

# INTEGRATION DIRECTIONS TO IMPROVE THE COMPETITIVENESS OF THE HOSPITALITY INDUSTRY

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**Abstract.** The article is devoted to the study of trends in the hospitality industry in Ukraine and the world and the search for ways to improve the competitiveness of the study area. *The aim of the publication* is to substantiate the directions of increasing the competitiveness of the hospitality industry in the regions of Ukraine in modern conditions on the basis of the analysis of trends in the studied sphere. *Methodology.* The study is based on the analysis of scientific literature and points of view of foreign and domestic experts in the field of hospitality. The study also used analytical data of the World Travel and Tourism Council and the National Tourism Organization of Ukraine. During the organization and conduct of the study were used general scientific and special methods, such as analysis, synthesis, comparison, identification of destructive factors affecting the state and development of the hospitality industry. Using a structural-logical method, presented a vision of the implementation of modern ways to improve the competitiveness of the hospitality industry in the regions of Ukraine in the conditions of the spread of pandemic. *Results.* The content and importance of the hospitality industry in the development of the regions of Ukraine and the world. Defined the content of the definitions under study, summarized and formulated approaches to defining the relationship between the concepts of "hospitality industry" and "tourism industry". The analysis of the main indicators of the hospitality industry. In order to find ways to improve the competitive advantages of the hospitality industry and determine the target audience the analysis of indicators of inbound and outbound tourism in Ukraine. Described trends in the development of the hospitality industry in modern conditions. The decrease in almost all indicators of development of the hospitality industry is revealed. The data of the World Council of Travel and Tourism about the state of the hospitality industry in Ukraine are analyzed. The reduction of the total contribution of travel to employment in Ukraine in 2020 to 6.3% was revealed. Identified directions and measures to strengthen the competitive advantages of the hospitality industry in the regions of Ukraine. It is proved that promising directions to improve the competitiveness of the hospitality industry in modern conditions are the association of business entities of the industry, as well as the use of modern digital and information tools. Such associations can be alliances, clusters, unions, brotherhoods, and so on. Joint cooperation of economic entities of the region will allow to create a comprehensive regional product that meets international standards, the needs of modern consumers, safe and of high quality, as well as able to integrate into the world tourism market. *Practical implications.* The study, based on analysis of major trends in the hospitality industry in Ukraine and the world has allowed to define integrated directions for improving the competitiveness of the hospitality industry, the implementation of which in the regions allows you to create a comprehensive regional product that meets international standards and the needs of the modern consumer, is of high quality and safe. *Value/originality.* The proposed directions for improving the competitiveness of the hospitality industry are the leading tools of regional development, which will quickly overcome the consequences of the spread of the pandemic, promote socio-economic growth of regions and the integration of regional products and services in the global tourism market.

**Key words:** hospitality industry, competitiveness, regional development.

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## 1. Introduction

In the current economic uncertainty, the hospitality industry is one of the few areas of the world economy that is developing dynamically, driving economic progress and creating new jobs. Today, the hospitality industry is a priority area for the development of the global economy. In addition, the hospitality industry is a multiplicative sphere of the economy, the development of which contributes to the development of related areas and the socio-economic development of entire countries and regions.

The global pandemic COVID-19 has slowed down economic growth in all countries and regions. Under such conditions, the development of the hospitality industry decreased several times. In general, losses of the tourism industry in Ukraine amount to more than 1.5 billion U.S. dollars. However, the consequences of the pandemic have affected the development of domestic tourism. Therefore, it is advisable to assess the place of the Ukrainian tourism industry in international economic relations.

## 2. Literature review

The analysis of indicators of the development of the hospitality industry in Ukraine and the world is presented in the works of A. Dyshkantiuk, L. Potemkina, K. Vlasiuk, where the directions of overcoming the modern crisis of the development of the hospitality industry are defined.

The impact of the COVID-19 pandemic on the state and development of the hospitality industry is highlighted by many works of scientists, including N. Korzh, N. Onishchuk, who study the impact of destructive factors on the state of hotel farms in the regions and suggest ways to transform them. Issues of competitiveness of the hospitality industry based on the use of global trends in the development of the hospitality industry and the implementation of best business practices are considered in their works by O. Baula, O. Liutak, L. Chepurda, H. Chepurda, O. Zelinska, offering a number of financial instruments for the development of the industry. The role of professional associations in increasing the competitiveness of the hospitality industry is considered in the work of A. Holod, O. Izhevskaya, O. Korkun, where the analysis of the cluster model of development of the hospitality industry in the region is presented. However, some issues related to the search for integration directions to improve the competitiveness of the hospitality industry in the regions remain unresolved and require detailed study.

## 3. Research results

The hospitality industry is an industry characterized by multidimensional, versatile and complex products

and services, combining various interrelated activities to meet the needs of consumers. Hospitality industry is an economic category, because it contributes to the production and provision of a significant range of services, creating jobs, generating significant revenues, developing the infrastructure of the region and increasing the level of socio-economic development of the whole country (Martienko, Dyshkantiuk, 2017).

The main features of the hospitality industry are the properties of the services offered. The analysis of scientists' approaches to the interpretation of the concept under study shows a multi-vector orientation in the content of this definition. In general, it is possible to distinguish four main types of scientists' approaches to the content of the concept under study:

- the hospitality industry includes the tourism industry in a meaningful way;
- the tourism industry includes the hospitality industry in a meaningful way;
- unified category "hospitality and tourism industry";
- the concepts of "hospitality industry" and "tourism industry" are synonymous.

Analysis of the literature shows that most researchers consider the hospitality industry in terms of customer satisfaction (Yehupova, 2021). The consumers are tourists, sightseers and guests of the region, as well as the local population. According to the Law of Ukraine "On Tourism", a tourist is a person "who travels to Ukraine or another country for a purpose not prohibited by the laws of the host country for a period of 24 hours to one year without performing any paid activities and with the obligation to leave the country or place of stay within the specified period". Excursionists are visitors who "receive tourist (excursion) services and stay in the place visited for a total duration of not more than 24 hours (without overnight stay)." Both tourists and excursionists can be considered guests of a region. In addition, the category of guests of the region can include transit passengers and persons who are on a business trip in this territory. It is worth noting that a person who is on a business trip is exempt from paying the tourist fee upon arrival, which a priori does not classify him as a tourist.

Consumers of hospitality industry services can be not only guests, but also local residents, who also use the infrastructure of hospitality (food establishments, settlements, entertainment, etc.). The key element in this case is the specificity of the services themselves, which is formed based on the nature of consumer needs, which can be divided into primary needs (accommodation, food, security) and additional (entertainment, travel, communication, etc.).

Thus, from the above it is possible to conclude that the content of the concept "hospitality industry" is broader than the concept "tourism industry", because the activities in this sphere are aimed at meeting the needs of customers – consumers of services in general,

not just tourists. Therefore, the hospitality industry is an independent category of the sphere of services, although it is interconnected with the tourism industry.

The spread of modern factors of influence, which are mostly destructive in nature, on the development of the hospitality industry in the regions of Ukraine, has changed the activities of most business entities (Baula, Liutak, Chepurda, Zelinska, 2021). To consider the main trends in the state and development of the hospitality industry in Ukraine and find ways to improve its competitive advantages, let's analyze the main indicators of development of the studied sphere. Hospitality industry accumulates significant revenues from the sale of tourist products and services, is a multiplicative sphere and contributes to the development of related industries.

Analysis of the results of the World Travel and Tourism Council studies shows that the total contribution of the hospitality industry in almost all countries is insufficient and demonstrates negative trends in recent years. These studies show that in 2020 the total contribution of the industry to Ukraine's GDP will be 5.43% (184.2 billion UAH). In addition, direct travel spending in 2020 was 1.44% of the country's GDP. In 2019, this figure was 6.3%, and in 2020 it dropped to 3.4%. This decline in the hospitality industry is explained by the cessation of activities of a large number of business entities. Global indicators of the hospitality industry show a similar situation. An analysis of the World Travel and Tourism Council report showed that the hospitality industry's contribution to global GDP was 10.4 percent (\$9.2 trillion) in 2019, declining to 5.5 percent in 2020.

During 2020, the hospitality industry lost about 4.5 trillion. At the same time, its contribution to global GDP decreased by 49% (Korzh, Onyshchuk, 2020). In addition, by 2019, the hospitality industry accounted for one in four new jobs created worldwide, or 10.6% of all jobs (334 million). It is worth noting that the global hospitality industry lost 18.5% of jobs (about 62 million) in 2020. An analysis of this problem showed that the global hospitality industry has 272 million jobs. In addition, during 2020, spending on domestic travel fell by 45% and spending on out-of-country travel by 70%.

The analysis of employment indicators in the hospitality industry also demonstrates negative trends. Thus, the total contribution of the studied sphere to employment in Ukraine during 2020 decreased to 6.3%, during 2019 this indicator was 6.9%. The threat of further loss of the number of jobs remains. In general, in 2020 the losses of the hospitality industry in Ukraine are estimated at more than 1.5 billion U.S. dollars.

Analysis of the problem under study shows that the share of the hospitality industry in the country's total economy is 3-4% of GDP, which is significantly different from the international indicator (10%).

Analytical reports of the World Tourism Organization recognize this indicator at the level of about 9% of GDP. Analysis of data from the National Tourism Organization of Ukraine showed that the contribution of the hospitality industry in the total supply of goods and services of the national economy amounted to 11.6% of GDP.

Ukraine in 2020 demonstrates a fairly high performance in some world rankings (Nikolaichuk, 2021). For example, in the ranking of the World Economic Forum (of 140 countries) Ukraine took 78th place in the index of competitiveness of tourism and tourism services. This rating made it possible to analyze such indicators of economic stabilization:

- "price competitiveness" (19th place);
- "openness to the world" (55th place);
- "improving overall infrastructure" (73rd place);
- "improving the business environment" (103rd place);
- "improving the level of security" (107th place).

From the above, it can be concluded that the hospitality industry makes a significant contribution to the country's economy.

To determine directions for improving the competitiveness of the hospitality industry in the region consider it appropriate to analyze inbound and outbound tourism in Ukraine, which will identify target consumers of products and services of the industry and accelerate the integration of regional tourism products in the world market.

The volume of tourist flows of inbound tourism in Ukraine during 2020 is shown in Figure 1.

Most tourists came to Ukraine from neighboring countries. During 2020 the leader in the number of tourist arrivals was Moldova – 933 thousand people. A significant number of foreigners came to Ukraine from Belarus (463,5 thousand people), Russia (390 thousand people), Poland (272 thousand people), Romania (229 thousand people) and Hungary (217 thousand people). Significantly lower figures were shown by Turkey (149 thousand people), Germany (74 thousand people), Israel (57 thousand people) and the United States (42 thousand people).

Also, according to the State Border Guard Service of Ukraine, in 2020 the citizens of Great Britain (34.5 thousand people), Lithuania (almost 30 thousand people), Latvia (26 thousand people) were tourists in the country. Also there were citizens of Azerbaijan, Italy, India, Georgia, Bulgaria, Serbia and others.

From the Czech Republic, Latvia, China, Egypt, Uzbekistan and Armenia 10 to 20 thousand tourists visited Ukraine. Most foreigners crossed the Ukrainian border for private or tourist purposes. The State Border Guard Service of Ukraine recorded 70,000 people crossing the border in transit.

It is also advisable to analyze the volume of outbound tourist flows in Ukraine during 2020, which is shown in Figure 2.

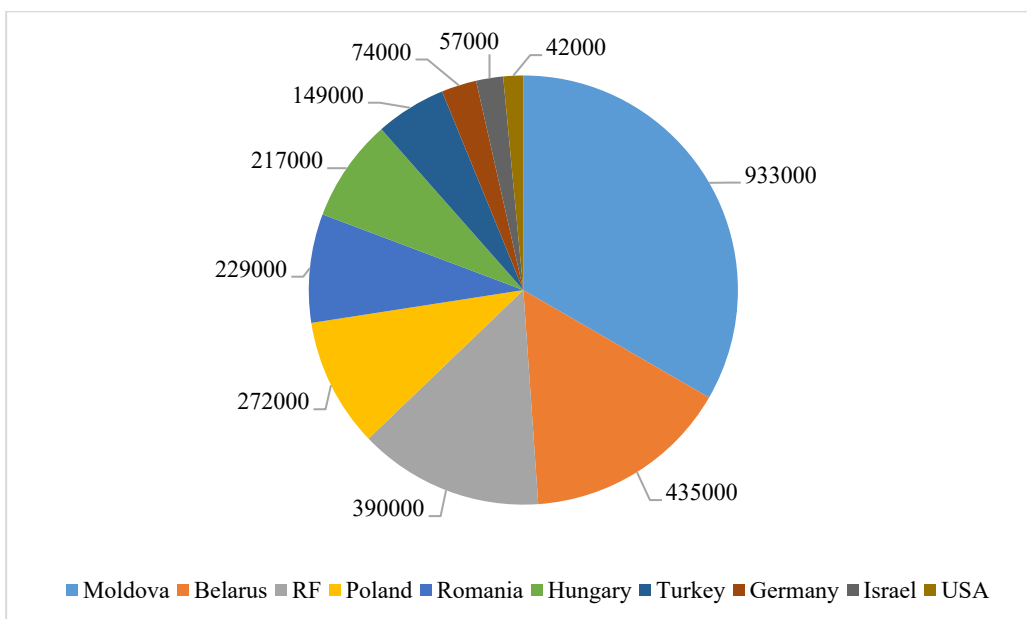


Figure 1. The volume of tourist flows of inbound tourism in Ukraine (2020)

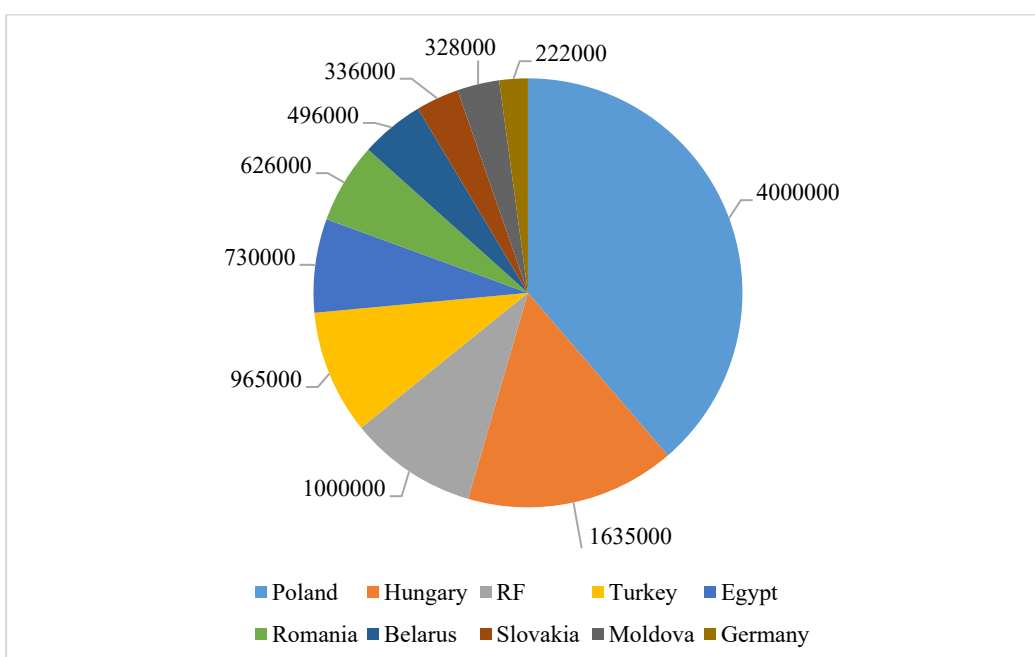


Figure 2. The volume of tourist flows of outbound tourism in Ukraine (2020)

During 2020 Ukrainians visited 123 countries of the world. According to the State Border Service of Ukraine, more than 11 million 250 thousand Ukrainians will go abroad.

The leaders among the visits were the countries bordering Ukraine:

- The Republic of Poland – about 4 million citizens of Ukraine;
- Hungary – 1 million 635 thousand Ukrainians;
- Russian Federation – 1 million people.

High rates of visits by Ukrainians are typical for Turkey (965 thousand people) and Egypt (730 thousand

people). A lot of Ukrainians traveled to Romania (626 thousand people), Belarus (496 thousand people), Slovakia (336 thousand people), Moldova (328 thousand people), Germany (222 thousand people) and the United Arab Emirates (100 thousand people).

Popular among Ukrainians were also: Austria (68 thousand people), Italy (60 thousand), Spain (53.5 thousand), Britain (44.5 thousand), Bulgaria (42 thousand), Israel (41 thousand), Georgia (33.6 thousand), Greece (26.5 thousand), Denmark (24 thousand) and Qatar (20 thousand).

To the Balkan countries (Montenegro, Croatia and Albania) travelled 23 thousand, 16.2 thousand and 12 thousand Ukrainian citizens, respectively.

Thus, the conducted analytical studies have shown that the hospitality industry can accumulate significant revenues from the sale of regional products and services, is a multiplicative sphere and contributes to the development of related industries. In this regard, it is advisable to constantly improve the competitive advantages of the studied sphere and to form products and services that would meet modern safety and quality requirements, meet the needs of consumers and be in the key of global trends in the hospitality industry.

According to the authors, today it is advisable to improve the competitiveness of the hospitality industry in the regions of Ukraine in two ways. Firstly, business entities of the hospitality industry should unite (Matviichuk, Barskyi, Lepkyi, Karpiuk, Podoliak, 2021). Such associations can be alliances, clusters, unions, fraternities and so on. The implementation of such a policy in the region will create a comprehensive regional product that meets international standards, the needs of modern tourists, safe and of high quality, as well as able to integrate into the global tourism market.

Cluster policy as a tool to improve the competitiveness of the hospitality industry of the region has become widespread in almost all countries of the world (Holod, Izhevskaya, Korkuna, 2019). In general, a hospitality industry cluster is understood as a voluntary association of stakeholders to form high-quality products and services through the cooperation of small and medium-sized businesses in the region, as well as the creation of complex regional products that meet modern requirements and quality standards. Today there are more than 2,500 clusters in Europe. Studies have shown that the cluster economy is at least 40% more efficient than the traditional branch economy.

Secondly, it is advisable to use modern digital and information tools to promote the products and services offered. The authors believe that it is advisable to ensure the competitiveness of the hospitality industry in the region by creating its own information systems to promote regional products and services, as well as taking into account the potential of the region, consumer interests and existing trends in the industry. Classically, regional goods and services can be promoted by participating in exhibitions, holding events, forming and publishing promotional printed and media materials, advertising in social networks, creating websites, selling souvenirs, opening information offices and conducting joint activities with the hospitality industry entities of other regions.

Current trends in the competitiveness of the regional hospitality industry confirm the effective directions of promoting products and services. These areas include:

- create promotional channels on YouTube;

- creation of information portals in 3-5 languages;
- creating augmented reality tourist viewing sites;
- create promotional pages in social networks;
- create special apps for mobile devices;
- creating 3D routes;
- posting and updating information about the region's services in geosocial networks;
- formation of an electronic calendar of events in the hospitality industry;
- holding an online fair, etc.

Thus, the current trend of increasing competitiveness of the hospitality industry in the region is the increasing role of information technology. Advertising and information systems can be used to form a positive image of the modern consumer about the offer of the hospitality industry in the region. In addition, it is advisable to form a comprehensive service, which is possible with the cooperation of business entities. Clusters are defined as the most effective and popular form of unification of hospitality industry subjects.

The main advantages of clustering for business entities in the region are:

- ability to share the region's infrastructure;
- possibility of joint marketing;
- organization of sales of tourist products of cluster participants;
- development and promotion of regional brands;
- participation in joint scientific developments, etc.

Implementation of cluster policy in the regions will allow to create complex regional products of high quality in accordance with international requirements, rules and standards. This will strengthen the competitive advantages of the Ukrainian hospitality industry.

#### 4. Conclusions

Today, in difficult conditions of development of Ukrainian hospitality industry, there is a significant decline in its development indicators. The hospitality industry contributes to the production and provision of a significant range of services, creating jobs, generating significant income, developing the region's infrastructure and increasing the level of socio-economic development of the whole country. The multi-vector orientation in the content of the definition of "tourism industry" is defined. There are four main approaches of scientists to the content of the concept under study: the hospitality industry meaningfully includes the tourism industry; the tourism industry meaningfully includes the hospitality industry; a single category – "hospitality and tourism industry"; the concepts of "hospitality industry" and "tourism industry" are synonymous. It is proved that the hospitality industry is an independent category of services, although it is interconnected with the tourism industry.

The analysis of the main indicators of development of the studied area was carried out. It was determined that the hospitality industry accumulates significant revenues from the implementation of tourist products and services, is a multiplicative sphere and contributes to the development of related industries. The analysis of the volume of inbound and outbound tourist flows in Ukraine during 2020 was conducted. It is proved

that the majority of tourists came to Ukraine from neighbouring countries.

The prospective directions for increasing the competitive advantages of the regional hospitality industry in modern conditions were determined. These areas include associations of hospitality industry entities in the form of clusters, alliances, unions, etc., as well as the introduction of information technology to popularize regional tourism products.

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