

Competitiveness of Travel and Tourism Sector in Greece and Ukraine: Comparative Analysis

Konstantia Darvidou* • Evangelos Siskos** • Oleksandr Rogach***

Abstract The study considers competitive advantages and weaknesses of travel and tourism sectors in Greece and Ukraine. There is a divergence in the sector performance indicators and competitive advantages between the countries. Travel and tourism industry accounts for 7.6% GDP in Greece and only 1.4% in Ukraine. In recent years competitiveness of the sector in Greece improved by several indicators. Meanwhile the travel and tourism industry of Ukraine encountered major challenges under economic crisis and hybrid war initiated by Russia (including losing control over 30% of registered collective accommodation facilities). Both countries prioritized raising price competitiveness instead of further tourism services infrastructure development and business environment improvement relatively to the rest of the world. At the same time Greece made progress in safety and security, industry specific support, environmental protection and ground transport infrastructure development, while Ukraine favoured improvements in human and cultural resources. Greece was able to increase international tourism receipts and especially international tourist arrivals, which fits the forecasts. According to our estimation in Ukraine international tourism receipts are 3-4 times less than the potential level under keeping territorial integrity and no crisis scenario. Nowadays there is a clear imbalance in bilateral tourist flows between Greece and Ukraine in favour of visiting Greece. There is a potential for increasing the bilateral tourism links and several policy recommendations are made for that.

Keywords: international tourism; competitiveness factors; international trade in services; country studies.

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1. Introduction

International tourism is an aggregate of services for the movement of individuals from their country of residence for a period up to one year without earning income in the destination place. The international tourism industry produces a complex product that includes accommodation services, meals, transport, related cultural and recreational services, retail trade, telecommunication, advertising, financial and insurance services, translation and visa services.

Tourism is a special type of services that includes not only economic, but also social and cultural cooperation between the countries. International tourism is an important component of international trade and balance of payments, a source of foreign exchange earnings, means of raising employment and GDP, implementation of social and cultural development policy at the national and local levels.

Tourism existed already in the days of ancient civilizations, including the internationalized economy of Ancient Greece, but mass tourism became widespread only in the postwar period. The XXI century is the age of new technology and IT in tourism, which is characterized by greater individualization of tourism services, development of independent online booking and easier access to the international market for new types of providers of tourist services.

Improving competitiveness of tourism provides protection for a country from negative aspects of globalization and challenges of the XXI century. That's why nowadays most countries try to pay more attention to the prospects of tourism development, especially to inbound tourism, which positively affects the balance of payments, promotes investment, upgrades a country's infrastructure and increases employment.

Greece is one of the most tourism oriented states in the world, which for many years have been practicing comprehensive development of the tourism industry, adheres to international standards and, as a result, has been consistently among the leaders in world tourism rankings. It is necessary to determine the ways to improve the efficiency and competitiveness of Greek tourism by comparing the trends, problems and prospects of its development in Greece and other countries.

Ukraine is one of such countries, with which Greece has close economic, political and cultural relations. In order to understand the objective preconditions for development of bilateral cooperation between Ukraine and Greece at present, it must be emphasized that both countries have strong historical and geopolitical relations lasting for centuries. This applies both to the heyday of the Ancient Greek state and the bilateral relations between Byzantine Empire and Kyivan Rus with the expansion of Christian Orthodox religion and baptizing the Rus people in Kyiv. It must be emphasized that the national liberation uprising in 1821 in Greece was prepared and the struggle of the Greek people against Turkish oppression was financed on the Ukrainian territory in Odessa by the organization "Filiki Eteria". Greek diaspora of more than 250 thousand people have been living in Ukraine for several centuries. More than 20 thousand people of Ukrainian diaspora live in Greece since 1990. The Treaty of Friendship and Cooperation between Ukraine and the Hellenic Republic, which was signed in 1996 in Athens, became

the legal basis for closer bilateral trade, economic, scientific, technical and cultural relations, significantly expanding the scope of interaction between both countries according to the Partnership and Cooperation Agreement between Ukraine and the EU of 1994. Further bilateral agreements concluded between Greece and Ukraine provide a legal framework for the development of economic, transport, tourism and investment cooperation. The legal framework of bilateral relations between Ukraine and Greece includes the Air Transport Agreement of 06.11.2011; Memorandum of cooperation for closer relations between Ukraine and the European Union of 01.12.2009; Agreement on merchant shipping of 06.11.2000; Convention for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income of 11.06.2000; Agreement on air transport of 15.12.1997; Agreement on promotion and mutual protection of investments 09.01.1994; Agreement on international road transport of passengers and cargo of 11.11.1996; Agreement on cooperation in tourism of 11.11.1996.

Considering the long-term friendly relations, joint participation in the Black Sea Economic Cooperation Organization, the signing of the Association Agreement between Ukraine and the European Union in Brussels in 2014 followed by the Agreement on visa liberalization in 2017, Greece is interested in development of tourism in Ukrainian market and increasing tourist arrivals from Ukraine. In particular tourism development will be affected by Chapter 6 (Establishment, Trade in Services, and Electronic commerce) of the Title IV (Trade and Trade-related Matters) and Chapter 16 (Tourism) of the Title V (Economic and Sector Cooperation) of the Association Agreement.

Despite the fact that currently Greece has accumulated a rich experience in international cooperation in tourism industry, the issue of increasing the competitiveness of Greek tourism in the Ukrainian market has not been sufficiently explored and requires further scientific analysis and research. We further analyse the competitiveness of the Greek and Ukrainian tourism in the world.

2. Previous Research Review

The first definition of tourism was formulated Hunziker and Krapf (1941): "Tourism - a set of relationships and phenomena arising from travel of non-permanent residents to one's destination and stay in it, if the stay is not a permanent residence and the travellers are not involved in income generating activities". Greek researcher Igumenakis (2004), who founded the Greek scientific school of Tourism, wrote that: tourism is a temporary movement of people from their residence place to another place for the sole purpose of satisfying tourist needs or desires. But it is not only a desire or need for recreation and entertainment, it includes also organized efforts to attract, accommodate and provide better services to these people.

Tourism competitiveness factors were analysed in several publications. Song and Li (2008) published a review (meta-study) of 121 research papers modelling tourism demand. Another meta-research work was performed by Peng et al. (2014). The most important factors analysed in tourism demand research are income of potential consumers of tourism services, prices, and exchange rate. The remaining factors are

less popular among researchers. Prices are usually measured by consumer price index in a host country relatively the index in the country of origin of tourists. Alternative indicators are price index for services; hotel price index; weighted average of prices for food, accommodation, transportation, entertainment and other services; prices for air transport; distance; fuel prices. Sometimes researchers compare the prices with prices in competing countries. Exchange rates are also used to indicate the effect of prices. Tourists have better information about exchange rate fluctuations than about price changes (Peng et al. (2014)).

Other factors analysed include promotional expenditure to improve a country's image for tourists, climate change, political instability, foreign direct investment as a determinant of business tourism, unemployment, income inequality (Peng et al. (2014)), cultural factors, quality to price ratio. González and Moral (1995) noted the problem that many factors cannot be directly measured.

For example, Neumayer (2004) has explicitly examined the impact of the various types of political violence (indices that account for acts of terrorism, murder, guerrilla movement, revolution, riots, persecution of the opposition, the external pressure and interference, etc.) or human rights violations (if they allow to avoid large-scale acts of violence) on tourism. It reduces the tourist flows by $\frac{1}{4}$. This effect is the worst in small countries and those countries which are moderately dependent on tourism. A possible explanation is that those countries have less unique tourism characteristics and are destinations that can be easily substituted. Besides the direct information effect, tourist demand decreases due to recommendations by the authorities in tourists' countries of origin not to visit the countries which are significantly affected by violence. The negative effects of violence can occur over time due to the difficulty in cancelling reservations and psychological inertia. The reduction of tourist arrivals sometimes extends to neighbouring countries and may lead to a reorientation of tourist flows to neighbouring countries (such as Turkey, Greece and Cyprus in the event of conflicts in the Middle East). Authoritarian countries become less attractive to tourists (but only with the lapse of time), because they restrict the free movement of tourists and entertainment opportunities.

Uysal and Crompton (1984) explored the effect of expenditure for promoting a favourable tourist image of the country on tourist demand. They used the case of Turkey and came to the conclusion that the impact was low enough.

Stepchenkova and Eales (2011) applied content analysis of publications in the British media, which influence the image of Russia, to determine their impact on tourist flows from Britain to Russia. They calculated a Dynamic Destination Image Index and used it as a factor in an econometric model, along with other factors. They analysed publications grouped by topics such as culture and history (there is a negative impact of Soviet history), economic development (positive impact), social issues (positive impact), tourism (positive effects after 3 quarters), internal affairs, international relations and security (the latter three topics had insignificant impact).

A special area of research is analysing the effect of specific events on travel demand (such as financial crises, natural disasters, epidemics, terrorist attacks (Song and Li (2008)), the energy crisis and socio-economic instability). E.g. Uysal and Crompton (1984) used

additional dummy variables in their regression to account for those factors.

Early models of tourist included gravitational models, where tourist flows between countries were positively affected by output in the countries and inversely depended on the distance between them (Reece W.S. (2003)).

A model created by González and Moral (1995) for analysing tourist demand in Spain is an example of a typical econometric model in modern research:

$$TE_t = \mu_t + \gamma_t + \delta_1 PRC_{t-1} + \delta_2 PRM_t + \delta_3 INC_{t-2} + \varepsilon_t$$

where TE_t – tourists expenditures;

μ_t – trend component;

γ_t – seasonal component;

PRC_{t-1} – the ratio of prices in Spain relative to prices in the countries of origin of tourists, based on the consumer price index (competition from domestic tourism);

PRM_t – the ratio of prices in Spain relative to prices in the competitor countries (competition with other foreign tourist destination);

INC_{t-2} – income of foreign tourists (geometric average of the index of industrial production in the countries of origin of tourists);

ε_t – stochastic component.

The variables TE , PRC , PRM and INC are measured in logarithms (therefore regression coefficients represent elasticities). The price indicators are adjusted for exchange rate fluctuations.

Almost Ideal Demand System model is characterized by using the share of destination country in the expenditures of tourists from a selected country of origin. E.g. the model created by Papatheodorou (1999) is:

$$s_i = \alpha + \sum_{j=1}^6 \gamma_{ij} \ln p_j + \beta_i \ln(x/P^*) + \delta_i \ln t \quad ,$$

where s_i – the share of destination country in the expenditures of tourists from the 6 countries of origin under consideration;

p_j – prices in the destination country adjusted for the exchange rate;

x – expenditures of tourists in the destination country per tourist;

P^* – weighted price index for all the 6 countries;

t – time trend to account for changes in the tourists' tastes, which are not explained by changes in expenditures of tourists and prices, e.g. because the fact that tourists want to see different places.

Peng et al. (2014) conducted a meta-research of 195 tourist demand studies to determine its average income and price elasticities. The average income elasticity was 2.526. Since it is greater than 1, in theory it means that tourism can be considered to be a luxury good (when income increases consumers start to spend disproportionately more on travel services). The average price elasticity was -1.281 (minus means that higher prices negatively affect tourism demand). As for the destination regions, the largest income

and price elasticities are in case of tourism flows to Asia, the lowest ones – to Oceania. This confirms the hypothesis of the influence of the destination country on the elasticity of demand. But it is difficult to say how this study confirms the research by Anastasopoulos (1989), indicating that price elasticity is lower in the case of destination countries, which have unique characteristics (in the case of many similar competing destination countries prices are more important).

Papatheodorou (1999) noted that there are two opposing effects of geographical proximity of competing destination countries on the price elasticity of demand. The first effect (the characteristics effect) means that neighbouring destination countries are close substitutes as they are likely to have similar consumer characteristics. Therefore in case of a rising prices in one country, tourists prefer visiting similar neighbouring countries. The second effect (the voyage effect) means that neighbouring destinations are complements considering saving transport costs. Before prices increase in one country, those tourists who visit it also tend to visit a neighbouring country. But after the price rise they avoid visiting both countries. E.g. Spain and Portugal are considered to be substitutes (because they have similar characteristics), while Greece and Turkey are complements (since there are more distant from the countries of origin of tourists and are less similar).

As for researchers who were involved in the study of the tourism industry of Greece, Louvieris (2002) addressed the issue of forecasting inbound tourism demand for Greece. Borchert (2010) noted that 62% of people who travelled to Greece were involved in sun, sand and sea type of tourism, 40% in relaxation, 24% had adventure holidays, 22% were attracted by natural sites etc. Delitheou, Vinieratou and Touri (2010) analysed capacities for conference tourism in Greece. They noted that 40% of conference events are held in Athens. There were enough infrastructure facilities for conferences, but the problems of transport and marketing activities were to be addressed. Kajzar (2015) considered the ecotourism capacities of Greece.

Bondarenko (2011) provided a SWOT analysis of Ukrainian tourism industry. Development of the industry is favoured by diversified natural and recreation resources and location, and is constrained by seasonality, underdeveloped infrastructure etc. Guk (2008) mentioned that successful use of tourism potential of Ukraine requires addressing the problem of excessive marketing costs (infrastructure development, promotion of domestic tourism product to foreign markets, costs of excessive regulation bureaucracy). Sofiichuk (2018) addressed the modern risks for the tourism industry enterprises in Ukraine. Mihushchenko (2017) described the losses for the tourism potential of Ukraine because of the hybrid war. In particular Ukraine has lost 517 km of the seashore because of the annexation of the Crimea, 6 nature reserves, 600 spa and recreation hotels, 5 ports for cruise ships, etc.

3. Trends in travel and tourism industry

Greece relies much more on tourism industry than Ukraine considering international tourism receipts and the role of travel and tourism industry for the GDP and employment (see the Table 1). But the number of international tourist arrivals differs only two times.

The reason is much lower average receipts per arrival in Ukraine. Thus, Ukraine relies on much cheaper segment of tourism demand.

We also see the upward trend in tourist arrivals in recent years in Greece, although the average receipts per arrival decreased. This evidences about growth of cheaper segment of tourism demand in Greece or prevalence of shorter visits. Despite decrease in absolute travel and tourism industry GDP, the contribution of the sector to the country's GDP and especially employment increased. This evidences in favour of the stabilization role of the industry in the Greek economy and prevalence of cheaper labour strategy to strengthen competitiveness.

Under economic crisis, hybrid war and especially annexation of the Crimea in 2014, Ukraine suffered from a significant drop in both domestic and international tourism indicators. The hybrid war by Russia started as a reaction to the change of geopolitical orientation of Ukraine and allegedly third country effects of the FTA between EU and Ukraine, despite actually it was only a minor challenge for the Russian economy (Shnyrkov, Rogach and Chugaiev (2014)). According to the State Statistics Service of Ukraine (2019) the number of places in registered collective accommodation facilities dropped from 586,6 to 406,0 as a result of losing control over the Crimea and part of the Donbas region (decrease by about 30%). Under such a situation the tourists which had used to visit the Crimea redirected to Odeska, Khersonska oblasts and Western Ukraine. In the 3rd quarter of 2018 the capital city Kyiv accounted for 37% of sales of temporary accommodation and catering services, and Lvivska and Odeska oblasts for 10% each.

According to Hellenic Statistical Authority (2019) in the 1st half of 2016 86.5% of foreigners came to Greece from Europe (66.4% from the EU) – mostly from UK, Germany and Bulgaria. According to the State Statistics Service of Ukraine (2019) in 2017 14.2 million foreigners entered Ukraine. 2.8 million of them were serviced by tour operators. Ukraine was visited mostly by foreigners from Moldova, Belarus, Russia, Poland, Romania, Slovakia, Turkey, Israel and Germany (i.e. mostly from neighbouring countries). 105 thousand Ukrainians visited Greece, while only 19 thousand Greek citizens visited Ukraine. The imbalance in bilateral tourist flows turned out to be stable across many years.

70% foreign tourists arrive in Greece by airplanes, the country has a very developed air transport infrastructure. Ground transport is the second most important mode of transport. The water transport development can contribute to Greek tourism development (including cruise tourism). Foreign tourists arrive in Ukraine mainly by roads and railroads.

Table 1. Travel and tourism industry indicators in Greece and Ukraine.

Indicator	Greece, 2017 Report	Greece, 2013 Report	Ukraine, 2017 Report	Ukraine, 2013 Report
International tourist arrivals, thousand	23 599.5	16 427.2	12 428.3	21 415.3

Indicator	Greece, 2017 Report	Greece, 2013 Report	Ukraine, 2017 Report	Ukraine, 2013 Report
International tourism inbound receipts, US\$ million	15 672.7	14 622.6	1 082.0	4 294.0
Average receipts per arrival, US\$	664.1	890.1	87.1	200.5
Travel & Tourism industry GDP, US\$ million	14 704.1	16 961.0	1 304.8	3 166.6
% of total	7.6	6.7	1.4	2.0
Travel & Tourism industry employment, thousand jobs	400.0	349.9	214.4	350.0
% of total	11.3	8.9	1.2	1.7

Source: World Economic Forum (2013), World Economic Forum (2017).

4. Competitive advantages and strategies

The World Economic Forum Travel & Tourism Competitiveness Reports provide the most comprehensive data about competitiveness factors for the industry. In 2017 the world leaders in tourism and travel were Spain, France, Germany, Japan and United Kingdom. The aggregate data about Greece and Ukraine from the Report in 2017 is shown in Table 2. We should note that the methodology of calculating the index changed in 2017 in comparison to the 2013 Report. Some of the competitiveness indicators were replaced.

Table 2. Travel and tourism competitiveness in Greece and Ukraine in 2017.

Components of the travel and tourism competitiveness index	Greece		Ukraine		Advantages (+) / lagging (-) of Greece	
	Rank	Score	Rank	Score	Rank	Score
	24	4.5	88	3.5	+64	+1.0
Business Environment	103	4.1	124	3.7	+21	+0.4
Safety and security	53	5.6	127	3.5	+74	+2.1
Health and hygiene	11	6.6	8	6.6	-3	+0.0
Human resources	49	4.8	41	4.9	-8	-0.1
ICT readiness	54	4.9	81	4.2	+27	+0.7
Prioritization of Travel & Tourism	15	5.5	90	4.3	+75	+1.2

Components of the travel and tourism competitiveness index	Greece		Ukraine		Advantages (+) / lagging (-) of Greece	
	Rank	Score	Rank	Score	Rank	Score
International Openness	32	4.1	78	2.9	+46	+1.2
Price competitiveness	90	4.7	45	5.2	-45	-0.5
Environmental sustainability	39	4.5	97	3.9	+58	+0.6
Air transport infrastructure	26	4.3	79	2.4	+53	+1.9
Ground transport infrastructure	48	3.7	81	3.0	+33	+0.7
Tourist service infrastructure	18	5.7	71	4.1	+53	+1.6
Natural resources	32	4.1	115	2.3	+83	+1.8
Cultural resources	27	3.1	51	2.1	+24	+1.0

Source: World Economic Forum (2017) and authors' calculations.

The aggregate data shows that in recent years Greece improved its travel and tourism competitiveness unlike Ukraine. Greece outperforms Ukraine in almost all areas except Health and hygiene, Human resources and especially Price competitiveness. The most significant difference is in Natural resources (Greece has longer sun and beach tourism season), Prioritization of Travel & Tourism (the government treats the industry as the economy driver), Safety and security (Greece does not face such security challenges as Ukraine).

Greece is in the top 20 countries by Health and hygiene, Prioritization of Travel & Tourism, and Tourist service infrastructure, which constitute its main competitive advantages. But some business environment indicators are still its weakness. Ukraine turned out to be in the top 10 countries by Health and hygiene indicators and faces weaknesses in Business Environment, Safety and security, and Natural resources.

The more detailed data shows that Greece outperforms Ukraine by more than 70% indicators. But Ukraine demonstrate much better performance by pricing (Hotel price index, Purchasing power parity, Fuel price levels), some labour market conditions (Hiring and firing practices, Pay and productivity, Female participation in the labor force), some IT indicators (Internet use for biz-to-consumer transactions, Mobile-cellular telephone subscriptions), railroad transportation (Quality of railroad infrastructure, Railroad density), procedures for starting business, hospital beds density, comprehensiveness of annual travel and tourism data, costal shelf fishing pressure, and automated teller machines density.

Competitiveness growth in the sector in Greece in 2013-2017 was caused by improvements mainly in business environment and government support, safety and security, price competitiveness and environmental protection. Performance of Greece improved in Business impact of rules on FDI (outpaced 21 countries in the ranking), Cost to start a business (56), Business costs of crime and violence (28), Reliability

of police services (28), Business costs of terrorism (22), Extent of staff training (39), Government prioritization of travel and tourism industry (20), Effectiveness of marketing and branding to attract tourists (56), Comprehensiveness of annual Travel & Tourism data (22), Ticket taxes and airport charges (46), Hotel price index (21), Fuel price levels (22), Stringency of environmental regulations (34), Enforcement of environmental regulations (34), Sustainability of travel and tourism industry development (53), Quality of port infrastructure (19).

At the same time there was a downward trend in Time to start a business (-24), Primary education enrolment rate (-31), ICT use for biz-to-biz transactions (-65), Timeliness of providing monthly/quarterly Travel & Tourism data (-31), Number of World Heritage natural sites (-21). Sometimes this doesn't evidences about absolute worsening. In such cases this means that other countries go forward and outpace Greece, which keeps its performance indicators on the same level.

Ukraine had large improvements in Time to start a business (70), Primary education enrolment rate (33%), Internet use for biz-to-consumer transactions (33), Purchasing power parity (29), Sustainability of travel and tourism industry development (20), Environmental treaty ratification (28), Number of World Heritage cultural sites (27). In particular after the currency crisis Ukraine reached the 2nd place in the world by Purchasing power parity indicator, which reflects the effect of devaluation of the national currency on dollar prices.

Instead lagging behind took place in Business costs of crime and violence (73), Business costs of terrorism (90), Hiring and firing practices (-31), Ease of hiring foreign labour (-21), ICT use for biz-to-biz transactions (-24), Mobile-broadband subscriptions (-40), Timeliness of providing monthly/quarterly Travel & Tourism data (-33), Fuel price levels (-21), Particulate matter concentration (-64), Quality of port infrastructure (-20), Presence of major car rental companies (-40). Thus the main problems were in the area of security and some indicators of labour market, IT sector and transportation.

In order to assess the difference in travel and tourism competitiveness strategies we calculated the correlation between ranks of Greece and Ukraine according to the aggregate indicators and their changes. In 2013 the correlation was 0.69 at a significance $p < 0.01$. This means that both countries enjoyed largely similar patterns of competitiveness advantages. In 2017 the correlation was only 0.31 and the correlation between changes in ranks was 0.33. Both the correlations were insignificant, therefore we cannot say that nowadays the competitive advantages and competitive strategies for tourism and travel sector in Greece and Ukraine are similar. But they are unlikely to differ too much. The similarity in strategies is that both countries prioritized raising price competitiveness instead of further tourism services infrastructure development and business environment improvement relatively to the rest of the world. At the same time Greece prioritized more safety and security, industry specific support, environmental protection and ground transport infrastructure development, while Ukraine favoured improvements in human and cultural resources.

In Darvidou (2014) there was an assessment of the importance of the competitiveness factors from World Economic Forum (2013) for growth of receipts from international

tourism. The correlation analysis showed that the important factors may include those listed in the Table 3. Other indicators were either excluded from the research for methodological or policy reasons or had an insignificant impact on growth of receipts from international tourism.

Table 3. The core travel and tourism competitiveness indicators in Greece and Ukraine.

Components of the travel and tourism competitiveness index	2017		2013		Improvements	
	Greece	Ukraine	Greece	Ukraine	Greece	Ukraine
Property rights	87	129	71	131	-16	+2
Transparency of government policymaking			118	119		
Cost to start a business, % GNI/capita	44	11	100	21	+56	+10
Enforcement of environmental regulation	70	116	104	114	+34	-2
Particulate matter concentration	75	90	73	26	-2	-64
Business costs of crime and violence	51	114	79	41	+28	-73
Hospital beds/10,000 pop.	33	4	36	4	+3	0
Quality of air transport infrastructure	43	102	45	85	+2	-17
Airport density/million pop.	14	117	15	98	+1	-19
Quality of railroad infrastructure	60	34	67	24	+7	-10
Quality of port infrastructure	47	94	66	74	+19	-20
Quality of ground transport network			42	51		
Individuals using the Internet, %	54	80	51	89	-3	+9

Components of the travel and tourism competitiveness index	2017		2013		Improvements	
	Greece	Ukraine	Greece	Ukraine	Greece	Ukraine
Broadband Internet subscribers/100 pop.	19	64	33	69	+14	+5
Purchasing power parity	107	2	112	31	+5	+29
Hotel price index, US\$	61	29	82	110	+21	+71
Quality of the educational system			114	69		
Local availability specialized research & training			91	97		
Extent of staff training	74	92	113	104	+39	+12
Hiring and firing practices	96	47	108	16	+12	-31
Simple Average	58	70	76	69	+14	-6

Source: World Economic Forum (2013), World Economic Forum (2017) and authors' calculations.

If we compare the simple average ranks by core indicators (58 and 70) and the overall ranks according to the World Economic Forum Travel & Tourism Competitiveness Reports (24 and 88) in 2017, the difference in competitiveness between both countries would be smaller. The World Economic Forum is likely to overestimate competitiveness of Greek tourism industry, but it underestimated the progress made. It underestimates the current competitiveness of Ukrainian tourism industry and overestimates the decrease in the competitiveness.

Correlation between ranks of Greece and Ukraine by the core indicators and their changes are at most 0.12. Therefore competitive advantages and competitive strategies for tourism and travel sector in Greece and Ukraine are neither too different nor too similar. As we see Airport density and Hospital beds density are important assets of Greece, while expensive euro and drawbacks in Hiring and firing practices remained important problems. In Ukraine the main advantages included cheap national currency, hospital beds density, low cost to start business, low hotel prices and railroad infrastructure. The main problems were related to insufficient protection of property rights, worse quality and availability of air transport, weak enforcement of environmental regulation, and business costs of crime and violence.

In Greece the main efficient improvements were related to lowering cost to start business, availability of staff training, environmental protection and decreasing costs of crime and violence. At the same time there was no crucial deterioration of

competitiveness factors.

In Ukraine the positive effects of lowering hotel prices and devaluation of hryvnia for competitiveness were insufficient to compensate costs of crime and violence, developments in labour market, lagging behind in transport infrastructure. We should not forget also the negative effect of annexation of the Crimea. The region had generated a substantial part of the value added and international receipts for the tourism industry of Ukraine, which are not available now.

Out of the three models developed in Darvidou (2014) only one is relevant now considering change in the set of published indicators:

$$ITR = 1.592 - 0.592CB + 1.460A + 0.221H$$

$$(0,23) \quad (-1,73)^* \quad (3,11)** \quad (2,11)**$$

where *ITR* is three-year growth of international tourism receipts, %;

CB – Cost to start a business, % GNI/capita;

A – Airport density/million pop.;

H – Hospital beds/10,000 pop.

The actual data for the independent variables and the estimated growth of international tourism receipts are shown in Table 4.

Table 4. The data for estimation of international tourism receipts growth.

Indicators	2017		2013		Change	
	Greece	Ukraine	Greece	Ukraine	Greece	Ukraine
Potential annual growth of international tourism receipts, % (95% confidence range)	5.6 (4.0; 7.1)	6.7 (4.0; 9.3)	1.6 (-2.0; 4.9)	6.4 (3.9; 8.3)	4.0	0.3
Cost to start a business, % GNI/capita	2.2	0.5	20.5	1.5	-18.3	-1
Airport density/million pop.	4.6	0.3	3.3	0.4	1.3	-0.1
Hospital beds/10,000 pop.	48	90	48	87	0	3

Source: World Economic Forum (2013), World Economic Forum (2017) and authors' calculations. We used the data of World Bank (2019) to calculate the actual international tourism receipts growth rates. For example in Greece there were three periods of tourism activity in recent years. In 2004-2008 the average annual growth rate for the receipts was +10.2%, in 2009-2012 it was -4.4%, in 2014-2017 +5.1%. Except for a large drop in receipts (-35%) in 2009 Ukraine had a long period of positive growth in 2000-2012.

Unlike revival in Greece the period 2014-2017 was associated with the crisis of inbound tourism in Ukraine. The average annual growth rate was negative (-19.8%). But the data for 2017 is more optimistic: +13.8% in Greece and +16.0% in Ukraine.

There is a strong correlation between the growth rates in the world and the EU (0.89), and the EU and Greece (0.79) in 2000-2017. The correlation for the EU and Ukraine (0.54), and Greece and Ukraine (0.38) are smaller. Besides country specific trends there were years with the negative growth (2009 and 2015) and tourism boom years (2004, 2007, 2011 and 2017) in all the four economies. The receipts are only slightly more volatile in Greece than in the EU, but they are much more volatile in Ukraine. Using 2013 as the base year would result in the projected international tourism receipts in Greece 18.6 billion dollars according to the model, which is very close to the actual data. But the measures in business regulation and infrastructure development since 2013 could increase international tourism receipts growth by additional 4.0%.

In Ukraine potential international tourism receipts growth was more than 6%, but under the disintegration due to the Russia's hybrid war and crisis they decreased. The projected international tourism receipts could reach 7.6 billion dollars in 2017 (the confidence range is between 6.9 and 8.3 billion dollars) under better scenario. The difference with the actual receipts of 2 billion dollars is an approximate estimation of the losses of the travel and tourism industry of Ukraine.

5. Prospects for further development of bilateral tourism links

In order to successfully promote the Greek tourism product in the Ukrainian market, Greece should enhance the country image and its importance in the eyes of the population and the whole international community, tourism is an important factor of Greece's image.

There are many other opportunities besides sun and beach tourism. Greece is not only the keeper of ancient culture, but also of Orthodox culture. Here even the smallest town has at least one temple. There is a large number of abbeys. We should mention that the Greek Orthodox Church distinguishes the concepts of "pilgrimage" and "pilgrimage tourism". Pilgrimage is religious in nature, intended for religious people and means visiting a lot of temples and abbeys, and participation in services. Pilgrimage tourism is sightseeing of the holy places without participation in the religious life. This type of tourism is a promising activity, as a huge religious tourist potential of the country contributes to this. First of all, we should say what places would be good to visit for tourists to develop this branch of tourism. Another promising type of tourism is spa tourism associated with visiting tourism destinations for treatment of various diseases, recreation and rejuvenation (such as the fight against smoking, stress therapy, psychotherapy, physiotherapy, relaxation, diet, aesthetics, etc.). Resorts in Greece are designed for treatment and rehabilitation and are known for their therapeutic properties of thermal waters.

Interviewing Ukrainian tourist agencies suggest that Greece is in the top-8 most popular tourist destinations for Ukrainians. Most Ukrainians are satisfied with holidays

in Greece, because tourist products suggested by the Greek tour operators are really high quality, diverse and accessible enough for the part of Ukrainian population with average incomes. After the economic crisis in Ukraine the price aspect is important for tourism travels. Reduction of prices for travel services in Greece can be driven by increased competition in air transport, depreciation of the euro and use of internet marketing. Lifting the visa regime in the EU for Ukraine in case of short visits already supports development of tourism and can raise tourist arrivals and tourism receipts in future. In order to increase the flows of Ukrainian tourists to Greece, it is necessary to form a modern strategy for promoting tourism products and to settle a number of issues related to bilateral cooperation.

They should:

- develop a modern international cooperation agreement between Greece and Ukraine in tourism (opening new travel routes and airlines, establishing tourist information agencies and joint investment projects in the tourism sector, reducing seasonality by alternative tourism);
- improve the national tourism image of the country; carry out large-scale advertising and information campaign using the latest technologies in the Ukrainian media, organize presentations of tourism opportunities in Greece; participate in conferences and seminars on international and regional tourism policy and strategy; develop marketing and tourism products and its promotion in the Ukrainian market; create a network of information centres for Ukrainian tourists in the places of the greatest tourist flows;
- introduce new technologies in the tourism industry; improve the efficiency of the tourism industry; apply the policy of using local competitive advantages in a rapidly changing environment; create new jobs by means of the tourism sector development; develop air transport as a part of economic development; expand inbound tourism by means of involving new market actors.

On the Ukrainian side it is important that Ukraine should harmonize Ukrainian legislation and regulations in accordance with the EU standards. It is important for the Ukrainian side to develop measures to deregulate tourism and implement public and private partnership between Greece and Ukraine in tourism. Nowadays signing of Association Agreement with the European Union by Ukraine is an incentive for introduction of European standards in the Ukrainian tourism industry in the near future and will encourage the relations between Greece and Ukraine in this area.

Expansion of relations and cooperation between Ukraine and Greece on the one hand, and between Greece and international organizations in the area of tourism, on the other hand, provides new ways to promote the national tourist product in the world market and to use global information space and benchmarking in tourism activities.

Conclusions

Existing studies of tourism and travel industry competitiveness factors mainly consider prices and exchange rate, political factors, country's image, one-off events

etc. A comprehensive data of World Economic Forum enabled to assess the moderate difference in competitive advantages and competitiveness strategies of tourism industry in Greece and Ukraine. But there is evidence that only part of the published indicators in the WEF Travel & Tourism Competitiveness Reports actually affect international tourism receipts growth.

Greece relies much more on tourism industry than Ukraine and has better competitiveness dynamics. Ukraine has faced major security threats and experienced economic crisis in 2014-2015. Therefore its current tourism sector generates inbound tourism receipts which are 3-4 times less than the potential level under better alternative scenario. Greece is in the top 20 countries by Health and hygiene, Prioritization of Travel & Tourism, and Tourist service infrastructure. The main efficient improvements were related to lowering cost to start business, availability of staff training, environmental protection and decreasing costs of crime and violence. Ukraine turned out to be in the top 10 countries by Health and hygiene. It also has low costs to start business and quite good railroad infrastructure. Both countries especially Ukraine were forced to follow price minimization strategy in recent years to attract tourists. Greece hosts tourists mostly from distant EU member states, therefore air transport is more important for it. Ukraine is a destination country for mostly neighbouring countries, so ground transport is more frequently used.

In many cases Ukraine and Greece are not direct competitors in tourist flows and are often focused on different segments of consumers. There is a clear imbalance in bilateral tourist flows in favour of visiting Greece. The Association Agreement with the EU became an impetus for introduction of European standards in the Ukrainian tourism industry. In the future together with the visa-free regime it will encourage relations between Ukraine and Greece in this area.

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