



TRENDS, PROSPECTS AND CHALLENGES OF SUSTAINABLE TOURISM DEVELOPMENT

MONOGRAPH



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of Sustainable Tourism Development**

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The monograph covers theoretical, methodological and applied problems of sustainable tourism development. The necessity of considering tourism and tourist destinations from the point of view of socio-cultural, economic, regulatory, marketing and management aspects is proved. The place and role of tourist infrastructure for the sustainable development of the industry is determined. Conceptual foundations for the formation of a market mechanism for managing tourism and tourism business entities based on models of economic growth and sustainable development in a competitive environment are proposed.

The monograph is addressed to scientists, teachers, students, graduate students, anyone interested in the tourism industry development.

The authors of the articles are responsible for the accuracy and reliability of the presented material, correct citation of sources and references to them.

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1.3. Management in the Primary Wellness Tourism Market: Concept-Based Opinions and Ukrainian Practice

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The article provides the analysis of the structure and specific character of management in the market of primary wellness tourism at different levels and their interrelation. The authors analyze the conditions of formation and implementation of management at the Ukrainian macro-, meso-, microlevels and at the worldwide level. The article also defines the concept-based opinions of authors towards effect of unprejudiced market regularities and personal managerial goals and measures of their achievement on the functioning of primary wellness tourism market, in particular:

- Primary wellness tourism functions in the structure of market relations with elements (system of entities and economic efficiency of their activity, effect of objective market laws) peculiar to it.

- Primary wellness tourism market functions as a system of branch enterprises where health resort institutions, sanitary institutions and state regulatory bodies dominate; natural curative resources are used; material and technical facilities and professional team corresponds to the activity profile of medical and recreational institutions; curative and recreational services are provided. The infrastructure of primary wellness tourism market is formed by various branch enterprises facilitating its development and simultaneously influencing the efficiency of its functioning in general (transport organizations, public catering

and hospitality establishments, media and advertising organizations, financial institutions, culture and entertainment establishments, insurance companies, tourism operators and agencies etc.).

- The product of primary wellness tourism market consists of the system of goods and services of all market participants who provide directly or indirectly the opportunity of treatment and health improvement at the health resort institutions outside the territory of citizens' residence.

The article identifies the problems and tasks of interrelation of management of primary wellness tourism market of different levels in Ukraine and outlines some ways of their solution. The paper also analyzes the dynamics of quantitative indices of the development of primary wellness tourism market in Ukraine. It also includes the analysis of the problems of non-compliance of demand for curative and recreational services in Ukraine with their supply from resort institutions. The research greatly emphasizes the problem of management in tourist regions of Ukraine, related to growth of the load over all resources – recreational resources, public utilities etc. The article also justifies the necessity to synchronize the management of entities of different levels by the periods of activity, by distribution of measures, by their financing for the purpose of achieving synergistic effect of the general functioning of primary wellness tourism market.

Introduction

Primary wellness tourism market has become the important part of national economy of any state for quite some time now due to the fact that it fulfils the functions of nation's health support, organizing businesses that provide employment opportunities, supporting the income of employees, pumping up the budget with tax revenues. Recently, a difficult medical and demographic situation has developed in Ukraine; it is illustrated, in particular, by the unsatisfactory state of health of the population, which is manifested in low birth rates compared to high mortality, high prevalence of chronic non-communicable diseases etc. Up to 60 percent of adults and almost 20 percent of children suffer from such diseases. Simultaneously with the steady decline in the population of Ukraine, the number of disabled people has doubled over the last 20 years. This leads to problems with labor supply, reduced labor productivity and income, increased spending of state and local budgets

on medical treatment and social benefits. At the same time, prevention of non-communicable diseases is 2.7 times less expensive than treatment of patients. At any rate, a healthy lifestyle is 5 times more effective than medical and diagnostic activities in the field of health care associated with maintaining and strengthening the health of the population [4].

These factors actualize the task of developing the market of primary wellness tourism in Ukraine. The development of primary wellness tourism market and the quality of its functioning is mainly carried out under the influence of objective market factors and laws, as well as under the influence of subjective interests and actions of parties of market relations – producers of goods and services, their consumers, agents, state regulatory institutions. Primary wellness tourism market players rely on their economic interests and marketing opportunities according to the condition, courses and content of market conditions of economic management in their activity. And the interests in turn are classified, justified and implemented in the management strategies, plans, specific measures, actions and tools of goal achievement. Management includes all the above mentioned components. However, the efficiency of activity of economic entities depends on implementation of the management function itself. Such an approach to the research of theoretical and practical aspects of development of primary wellness tourism market defines the tactical and strategic relevance of the topic.

Academic researches concerning the primary wellness tourism market are conducted by Ukrainian scientists from various angles. These researches often deal with the main point of this kind of tourist activity and special nature of curative (medical), wellness or recreational tourism [11]; classification of entities of primary wellness tourism market [5]; essence of product and its components in the primary wellness tourism market [1]; special aspects and quantitative characteristics of activity of health resort and sanitary institutions in natural recreation areas of various countries [3]; certain components of management, for example, arrangement of activity of providers of medical and recreational services [10]; identification of certain problems of this market development [2]. The researches of functioning practices of primary wellness tourism market conducted by many scientists in various countries made it possible to carry out necessary generalizations, to prove the conclusions and to state the recommendations towards the optimization of development of this field of national economies.

A logical addition to these areas of research of primary wellness tourism market is the study of the effectiveness of domestic management in this area by means of analyzing goals and objectives of management of all market participants, the degree of consolidation of their actions and conditions for achieving efficiency. The purpose of the article is to identify the common and specific features of managing primary wellness tourism market at different levels in Ukraine and the conditions of its effectiveness.

Conceptual Approaches to the Implementation of Management in the Field of Primary Wellness Tourism in Ukraine

We base the research of management of primary wellness tourism market on the following concept-based opinions:

1. Primary wellness tourism functions in the structure of market relations with components intrinsic to it:

- systems of entities: producers, sellers, buyers, consumers;
- manufactured products (goods, services) are the commodities;
- effect of objective market laws (supply and effective demand; business competition; increasing demand and natural scarcity; cyclicity of development etc.);
- economic efficiency of activity;
- property relations are the main in the economic behavior of entities as they are related to opportunity and reasonability of investments into business, risks, selection of scope and quality of activity.

Market laws shift the emphasis of management in providing services in primary wellness tourism market from its social function to a commercial one, and the goals of activities in this area focus on economic and financial efficiency.

2. Primary wellness tourism market functions as a system of branch enterprises:

- some specific resources – natural healing mineral waters, therapeutic muds, turfs, climate, forest and water resources are used on the market of medical and health recreation where health resort institutions, sanitary institutions and state regulatory bodies dominate in the system of economic entities; material and technical facilities (buildings, transport, equipment, technologies) are created; medical professionals are engaged; curative and recreational services are

provided;

- the infrastructure of primary wellness tourism market comprises various branch enterprises facilitating its development and simultaneously influencing the efficiency of its overall functioning. Transport organizations, public catering and hospitality establishments, media and advertising organizations, financial institutions, culture and entertainment establishments, insurance companies, tourism operators and agencies etc. are the representatives of such branch markets.

Thus, the quality and effectiveness of managing primary wellness tourism market operators will be interdependent.

3. Theoretically the primary wellness tourism market has the low elasticity of demand due to the fact that it facilitates the implementation of vital value for citizens and state. Consumption of medical and health services is a condition for ensuring the quality of citizens' health and its derivative – labor productivity which determines the level of income of both citizens and the state. Therefore, covering the costs of maintaining good health by citizens, introducing preventive measures, systematically solving problems with human body pathologies, having recreation are justified alternatives compared to the negative consequences of poor health (leading to increased treatment costs, reduced productivity, job and income loss). In practice, the degree of elasticity of demand for primary wellness tourism services depends on the level of income of citizens. In particular, consumers with below-average incomes respond significantly to lower prices or some improvement in their financial condition.

The product of primary wellness tourism market consists of the system of goods and services of all market players who provide directly or indirectly the opportunity of treatment and health improvement at the health resort institutions outside the territory of citizens' residence. Synergistic (cumulative) effect of consuming a product of primary wellness tourism market will also depend on consumer and price characteristics of branch goods and services being the components of this market's products. It is curative and recreational services which are the target dominant element in product of the market of curative and recreational services. However, it should be noted that non-conforming quality of goods and services from the branch of infrastructure of primary wellness tourism market (for example, food, living conditions etc.) will influence the quality of treatment or health improvement and, as a result, the quality of a product on the whole.

4. From the perspective of role of entities in social and economic arrangement of the society, the management in the primary wellness tourism market as its subjective regulator is carried out at its various levels. So, we proceed on the basis that, firstly, management of a market operator forms its specific essence within a certain object – sphere of influence, implementation of managerial ideas, measures and functions. In the practice of the economy's functioning in the society several levels of management are implemented – they are micro-, meso-, macro- and worldwide (international) level. Secondly, the management of operators is directed both to internal processes of object's development and to management of external objects in the course of market cooperation of activity, and in such a way interrelation and mutual influence of interests of all participants of the country's primary wellness tourism market is carried out. In the current conditions of globalization of all political, socio-economic and other processes of human community development, the significance of interaction between national and foreign markets of primary wellness tourism is increasing.

Analyzing the effectiveness of management in domestic tourism, including primary wellness tourism, it is necessary to determine which model contributes to the achievement of synergy efficiency among all the operators in this field. In the practice of various countries there are different models of tourism management, whose essential characteristics are the following:

- for the first model: the absence of a central state tourism administration; all issues are resolved locally on the basis and principles of market "self-organization"; the effectiveness of management is associated with the efficiency of regulation at the meso- and microeconomic levels;

- for the second model: the presence of a strong state managerial body – a ministry that controls the activities of all enterprises in the country's tourism industry. The effectiveness of management in the country's tourism is assessed by indicators of state regulation at all levels of the national economy (macro-, meso- and microlevels). Its implementation requires appropriate conditions, namely significant financial investments in the tourism industry;

- for the third model: in a certain ministry the specialized branch division is created. It is responsible for development of tourism in the country, solves or regulates the general issues of state regulation (development of legislative framework, coordination of activity of local

representative and executive authorities, international cooperation at interstate level, processing of statistical information, etc.) as well as directs and coordinates marketing activities (participation in exhibitions and international associations in the field of tourism, management of tourist offices of their country abroad, etc.). State regulation of the tourism sector is carried out at the macro-, meso- and microeconomic levels. Specialized branch subdivision (centralized structure, state body) may be subordinated to a multi-profile and multidisciplinary body (ministry) or to the government of the country;

- for the fourth model: a combined ministry is created, which covers other related industries along with tourism. This model is characterized by a clear division of powers between central and regional tourism administrations.

The management system in the field of tourism in Ukraine began to take shape as an element of a market economy relatively recently (since 1991), going from state centralism to the still unfinished process of economic decentralization, from the implementation of management plans of state regulators to economic independence of local communities, enterprises, producers and distributors of goods and services in the market of primary wellness tourism. With the development of this market, an increasing number of enterprises and organizations in various sectors of the national economy which specialize in performing certain functions of tourist services are engaging in the provision of tourist services. This complicates economic relations and actualizes the task of developing and improving state management.

Management System in the Market of Primary Wellness Tourism of Ukraine

The process of choosing an effective model of state management for the tourism sector in the market economy of Ukraine has not yet been completed. Thus, within the last 30 years, 16 public administration reforms in the field of tourism have been implemented. During this period, the basic foundations of state tourism management were formed. Essential features of state management are defined mainly by property relations. According to the Law of Ukraine “On property” the subject of law of national-level property is a state represented by Verkhovna Rada of Ukraine. The items of special state property in the field of primary wellness tourism are mainly such natural medical and recreational

resources as the sources of mineral and thermal waters, therapeutic muds, turfs, forests, land under recreation areas. The nationwide scale health resorts include natural areas that have most valuable and unique natural curative resources and are used for the purpose of treatment, medical rehabilitation and disease prevention. State executive bodies maintain a state cadastre of natural areas of health resorts that is a system of data on quantity, quality and other characteristics, important from the perspective of treatment and prevention of human diseases, of all natural curative resources identified and counted within the territory of Ukraine, as well as potential scope, ways and provisions of their use. State supervision and control over compliance with rules and regulations of use of natural curative resources are carried out by central executive bodies that implement the state policy in the field of health care, actions of state supervision (control) in the field of occupational health and safety, geological study of the subsurface and mineral management, natural environment protection, as well as other bodies of executive power. On the basis of the Law “On Resorts” management in the field of resorts is carried out by the Cabinet of Ministers of Ukraine – the central executive body that ensures the formation and implementation of state policy in the field of resorts, as well as regional state administrations, other executive bodies and local authorities. The State Agency for Tourism Development of Ukraine is a central executive body whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Culture and Information Policy of Ukraine and which implements state policy in the sphere of tourism and resort activities (except for conducting state supervision (control) in the sphere of tourism and resort activities). The direct state regulators of primary wellness tourism institutions in Ukraine are the State Agency for Tourism and Resorts and the Ministry of Health of Ukraine. At the present time the core of state management towards development of primary wellness tourism in Ukraine is represented by the Strategy for the Development of Tourism and Resorts until 2026 (The Cabinet of Ministers of Ukraine, 2017). The purpose of implementation of the Strategy is an arrangement of favorable conditions for intensifying the development of the field of tourism and resorts according to international standards of quality and with due regard to European values, its turning into highly-profitable, integrated into global market and competitive field, development and implementation of competitive products. Scopes of revenues from summary (taxes and charges from income of tourism

activity entities) and local (from tourist charges payment) budgets are selected as estimated figures of macroeconomic efficiency [9]. In addition to the state management of domestic tourism, at the end of 2019 the EBRD with the support of external experts developed a Roadmap for Competitive Development of tourism in Ukraine, recommending management measures to the State Agency for Tourism Development, Ministry of Culture and Information Policy, Ministry of Digital Transformation, Ministry of Finance, Ministry for Development of Economy, Trade and Agriculture, the National Tourism Organization, tourism departments in relevant destinations, outsourced marketing and PR agencies. Taking into account the destabilizing effect of the COVID-19 factor on the development of the domestic tourism market recommendations to the state executive bodies include the introduction and internal promotion of a set of rules of operation for various accommodation and catering facilities; subventions, affordable credit lines, exemptions from tax and debt obligations in order to preserve the bulk of the industry. It is proposed to focus efforts on strengthening Ukraine's tourism demand in the international arena. Digital transformation and online presence will undoubtedly be very important factors, not only because of the need to provide consumer information and marketing, but also in terms of the organization and work of various specialists in the field of tourism. Another proposal concerns improving the use of natural resources and cultural heritage sites (which will become even more important, because according to forecasts global tourism will reach the level of 2019 in 3-5 years at best).

The third model of state management is the closest to Ukraine in terms of the form of its tourism industry organization. However, for the effective functioning of this model it is advisable to provide public funding (at least in part) for the country's participation in the formation and promotion of national tourism products, marketing research, advertising and information activities, organization and holding of international tourism exhibitions, conferences, seminars, formation of a basic package of investment projects in the field of tourist infrastructure development, etc.

State management in the field of primary wellness tourism of Ukraine is also carried out through local authorities – territorial state administrations. The availability of natural curative resources in the regions of Ukraine particularly determines the influence of primary wellness tourism market on their social and economic development. So,

the high-scale influence of primary wellness tourism on regional economy of Ukraine developed in Zakarpattia, Zaporizhzhia, Lviv, Mykolaiv, Odesa and Kherson region. Let us identify key and common to all regions problems and tasks of managing the development of regional primary wellness tourism markets. The necessity of dealing with health issues and commitment of certain citizens to a healthy lifestyle facilitates growth in demand for curative and recreational services. Thus, the number of citizens in the Ukrainian health resorts of Pryazovia (Azov Sea region) and Prychornomia (Black Sea region) of Ukraine increases by 5 times within summer season. At the same time, low affordability of these services for certain prospective consumers results in self-organization of recreation and uncontrolled consumption of natural curative resources. Management problems in regions with available medical and recreational resources include increasing load on all resources (recreational, communal, such as water and gas supply, sewerage, waste disposal, roads, etc.), and frequently the irrational use of natural medical resources. Deterioration of natural curative resources, as well as temporary removal of curative and recreational resources of Crimea and Eastern Ukraine resulted in the non-compliance of demand for curative and recreational services and their supply by health resort institutions. Growth in supply of curative and recreational services by health resort institutions is inhibited by increase in expenditures of providers of these services due to inflation, necessity of replacement of deteriorated fixed assets and high cost of their modernization.

The goals and objectives of regional management for the development of health tourism are in the focus of regional programs for tourism and resorts. The analysis of regional programs for 2016-2020 revealed typical dominant goals for the long-term and effective development of regional markets for primary wellness tourism, namely: introduction and development of new tourism products, ensuring their competitiveness, infrastructure development, etc. Funding for measures to create, expand and modernize the physical infrastructure for the production of goods and services in the regional markets of primary wellness tourism is planned and addressed to local economic entities. Often local budgets and most small and medium-sized regional enterprises do not have the necessary financial, material and human resources to implement such programs. The current stage of decentralization and reform of local authorities in Ukraine is not yet complete and therefore territorial management is just going through the

stage of its formation, development of knowledge and methods of market management, partnerships with regional business.

Management at the mesolevel of the health tourism market is implemented by line ministries and departments, non-governmental organizations (e.g. National Tourism Organization, Ukrainian Association of Medical Tourism, Internal Association of Physicians in Medical Tourism etc.) and is implemented through analytical activities, monitoring of the relevant tourism market and promotion of tourist products.

At the microeconomic level of the primary wellness tourism market, consumers and producers realize their needs and interests. Analyzing the indicators and directions of demand of buyers of medical and health services in Ukraine, we can conclude about its geographical differentiation (table 1.3.1).

Table 1.3.1

Distribution of tourists served by tour operators and travel agents by purpose of travel and types of tourism in 2019 (calculated according to the indicators of the State Statistics Service of Ukraine) [8]

	Total	purpose of the trip (% of the total)	
		leisure, rest	treatment
<i>Entities</i>			
Number of tourists (persons)	5319952	93	1
including serviced			
incoming (foreign) tourists	83703	69	2
outbound tourists	4786594	97	0.3
domestic tourists	449655	51	8
<i>Individual entrepreneurs</i>			
Number of tourists served by travel agents (persons)	812145	98	1
incoming (foreign) tourists	3137	83	13
incoming (foreign) tourists	738272	95	4
domestic tourists	70736	85	12

Thus, the higher is the solvency of domestic buyers of services in the market of health tourism, the higher are the requirements for the quality of all components of the tourist product. The lion's share of demand with a high level of solvency for tours for leisure, recreation and treatment is often oriented towards the competitive offers of primary wellness tourism markets in foreign countries (97,3 % and 99 % of tourists served by tour operators and travel agents, respectively).

Along with such a factor as demand, the market of primary wellness tourism is motivated by the supply of relevant goods and services; producers and implementers of services in various industries realize their economic interests. Their activities are accompanied by costs that must be reimbursed in the prices of relevant goods and services. Business motivation is determined by the level and stability of solvency of buyers of services in the market of primary wellness tourism. The offer of the product of medical and health tourism consists of many goods and services of all market participants, which directly or indirectly provide the possibility of treatment and rehabilitation in health resorts outside the territory of citizens' residence.

Microeconomic level is represented by economic entities providing the very curative and recreational services and those who form the infrastructure of primary wellness tourism market by their goods and services. Their activities are regulated by entities at the branch, territorial and state levels. Thus, health resort institutions are established according to the procedure provided by article 16 of the Fundamentals of legislation of Ukraine on health care and other laws and regulations [7]. The list of types of health resorts and areas of specialization of health resorts due to the healing properties of their natural healing resources are determined by the central executive body of the Ministry of Health. The activity of health resort and recreation institutions in Ukraine is regulated by some basic laws and regulations – the Law of Ukraine “On resorts”, General Provision on Health Resort Institution, State Standard of Ukraine “Tourism Services, Means of accommodation” (DSTU (State Standards of Ukraine) 4527:2006), Commercial Code of Ukraine and the Law of Ukraine “On Joint-Stock Companies” [6]. Production programs of these enterprises and organizations are formed in accordance with the laws of market economy.

Provision of curative and recreation services and arrangement of servicing in health resorts are carried out by health resort institutions of various forms of ownership and is oriented towards the creation of conditions for proper treatment, medical rehabilitation and disease prevention through receiving manipulation treatment by the citizens, as well as arrangement of proper conditions of their living, food, receiving cultural and social services. The modern system of health resort institutions of Ukraine (as of year 2017) has the following structure: health resorts and recreation and treatment houses – 2,5 % from total amount; health care centers – 0,5 %; recreation centers and recreation

houses – 0,6 %; leisure centers and other leisure institutions – 10.8 %; children’s recreational and leisure institutions – 85.6 % (without including the institutions of temporarily occupied territories of the Autonomous Republic of Crimea, Sevastopol and temporarily occupied territories in Donetsk and Luhansk regions). Let us analyze the dynamics of number of providers of curative and recreation services in Ukraine within the period between year 2000 and year 2017.

Table 1.3.2

Health resort and sanitary institutions of Ukraine
(compiled on the basis of [8])

	Health resorts and recreation and treatment houses		Health care centers		Recreation centers and recreation houses		Leisure centers and other leisure institutions		Children’s recreational and leisure institutions	
	total	number of beds, thous.	total	number of beds, thous.	total	number of places, thous.	total	number of places, thous.	total	number of places, thous.
2000	549	151	377	31	266	63	2010	238	7615	227
2010	510	141	234	19	290	60	1920	217	17342	196
2017 ¹	284	71	55	10	67	12	1235	133	9745	106

¹ *At the time of the study, the information of the State Statistics Service of Ukraine for the period 2018-2019 was not provided.*

The official statistics on dynamics of the number of health resort institutions presented by us reflects both negative and positive changes in the Ukrainian primary wellness tourism market of Ukraine, in particular:

- the effect of competitive selection of institutions that develop and proceed to fulfill the socially significant function – prevention, recreation and treatment of various pathological conditions of human body;
- reduction in quantitative indices of medical and recreational institutions was caused by temporary occupation of territories of the Autonomous Republic of Crimea, Sevastopol and the territories of Donetsk and Luhansk region that resulted in depletion of natural curative resources, and in physical destruction of these resources due to conducting military operations in the east of Ukraine;
- excessive load of regulatory requirements of state and branch management (of macro- and mesolevels) to the activity of economic entities undermines the condition of their business provided that the regulatory actions do not take into account the objective market laws and

decrease the economic motivation. Generally, the segment of “shadow” activity increases under such conditions that brings positive and negative results for the society. The negative result of “shadow” activity is mainly the abusive exploitation of natural curative resources and other resources of tourism destinations; low (and, accordingly, cheap) quality of services or goods, contraction of volumes and deterioration in quality of the curative and recreation services; negative effects on the environment; often it is the low level of responsibility towards customers – leisure travelers; lack of tax revenues to the local budgets that would be spent on recovery and further development of primary wellness tourism in region. The positive effects include the growth in self-employment of citizens, generation of certain income by them, meeting the demand of tourists (considerably for services of hospitality, food, transfer, entertainment etc.). At present, all economic entities in the domestic market of primary wellness tourism have losses from the restriction of activity due to COVID-19. Thus, the Social Insurance Fund of Ukraine from March 19, 2020 for the period of quarantine temporarily suspended the conclusion of tripartite agreements for rehabilitation treatment by employees, as well as medical rehabilitation and health resort treatment of people injured at work at the expense of the Fund.

Table 1.3.3

Collective means of accommodation in Ukraine in 2011-2017
(compiled on the basis of [8])

	Number of collective means of accommodation, units			Number of places, thous. units			Number of accommodated persons, thous. persons		
	total	including in		total	including in		total	including in	
		hotels and similar means of accommodation	special means of accommodation		hotels and similar means of accommodation	special means of accommodation		hotels and similar means of accommodation	special means of accommodation
2011	5882	3162	2720	567,3	154,2	413,1	7426,9	4656,8	2770,1
2012	6041	3144	2897	583,4	162,8	420,6	7887,4	4983,9	2903,5
2013	6411	3582	2829	586,6	179,1	407,5	8303,1	5467,8	2835,3
2014 ¹	4572	2644	1928	406,0	135,5	270,5	5423,9	3814,2	1609,7
2015 ¹	4341	2478	1863	402,6	132,5	270,1	5779,9	4297,2	1482,7
2016 ¹	4256	2534	1722	375,6	135,9	239,7	6544,8	5037,1	1507,7
2017 ¹	4115	2474	1641	359,0	133,4	225,6	6661,2	5135,2	1526,0

¹Without including temporarily occupied territories of the Autonomous Republic of Crimea, Sevastopol city and part of area where a counter-terrorism operation is being conducted.

During the development period of the domestic market of medical and health tourism, in accordance with the growing demand for relevant services, its infrastructure is expanding. The analysis of the official statistics reflects the following dynamics. The proportion of special means of accommodation is slowly decreased in total quantity of collective means of accommodation (in was equal to 46 % in 2011, and to 39.9 % in 2017). For the purpose of cost minimization the consumers of curative and recreation services themselves choose the best hospitality services from the prospective of comfort and price and pay for the course of treatment at health resort institutions. The structure of the quantity of accommodated persons also changed accordingly: 37.3 % of travelers chose the special means of accommodation in 2011; in 2017 their number was only equal to 23 %. Since 2014, the decline in the supply of services in the domestic hospitality industry has been significantly affected by the annexation of Crimea and military action in the Eastern region of Ukraine.

The optimization is also happening on the market of tourism organizations

On the one hand, those entities who mainly ensured their economic efficiency continue operations in competitive conditions. And on the other hand, modern information technologies enable the travelers to collect and process information related to supply of both Ukrainian and global primary wellness tourism market and to organize tours themselves.

Table 1.3.4

Number of tourism activity entities of Ukraine (compiled on the basis of (Official website of State Statistic Service of Ukraine, 2017))

	2011	2015	2016	2017
Number of tourism activity entities ¹	4157	3182	3506	3469
where:				
tour operators ²	714	500	552	498
travel agents ¹	3278	2547	2803	2802
entities that carry out the excursion activities ¹	165	135	151	169

¹ Total legal entities and individual entrepreneurs

² Legal entities

In general, due to the decrease in solvency of a certain part of consumers of curative and recreation services the private business of regional primary wellness tourism markets works considerably in “shadow” zone in an effort to put down the expenditures and costs to their services by means of unpaid taxes, charges for business registration, funds for actually consumed resources of the region.

Worldwide (international) level in the primary wellness tourism market is represented by the management of inter-governmental organization – World Tourism Organization, Global Healthcare Travel Council, as well as governmental and non-governmental organizations of countries of the world that influence directly or indirectly on the inbound and outbound tourism etc. In some way the demand for curative and recreation services of their Ukrainian consumers is reoriented to foreign markets where the best curative and recreation (sometimes having no alternative) services, as well services of infrastructure field are offered.

Conclusions

In the market of primary wellness tourism of Ukraine there has formed a system of entities of different levels with their inherent management goals, methods and functions (legislative, regulatory, control, production and product-selling). However, the formation process of the state management model for tourism in Ukraine is accompanied by constant changes in the organizational subordination of tourism to executive authorities, the adoption of a number of laws, regulations and development programs.

At the same time, the analysis of the functions of modern management of primary wellness tourism market entities at macro-, meso- and microlevels shows the application of the so-called European model of state tourism management in Ukraine’s tourism sector, when tourism is a structural part of combined ministries. In our opinion, it is expedient to separate the tourism industry into an independent state executive institution to solve specific problems, because modern tourism is an intersectoral socio-economic complex with a sophisticated composition and a system of technological links between tourism market participants. Such an institution should coordinate the management of all operators of the tourist market in primary wellness tourism of macro-, meso- and microlevels in relation to the goals; plans; measures, executors, financing, results etc. Tourist destinations, on whose resources

the system of regional enterprises and organizations works, should become the accumulating management of the development of primary wellness tourism market. This will provide a synergy effect from the management of all participants in the tourism (including primary wellness tourism) market.

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