times more arrivals were registered in Ukraine than in Poland. However, in 2014, when Russia annexed Crimea and occupied Donbas, there was a significant decline in inbound tourism, and, in 2016, 1.3 times less arrivals was recorded in Ukraine than in Poland.

Structural analysis of inbound tourism in Ukraine and Poland showed the prevalence of tourists from neighbouring countries. In particular, in Poland in 2016, 58.4% of tourist arrivals were from its neighbours, and 84.3% in Ukraine. It was assumed that the share of such arrivals could be consistent with the length of the common land border, which was confirmed only for Ukraine in 2013. In 2016, this consistency was distorted by the significant reduction of tourist flows from Russia, which, by 2014, was the main supplier of foreign tourists to Ukraine with an average share of 36%. Regarding Poland, the congruence of the share of tourist arrivals from neighbouring countries with the length of the common land border was distorted, first of all, by a large share of arrivals from Germany (36%), which can be explained by the extremely high international tourist activity of the Germans.

This above-mentioned structure of arrivals in these two countries affected their receipts from inbound tourism, all this time they were prevailing in Poland, in particular its average annual value for 2000–2013 was 2.6 times higher than that in Ukraine. In the last 3 years, the receipts gap has become even greater when, as a result of hostilities in Donbas, there has been a significant reduction in arrivals to Ukraine.

Low receipts predetermine low profitability of inbound tourism in Ukraine. In 2013 in Poland it was 3.5 times higher, and in 2016 it was 7.8 times higher than one in Ukraine. Such differences in the profitability of inbound tourism in Ukraine and Poland are caused by several reasons. Firstly, the geography of arrivals, that indicates the purchasing power of tourists and, accordingly, the size of their expenditures in the destination. As it is stated above, the majority of tourists arrive in Poland from the EU, where the population's welfare is on a higher level. Secondly, the profitability of inbound tourism is influenced by the standard of living in the destination, because tourist services, as well as other goods and services, tend to be more expensive in countries with higher specific consumption expenditures of residents.

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<https://data.worldbank.org> – *World Bank Open Data*

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