

Review Paper

Perspectives for the Tourism and Hospitality Industry in a Globally Competitive Environment

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ABSTRACT

The emergence of the latest global challenges and threats caused by the COVID-19 pandemic and Ukraine's military confrontation with the armed aggression of the Russian Federation actualize the problem of destabilization of the tourism and hospitality industry and aggravate the need for post-war reconstruction of the destroyed infrastructure and ensuring the basis for sustainable development of the country. Under such conditions, the development of the tourism and hospitality industry acquires great importance, which can attract additional financial resources, create new jobs, increase the competitiveness of economic entities and enhance the international image of the country. The aim of the study is to justify the theoretical and applied principles and determine the prospects for the development of the tourism and hospitality industry in a globally competitive environment. The study applies general scientific and unique methods of economic analysis, namely: observation and system analysis; historical-logical method; analysis, comparison and synthesis; functional-system approach; graphical and tabular methods; generalization and systematization. Based on the findings of the study, it is established that the tourism and hospitality industry is experiencing a protracted crisis due to the COVID-19 pandemic and armed military conflicts in today's environment. Significant reductions in tourism flow to Europe and Asia, and the Pacific have been identified, notably France from 86.9 million people in 2019 to 1.2 million in 2022, Spain from 81.8 million people in 2019 to 9.1 million in 2022, Singapore from 0.15 million people in 2020 to 0.54 million in 2022 and Israel from 0.25 million people in 2020 to 0.23 million in 2022. Meanwhile, the share of GDP produced by the tourism and hospitality industry in total global GDP declined from 10.3 % in 2019 to 5.3 % in 2020. In 2021, it slightly increased to 6.1 %, which requires state support for the tourism and hospitality industry and strengthening the competitiveness of economic entities in this sphere.

HIGHLIGHTS

- ① The aim of the study is to justify the theoretical and applied principles and determine the prospects for the development of the tourism and hospitality industry in a globally competitive environment.
- ② Based on the findings of the study, it is established that the tourism and hospitality industry is experiencing a protracted crisis due to the COVID-19 pandemic and armed military conflicts in today's environment.

Keywords: Tourism, tourism services, hospitality, competitiveness, COVID-19 pandemic

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Crisis trends in all sectors of the economy and society have marked the COVID-19 pandemic. The challenges, dangers, and threats posed by the pandemic particularly affected the tourism and hospitality industry, as the measures introduced to control coronavirus infection made it difficult for people to travel within one country and other countries. The decline of the tourism and hospitality industry was planned to be gradually restored, and international travel conditions relaxed from 2022 onwards. However, the exacerbation of the armed conflict in Ukraine due to the full-scale invasion of the independent country by the Russian Federation and the conduct of active hostilities made it impossible to implement the planned activities and exacerbated the crisis. A reformatting of the tourism and hospitality industry is inevitable. It is also caused by other destabilizing factors, in particular rising prices for fuel and oil, foodstuffs, forced population migration from hostilities, changes in the structure of the international labor market, and the imposition of sanctions against the Russian Federation. Consequently, a significant number of tourists do not have the opportunity to travel and use tourism services, and there is fierce competition for planned international tourist trips. Given these problematic issues, the feasibility of researching the prospects for the tourism and hospitality industry in a globally competitive environment is relevant.

Literature Review

Ensuring sustainable development of the tourism and hospitality industry in the context of instability, competition, and global hazards essentially depends on effective tourism development policies as an independent economic sector capable of providing sophisticated tourism services and meeting socio-political, cultural, and economic needs at the international level. Sofronov (2018) argues that the tourism and hospitality industry is one of the largest in the world and contributes to job creation, and economic growth and enhances socio-economic development indicators. In some island-type countries, is the only place for employment. At the same time, Krasnokutskiy *et al.* (2016) believe that the tourism and hospitality industry in the current context of globalization and internationalization is one of the most important international economic activities and has a significant impact on the global

economy. However, the tourism and hospitality industry undergoes transformational changes in an unstable environment and depends on the users' needs of tourism services. Formation of a highly developed tourism and hospitality industry, according to Biletska *et al.* (2020), depends on the level of socio-economic development of the country, tourist and recreational potential, favorable geographical location, and favorable climatic conditions. This hypothesis is developed by Mtshokotshe and Mxunyelwa (2020), who investigated that underdeveloped economies cannot provide quality tourism services. The hospitality sector, which is an integral part of tourism, clearly distinguishes between tourism and hospitality. As Mazur (2015) notes, tourism provides leisure and entertainment services, focusing on ensuring the smooth operation of tour operators and travel agencies. In contrast, the hospitality sector helps to arrange accommodation for tourists and provides them with food and comfortable accommodation. In doing so, the scholar focuses on ensuring the competitiveness of the tourism and hospitality industry, which is evaluated based on such methods as: ranking method, differences, scores, comparative advantage method, matrix method, equilibrium point achievement evaluation, and methods based on adequate competition theory and market share determination.

Moreover, destabilizing factors of the Russian-Ukrainian war aggravated the problems of the existence and development of tourism and hospitality not only on the territory of the countries involved in the armed confrontation but also on the entire European continent. Nosyriev *et al.* (2022) note the current importance of the main vectors formation of the tourism and hospitality industry strategic development, as the post-war reconstruction of Ukraine should include a tourist aspect since, given the pro-Ukrainian sentiment of most EU countries, interest to visit Ukraine among foreign citizens will grow. It will contribute to the popularization of Ukraine as a tourist country in the European region, provoking competition for tourists. Scientists claim that shortly the development of military tourism will intensify, and famous destinations such as Irpin, Bucha, Chornobaivka, Mariupol, and Kharkiv will become popular tour programs. The assumptions made indicate a shift of the tourism development

vector from the European Union towards Eastern Europe.

Obviously, at this stage, it is impossible to fully implement the planned activities due to the war in Ukraine, and the leading tourism destinations remain in Europe and the Asia-Pacific region. As Ganbold (2022) points out, these regions have gained popularity due to the provision of quality tourism services and opportunities to visit sights and natural landscapes. Countries such as Thailand, Singapore, Indonesia, and the Philippines have become tourism leaders in the Asia-Pacific region, with revenue and GDP growth coming from the tourism and hospitality industry.

Undoubtedly, the COVID-19 pandemic has reduced visits to countries in these regions due to border closures. Environmental sustainability remains a challenge to be addressed from a strategic perspective. Lopez (2021) estimates a 94.97 % decline in tourism and hospitality industry performance in the Philippines in 2021 compared to 2020, requiring due attention to tourism and hospitality industry trends. Overall, the global decline in tourism and hospitality industry performance is estimated at 60–80 % (Constantin and Saxon, 2020), and a return to pre-crisis levels with sustainable development is planned for 2024. However, Constantin and Saxon (2020) argue that rebuilding the tourism and hospitality industry will be too painful and costly. The reopening of tourism and hospitality business entities would impose additional costs, and achieving the desired economic effect would be possible by coordinating the joint efforts of businesses and public authorities towards:

1. Streamlining public-private interfaces in tourism;
2. Experimenting with new financing mechanisms;
3. Ensuring prosaic and consistent communication;
4. Ensuring a digital and analytical transformation.

Buharova and Vereshchagina (2021), investigating the current state and development prospects of the tourism and hospitality industry, concluded that it needs state regulation and support from all levels of government. These trends were most noticeable

during the crisis phenomena associated with the COVID-19 pandemic, which Gunnella *et al.* (2020) identified as the primary reason for the sharp and profound decline in tourist mobility and the decline of the tourism industry, while the introduction of quarantine restrictions led to a collapse in tourism consumption. It is the coronavirus infection, and the consequences of its rapid spread that Do *et al.* (2021) recognize as the greatest challenge to global tourism and hospitality. As a result of COVID-19, a significant part of the population has felt a decrease in income, an increase in consumer spending, and a reduction in employees of tourism and hospitality business entities, which requires financial support from the state. In this context, the MICE industry is becoming a relevant area of tourism and hospitality. Its essence combines business meetings, symposia, conferences, and exhibitions with cultural, historical, natural, and recreational resources, which Aburumman (2020) considers a promising direction for the tourism and hospitality industry in today's environment.

At the same time, Roik (2022) investigated that domestic tourism is more prevalent in times of crisis. As far as international tourism is concerned, it is limited by quarantine measures and therefore emphasizes the strengthening of the quality of services and the need to develop the tourism and hospitality industry at the national level and intensify the process of attracting innovation for tourism and hospitality development. Therefore, a system to ensure the competitiveness of tourism and hospitality industry entities according to Vecepura and Zemlina (2021), should take into account the state of development of the world economy and competition in the international market of tourism services, becomes essential.

On the whole, assessing the condition and development trends of the tourism and hospitality industry, it can be stated that scientific findings in this direction indicate significant problems in the functioning of this sphere, the main reasons for which are the COVID-19 pandemic, the Russian-Ukrainian war and other military conflicts on the territory of the countries in question.

Aims of the Study

The study aims to substantiate the theoretical and applied principles and identify the prospects for

the tourism and hospitality industry in a globally competitive environment.

MATERIALS AND METHODS

The study uses general scientific and unique methods of economic analysis, namely observation and system analysis, to determine the essence of the scientific category “tourism and hospitality industry”. Historical and logical methods are used to study scientific approaches to determine the state, trends, and principles of development of the tourism and hospitality industry in a competitive environment. Analysis, comparison, and synthesis are used to assess the dynamics of tourism and hospitality industry characteristics. Functional systematic approach is aimed at identifying promising directions of development of the tourism and hospitality industry in the context of global competition. Graphical and tabular methods were aimed at reflecting applied research results. Generalization and systematization have helped in formulating conclusions and suggestions.

The information base for the study consists of reports from international organizations: Tourism in Europe Statistics 2020–2021 for annual tourist volumes; Ranking of countries by a number of foreign tourists in 2021–2022 for the number of foreign tourists; Travel and Tourism Competitiveness Report, 2017–2019 and Travel and Tourism Development Index Report 2021 for the Travel and Tourism Sector Competitiveness Index, as well as academic papers from leading global academics.

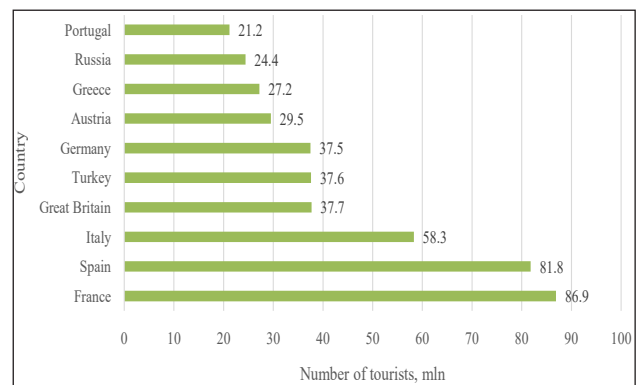
RESULTS

The deepening crisis phenomena and the emergence of new global challenges of our time have caused the tourism and hospitality industry to stagnate, resulting in significant gaps. The COVID-19 pandemic has had a tangible impact on the tourist flow, and due to quarantine measures, the main trends in the tourism and hospitality industry have focused on domestic tourism, pushing international tourism to the back burner. The problems and crises accompanying the development of the tourism and hospitality industry during 2019–2021 have been intensified by the risks of a full-scale invasion of Ukraine by the Russian Federation. Consequently, the existing tourism and hospitality service system has undergone significant transformational changes

not only in Ukraine but also in other European countries.

These trends are confirmed by official data published by Condor Ferries (Tourism in Europe Statistics, 2020–2021), which show that in the pre-crisis period, the European tourist region accounted for about 50 % of visitors, with France and Italy leading among the most visited countries (Fig. 1).

A study on the tourism and hospitality industry during the 2020–2021 coronavirus crisis and an analysis of the annual volumes of tourists visiting the central European countries shows significant downward trends (Fig. 2). The COVID-19 challenges impacted the tourism and hospitality industry most significantly in France, reducing tourist numbers from 86.9 million people in 2019 to 1.41 million in 2020 and 0.975 million in 2021, and Spain, whose tourist numbers fell from 81.8 million people in 2019 to 3.35 million in 2020 and 7.46 million in 2021.

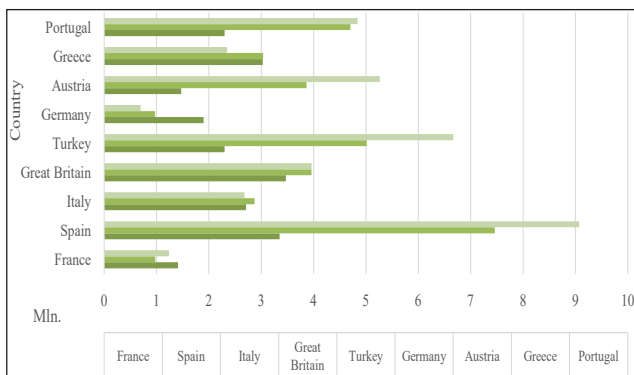


Calculated according to: Tourism in Europe Statistics 2020–2021.

Fig. 1: Annual volumes of tourists visiting Europe in pre-crisis 2019

Undoubtedly, the decrease in the number of foreign tourists is due to the introduction of restrictive quarantine measures for the COVID-19 pandemic and the ban on entry of foreign tourists to most European Union countries. At the same time, the unstable and critically negative situation in the tourist market in 2022 was exacerbated by the challenges of the Russia-Ukraine war. Significant numbers of tourists from Ukraine are unable to travel. At the same time, most of the countries in the analyzed group have reformatted their tourism and hospitality facilities to accommodate refugees from the country where hostilities are taking place. At the same time, the negative sentiment of Europeans and the imposition of sanctions against solvent residents

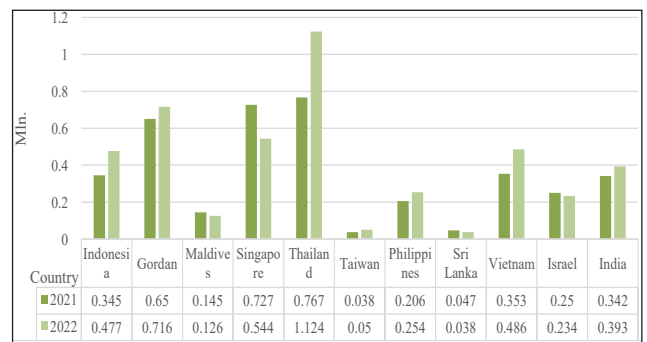
of the Russian Federation with a ban on their entry into the European Union has also exacerbated instability in the tourism and hospitality market and the competition of existing tourism firms has begun to intensify. Equally essential consequences of the impact of the Russian-Ukrainian war on the development of the tourism and hospitality industry are the reduction of safety and security guarantees when traveling near territories where hostilities are taking place, and military equipment is moving; when staying with a tourist trip in countries neighboring the conflicting sides; significant damage and destruction of tourist infrastructure in the territory of hostilities; lack of highly qualified personnel; curtailment of tourist programs due to the need to finance the defense capacity of countries suffering from armed aggression. Even though the dynamics of indicators of the number of foreign tourists visiting European countries in 2022 show a slight increase in the indicator in question, it has not been possible to restore the pre-crisis parameters of the development of the tourism and hospitality industry.



Calculated according to: Ranking of countries by the number of foreign tourists in 2022.

Fig. 2: Dynamics of the number of foreign tourists visiting Europe in 2020–2022

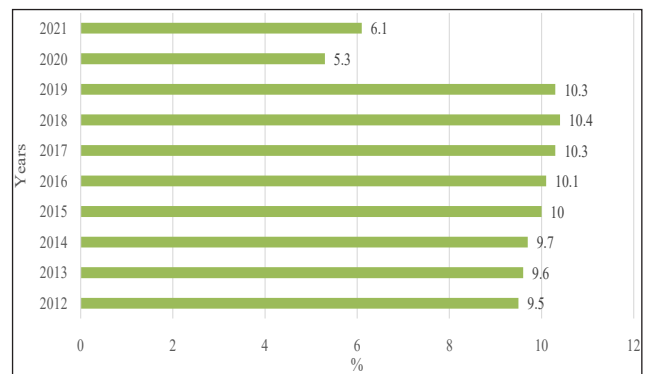
As for trends in the Asia-Pacific tourism and hospitality industry (Fig. 3), countries such as Indonesia, Jordan, Thailand, Taiwan, Vietnam, and India will see an increase in tourists in 2022, while Singapore, the Maldives, Sri Lanka, and Israel will see a decrease compared to 2021. That said, the development of Israel’s tourism and hospitality industry, plagued by armed conflict with Palestine, is worth noting. Still, the tourism business can adapt to the conditions of military confrontation.



Calculated according to: Ranking of countries by the number of foreign tourists in 2022.

Fig. 3: Dynamics of the number of foreign tourists visiting Asia-Pacific countries in 2021–2022

If the share of GDP produced by the tourism and hospitality industry is analyzed over 2012–2021 in total world GDP (Fig. 4), there is a steadily rising trend over 2012–2018. Starting from 2019, the share of GDP produced by the tourism and hospitality industry has gradually declined to 10.3 % in 2019, with a sharp drop to 5.3 % in 2020, confirming the outlined crisis trends of the tourism and hospitality industry as found by preliminary studies. In 2022, there is a slight recovery of the tourism and hospitality industry, indicating a 0.8 % increase in GDP share to 6.1 %.



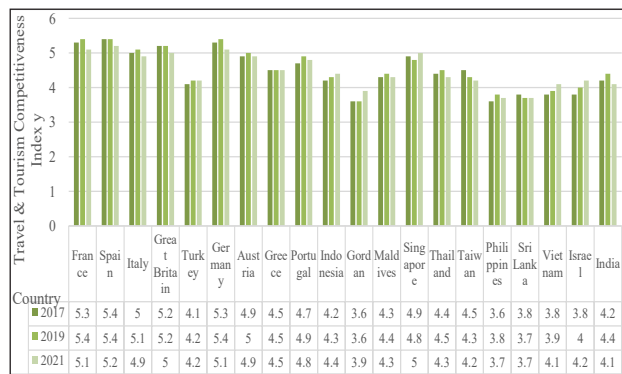
Calculated according to: Share of the total gross domestic product (GDP) generated by travel and tourism worldwide from 2000 to 2021.

Fig. 4: Share of GDP produced by the tourism and hospitality industry during 2012–2021 in total world GDP

This situation regarding the development of the tourism and hospitality industry requires a set of practical measures to ensure uninterrupted, high-quality, and efficient operation of economic entities in the tourism and hospitality sector. In other words, the problem of their competitiveness becomes relevant, empirical assessments of which

in the countries in question according to the Travel and Tourism Competitiveness Index are presented in Fig. 5.

According to the data analyzed, the highest positions in the Travel and Tourism Competitiveness Index are taken by France, Spain, the UK, and Germany, which are highly developed and able to implement high standards of tourism services, and the lowest by Jordan, the Philippines, and Sri Lanka, which are less developed than European countries but can hold competitive positions thanks to their favorable geographical location and the characteristics of their tourism services.



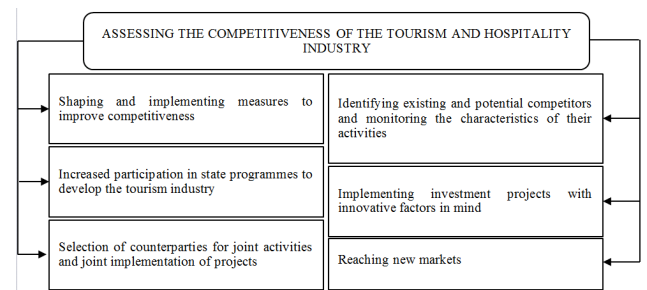
Calculated according to: Travel and Tourism Development Index Report, 2017–2021.

Fig. 5: Dynamics of the Travel and Tourism Competitiveness Index for selected countries in Europe and Asia-Pacific 2017–2021

In the conditions of global competition those economic entities of the tourism sector, which are able to provide higher standards and performance of their own activities, receive a positive economic effect. In order to strengthen the competitiveness of tourism and hospitality industry entities, it is important to carry out its timely and qualitative assessment, the components of which are to be reflected in Fig. 6.

At the same time, it is extremely important to monitor the situation in the market of tourism services and timely identification of major competitors, whose activities are similar and whose advantages and opportunities are stronger, which will allow them to react to the emergence of risks and threats and take appropriate measures to improve their own competitiveness. Of course, management of competitive advantages implies timely identification of factors affecting competitiveness and development

of measures allowing to increase competitive advantages.



Author's development.

Fig. 6: Assessing the competitiveness of the tourism and hospitality industry

It has been proven that the tourism and hospitality industry is in crisis due to the challenges of COVID-19, the war in Ukraine and armed conflicts in other countries. Therefore state support for hospitality and tourism entities as an auxiliary source of financing activities remains extremely important. In this context, attracting foreign investment and introducing innovative methods of doing business are of great importance and the quality, breadth and uniqueness of tourism and related services, level of service, price policy, loyalty system, qualification and communication skills of staff, material and technical base and system of sanitary and epidemiological measures remain equally important. At the same time, the creation and introduction of new tourism destinations will contribute to the sector's competitiveness and continuous growth.

DISCUSSION

The status and trends of the tourism and hospitality industry indicate significant challenges for the functioning of the tourism and hospitality sector in an environment that is driven by disruptive and destabilizing factors of a global and regional nature, in particular the COVID-19 pandemic and military conflicts.

Considering that the tourism and hospitality industry is able to provide fast and unhindered attraction of foreign funds into the country's economy, the process of creating highly efficient and able to integrate into the international market of tourism and hospitality industry requires intensification. This is possible on the basis of formation of a competitive tourist

product, provision of comprehensive development of the accompanying infrastructure and creation of favorable conditions for investment attractiveness of foreign investors.

At the same time, current trends in the implementation of strict quarantine measures necessitate the strengthening of domestic tourism development, while the decreasing income levels of the population in most countries require the development of specific budget tourism projects. Threats related to socio-political and military dangers make it necessary to improve security in tourism and hospitality, as well as the quality of tourism and insurance services. Equally important is the introduction of innovations in tourism and hospitality that will speed up service delivery and promote tourist awareness and opportunities and advantages for tour operators, in particular the introduction of multilingual information services, the formation of an electronic tourist map and the formation of virtual reality services and the construction of itineraries in online mode.

The proposed measures will improve the quality of tourism services and the competitiveness of the tourism and hospitality industry.

CONCLUSION

Thus, the results of the research conducted on the theoretical and applied framework for the development of the tourism and hospitality industry in the context of global competition suggest that its condition is assessed as being in crisis. This is due to restrictive quarantine measures imposed to minimize the risks of a COVID-19 pandemic and military conflicts in several regions. Coronavirus infection and the Russian-Ukrainian war have been shown to be the biggest obstacles to the sustainable development of the tourism and hospitality industry, resulting in a drop in global GDP and catastrophic drops in tourist flows to Europe and the Asia-Pacific region. It is revealed that in the pre-crisis period, about 50 % of the total tourist flow was accounted for by European countries, with France (86.9 million visitors per year), Spain (81.8 million visitors per year) and Italy (58.3 million visitors per year) leading the way. It has been established that the tourism and hospitality industry and MICE industry are promising areas for development. To overcome the crisis situation, it is proposed to strengthen the

state support of the tourism and hospitality industry and to increase the competitiveness of economic entities operating in this sphere.

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