

Chapter 10.

MARKETING OF TOURIST FLOW AS AN INSTRUMENT OF DEVELOPMENT OF TOURISM IN THE REGION

Sergey Nezdoyminov, Olga Shykina, Nor Zafir Md Salleh

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 (Oliynyk, D.I. et al., 2015, p. 27).

Ukraine's integration with the international community, realization of regional development strategies, introduction of market methods management of both economies 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.

1. 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. (2016, p. 15), Bajs I.P. (2015, p. 122), Nenciu D.S., Constandache M., Stanciu A.C., and Condrea E. (2015, 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 conc-

lusion about the potential of separate tourism directions development may be drawn. In 2014 distribution among separate tourism types in Ukraine was as follows: general amount of served tourists – 2216957 people (100.00%), inbound tourism 16618 people (0.75%); outbound tourism – 1925344 people (86.85%); domestic tourism – 274995 people (12.40%) (Table 1).

Table 1. Tourist's distribution by the tourism types in 2012–2014 [people]

Region	Years	Change, 2012 – 2014, %	The total number of tourists	From total number:		
				Inbound tourism	Outbound tourism	Domestic tourism
Ukraine	2012	– 17.29%	2680507	262465	1774737	643305
	2013		3067747	221272	2270001	576474
	2014		2216957	16618	1925344	274995
The structure of tourist flow	2012	–	100.00%	9.80%	66.20%	24.00%
	2013			7.21%	74.00%	18.79%
	2014			0.75%	86.85%	12.40%
Odessa region	2012	– 37.32%	51808	9509	30628	11671
	2013		46845	6959	33910	5976
	2014		32475	2954	24987	4534
The structure of tourist flow	2012	–	100.00%	18.35%	59.12%	22.53%
	2013			14.85%	72.39%	12.76
	2014			9.10%	76.94%	13.96%

Source: compiled by the authors on the basis of State Statistics Service of Ukraine, 2015.

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 9.80% 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% (State Statistics Service of Ukraine, 2015).

The general amount of tourists in Odessa region also decreased by 37.32% that corresponds to the 13th place (Fig. 1). Positive value of the given indicator can be traced only in Kyiv, the biggest decrease in percentage in Luhansk, Donetsk, Chernihiv and Kirovograd 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 2014 than in Ukraine as a whole – 9.10%, although the trend over the past 3 years tends towards decline. The biggest share falls on outbound tourism – 76.94%, domestic tourism takes the second place with the index of 13.96%.

Over the past three years Odessa region has risen from 8th (2012–2013) to the 5th place (2014) by the total number of served tourists. Judging by the numbers, in 2014 tourism flow constituted 32.5 thousand people that is 30.7% (or 14.4 thousand people) less than in 2013. In terms of inbound tourism Odessa region occupies the 2nd place in 2014, with only

Kyiv 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 and dramatic decline of inbound organized tourism in Lviv region. We can state that the closest competitors for inbound tourism are Kyiv city, Lviv and Ivano-Frankivsk region (Shykina & Liptuga, 2015, 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 three years in the outbound tourism rating of Ukraine Odessa region has risen from the 5th (2012–2013) to the 4th place in 2014, but the total amount of served outbound tourists decreased in 2014 in comparison with 2013 by 57.6% or by 4.0 thousand people. Number of served domestic tourists in Odessa region in the last three years was constantly falling and in 2014 constituted 4.5 thousand people that is 24.1% (or 1.4 thousand people) less than in 2013 (Table 2). Nevertheless in the rating of Ukrainian administrative units Odessa region moved from 11th position in 2013 to the 7th position in 2014 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 3.0 thousand foreign tourists from 28 world countries. The highest number of foreign tourists arrived from Belarus – 1.5 thousand.

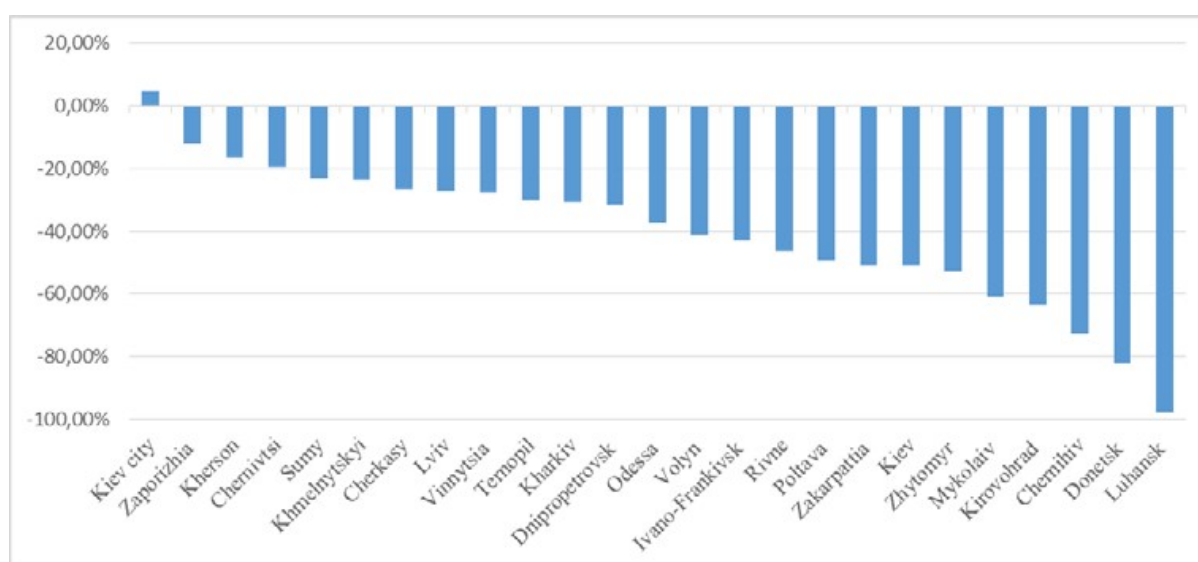


Fig. 1. Change in the total tourist amount in the regions of Ukraine for 2012–2014

Source: Shykina & Liptuga, 2015, p. 540.

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 8.06% in 2014), the USA (190 tourists arrived in 2013 while in 2014 only 27 tourists used the services of tour operators and travel agents), Great Britain (185 tourists in 2013 compared to 9 tourists in 2014). There are a growing number of tourists from the following countries: Poland (in 2013 no one came, and in 2014 – 445 tourists), Georgia (2013 – 7 tourists, in 2014 – 336), Lithuania (in 2013 – no tourists, in 2014 – 138). Regional studies of the tourism market show that in 2014 249 subjects (172 legal entities and 77 natural persons-entrepreneurs) performed tourist activities in Odessa region, services of which were used by 43.4 thousand of tourists and sightseers, 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		
	Country	people	%	Country	people	%	Country	people	%
1	RF ¹	5435	57,16	RF	5322	76,48	Belarus	1535	51,96
2	Germany	1164	12,24	USA	190	2,73	Poland	445	15,06
3	USA	448	4,71	Great Britain	185	2,66	Georgia	336	11,37
4	Austria	252	2,65	Belarus	164	2,36	RF	238	8,06
5	Great Britain	245	2,58	Australia	154	2,21	Lithuania	138	4,67
6	Turkey	235	2,47	Austria	147	2,11	Israel	62	2,10
7	Italy	232	2,44	Netherlands	119	1,71	Italy	38	1,29
8	Australia	200	2,10	Italy	97	1,39	Turkey	36	1,22
9	Netherlands	146	1,54	Japan	75	1,08	Belgium	31	1,05
10	Hungary	120	1,26	Germany	65	0,93	France	28	0,95

¹ Russian Federation

Source: compiled by the authors on the basis of State Statistics Service of Ukraine, 2015; Shykina & Liptuga, 2015.

2. Prospects for the development of 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 (Statistics on investment projects, n.d.). 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 (Papathanassis, 2016, 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 (Nezdoyminov, 2015).

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 (Fig. 2). 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 (CLIA Contribution of Cruise Tourism to the Economies of Europe – 2014, n.d.).

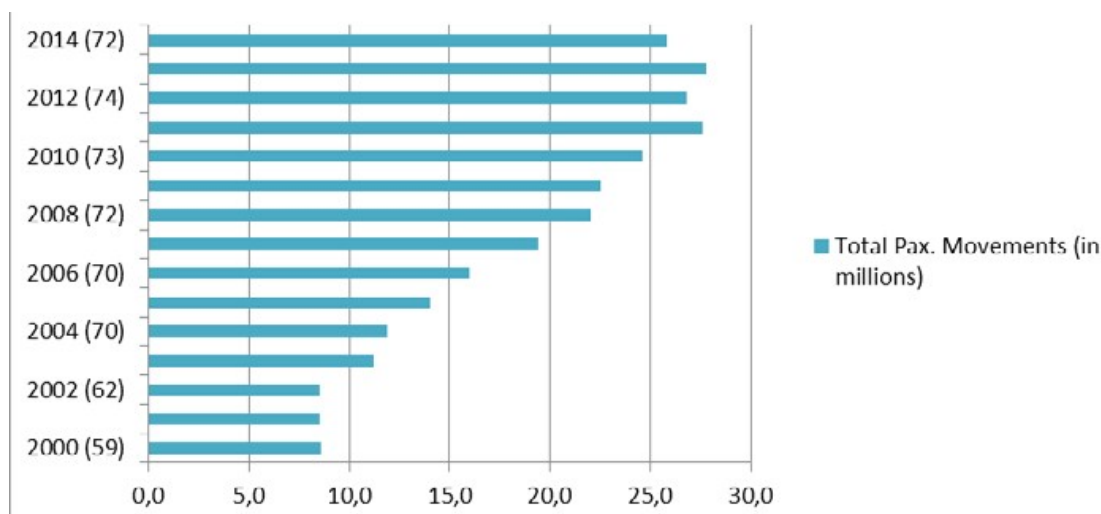


Fig. 2. Cruise passengers growth on MedCruise ports (2000–2014)

Source: CLIA Contribution of Cruise Tourism to the Economies of Europe – 2014, n.d..

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 (CLIA Contribution of Cruise Tourism to the Economies of Europe – 2015, n.d.). 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).

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 ¹	104,400	1.7%
Total	6,122,300	100.0%

¹ Russia, Georgia and Ukraine.

Source: CLIA Contribution of Cruise Tourism to the Economies of Europe – 2015, n.d..

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. Today this infrastructure have two Black Sea ports – Odessa (Ukraine) and Constanta (Romania). 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 (Yatsyna & Nezdoyminov, 2016, 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. For the season 2016 the port administration has already received 33 requests for visits by cruise ships.

However this number may vary in one and in the other direction, depending on many factors. Among the negative factors the first place can be given to the transformation of the Crimea in "gray" area for cruise line operators. The historically formed ship courses Odessa – Yalta, Odessa – Yalta – Sevastopol were brands in the regional market. Odessa, by itself, remain is very hospitable and very attractive place for tourists, but it cannot recoup the costs of the charterer in the north-western part of the Black Sea. However, positive things do occur. Thus the administration of the Odessa seaport successfully passed the audit of quality management system for compliance with ISO 9001-2008. A certified quality system improves the

production activity of the company, strengthens its image, competitiveness and investment attractiveness of the market, allows to expand the range of services. Through membership in MEDCRUISE (since 2008), the port of Odessa failed to effectively implement several image projects, gave table impulse to the development of the industry of sea travel in the Black Sea region. Among other things, it should be noted the success of the international conference Black Sea Cruises. But the main result of this partnership, of course, was an increase in the number of visits to Odessa cruise ships under foreign flag in 2013 (more than 100 calls).

The local authorities should take into account the experience of the development of cruise tourism in Dubrovnik. Further development of cruise tourism will depend exclusively on the dynamics of solving the existing issues, organisation of demand management and destination product (Perucic & Puh, 2012, p. 214). Using the responsible tourism lens to view cruise tourism can be a useful exercise. It helps focus the analysis of 'sustainability' on the local community and stakeholders that are effected by cruise tourism (Klein, 2011, p. 107). 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 (Bosneagu, Coca & Sorescu, 2015, p. 350).

Over 120 representatives from marine travel industry companies will participate in the 48th MedCruise General Assembly of Mediterranean and Black Seas cruise Ports. The forum of the world's largest association of cruise operators and ports has been opened 22 June 2016 with a briefing at the conference hall of «Bristol» hotel in Odessa. According to the organizers, the representatives of the Directorate from over 70 companies that define the 2/3 routes of the world's cruise fleet attend the event. Among them are the famous corporations such as Royal Caribbean Cruise Line, Holland America Group, MSC Crociere, Azamara Cruises, Costa Crociere, SilverSea and others. This major cruise event was dedicated the celebrations of the 20 years of the Association. During the General Assembly meeting, MedCruise member representatives together with other esteemed guests will discuss the latest developments of the cruise sector, as well as the implications and prospects of cruising in the Med and its adjoining seas. The position of Odessa as an international tourist center, will carry information about South Palmyra, as a safe, economically attractive city with a rich historical cultural heritage and natural and recreational potential, will present profitable opportunities of passenger terminal in Odessa port.

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 (Gerasimenko, Galasyuk & Nezdoyminov, 2013, p. 283). It will subsequently attract another 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.

Conclusions

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;
- 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 advantages 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.

References:

- Bajs, I.P. (2015). Tourist perceived value, relationship to satisfaction, and behavioral intentions the example of the Croatian tourist destination Dubrovnik. *Journal of Travel Research*, 54(1), 122–134.
- Bosneagu, R., Coca, C.E. & Sorescu, F. (2015). Management and Marketing Elements in Maritime Cruises Industry. European Cruise Market. *EIRP Proceedings*, 10, 350–351.
- CLIA Contribution of Cruise Tourism to the Economies of Europe – 2014. (n.d.). Retrieved from <http://www.cliaeurope.eu/8-latest-news/86-cruise-industry-continues-to-deliver-positive-contributions-to-europe-s-economy>
- CLIA Contribution of Cruise Tourism to the Economies of Europe – 2015. (n.d.). Retrieved from <http://www.cliaeurope.eu/8-latest-news/86-cruise-industry-continues-to-deliver-positive-contributionsto-europe-s-economy>
- Gerasimenko, V.G., Galasyuk, S.S. & Nezdoyminov, S.G. (2013). *The market of tourist services: state and development trends: monograph*. Odessa, Ukraine: Astroprint.
- Klein, R.A. (2011). Responsible Cruise Tourism: Issues of Cruise Tourism and Sustainability. *Journal of Hospitality and Tourism Management*, 2011, 18(1), 107–116.
- Nenciu, D.S., Constandache, M., Stanciu, A.C., & Condrea, E. (2015). The analysis of tourist flow on Romanian seaside during 2010–2014. 2nd International Multidisciplinary Scientific Conference on Social Sciences and Arts SGEM, Book 2, Vol. 3, 809–814.
- Nezdoyminov, S.G. (2015). Cruise market of Ukraine in the conditions of international integration of regions. *Global and national problems of the economy*, 6, 565–570.
- Oliynyk, D.I. et al. (2015). Economy of regions 2015: new realities and opportunities in the conditions of the initiated reforms. Kyiv, Ukraine: NISS.
- Papathanassis, A. (2016). *Cruise Business Development: Safety, Product Design and Human Capital*. Berlin, Germany: Springer.
- Parte-Esteban, L. & Alberca-Oliver, P. (2016). Tourist Flow and Earnings Benchmarks: Spanish Hotel Industry. *Journal of Hospitality and Tourism Research*, 40(1), 58–84.
- Perucic, D. & Puh, B. (2012). Attitudes of citizen of Dubrovnik towards the impact of cruise tourism on Dubrovnik. *Tourism and Hospitality Management*, 18(2), 213–228.
- Shykina, O.V. & Liptuga, I.L. (2015). Analysis of the tourist flows structure of the Odessa region. *Global and national problems of the economy*, 7, 539–544.
- State Statistics Service of Ukraine. (2015). *Touristic activity in Ukraine 2014: statistical digest*. Kyiv, Ukraine.
- Statistics on investment projects. (n.d.). Retrieved from <http://new.mtu.gov.ua/timeline/Analitika.html>
- Yatsyna, N. & Nezdoyminov, S. (2016). The analysis and development prospects of the cruise market in the conditions of globalization and regional integration. *Scientific bulletin of Odessa National Economic University. Science: economics, political science, history*, 2(234), 182–195.