

DATA AND DIGITAL PLATFORMS

# Driving the Tourism Recovery in Ukraine



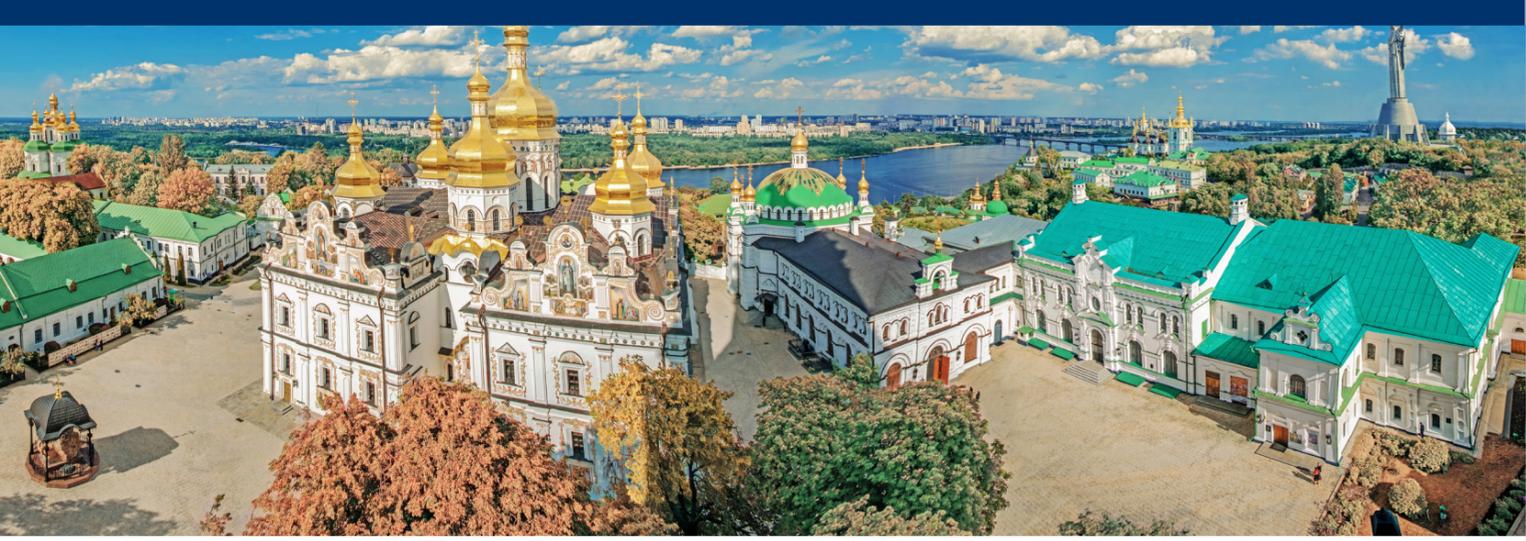
**TOURISM  
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# Executive Summary

The tourism industry has suffered more than any other sector due to COVID-19 and the resulting global economic recession; the challenges to a full recovery in travel are formidable. Digital content and platforms have been proven to drive growth in travel. This study seeks to identify how data and these online platforms can be leveraged to influence the recovery in travel and the economy.

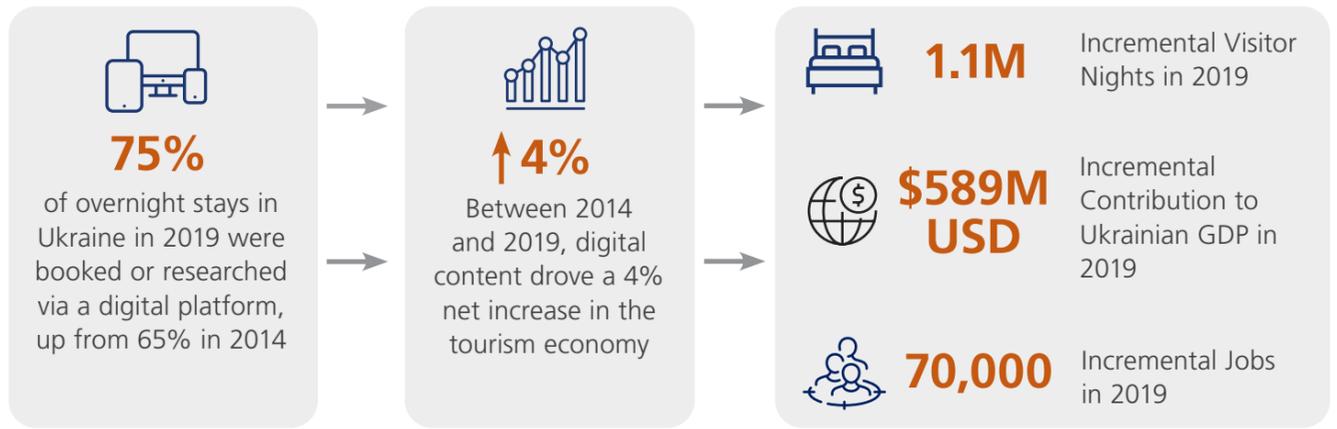
## The Economic Impact of Tourism in Ukraine

Domestic and international visitor spending in the Ukrainian economy directly contributed US\$3.5 billion to Ukrainian GDP and supported a US\$10.4 billion total impact including indirect and induced impacts. The Ukrainian travel and tourism industry represented 7% of total GDP in 2019. This economic activity supported 1.2 million jobs.

**Travel and Tourism Industry Impacts in Ukraine in 2019**

- \$10.4B USD**  
Economic Impact
- 1.2M**  
Total Jobs
- 7%**  
Total GDP

## Digital Content Drives Travel



## Opportunity to Accelerate the Recovery

Tourism Economics modeled two scenarios for the future of tourism in Ukraine.

### Baseline Outlook

Ukraine's visitor volumes and visitor spending are set to fully recover to 2019 levels by 2023. Total employment contributions will also recover by 2023, reaching nearly 1.4 million jobs by 2028.

### Opportunity Outlook:

An increase in the use of digital platforms to meet source market preferences and match competitors will increase destination competitiveness and market share. Tourism Economics has estimated the potential gains in addition to baseline growth as a result of digital advances.

### Potential Gains Attributable to Digital Advances

- 31,000**  
New Jobs by 2025  
(Direct, Indirect, Induced Jobs)
- 400,000**  
Incremental Overnight Stays in Ukraine in 2025
- \$800M USD**  
Cumulative Increase in Tourism Spending Over the Five-Year period

## Baseline Outlook and Potential Additional Growth Attributable to Higher Online Presence

		2021	2022	2023	2024	2025
Nights (millions)	Baseline	14.2	18.3	20.7	21.9	22.7
	Opportunity Outlook	14.2	18.4	20.9	22.2	23.0
	<b>Potential Increase</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
Spend (US\$ billions)	Baseline	5.7	6.8	7.6	8.3	9.0
	Opportunity Outlook	5.7	6.9	7.7	8.5	9.3
	<b>Potential Increase</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
GDP (US\$ billions)	Baseline	10.0	12.0	13.5	14.8	16.4
	Opportunity Outlook	10.1	12.1	13.7	15.1	16.8
	<b>Potential Increase</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
Jobs (thousands)	Baseline	1,076	1,226	1,287	1,305	1,327
	Opportunity Outlook	1,083	1,237	1,304	1,329	1,359
	<b>Potential Increase</b>	<b>7</b>	<b>11</b>	<b>17</b>	<b>24</b>	<b>31</b>

## E1 The Economic Impact of Tourism in Ukraine

### Travel and Tourism Makes a Significant Contribution to National Income

From 2010 to 2019, the Ukraine travel sector experienced unsteady growth due to compositional changes in visitation. Domestic overnight stays rose 53% over these 10 years, while international visits fell 37%.<sup>1</sup> Total tourism visitation in Ukraine from 2010 to 2013 largely amounted to international visits from neighboring Russia. As a result of the conflict in the east of Ukraine in 2014, visitation levels in subsequent years have been lower, leading to less total overnight visits.

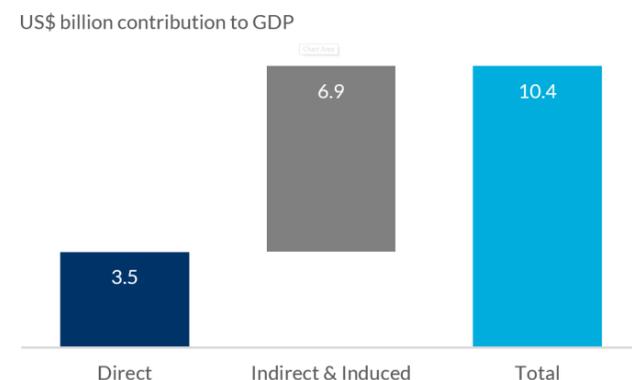
In 2019, domestic and international spending directly contributed US\$3.5 billion to Ukrainian GDP and supported a US\$10.4 billion total impact including indirect and induced impacts. The Ukraine travel and tourism industry represented 7% of total GDP in 2019. This economic activity supported 1.2 million jobs.

### Tourism Has Experienced Massive Losses

Total visitor spend is estimated to have declined by approximately US\$2.4 billion in 2020, representing a nearly 40% drop from 2019 levels. The domestic market has experienced the most acute losses, with spending down an estimated US\$1.5 billion in 2020, representing almost two-thirds of the total loss.

The reduction in visitor spending in 2020 jeopardized 325,000 jobs within the travel and tourism sector and related industries.

Figure E1: Travel and Tourism's GDP Contributions to the Ukrainian Economy, 2019



Source: Tourism Economics, WTTC

## E2 Digital Content Drives Travel Activity

Digital content and online platforms can elevate the ability of a destination to reach travelers across the globe throughout each stage of the travel planning process: Dreaming, Planning, Booking, Experiencing, and Sharing. Travelers are accessible across all five stages of travel planning through a robust digital presence that inspires travel, produces confidence in the product, reduces friction in booking, and enables shared experiences.

The majority (75%) of overnight stays in Ukraine in 2019 were booked or researched via digital platforms, up from 59% of overnight stays in 2012. Economic modeling identified a causal relationship between increasing use of digital platforms and growth in the tourism economy. Increasing digital content use from 2014 to 2019 contributed an additional US\$589 million to Ukrainian GDP in 2019 and supported 70,000 jobs. Digital content increased tourism activity over 4% over the past 5 years, offsetting some of the decline during this period.

### E3 The Benefits of Digital Platforms

When businesses adapt existing digital processes to best fit the environment and future of the tourism industry, they produce productivity gains that generate ripple effects across the economy. These digital investments encourage destinations to become more creative and competitive at attracting traveler demand, while simultaneously improving their own business practices.

Figure E2: The Five Stages of Travel Planning



### The one million additional visitor nights resulting from the increased use of digital platforms and tools generated US\$589 million in Ukrainian GDP in 2019

More specifically, digital platforms provide the following benefits:

- **Scalability.** Easily share content and messaging to a large population at a relatively low cost.
- **Agility.** Quickly adapt content and messaging for the current environment.
- **Efficiency.** Target travelers based on active travel intenters and other psychographic considerations.
- **Geolocation.** Better understand how visitors travel throughout the destination and learn about consumer preferences, which can be leveraged to support investment decisions. The use of this technology should follow data privacy regulations. Technology platforms with geolocation capabilities should always ensure the user is aware of this use and that they can decline sharing their data.
- **Marketing return on investment (ROI).** Gauge the effectiveness or ROI of digital marketing campaigns, which can help refine and adjust future campaigns.
- **Brand Development.** Develop authentic brands that can be consistently used and easily adopted across the industry.

Many of the benefits of digital platforms are grounded in data analytics, which have become increasingly important to the tourism industry in recent years and even more so during the pandemic. Ultimately, data and research—the majority of which are derived from digital platforms—serve as the basis for a destination's marketing decisions and product offering.

### E4 Recommendations for Recovery

Destinations, governments and private sector businesses affiliated with the tourism industry in Ukraine must take immediate actions to support a robust recovery through digital transformation. Destination marketing organizations (DMOs) are adding a destination management function to their mandate, leveraging new technologies, and engaging with community stakeholders—all while operating with reduced budgets due to COVID-19.

Although some of these new roles were starting to be implemented in recent years, the pandemic

accelerated the transition, especially by leveraging new technologies and digital platforms. These important tools quickly allowed DMOs to shift their role and messaging from marketing the destination to promoting the health and safety protocols implemented throughout the destination, which helped to build consumer confidence and interest for future travelers.

Despite the current realities of reduced travel, Ukraine must focus on recovery now, which will be largely driven using digital platforms, online content, and data analytics.

### We recommend the following actions to support tourism recovery:

#### 1. Institutionalize tourism at a national level

Political support for the tourism industry in Ukraine rose in 2020 with the creation of the Ukraine State Agency for Tourism Development. Previously, the tourism department was frequently moved from one ministry to the next each time a new political regime came into power, which made it difficult to implement policies, secure stable funding, and develop consistent marketing campaigns. For the new department to be successful and remain intact during the next political turnover, it should focus on institutionalizing tourism and ensuring that tourism businesses works together to better the entire industry.

#### 2. Upgrade and expand digital capabilities and skills

If private sector businesses throughout Ukraine enhanced their digital presence, it would uplift the entire destination's digital ecosystem, making the destination more visible to prospective travelers.

Enhancing the access tourism businesses have to digital experts, industry leaders, training, and information will facilitate the integration of digital technologies and improve awareness of the benefits of digital transformation. One way to enable this is through encouraging partnerships and collaborations between traditional tourism small and medium-sized enterprises (SMEs) and education institutions and/or digital organizations.<sup>2</sup> Public sector destination marketing organizations should also allocate resources to educate local businesses about digital best practices.

The tourism industry in Ukraine recently started to address the digital skills gap through two key

Digital platforms have played a critical role in the growth of the tourism industry and will continue to do so. In fact, digital will play a far greater role this year, and in the coming years, as the tourism industry recovers from the pandemic.

initiatives with Google. During the pandemic, around 1,000 travel and hospitality representatives attended an online workshop facilitated by the Ukraine State Agency for Tourism Development and led by Google experts to help small travel businesses build Google My Business profiles. The Ukraine State Agency for Tourism Development and Google also signed a memorandum of cooperation to develop and digitize the Ukrainian tourism industry.

### 3. Build a consistent brand message through digital collaboration

The Ukraine State Agency for Tourism Development, local DMOs, and the private sector must align marketing messaging and tactics. This should include enhancing relationships between government entities, international digital platforms, and local businesses to develop a common vision and collective strategy for the destination.

The Ukraine State Agency for Tourism Development and local DMOs can lead this process by supporting the integration of travel partner audience segments (e.g. Ukraine International Airways, Motor Sich Airlines, SkyUp Airlines, Citadel Inn, Radisson Blu Resort, Premier Palace Hotel, Panorama Lviv Hotel, etc.) and developing a content strategy framework for messaging across all channels of communication.

Digital tools can support this with common media platforms, branding, messaging, and an integrated strategy. This will allow for cooperative marketing and shared content to present a brand message that is consistent and powerful.

### 4. Secure DMO funding

In 2020, most of the Ukraine State Agency for Tourism Development's budget was reallocated to other needs due to the COVID-19 pandemic. Funding was recently secured for 2021, but much less than initially anticipated prior to the pandemic.

The Ukraine State Agency for Tourism Development and local DMOs should secure funding from multiple sources in the public and private sectors; where possible, governments should protect the budgets of DMOs over the coming years. Although funding will be difficult to secure during the pandemic, governments should recognize it is a critical investment and priority that will help to accelerate tourism recovery.

### 5. Utilize data analytics to support decision making

The Ukraine State Agency for Tourism Development, local DMOs, and tourism-related businesses should take advantage of the wealth of data that digital platforms provide. Insights based data from mobile devices, social media, online travel agencies, tech companies, local tourism businesses, and others will directly inform and refine marketing campaigns and strategic decisions. Tech companies and consultants are positioned to support DMOs in creating a data ecosystem with the key stakeholders of a destination. The Ukraine State Agency for Tourism Development should explore whether this support would be helpful in further utilizing data analytics.

Public bodies can play a leading role in encouraging the use of data analytics in tourism SMEs in Ukraine, specifically through the development of targeted initiatives to support integrating these technologies and promoting digital imperatives. Initiatives can range from one-on-one mentoring programs and outreach events to the development of travel-tech

## Baseline Outlook and Potential Growth Attributable to Higher Online Presence for Ukraine

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incubators and accelerators, to funding and incentive programs.

For the Ukrainian government to do this effectively, they must continue to develop their understanding of the needs of domestic tourism businesses that are trying to engage in digital transformation and what barriers they face to adopting digital technologies—beyond developing necessary skills.<sup>3</sup>

### 6. Continue to tell stories with the extended reach of digital platforms, including social media

Travelers are still dreaming and ready to travel when it is safe. The Ukrainian tourism industry should focus marketing efforts towards domestic and regional (Eastern Europe) travel while safety concerns and international travel restrictions are in place. Digital platforms are uniquely positioned to keep Ukraine a top-of-mind destination.

The Ukraine State Agency for Tourism Development and local DMOs should educate local tourism businesses how to effectively use social media for storytelling, a highly effective and low-cost effort that resonates with countless consumers that frequently use social media platforms in source markets.

### 7. Adapt to new consumer preferences and sensitivities

The travel and tourism industry must account for new consumer travel behaviors resulting from the pandemic when developing future marketing campaigns. Messaging should be designed to build trust and communicate health and safety protocols.

## E5 Opportunity to Accelerate the Recovery

Tourism Economics modeled two scenarios for the future of Ukrainian tourism. The first (baseline outlook) assumes no change in strategy or adoption of digital content and platforms. The second (opportunity outlook) assumes that Ukraine advances its digital strategy as outlined in our recommendations.

### Baseline Outlook

Ukraine's visitor volumes and visitor spending are set to fully recover to 2019 levels by 2023. This outlook is consistent with past market share and expectations for source market demand. Total employment contributions will also recover by 2023, reaching nearly 1.4 million jobs by 2028.

## Key Recommended Actions



Institutionalize tourism at a national level



Upgrade and expand digital capabilities and skills



Build a consistent brand message through digital collaboration



Secure DMO Funding



Utilize data analytics to support decision making



Continue to tell stories with the extended reach of digital platforms



Adapt to new consumer preferences and sensitivities

## Opportunity Outlook

Ukraine can accelerate its recovery by aggressively leveraging digital tools in marketing, research, and destination management.

A clear opportunity exists to reach a larger audience of both domestic and international tourists and influence their travel decisions. More widespread use of digital platforms and content will be facilitated by the above recommendations. This will produce increased reach, greater effectiveness, and significant economic gains.

The current crisis presents an opportunity for Ukraine to embrace digital technologies and realize their benefits. Extending the econometric model that identifies the relationship between digital adoption and travel growth (outlined in E2), Tourism Economics considered the scope for increased use of digital platforms for travel planning as a result of new investment and other adoption of best practices described above. An increase in the use of digital platforms to meet source market preferences and match competitors will increase traveler confidence, destination competitiveness and market share. Tourism Economics has estimated the potential gains as a result of digital advances.

This includes the following improvements by 2025:

- 31,000 new jobs supported (direct, indirect, induced)
- 400,000 more overnights in Ukraine
- US\$800 million cumulative increase in tourism spending over the five-year period.

## Potential Gains Attributable to Digital Advances

An increase in the use of digital platforms to meet source market preferences and match competitors will increase destination competitiveness and market share. Tourism Economics has estimated the potential gains in addition to baseline growth as a result of digital advances.



**31,000**

New Jobs Supported  
(Direct, Indirect, Induced Jobs)



**400,000**

Incremental Overnight Stays in  
Ukraine in 2025



**\$800M USD**

Cumulative Increase in Tourism  
Spending Over the Five-Year Period



# 1 Introduction

The travel industry has suffered more than any other sector due to COVID-19 and the resulting global economic recession. Within this context, it is imperative that policymakers implement strategies that will accelerate the travel recovery. Digital content and platforms have been proven to drive growth in this sector.

This study seeks to identify how data and online platforms can be leveraged to encourage the recovery in travel and the wider economy. This includes identifying public policies and government-led business strategies or campaigns that will utilize digital transformation and online platforms to recover the tourism industry. This report was commissioned by Google.

There are four strands of analysis considered in this study:

1. **The economic importance of tourism to the economy of Ukraine**—assessing the economic value of travel activity and its contribution to the wider economy over the past decade as well as the estimated losses in 2020.
2. **The role of digital content and online platforms in generating travel activity**—identifying the extent to which data and online platforms influence and change behavior, drive additional flows of people, and contribute to economic growth.
3. **How digital content and online platforms can support the recovery in travel**—including recommendations for how destinations and businesses can leverage digital content to accelerate recovery.
4. **A scenario analysis that quantifies how online platforms can accelerate the recovery**—analyzing the historic relationship between travel growth and digital platform engagement to provide a basis for assessing the role that digital content can play in the recovery.

# 2 The Impact of Travel in Ukraine

The travel and tourism industry of Ukraine represented 7% of total GDP in 2019. Total employment supported by tourism totaled 1.2 million jobs. The shock to travel brought on by the coronavirus pandemic could lead to long-lasting effects on the Ukrainian economy. The estimated reduction in visitor spending in 2020 of approximately US\$2.4 billion will put over 325,000 jobs at risk within the travel and tourism economy.

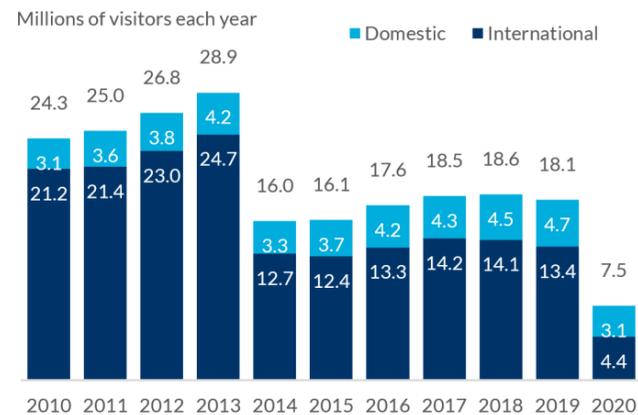
This chapter covers the state of travel across Ukraine from 2010 to 2020 measured by visits and visitor spending, as well as the economic impact across tourism-related GDP and employment. This analysis was carried out using Tourism Economics' existing forecast models—Global Tourism Service (GTS) model and Global City Travel (GCT) service.

## 2.1 Visits

From 2014 to 2019, total visitation rose 13%, reaching 18.6 million visits in 2018.

Gains were influenced mostly by domestic overnight stays which expanded 42% from 2014-2019, peaking at 4.7 million visits in 2019. International visitation rose 6% during the same time period, reaching 13.4 million overnight visits in 2019. Total tourism visitation in Ukraine across 2010 to 2013 largely amounted to international visits from neighboring Russia. As a result of the conflict in the east of Ukraine in 2014, visitation levels across subsequent years have been lower, leading to less total overnight visits. The top markets for arrivals to Ukraine in 2019 were Moldova (34%), Belarus (20%), and Russia (13%). Despite fewer

Figure 1: Ukraine Overnight Visit Levels



Source: Tourism Economics, State Statistics Committee of Ukraine, UNWTO

\*Domestic visits relate to hotel guests and does not include overnight stays in other types of accommodations.

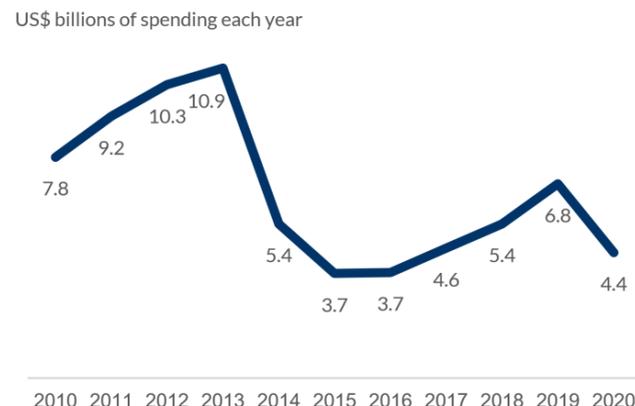
The **GTS model** includes historic data and forecasts for economic growth and travel demand for all source markets and destinations worldwide, including country-to-country flows. The GTS model allows the production of a range of forecasts from alternative assumptions. The **GCT service** tracks and forecasts travel for 310 cities worldwide. This database was used to calculate the sub-national impacts for Ukraine.

travelers from Russia it remains one of the largest markets.

**The spread of the coronavirus in 2020 has severely impacted the conditions that underpin travel and tourism across the globe.**

The first case of the coronavirus in Ukraine was announced on March 3, 2020.<sup>4</sup> The Ministry of Health introduced a quarantine on March 25, which lasted until late May.<sup>5</sup> In addition to the official restrictions imposed on travel between and within countries and regions, the coronavirus pandemic depressed traveler sentiment while households were hit with increased unemployment and wage

Figure 2: Total Visitor Spending in Ukraine



Source: Tourism Economics, International Monetary Fund



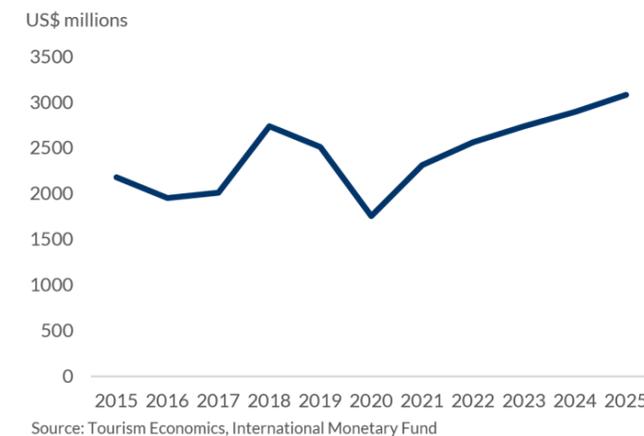
**Travel demand in Ukraine will fall nearly 60% in 2020**

losses—Oxford Economics currently forecasts real GDP in Ukraine fell 5% in 2020, while unemployment increased 2%.<sup>6</sup> These factors, along with additional supply-side reactions such as event cancellations, contributed to a significant reduction in domestic visitor numbers in 2020.

**We estimate that travel demand in Ukraine fell nearly 60% in 2020, equivalent to almost 11 million fewer overnight visits.**

Ukraine reentered quarantine restrictions in December 2020, later enhancing its December

Figure 3: Total Visitor Spending in Kiev, 2015 to 2025



Source: Tourism Economics, International Monetary Fund

**Total visitor spend fell by nearly US\$11 billion in 2020**

quarantine in January 2021 to control the anticipated wave of new infections during the holiday season.<sup>7</sup> Commercial flights to Ukraine remain operational and land borders are open. Entry is dependent on virus conditions within the visitor's country of origin, requiring a period of self-quarantine or negative coronavirus test results.<sup>8</sup> International overnight visits are estimated to have dropped by at least two-thirds in 2020. Domestic travel is also experiencing a significant decline with overnight visits expected to fall one-third.

## 2.2 Spending

In 2019, total visitor spending—which includes day visit spend as well as overnight spend—totaled US\$6.8 billion, a 25% increase since 2014.<sup>9</sup>

Domestic tourism represented 81% of total tourism spend in 2019. From 2010 to 2019, domestic spend rose US\$1.3 billion, representing a 32% improvement from 2010. In contrast, international spend fell US\$2.3 billion throughout the same time period, amounting to a 63% loss driven mainly by the conflict in the east of Ukraine during 2014.<sup>10</sup> Since 2014, however, international spend has remained relatively level, declining 1% from 2014 to 2019.

**In 2020, we estimate that total visitor spend declined by US\$2.4 billion.**

## Tourism Spending's Link to Tourism Direct GDP

**Total tourism expenditure** comprises all tourism expenditure of visitors, both resident and non-resident, within the economy of reference. It is the sum of domestic tourism expenditure and inbound tourism expenditure. It includes acquisition of goods and services imported into the country of reference and sold to visitors.

**Tourism direct GDP** is the sum of the part of gross value added generated by all industries, net of purchases, in response to tourism expenditure plus the amount of net taxes on products and imports included within the value of this expenditure.

The **gross value-added contribution** of an industry is defined as the value of its output minus its purchases of goods and services used in the production process from other firms.

Tourism direct GDP measures the total economic output of the tourism activity within a country and can be used to judge the rate of growth of the tourism industry within an economy.

Tourism GDP figures used in this research are consistent with the annual economic impact research published by WTTC (and produced in collaboration with Oxford Economics). Analysis is consistent with the UN-statistics division approved recommended methodological framework (TSA:RMF 2008) and benchmarked to detailed country accounts.

For further information on key tourism definitions see the UNWTO glossary of tourism terms web page.

Domestic travel spend fell nearly 30% while international spend plummeted almost 70%.

Kiev visitor spend from day and overnight trips measured US\$2.5 billion in 2019, representing 37% of total Ukrainian tourism spend. Of the US\$2.5 billion, domestic travelers accounted for 97%. In 2020, visitor spend to Kiev decreased 30%. Domestic spend declined over 25% in 2020 while international spend almost entirely stopped.

### With high-risk countries maintaining travel restrictions and surging cases in other countries causing renewed lockdowns, domestic tourism will be paramount to the recovery.

Domestic travel spending has been relatively more resilient and is expected to rebound more quickly than international markets.

## 2.3 Economic Impact

The economic impact of tourism in this analysis is expressed in terms of its annual contribution to GDP and the total number of jobs it supports.<sup>11</sup>

This assessment begins with the impact of spending by tourists, but also considers the downstream effects of this injection of spending into the Ukrainian economy. This activity can be grouped into three core channels of activity: direct, indirect, and induced.

The sum of these three channels creates the total economic impact.

- **Direct impacts** occur through spending within a specific group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs and GDP within each sector.

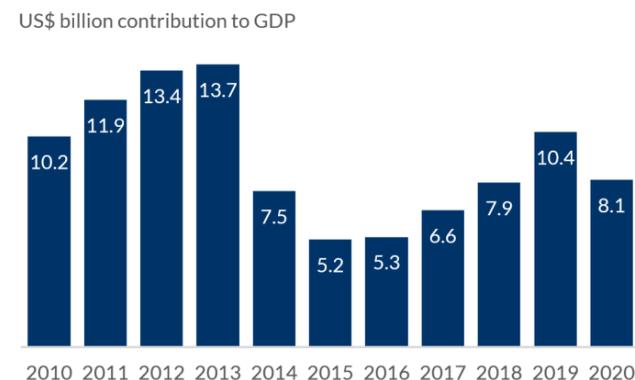
- **Indirect impacts** stem from supply chain spending, where each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production.
- **Induced impacts** are generated when employees whose wages are generated, either directly or indirectly, by travel and tourism spend those wages in the local economy.

Travel and tourism directly contributed US\$3.5 billion to Ukrainian GDP in 2019, and US\$10.4 billion total impact including indirect and induced impacts. The Ukraine travel and tourism industry represented 7% of total GDP in 2019.

Employment in Ukraine directly supported by the travel and tourism industry reached 372,000 jobs in 2019. Total employment as a result of tourism measured 1.2 million jobs in 2019. Total employment supported by tourism increased 16% between 2014 and 2019.

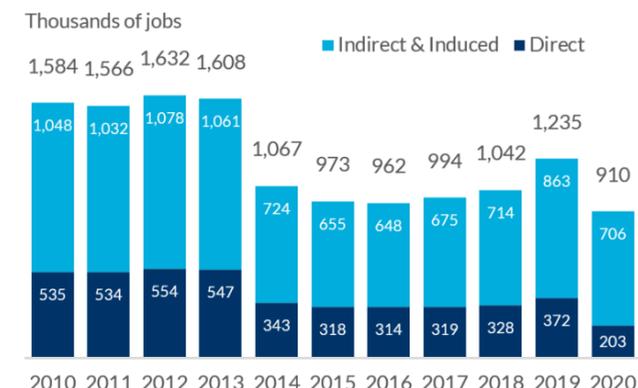
Without intervention, the shock to international travel brought on by the coronavirus pandemic could lead to lasting effects on the Ukrainian economy. An over US\$2 billion loss to Ukrainian GDP in 2020 alone will put more than 325,000 tourism-related jobs at risk. Our current estimates indicate that the number of tourism-supported jobs has fallen over 25% from 2019 levels.

Figure 4: Travel and Tourism's GDP Contributions to the Ukrainian Economy, 2010 to 2020



Source: Tourism Economics, WTTC

Figure 5: Travel and Tourism's Total Employment Contribution to the Ukrainian Economy, 2010 to 2020



Source: Tourism Economics, WTTC

# 3 The Role of Digital Content and Online Platforms in Generating Travel

Our research examines the relationship between increasing investment in digital platforms and the outward effect this expansion has on the tourism economy. Increasing strategic digital content use contributed an additional US\$589 million to Ukrainian GDP in 2019 and supported 70,000 jobs.

Digital content and online platforms support a range of benefits to travelers, tourism-businesses, and the broader economy. This chapter presents the impact of digital content, tools, and platforms on the travel economy.

## 3.1 Digital as a Catalyst for Travel

Digital content and online platforms can elevate the influence of a destination to reach travelers across the globe throughout each stage of the travel planning process: Dreaming, Planning, Booking, Experiencing, and Sharing.<sup>12</sup> Travelers utilize diverse online resources to efficiently tailor an itinerary to their preferences. These stages of planning represent unique points at which curated digital content and online platforms can be used to influence the decision-making process.

1. **Dreaming** is the first stage of the travel planning process, where travelers think creatively on destinations they would like to visit. Digital content uniquely fuels these dreams through online searches that match potential travelers with stories, images, descriptions, and virtual experiences that explore specific destinations, cultures, cuisines, and more.
2. **Planning** travel is the next stage for people who have decided on a general destination or multiple locations. In this stage, travelers analyze available transportation, accommodations, and experiences related to each destination. Online searches can help travelers find the best option that aligns with their preferences through reviews, online and social media presence, and online booking connections.
3. **Booking** is the third stage of planning which includes the first purchases made toward the travel experience. Travelers often start this step by searching for easy-to-use digital platforms that offer quick and transparent transactions. Digital platforms provide the dual benefits of reduced

### Digital content and online platforms provide crucial data that informs business and destination strategy

friction (ease) and pricing transparency in the booking process.

4. **Experiencing** a destination is when a tourist is at their most impressionable state—when the accuracy and quality of digital content is examined by the individual. Though travelers spend time and money across online platforms dreaming, planning, and booking, the experience of travel itself can also be enhanced through digital means. Destination-specific digital platforms can provide access to important information such as attraction hours and accessibility, health and safety protocols, emergency services, currency information, and local customs. Digital content can improve the quality of a visitor's experience and increase their spending in the destination.
5. **Sharing** can be the most influential factor in defining a destination's digital presence. The impressions given to a traveler across all stages

Figure 6: The Five Stages of Travel Planning



of travel planning can be expressed by their own recommendations and endorsements through reviews on each digital platform used in the process or across social media channels. Social media reaches a wide array of audiences and can serve as unpaid marketing for a destination to reach individuals who have never dreamed of visiting the destination before. The ways in which a destination interacts with travelers sharing their experiences on social media not only improves the relationship between destinations and travelers but encourages others to begin the travel planning process as well.

Travelers are accessible across all five stages of travel planning through a robust digital presence that inspires travel, produces confidence in the product, reduces friction in booking, and enables shared experiences.

## 3.2 Data Drives Performance

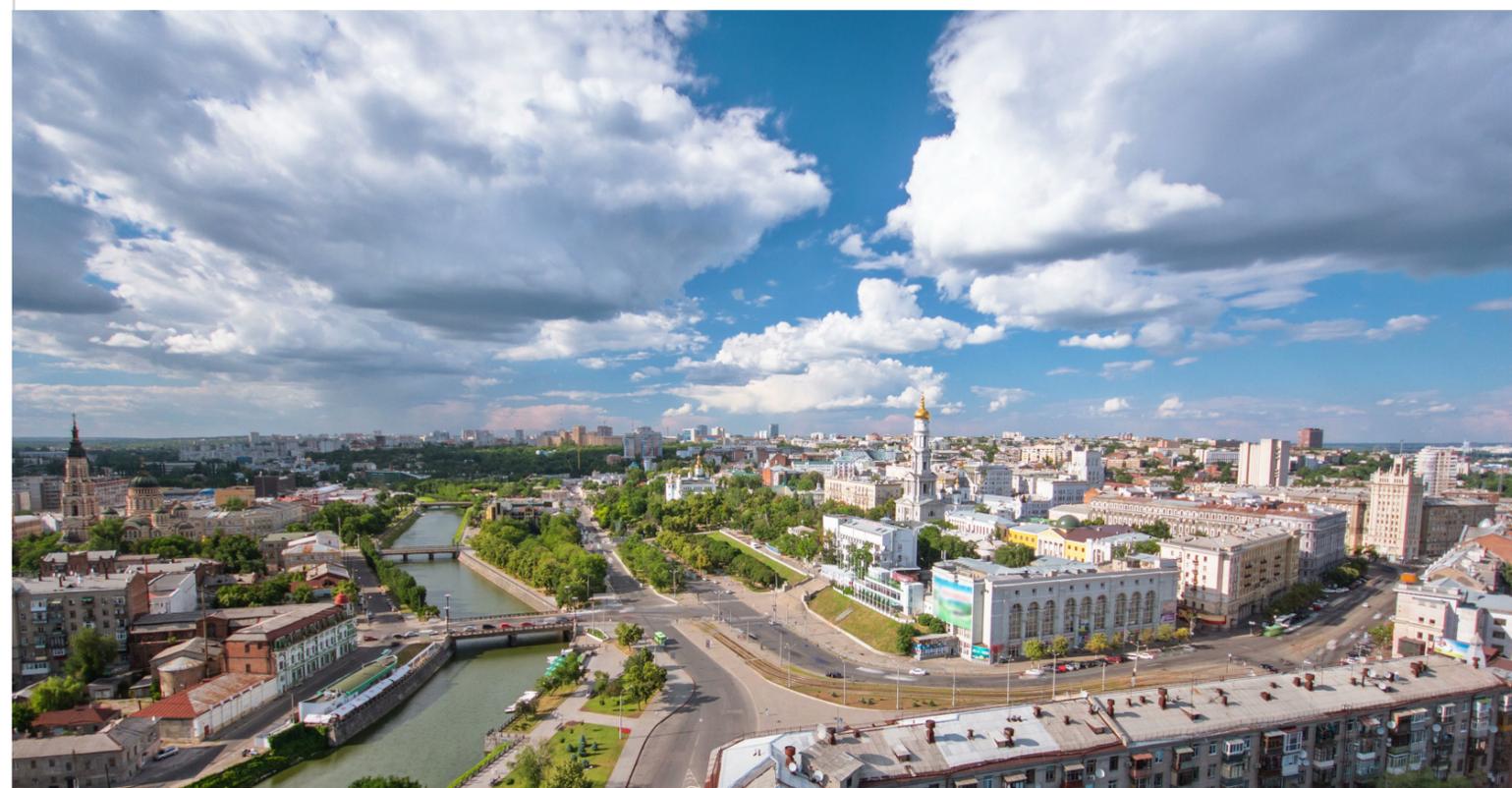
Data provide the foundation for insights. Digital platforms provide insights about aggregated online query records, traveler sentiment, advertising effectiveness, visitor satisfaction, and tourist mobility tracking. Digital interactions generate data that can be used by businesses and DMOs to improve products and services for travelers and drive future growth.

**Developing messages from data** involves analyzing the travel data for trends, which will help destinations develop focused messages to travelers. Data analytics interprets existing data into new and productive business models based on real-time

consumer behavior that can be tracked over time. Online query records can offer a real-time perspective on the popularity of various destination features. Traveler sentiment polling can help predict where relevant opinions may lie and help inspire destinations to develop solutions to address those concerns. Through mobility tracking, destinations can then measure which businesses are seeing shifts in traffic as visitation numbers climb.

**Planning action from data** brings strategic digital outreach and development to the forefront, where destinations act on knowledge gained about travelers to improve performance. This may translate into the development of additional marketing efforts for new target markets or changing the tone of existing messaging to match current sentiment and travel conditions. Encouraging additional digital engagement brings traveler perspectives to the forefront by aggregating what travelers share online and how they encourage others to visit the destination. Marketing strategies can also be adjusted based on digital key performance indicators (KPIs) for owned media (websites), social media, and paid media. Impressions, page views, click throughs, and bookings can all be tracked. This can allow businesses and DMOs to adjust messaging, customer targeting, and platforms in real time to maximize returns on investment.

### Digital platforms generate a range of benefits for consumers and businesses



### 3.3 Digital Impact on the Tourism Economy

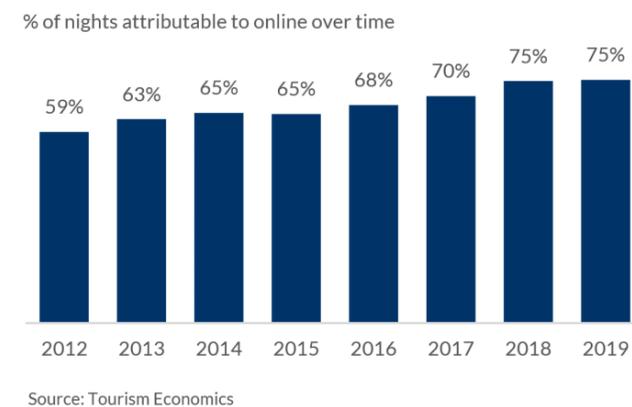
Digital platforms generate benefits for both travelers and businesses. Tourism Economics has modelled the incremental impact of increased use and improvements to digital content and platforms on total overnight stays in Ukraine since 2014.

This analysis primarily focuses on the impact changes in traveler behavior as they use online platforms. It largely does not capture the positive effect on productivity that digitalization can have within tourism-related business and DMOs.

The methodology can be summarised as follows:

- The first step was to determine the number of overnight stays in Ukraine over time (“baseline scenario”)—including both domestic and international travel.
- Next, we calculated the share of travel researched or booked via digital platforms within the historical timeframe.
- We then developed an econometric model to calculate the extent to which increased use of digital platforms and online content impacted the number of overnight stays since 2014 (i.e. how much of the tourism growth was attributable to digital platforms).
- The econometric model results estimated what would have happened to the number of overnight stays if visitors were not able to increase their use of digital platforms and online content to book or research travel (“counterfactual scenario”).
- The difference between the baseline and counterfactual scenario is the additional impact

Figure 7: Digital Travel Footprint in Ukraine



supported by increased and improved use of digital platforms and tools.

This analysis was based on a combination of IPK survey data that identifies the search and booking patterns of travelers and Comscore tracking data for travel-related websites, along with data from Tourism Economics’ Global Travel Service (GTS) database.<sup>13</sup>

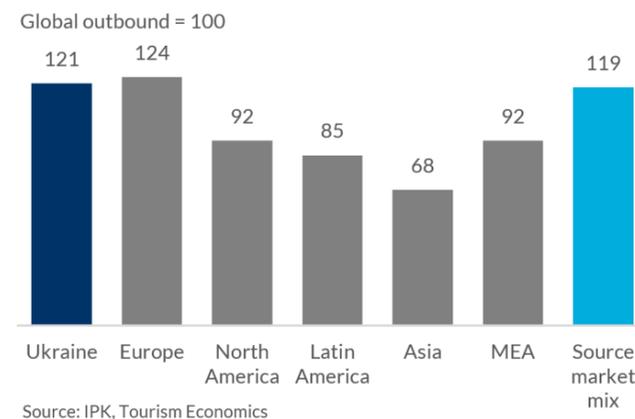
### 3.4 Use of Digital Content and Online Platforms in Ukraine

The first and second step of the analysis (presented above) indicated that 75% of overnight stays in Ukraine in 2019 were booked or researched via a digital platform, up from 59% of overnight stays in 2012 (Figure 7). Therefore, we can say that 75% of tourism spend, GDP and employment in Ukraine was linked to online research and booking—i.e. the majority of tourism activity in 2019.

The intensity of tourism research online varies by region, as demonstrated in Figure 8, which measures the compared use of various online sites for travel research purposes.<sup>14</sup> Ukraine, when compared to source market regions in 2019, supported a greater intensity of online research than all regions except Europe.

Through measuring search and booking patterns of travelers, we identified internet platforms where inbound travel to Ukraine was commonly researched or routed from. Overall, 79% of inbound travelers to Ukraine used online platforms to research trips in 2019—4% lower than internet use for travel among source market regions. Ukraine remains behind source markets across most platforms, especially through the use of accommodations, travel operators, online travel agencies (OTAs) and reviews (Figure 9).

Figure 8: Online Research Intensity Index Against Source Markets, 2019



Increasing interactions between Ukrainian destinations and travelers on these platforms will enable tourism businesses to reach potential inbound travelers throughout all stages of the planning process and remain competitive with source markets. Sharing additional information in this way, including trusted reviews from fellow travelers, will raise confidence in quality and reduce the amount of decisions based on brand and price. This would provide considerable benefits for SMEs with an improved ability to compete with large brands.

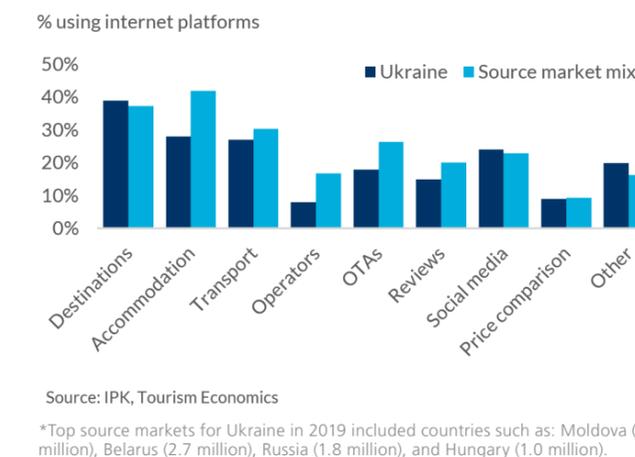
### 3.5 Analysis on Digital Content's Dynamic Impact on Tourism Growth

Next, we used econometric modelling techniques to determine the extent that increased and improved use of digital platforms had on the number of overnight stays. This analysis confirmed that increasing the use of digital platforms and tools has significantly influenced both domestic and international travel.

We then combined our estimates for the proportion of nights influenced by digital platforms and tools with the results of our econometric analysis to estimate how much lower the total number of overnight stays in Ukraine would have been if the use of digital platforms and tools had not increased and improved since 2014.

The confirmation of the positive influence of increased use of digital platforms and tools is visible in Figure 10. The counterfactual measure of nights holds the 2014 share of nights attributable to online activity equal through 2019, whereas the baseline model depicts actual digital travel footprint increase during this time (see Figure 7). As time continues, the counterfactual measure of nights increasingly slips away from the count of baseline nights. This confirms that the

Figure 9: Use of Online Sites for Travel, 2019



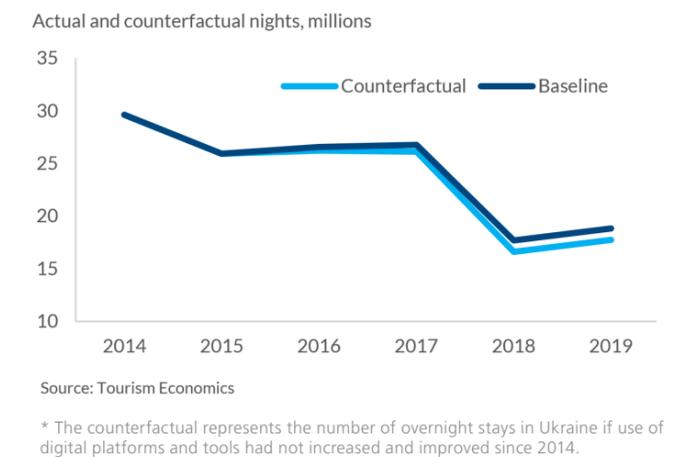
### Econometric Modelling Approach

Tourism Economics’ existing global model tracks historic travel flows and produces forecasts based upon fundamental economic drivers of demand. Tourism activity is modelled first by source market and then by destination taking changes in destination market share into account due to competitiveness factors. However, economic drivers do not fully explain all the observed growth over recent years and some trend factors are also included within modelling to cover a range of additional growth factors. This includes the contribution of online platforms to total demand by source market as well as to destination market share.

By including indicators of online tourism activity in estimation of existing equations, the contribution to growth has been identified while accounting for all other growth factors. A series of elasticities was identified which can be applied to measures of online activity; robust coefficients were estimated using econometric techniques with a high degree of confidence. The proportion of the previously unexplained growth attributable to online platforms has been isolated. This analysis proves that use of online platforms has had a notable impact on growth in demand by source market and on destination market share.

increased use of digital platforms and tools when booking or researching trips contributed to growth in the actual number of nights booked in Ukraine. This difference between the baseline and counterfactual scenario is the additional impact of digital platforms and tools over the period. In 2019, 1 million additional overnight stays in Ukraine were generated as a result of the increase in digital platforms and tools, representing a near 4% advantage in 2019 for the baseline model. This confirms that the increased

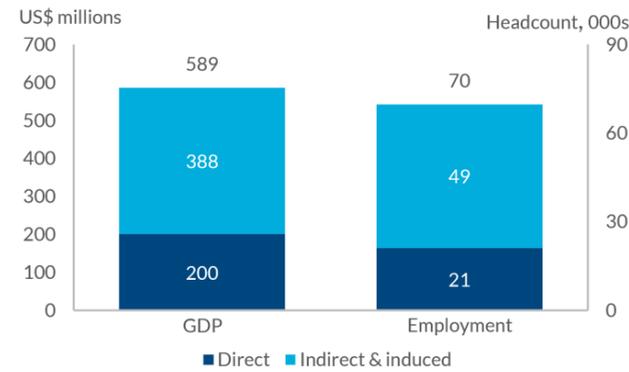
Figure 10: Number of Overnight Stays in Ukraine



use of digital platforms and tools when booking or researching trips supported a portion of the increase in the actual number of nights booked in Ukraine.

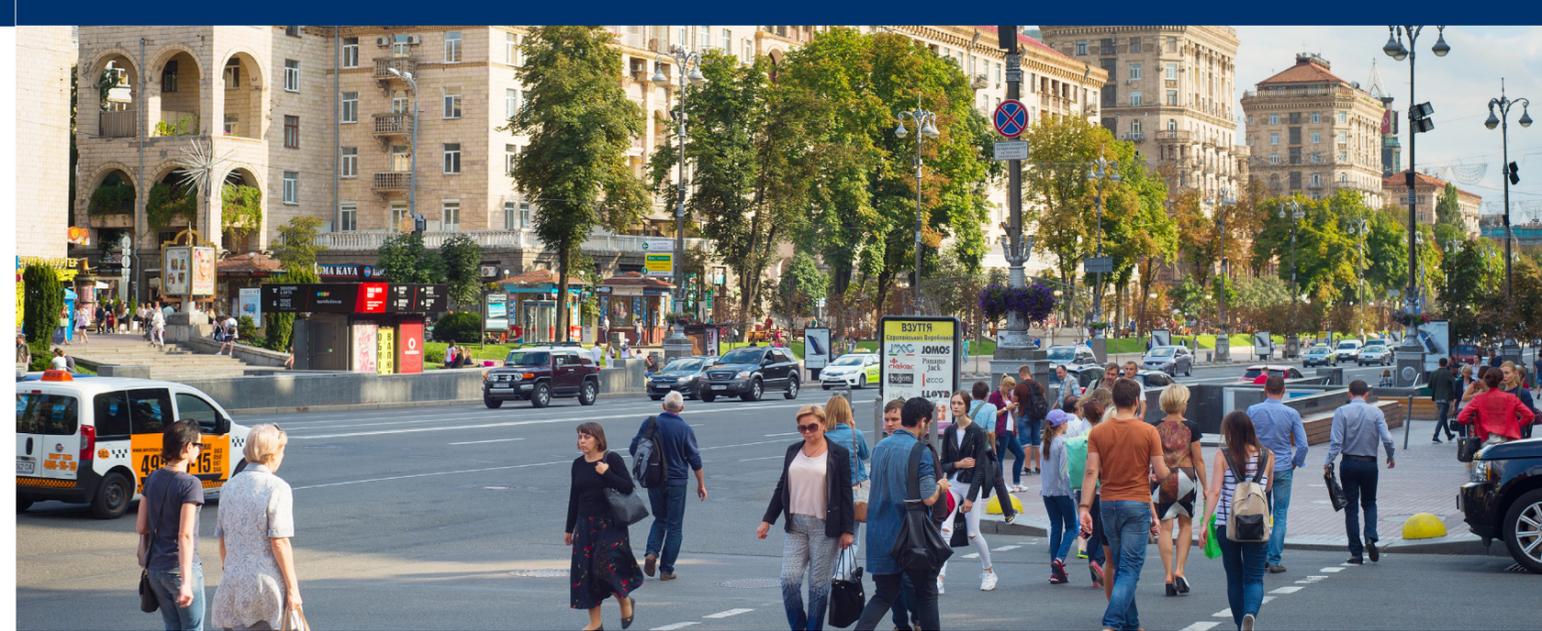
We then calculated the impact these additional nights had on GDP and employment (Figure 11) based on historic relationships. The additional overnight stays resulting from the increased use of digital platforms and tools supported US\$589 million in additional GDP, as well as 70,000 jobs. If the digital footprint of travelers did not increase from 2014 to 2019, the additional impacts would remain at zero.

**Figure 11: Net Additional Impact of Digital Platforms in Ukraine, 2019**



Source: Tourism Economics

\*The additional impact represents the net impact of increased use of digital platforms since 2014.



## 4 How Digital Content Can Support the Recovery in Travel

**Destinations, governments, and businesses affiliated with the tourism industry in Ukraine, and globally, are taking immediate actions to respond to the pandemic and the ensuing challenges. Many DMOs are adding a destination management function to their mandate, leveraging new technologies, and engaging with community stakeholders—all while managing reduced budgets. Despite the current realities of tourism, destinations are focused on tourism recovery, which will be driven by using digital platforms, online content, and data and analytics.**

In the previous chapter we demonstrated the impact of increasing digital platform engagement on travel growth in Ukraine. In this chapter we explore the opportunity to accelerate recovery in travel with digital transformation and a wider embrace of online platforms. These services can aid the recovery by extending the marketing reach of destinations, providing clear messaging to a global audience to support a transparent and safe return to travel, and informing businesses about the current position and nature of the recovery in travel.

We focus on specific tools and provide an overview of the various content, platforms, and services that DMOs and tourism-related businesses can utilize to accelerate the recovery and conclude with related recommendations.

### 4.1 Current Position of DMOs

Tourism Economics works with more than 200 destination marketing organizations around the world each year as well as many of the largest

global travel corporations. Our clients in every region are now developing strategic plans to produce a sustainable recovery in travel. The global spread of the coronavirus pandemic has produced a historically challenging environment for DMOs, which often rely on visitors to fund essential operations (i.e. lodging taxes and tourism improvement district generated taxes). With the gradual reopening of cities, regions, and countries, DMOs are now looking to tap into pent up travel demand through better use of digital platforms and online content. Assuring travelers that destinations are open for business and promoting pandemic safety measures have become the focus of destination marketing.

### DMO survey insights

In August 2020, we partnered with NEXTFactor to conduct a survey of nearly 400 DMOs to learn how they are responding to the current crisis.

Below are some of the key findings:

- Destination budgets have been severely impacted. Only 11% of respondents believe that next year's budgets will be the same or increase from pre-COVID-19 budgets, while 20% of DMOs expect budgets to decrease more than 50% (Figure 12)
- When asked about the importance of different customer engagement strategies, digital marketing, monitoring data, and digital platform engagement were considered "Extremely Important" by 80%, 65%, and 60% of respondents, respectively (Figure 13)
- When asked about the importance of community collaboration in the use of online platforms and content to reach visitors, 78% of DMOs indicated that community-involved digital strategies are important (Figure 14)

### Stakeholder interview insights: global best practices

In addition to conducting industry surveys, we hosted one-on-one discussions with destinations, marketing agencies, and other tourism stakeholders to learn about digital best practices and how destinations and consumers are responding to the pandemic. Findings from the discussion can be summarized into three key themes: DMOs evolving role, adoption of digital platforms, and better use of data analytics.

#### 1. DMOs evolving role

The role of a DMO is shifting from destination marketing to destination marketing and management ("DMMO")—a transition that started prior to the COVID-19 pandemic but has since accelerated given the current state of the tourism industry.

Traditionally, DMOs were tasked with marketing the

destination to prospective travelers. They developed traditional and digital media campaigns to attract new visitors to the destination, increase visitor spending, and generate additional tax revenue for the destination.

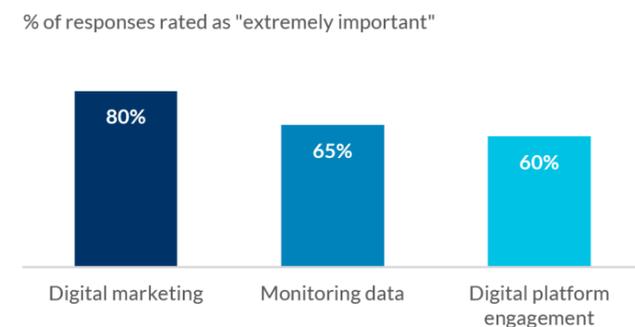
More recently, a DMOs role was expanded beyond marketing to also include destination management, which encompasses broader economic, product development, and strategic initiatives.

To accomplish its enhanced role, DMOs are engaging with community stakeholders—private businesses, government entities, and residents—more frequently to further develop relationships and collaborate on initiatives that will uplift the entire destination. More specifically, DMOs are working with the broader community on the following efforts:

- **Economic development**—creating local assets and opportunities that will foster community growth in terms of developing new jobs and attracting new businesses and residents to the area
- **Destination branding**—developing an authentic brand that portrays the lifestyle and culture of the community
- **Enhancing the digital ecosystem**—educating and assisting local businesses to enhance their digital presence and develop online content that aligns with the destination branding and messaging

In addition to highlighting the importance of community engagement, the pandemic accelerated the need for DMOs to focus on the consumer buying decision process. Specifically, it helped DMOs acknowledge that consumers leverage a variety of digital platforms when selecting a destination to visit. Consumers rely less on DMO recommendations (i.e. listings on the DMO website) and more on consumer recommendations (i.e. reviews on Google,

Figure 13: How Important are the Following Customer Engagement Strategies?



Source: NextFactor

### DMOs are more heavily leveraging crowdsourced content, which appeals to both locals and visitors from outside

TripAdvisor, Yelp, etc.) when making travel decisions. This concept enticed DMOs to work with private sector businesses to enhance the digital ecosystem for the destination.

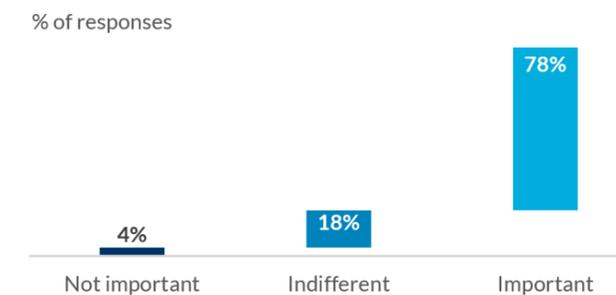
DMO marketing priorities also shifted in response to the pandemic. Instead of promoting the destination, DMOs are now providing information about safety measures and protocols. There is a greater emphasis placed on educating the consumers and gaining their trust and confidence. The target markets are also temporarily shifting from domestic and international travelers to local and regional travelers.

It is important for DMOs to focus on mid- and long-term goals, despite the obvious need to generate travel in the short term, which might not always align with the DMO Board of Director's priorities. The goals must consider the entire destination, including those stakeholders outside of the tourism industry.

#### 2. Adoption of Digital Platforms

The pandemic accelerated the adoption of digital platforms and online content. Traditionally, DMOs primarily promoted their destination by exhibiting at trade shows and advertising on TV, billboards, radio, and in magazines. Although effective when used in conjunction with digital marketing, the pandemic highlighted some of the issues associated with traditional marketing platforms (refer to the "Stakeholder interview insights: digital platform benefits" detailed later in this chapter for further insights) and fast-tracked the shift of marketing

Figure 14: How Important is Community Collaboration in the Use of Digital Platforms to Reach Potential Visitors?



Source: NextFactor

### Ukrainian Tourism Organization Structure

The Ministry of Culture and Information Policy of Ukraine is the government institution responsible for overseeing tourism in Ukraine. The Ukraine State Agency for Tourism Development is the organization within the Ministry responsible for the promotion and development of tourism.

The Ukraine State Agency for Tourism Development is a new organization led by Mariana Oleskiv that began operations in April 2020. It was allocated a budget of US\$8.6 million in 2020 to support its efforts. However, much of the 2020 funding was reallocated due to COVID-19 and the budget for 2021 will be US\$3.95 million. Despite the decrease, the funding level remains significantly higher than it was in 2019 for the predecessor organization responsible for promoting and developing tourism in Ukraine, which was approximately US\$600,000.

In addition to the public sector tourism entities, the National Tourism Organization, which is a membership-based organization created in 2016, has a mission to develop a network of regional DMOs and to raise the level of knowledge and the quality of the tourism products in Ukraine.

At the local and regional level, tourism is promoted by organizations such as the Odessa City Council Department of Culture and Tourism, the Kyiv Convention & Visitors Bureau, the Kyiv Tourism Association, the Kherson Tourism Association, the Odessa Tourism Association, the Zaporizhia Regional Tourism Association, and the Ternopil Tourism Association, among others.

funding from traditional media to digital platforms.

Although many destinations previously experimented with emerging digital platforms and online content—such as creating video and audio content (i.e. podcasts) or advertising on audio streams and Connected TV—there is increased adoption and a greater comfort level surrounding these technologies, as well as others.

DMOs are also more heavily leveraging crowdsourced content, which appeals to both locals and outside visitors and helps the destination with storytelling. This user-generated content is generally posted on social media and provides consumers an opportunity to learn about the culture and lifestyle of the destination—one of the key roles for a DMO.

Given that many DMOs reduced marketing efforts during the pandemic, it provided an opportunity for destinations to assess and enhance their digital ecosystem. DMOs are hosting webinars and one-on-one virtual sessions with local businesses to audit their digital presence and provide guidance on how to enhance their digital platforms and online content. These sessions will educate and digitally upskill the local workforce and ultimately enhance the digital presence of the destination.

Digital platforms themselves also made updates due to the pandemic. For example, Google My Business, Yelp, and TripAdvisor all added new fields that allows businesses to provide information on safety measures, cleaning protocols, and updated hours, in addition to others.

### 3. Better Use of Data Analytics

Data and analytics continue to become increasingly important to the tourism industry, like many other industries. Data and research serve as the basis for a destination's marketing decisions and helps to answer key questions including:

- How should destinations allocate their marketing budget?
- What digital platforms should be used?
- What images and content should be incorporated in the marketing campaigns?
- What markets and demographics should the destination target?

It is even more critical to undertake research and data analysis during the pandemic given the reduced funding available for marketing and the fact that many consumers are unwilling to travel at this time. Destinations now need to understand the consumers propensity to travel and account for other active travel prospects. Additionally, it is in the best interest of the destination to target travelers that are following COVID-19 safety precautions, which requires an understanding of the current state of COVID-19 in feeder markets.

The current state of the tourism industry places greater scrutiny on budgets, especially as it relates to marketing. Developing a baseline understanding about the visitors' impact on the local community—in terms of taxes, visitor spending, jobs, room nights, or other metrics—is essential. It will help destinations calculate the return generated by marketing campaigns and adjust future campaigns.

**Digital platforms have played a critical role in the growth of the tourism industry and will continue to do so. In fact, digital will play a far greater role this year, and in the coming years.**

#### Stakeholder interview insights: digital platform benefits

In addition to providing insights about global best practices for destinations, the stakeholder interviews also helped to identify the benefits of digital platforms.

Digital platforms have played a critical role in the growth of the tourism industry and will continue to do so. In fact, digital tools will play a far greater role this year, and in the coming years, as the tourism industry recovers from the pandemic, given the scalability and agility of digital platforms.

**Scalability:** Destinations can easily share content and messaging to a large population at a relatively low cost via digital platforms. Although there will always be a cost to produce content, the cost to distribute content has significantly reduced as destinations continue to shift marketing dollars to digital platforms.

**Agility:** Digital platforms allow destinations to quickly adapt content and messaging for the current environment. For instance, destinations quickly shifted messaging during the pandemic from promoting the destinations to focusing on their approach to safety. Traditional media, on the other hand, requires a longer lead time and does not offer this flexibility.

**Efficiency:** Data and analytics used in conjunction with digital platforms allows destinations to efficiently target travelers based on active travel interest and other psychographic considerations. For example, digital marketing concepts, such as paid search, allows destinations to target consumers that intend to travel in the near term.

**Geolocation:** Smart phone technology allows destinations to better understand how visitors travel throughout the destination, which provides numerous benefits. Through geolocation, destinations can learn about visitor characteristics and preferences, which can be leveraged to support investment decisions.

Geolocation also allows DMOs to target travelers from nearby markets during times when long-haul travel is suppressed and to engage visitors while in market—this can be used to complement traditional

**DMOs and tourism-related businesses can use data to help identify movement trends, traveler sentiment, and online queries to aid in marketing their destinations to the ideal audiences**

media by understanding where to purchase billboards or other placed ads.

The use of this technology should follow data privacy regulations. Technology platforms with geolocation capabilities should always ensure the user is aware of this use and that they can decline sharing their data.

**Marketing return on investment (ROI):** Digital platforms allow destinations to track the effectiveness or ROI of digital marketing campaigns, as well as other key performance indicators and market intelligence, which is especially important during the pandemic due to limited budgets and the need to more accurately target consumers willing to travel. Tracking effectiveness also allows destinations to refine and adjust future campaigns based on the performance of past campaigns.

**Brand development:** Digital platforms allow destinations to quickly develop authentic brands that can be consistently used across the industry. For example, a country can develop a country-wide brand and marketing campaign that, through digital, can easily and quickly be adopted by regions and local destinations throughout the country. In the past, it took years, even decades, for destinations to organically develop brands since it took longer for destinations throughout the country to adopt the brand and messaging.

## 4.2 How Can Data Help DMOs and Tourism-Related Businesses?

For many destinations, questions remain on the best timing, approach, and new markets for reopening businesses. As highlighted in our consultation findings, DMOs and tourism-related businesses can use data to help identify movement trends, traveler sentiment, and online queries to aid in marketing their destinations to the ideal audiences. The demand for travel to return is growing, along with expectations of appropriate health and safety measures being followed by businesses within each destination. Using additional digital content and online platforms to observe the best strategies for destination reopening can foster further levels of trust between destinations and travelers, yielding a stronger and faster recovery. In this section, we set out some practical examples of how data can help DMOs and tourism-related business navigate the recovery.

### Understanding what the new normal looks like

Travelers and destinations alike are learning to adapt to travel conditions that are evolving on a day-to-day basis. As a result of the coronavirus pandemic, consumer behavior adjusted in ways that immediately influence what destination marketing strategies are necessary. These adjustments range from temporary to long-term effects and can be identified through

**As a result of the coronavirus pandemic, consumer behavior adjusted in ways that immediately influence what destination marketing strategies are necessary**

## Key Recommended Actions



Institutionalize tourism at a national level



Upgrade and expand digital capabilities and skills



Build a consistent brand message through digital collaboration



Secure DMO Funding



Utilize data analytics to support decision making



Continue to tell stories with the extended reach of digital platforms



Adapt to new consumer preferences and sensitivities

## The strategic use of data content and platforms can easily aid in the diagnosis of changes in consumer behavior at the destination level

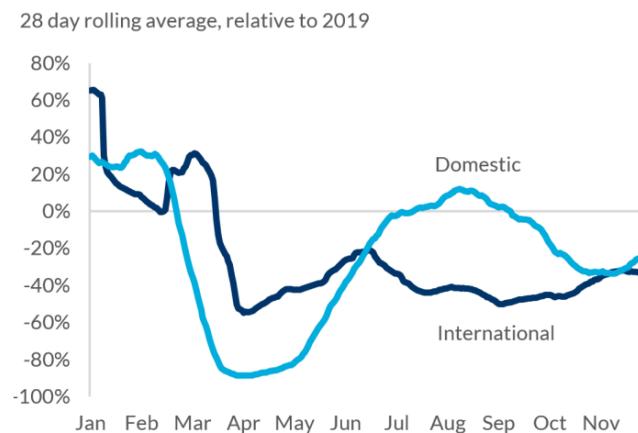
better and more efficient use of data content and platforms.

Tracking consumer behavior changes is one way to gauge traveler sentiment regarding post-pandemic travel. Demand for additional health and safety measures, no-contact services, and other risk management plans are naturally higher following the arrival of a global pandemic.

According to a Bloom Consulting survey conducted in April 2020, almost half of respondents who planned to travel for leisure said they may change destinations from what they had planned prior to the COVID-19 pandemic. When asked the factors contributing to the change in preferences, the most common responses were effective public governance and good health infrastructure (53%), followed by less crowds and extensive hygiene (39%).<sup>15</sup> The nature of trips is also shifting, with a consumer preference of shorter haul trips that often remain domestic.

The strategic use of data content and platforms can easily aid in the diagnosis of the previously listed changes in consumer behavior at the destination level. Observing online flight queries support the explanation that current travel conditions remain slanted heavily towards domestic and short-haul trips. Consumer interests can also be mapped through analysis of aggregated search engine queries, for example using Google Trends, related to

**Figure 15: Travel Interest in Ukraine: Flights and Accommodation Queries in 2020**



Source: Google travel analytics center

## As travel behavior adjusts to new patterns, measuring how temporary or permanent these developments become can be achieved through monitoring the potential use of various modes of transport, such as flights

various modes of travel or trip types, such as “road trips,” “remote destinations,” and “staycations.” Destination-specific health and safety information can be made available to travelers online and resulting web traffic can then be monitored to determine traveler interest and outreach effectiveness.

While the length of these behavioral changes is largely dependent on the state of the global coronavirus pandemic, it can be noted that the desire to travel after being travel-restricted is particularly high. Destinations can inform travelers about the safety and preparedness of local businesses to meet consumer expectations. The inspiration of travel through displaying careful and curated digital content and messaging to tourists will increase the performance of a destination and improve its travel recovery.<sup>16</sup>

### Analyzing travel behavior shifts

As travel behavior adjusts to new patterns, measuring how temporary or permanent these developments become can be achieved through monitoring the potential use of various modes of transport, such as flights. For example, Google travel data can predict which markets the recovery in Ukraine will come from by demonstrating destination interest through online queries.

Data from the Google travel insights dashboard can assist in predicting the recovery in a multitude of ways.<sup>17</sup> Figure 15 presents a rolling average of 28 days of search queries for flights and accommodation in Ukraine compared to the same period one year ago. In early 2020, prior to the pandemic, domestic flight and accommodation searches from within Ukraine increased over the same period one year ago. However, domestic flight and accommodation searches decreased by an average of 68% year-over-year between March 15, which is when domestic travel restrictions were initiated, through the end of May and when domestic travel restrictions started to slowly ease. Domestic travel searches increased in August and September, before decreasing again for the remainder of 2020 when compared to the same time period a year ago.



International flight and accommodation searches decreased by an average of 33% year-over-year from March 15 through December 2020. International searches started to improve in mid-June when the travel ban that restricted foreigners from entering Ukraine was lifted, but still remained well below 2019 levels.

### 4.3 Recommended Actions<sup>18</sup>

#### Recommendation 1: Institutionalize tourism at a national level

Political support for the tourism industry in Ukraine was boosted in early 2020 with the creation of the Ukraine State Agency for Tourism Development. Previously, the tourism department was frequently moved from one ministry to the next each time a new political regime came to power. This latest move, however, is different than those in the past as it is supported with more substantial funding. Despite much of the tourism-related funding being reallocated due to COVID-19, the industry is hopeful that it will return in future years.

Given the political instability in years past, the tourism industry was unable to implement relevant policies, secure stable funding, and develop consistent marketing campaigns, all of which ultimately hindered tourism growth.

For the new department to be successful and remain intact during the next political turnover, it should focus on institutionalizing tourism. Through stakeholder interviews, we learned that the domestic

travel industry is largely fragmented, so it will be critical to develop relationships throughout the industry and help all stakeholders understand that everyone needs to work together for the industry to succeed. Stakeholders cannot compete with one another, but instead need to collaborate and support the broader tourism initiatives.

In addition to government support, private or membership organizations, such as the Ukraine National Tourism Organization, will be instrumental in helping to promote Ukraine to international travelers and develop industry relationships.

#### Recommendation 2: Upgrade and expand digital capabilities and skills

Through the stakeholder interviews, we learned that the biggest challenge preventing tourism entities in Ukraine from utilizing digital platforms is the limited knowledge and skill about the digital platforms. Many tourism businesses, especially those in rural areas, are not familiar with digital platforms, and those that are aware, do not possess all the skills and knowledge required to create and maintain a digital presence.

Furthermore, there are a limited number of experienced destination marketers who have used traditional marketing throughout their entire career and are less open to experimenting with digital platforms. It will be important for these individuals to learn about the benefits of digital platforms and to start incorporating digital into their marketing strategy. A core principle for these marketers going forward must be to leverage digital technologies to

develop a user-driven approach to digital marketing that is designed to produce marketing materials that match traveler interests, rather than an assumption-based top-down approach.

The Ukraine State Agency for Tourism Development and local DMOs should allocate time to educate local businesses about digital best practices—focusing on the associated benefits to convert some of the long-time traditional marketers—and also provide assistance where needed.

DMOs that focused on improving the destination’s digital ecosystem found it effective to emphasize helping private sector businesses fix specific digital problems, such as updating websites, ensuring Google search information is complete, uploading new pictures, enabling digital transactions, and responding to reviews.

Specifically, the Ukraine State Agency for Tourism Development and the local DMOs can create roadshows, webinars, and other educational materials to help local businesses assess their digital presence across various platforms. This will allow businesses to identify ways to enhance their digital presence and prioritize the list so they can focus on quick fixes first.

In addition to working with tourism businesses directly, the Ukraine State Agency for Tourism Development and the local DMOs can work with local universities, global tourism companies, and digital organizations to develop courses and training opportunities intended to digitally upskill the employees and SMEs within the local tourism sector. These entities particularly SMEs and digital organizations—both domestic and international—can also collaborate and form partnerships on creating and implementing digital initiatives throughout the destination.

The tourism industry in Ukraine recently started to address the digital platform education issue. During the pandemic, around 1,000 travel and hospitality representatives attended an online workshop that was facilitated by the Ukraine State Agency for Tourism Development and led by Google experts to help small travel businesses build Google My Business profiles.

Ukraine’s State Agency for Tourism Development and Google further established their relationship by signing a memorandum of cooperation on the development and digitalization of the Ukrainian tourism industry. Specifically, the parties will share experiences about the organization and implementation of programs intended to develop

and promote Ukraine to domestic and international tourists; develop workshops, lectures, and research to improve knowledge about tourism relations; participate in major Ukrainian and international forums to share expertise; and share experiences about the application of innovative technologies used for the promotion of tourism.

However, despite Ukraine’s recent efforts to digitally enhance the tourism industry, there is still more that needs to be done. The Ukrainian tourism industry can look to other countries for examples of initiatives that can be implemented to further upgrade and expand the digital capabilities.

In South Africa, for example, the Technology Innovation Agency partnered with the South African Government’s Department of Tourism to develop the Tourism Technology Grassroots Innovation Incubation Programme, which aims to stimulate entrepreneurship and new start-up enterprises in the tourism industry. Refer to the Annex for additional information.

Overall, enhancing the digital presence of private sector businesses will uplift the destination’s digital ecosystem and make it more attractive to prospective travelers.

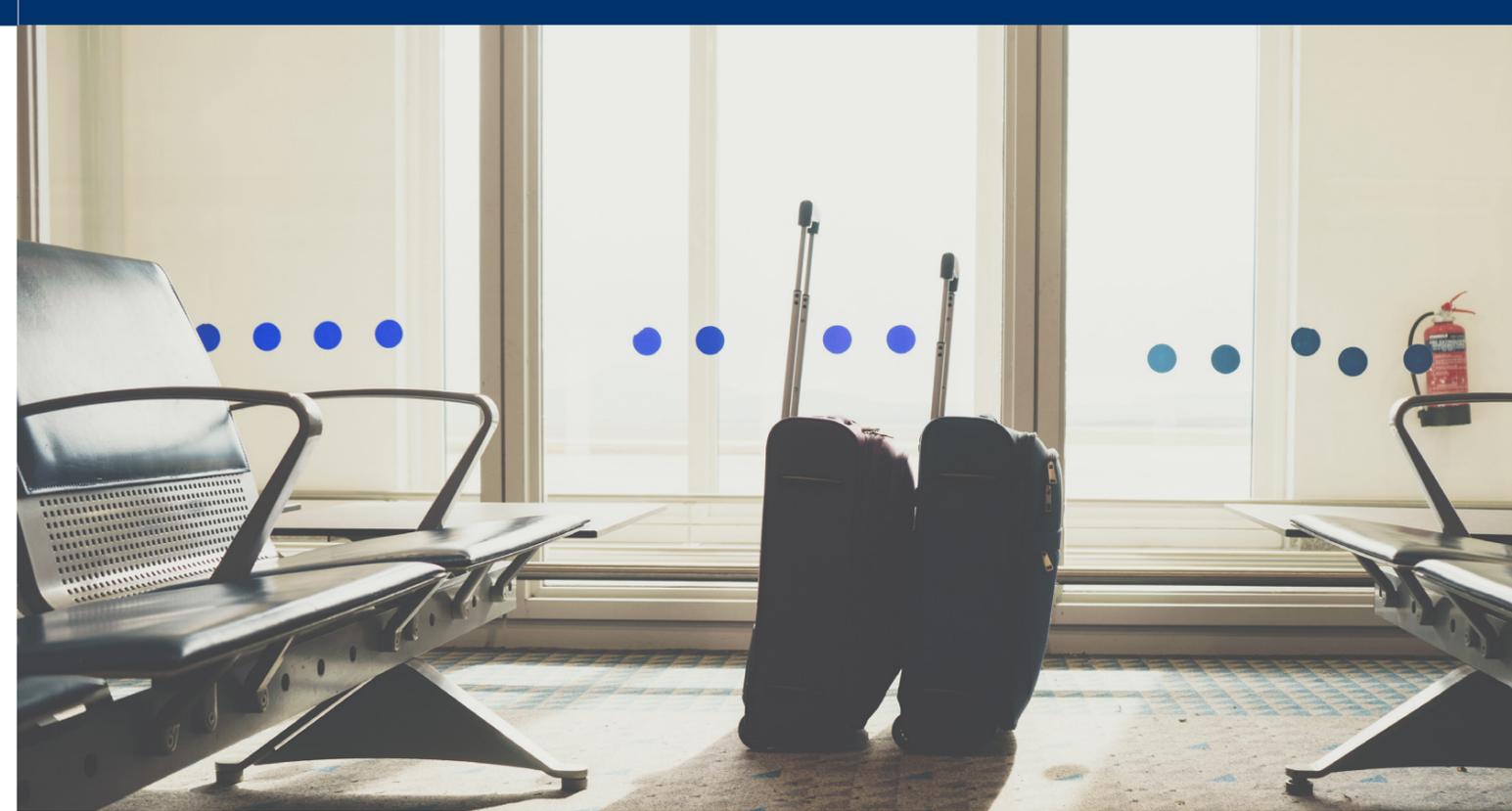
### **Recommendation 3: Build a consistent brand message through digital collaboration**

The Ukraine State Agency for Tourism Development, the Ukraine National Tourism Organization, local DMOs, other public organizations, and the private sector must align marketing messaging and tactics. This should include enhancing relationships between government entities and local businesses to develop a common vision and collective strategy for the destination.

The Ukraine State Agency for Tourism Development, local DMOs, and the Ukraine National Tourism Organization can lead this process by supporting the integration of travel partner audience segments (e.g. Ukraine International Airways, Motor Sich Airlines, SkyUp Airlines, Citadel Inn, Radisson Blu Resort, Premier Palace Hotel, Panorama Lviv Hotel, etc.) and develop a content strategy framework for messaging across all channels of communication.

Digital tools can support this with common media platforms, branding, messaging, and an integrated strategy. This will allow for cooperative marketing and shared content to present a brand message that is consistent and powerful.

Although a smaller percentage of inbound travelers



to Ukraine use digital platforms to book travel when compared to source markets, the inbound travelers are seemingly comfortable receiving digital information from peers via social media. Therefore, it is important for the Ukraine State Agency for Tourism Development, local DMOs, and other Ukrainian tourism companies to harness user-generated content to reach and inform a wider audience.

Establishing strong relationships throughout the travel and tourism industry is even more vital during difficult times. In the current environment, it is important for all local stakeholders to utilize consistent messaging about safety measures and protocols currently enforced within the destination.

In addition to building relationships with local tourism stakeholders, destinations need to develop strategic relationships, as appropriate, with tourism suppliers worldwide (i.e. marketing agencies, data companies, OTAs, etc.) to help form and share the brand message.

The tourism industry in Ukraine already started to develop supplier relationships and should continue to build upon them. Specifically, Google worked with the government in Ukraine to develop the local guides community. In this program, Google offered “train the trainer” workshops that educated a handful of local tourism stakeholders about digital platforms. These local experts then leveraged their newfound knowledge to help individual businesses with their digital needs. The relationship with Google can be

expanded to incorporate digital marketing and other digital platforms not initially addressed and can also be expanded to include other tourism suppliers.

### **Recommendation 4: Secure DMO funding**

As the general role of a DMO shifts from destination marketing to destination marketing and management, it becomes increasingly important for the Ukraine State Agency for Tourism Development and local DMOs to establish secure funding—a difficult task that will only be exacerbated by the pandemic.

Moving forward, DMOs will need to commit a significant amount of resources—both time and money—to accomplish the additional goals associated with destination management, including economic development, destination branding, and enhancing the digital ecosystem.

The Ukraine State Agency for Tourism Development should work with the Ukrainian government, local DMOs should work with their local governments, and all DMOs should work with the private sector to ensure current funding is secured—and discuss additional funding options. The Ukraine State Agency for Tourism Development and the local DMOs will need to articulate how their responsibilities go beyond attracting travelers and include making the destination an attractive place to live, work, and visit. Data analytics and research will play a crucial role in effectively communicating this message.

The Ukraine State Agency for Tourism Development and local DMOs should explore all potential funding options which can be generated by either the public or private sector. Funding options may include tourism specific taxes (i.e. lodging taxes, amusement taxes, car rental taxes), general taxes (i.e. sales tax, general fund), private sector support (i.e. membership fees, sponsorships, co-ops), and other innovative solutions, such as tourism improvement districts.

Securing multiple funding sources—some of which are fixed amounts and others that vary based on tourism performance—will ensure that the funding does not fall below a certain level in the down years, while allowing the destination to benefit from increased income in the good years.

The Ukraine State Agency for Tourism Development and the local DMOs can gain insights from the funding models of other destinations. The Panamanian Government, for instance, developed the Tourism Promotion Fund, which provides dedicated funding for international tourism promotion. The Tourism Promotion Fund is funded by an international passenger service fee at Tocumen Airport (the international airport of Panama City), private company contributions and donations, and government and state sources.

Other examples include Brand USA and the National Tourism Fund (FONTUR) in Colombia. Brand USA is a public-private partnership responsible for promoting the U.S. to international travelers and is funded by contributions from over 700 partnering organizations that are matched by fees paid by international travelers that come to the U.S. under the Visa Waiver Program. FONTUR manages resources from parafiscal contributions for the promotion of tourism in Colombia. Contributions include transfers from central government funding, tourism-specific taxes, charges to tourist service providers, donations, funds from sponsorships and commercial activities and revenues from FONTUR-owned tourism assets. Refer to the Annex for additional information.

Although funding will be difficult to obtain during the pandemic, it is a critical investment and priority that will help to accelerate the tourism industry recovery.

#### **Recommendation 5: Utilize data analytics to support decision making**

The Ukraine State Agency for Tourism Development, local Ukrainian DMOs, and destinations around the world increasingly understand the importance of data (especially during a pandemic) and the benefits

it can provide when making strategic and marketing decisions.

According to the OECD, "... the crisis has highlighted shortcomings in the availability of timely, comparable, granular data in quickly evolving situations. Reliable and consistent indicators are needed to evaluate the effectiveness of programmes and initiatives, and monitor progress on tourism recovery and resilience."<sup>19</sup>

In terms of strategic decisions, data analytics can help secure tourism funding by establishing a baseline understanding about the visitor's impact on the local community and it can also help determine how to allocate the budget among competing priorities.

Data analytics plays a key role in marketing, especially as a larger portion of destination marketing shifts from traditional media to digital media. Aggregated and anonymized data from digital platforms on consumer preferences and demographics helps destinations determine target consumer groups, the most effective platforms to engage with those groups, as well as the appropriate message and content to best connect with various consumer segments.

Given the importance of data analytics and the impact it can have on tourism recovery, the Ukraine State Agency for Tourism Development and local DMOs should work with mobile operators, tech companies, and local tourism businesses to obtain aggregated data on key indicators (e.g. number of visits, flight availability etc.) and insights (e.g. barriers to travel, misconceptions) for current and potential travel source markets for Ukraine. These data can help prioritize source markets and develop customized marketing strategies for various consumer segments. Anonymized audience and insights-driven content can help further tailor the marketing content for each stage of the travel journey within these markets. Aggregated and anonymized data can also be used to develop and monitor KPIs, linking campaign and initiative objectives with business outcomes, and can include metrics like destination visits, hotel occupancy, revenue per tourist etc. These types of analysis can also be carried out incrementally, which can be important for determining the scale of future marketing campaigns. Tech companies and consultants are positioned to support DMOs in creating a data ecosystem with the key stakeholders of a destination. The Ukraine State Agency for Tourism Development and the local DMOs should explore whether this support would be helpful in further utilizing data analytics.



In Singapore, there is a data analytics platform called the Singapore Tourism Analytics Network that allows users to view visualizations, perform analytics, and derive actionable insights from tourism data collected from the tourism authority and private operators in Singapore. The Ukraine State Agency for Tourism Development can develop something similar for Ukraine tourism stakeholders. Refer to the Annex for additional information.

Public bodies can play a leading role in encouraging the use of data analytics in tourism SMEs in Ukraine, through the development of targeted initiatives to support the integration of these technologies and promote a digital outlook. Initiatives can range from one-on-one mentoring programs and outreach events to the development of travel-tech incubators and accelerators, and funding and incentive programs.

For the Ukrainian government to do this effectively, they must continue to develop their understanding of the needs of domestic tourism businesses that are trying to engage in digital transformation and what barriers they face to adopt digital technologies—beyond developing necessary skills.

#### **Recommendation 6: Continue to tell stories with the extended reach of digital platforms, including social media**

Travelers are still dreaming and ready to travel when it is safe. The Ukrainian tourism industry should focus marketing efforts towards domestic and regional (Eastern Europe) travel while safety concerns and

#### **Building trust and confidence in consumers is critical in the current environment**

restrictions related to international travel remain in place. Digital platforms are uniquely positioned to keep Ukraine a top-of-mind destination.

The Ukraine State Agency for Tourism Development and local DMOs should educate local tourism businesses how to effectively use social media for storytelling, a highly effective and low-cost effort that resonates with the countless consumers that frequently use social media platforms in source markets. Ukrainian tourism stakeholders should work together to communicate a consistent message via social media and take advantage of the fact that a larger percentage of inbound travelers to Ukraine utilize social media when compared to source markets.

During the pandemic, many destinations transitioned marketing efforts towards domestic travel, which comes as no surprise given the restrictions and safety concerns related to international travel.

The Ukraine State Agency for Tourism Development created a digital campaign called #мандруйУкраїною—which translates to #TravelinUkraine. Since Ukrainians were the target audience, the entire campaign was in the native language. Typically, campaigns in English are not as widely accepted by residents. The campaign had 14,000 hashtags in June and now has more than 80,000.

Some countries, such as Russia, went beyond marketing domestic tourism and also offered financial incentives to residents that traveled locally. In July 2020, the Russian government allocated US\$211 million to develop domestic tourism, part of which was used to compensate Russians who vacationed within the country. Refer to the Annex for additional information.

**Recommendation 7: Adapt to new consumer preferences and sensitivities**

Consumer traveler behavior transformed due to the pandemic and will likely continue to do so even as a new normal is established. Destinations must acknowledge these new behaviors in their marketing strategy, potentially targeting new markets and accounting for additional consumer demographics and psychographics.

Building consumer trust and confidence is critical in the current environment. Stakeholder interviews suggest that consumers have a greater tendency to trust marketing conducted by official organizations, which gives the Ukraine State Agency for Tourism Development and the local DMOs an advantage, but also increased responsibility to consistently develop (and fund) marketing campaigns and other messaging during both the up and down times. It also means that the Ukraine State Agency for Tourism Development and the local DMOs need to provide high-quality and accurate information on current local conditions, not just try to sell the destination.

The Ukraine State Agency for Tourism Development and the local DMOs must continue to inform prospective travelers about the health and safety protocols in the destination, which helps to establish trust. As the Ukraine State Agency for Tourism Development and local DMOs build their reputation as a source of quality information, the trust and confidence on the part of potential visitors will be fundamental in generating travel demand once the conditions are appropriate.

Another way to further build consumer confidence is to implement the WTTC Safe Travels stamp program or develop an alternative certification similar to “Qatar Clean.” Refer to the Annex for additional information.

Ukraine should follow best practices and adjust digital content in order to maintain engagement with travelers. Events that normally would be held in person can be transitioned to an online format, such as concerts, shows, competitions, and games.

For example, many artists are now offering streaming performances instead of in-person concerts.

The travel downturn presents an opportunity to develop fun and engaging content that promotes

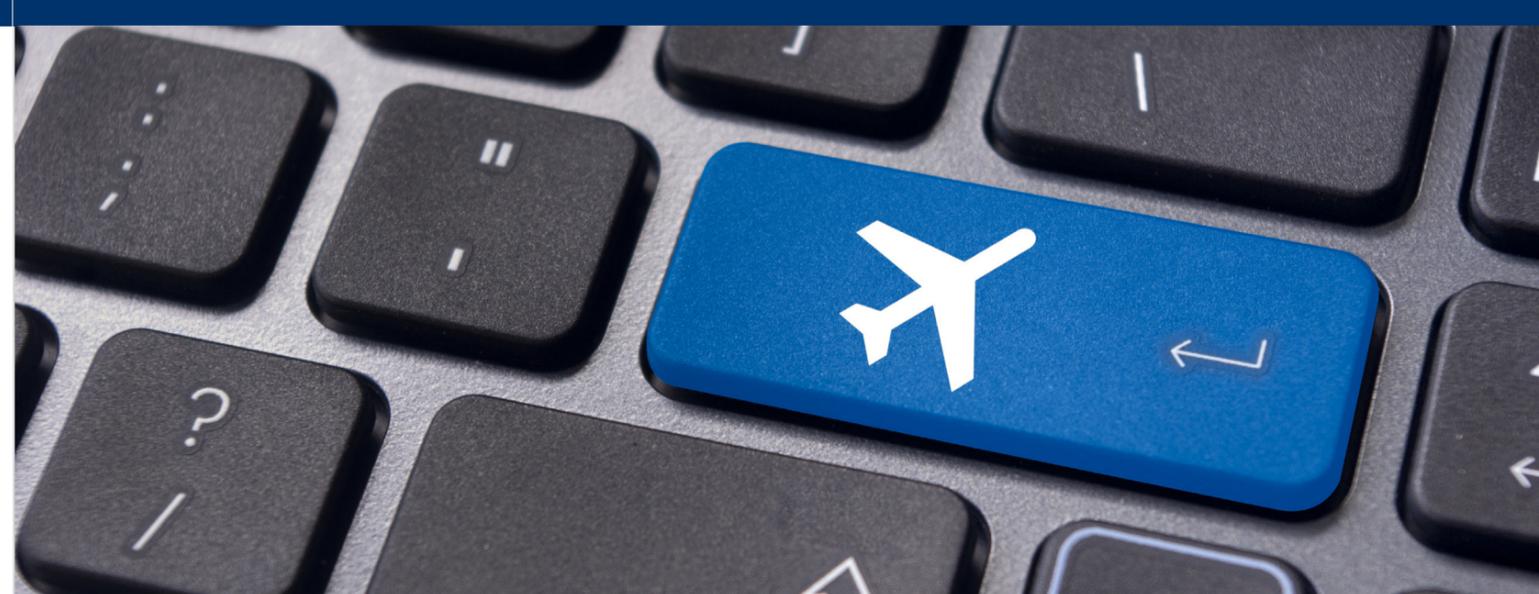
**Careful inclusion of a wide array of digital practices can position a destination to become better suited for pursuing strategies resulting from the increased usage of digital content and platforms**

the culture, history, and views of Ukraine. Some destinations, for example, have developed classes on local cuisine, music, or dance, while others offered virtual yoga classes that took place at a scenic location or in front of a famous attraction. In addition to video content, some destinations developed games, puzzles, and other activities to interact with consumers.<sup>20</sup>

**4.4 The Future of Digitization in the Tourism Sector**

When businesses adapt existing digital processes to best fit the environment of the recovery and future of the tourism industry, they bring additional productivity into their work that sees ripple effects across the economy. These digital investments encourage destinations to become more creative and competitive at attracting traveler demand, while simultaneously improving their own business practices.

Careful inclusion of digital best practices can position a destination to become better suited for pursuing strategies resulting from the increased usage of digital content and platforms. Providing an up-to-date business model can stabilize the working environment while encouraging a smarter, innovative approach to tourism. For example, the internal use of cloud computing creates a transferrable environment for destinations that can then be managed from anywhere with reliable internet access. The external implementation of technologies such as artificial intelligence (AI) can assist travelers exploring or booking from destination websites through the use of chatbots. This expansion can provide a valuable source of data to destinations to measure how individuals interact with their website. In addition, collecting user-generated content from social media platforms can create a record of the image a destination has built among its travelers. All of these practices can contribute to the development of effective campaigns targeted to groups using insights gained from expanding the collection of traveler data content.



# 5 Travel Outlook

This chapter examines the outlook for tourism in Ukraine under two scenarios. This includes a baseline outlook as well as an examination of an alternative “opportunity outlook” that incorporates the benefits of the combined recommendations highlighted above.

## 5.1 Baseline Outlook

**Recovery at the global level will largely hinge on widespread control of the coronavirus pandemic, which continues to permeate and resurge in many countries.**

Supporting domestic and short-haul travel remains critical for near-term recovery, as well as the preparedness of remote destinations to host visitor segments less interested in cities. Tourism is additionally being revitalized through the renewed movement of international travelers between countries where pandemic spread has become less intense.

**Overnight visits to Ukraine are set to exceed 2019 levels in 2023, reaching a total of 25.3 million visits by 2028.<sup>23</sup>**

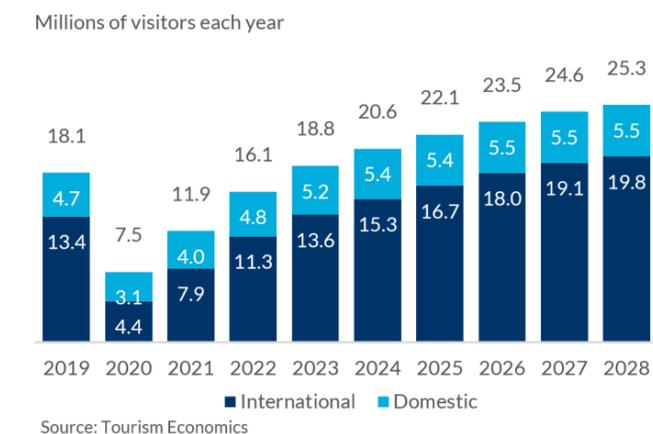
This recovery will be largely supported by growth in domestic tourism, which will remain at approximately the same share of total visits throughout the entire forecast period as previously in 2019. Near-term shifts to domestic and short-haul travel will contribute to the 34% domestic share of total overnight visits to Ukraine in 2021. By 2025, the domestic share of overnight visits will level out at 25%— 1% lower than its share in 2019. International visits are also expected to grow from the depressed levels in 2020 but will not exceed 2019 levels until 2023.

**The recovery in travel and tourism’s total contribution to GDP will accelerate into 2021 but remain below pre-coronavirus levels until 2022.**

Travel and tourism’s GDP contribution is expected to grow nearly 25% in 2021, reaching a total of US\$10 billion. This value added for 2021 will remain at almost 95% of 2019 levels. GDP contributions of travel and tourism to the Ukrainian economy will reach US\$18.1 billion by 2026.

**Total employment contributions as a result of travel and tourism to Ukraine will remain below 2019 levels throughout the forecast period, supporting a total of 1.4 million jobs in 2028.**

Figure 16: Overnight Visits to Ukraine Over the Forecast Period



Most employment gains will occur during 2021 and 2022 following the rebound in visits, nights and spending. A slower pace of growth is likely in each year to 2028, closer to longer-run trends.

Employment gains will lag growth in GDP over the years to 2028 due to expected productivity improvements. This will remain consistent with the trend of improved productivity in the travel and tourism industry and the wider economy over recent years. The number of jobs created per US\$1 million of travel and tourism GDP will be 46% lower in 2028 than in 2019, but the sector will remain important for job creation. Travel and tourism will support 1 in 12 jobs in the Ukrainian economy.

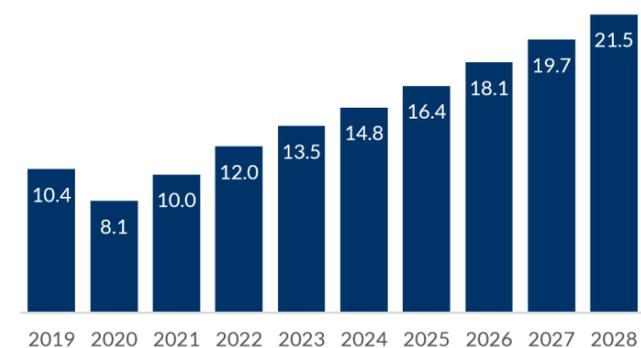
## 5.2 Opportunity Outlook

**The recovery profile of both inbound and domestic visitors varies significantly under alternative scenarios. Uncertainties surrounding these forecasts in part involve the degree at which the coronavirus pandemic continues to impact global travel.**

For example, wide vaccine distribution in 2021 and effective immunity against infection and transmission would allow current restrictions to be eased more quickly, facilitating a more rapid recovery and limiting permanent damage on the global economy. This would drive a quicker return to 2019 peaks. However, if infections continue to rise and the distribution of vaccines are delayed (and/or effectiveness is less than anticipated), downside risks will become more likely. With the resurgence of travel restrictions in areas where infection rates began to spike again, forecasts for recovery can become increasingly volatile.

**Figure 17: Contribution of Travel & Tourism to Ukraine's Economy**

US\$ billions contribution to GDP



Source: Tourism Economics, WTTC

**The recovery also depends on what actions governments, businesses, and individuals take in response to the crisis.**

Increasing control of the coronavirus pandemic will aid the travel and tourism industry's recovery and support a quicker return to previous levels of visitation. However, depressed traveler sentiment and slower economic growth can create drags on the sector's recovery even after travel restrictions have been lifted. Additionally, there may also be potential supply constraints, reflected in the closure of many providers as a result of the crisis.

**DMOs, tourism-related businesses and other travel industry stakeholders and policymakers can all play a role in mitigating these problems and supporting new growth.**

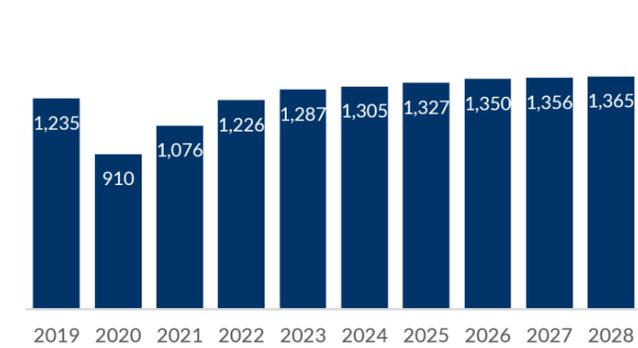
Data analytics can help secure tourism funding by establishing a baseline understanding about the visitor's impact on the local community and also help determine how to allocate the budget among competing priorities.

**Better use of data and digital content and platforms will also be key in supporting the tourism recovery.**

Political support for the tourism industry in Ukraine was boosted in early 2020 with the creation of the Ukraine State Agency for Tourism Development. For the new department to be successful and remain intact during the next political turnover, it should focus on institutionalizing tourism and ensuring that tourism businesses works together to better the entire industry.

**Figure 18: Contribution of Travel & Tourism to Ukraine's Employment**

Thousands of jobs



Source: Tourism Economics, WTTC

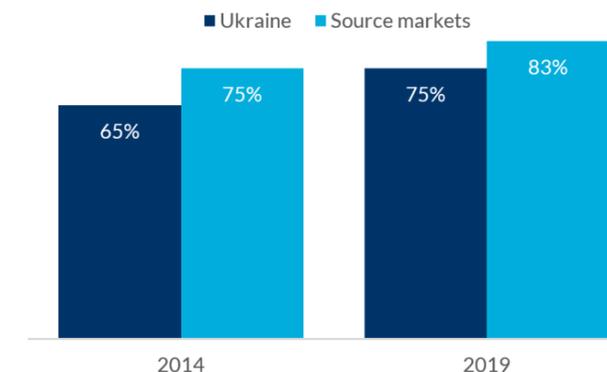
Modelling of the contribution of digital content to travel growth in section 3.5 has been extended for the forecast period. A baseline outlook considers a constant use of digital platforms for travel planning over the next five years. An opportunity outlook estimate considers an increased use of digital tools by travelers for planning. This is facilitated by tourism service providers investing to meet any historic shortfall and match the increased demand for information and digital services. The associated boost in activity implied by historic trends and increased user and provider interactions has been calculated.

The proportion of travel to Ukraine organized online has increased in recent years, though we estimate that it still lags preferences in major source markets. There remains some opportunity to catch up with preferences among travelers. For example, IPK data show that the proportion of travelers to Ukraine relying on destination websites and social media exceeds the average for all European demand, while the proportions using accommodation websites, tour operators, OTAs, and reviews are lower.

There is a further opportunity to embrace best practices and drive additional travel activity through digital transformation across destination organizations and tourism businesses. Allocating time to educate local businesses about digital best practices and providing opportunities to digitally upskill local tourism sector employees will improve the digital ecosystem and increase the competitive edge of Ukraine's tourism economy.

**Figure 19: Digital Travel Footprint in Ukraine**

% travel organised online



Source: Tourism Economics

**Under an alternative "opportunity outlook" that incorporates some of the combined benefits of the recommendations for Ukraine we anticipate an even greater increase in the adoption and use of digital platforms.**

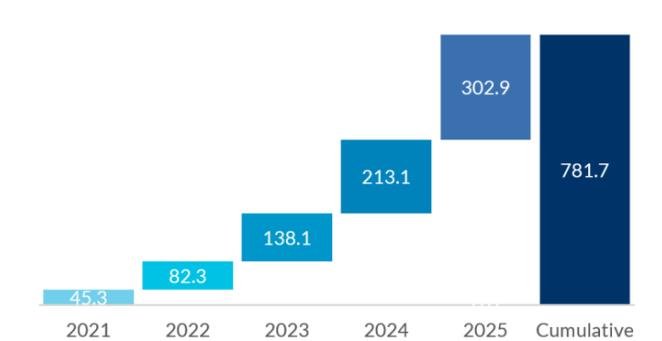
Under this scenario, the use of digital platforms would increase to match source market preferences and any higher use for benchmark competitor destinations. Based on the historic estimated relationship between digital use and travel activity a higher opportunity outlook has been quantified. Growth would exceed the baseline projections with a cumulative increase in tourism spending of nearly US\$800 million over the next five years. This would create an additional 31,000 new jobs by 2025. However, as noted in chapter 3, these estimates may undercount the full impacts when considering the additional upside that can be realized through gains to productivity across the Ukrainian economy.

The table below (Figure 22) summarizes the baseline outlook and potential opportunity scenario for the travel and tourism industry in Ukraine. Our baseline outlook depicts the expected recovery from the coronavirus pandemic, including some continued online interactions based on the past level of digital activity.

The upside scenario illustrates the potential opportunity from the combined recommendations highlighted in chapter 4. By increasing digital interactions, Ukraine will be able to fully catch up with traveler preferences from all major source markets. Increasing these interactions through platforms such as accommodation websites, tour operators, OTAs, and reviews will allow Ukraine to remain competitive with source market regions in

**Figure 20: Opportunity for Higher Tourism Spending in Ukraine, 2021 to 2025**

US\$ billions (nominal)



Source: Tourism Economics

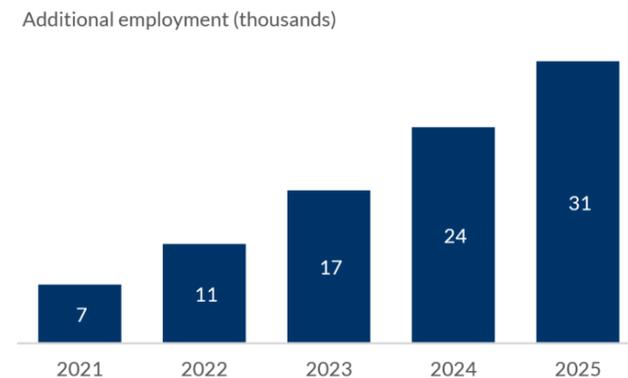
\* Above baseline additional spending attributable to improve online activity.

online travel research and encourage future market share gains. Growth opportunities were projected based on the historic estimated relationship between digital interactions and tourism sector performance, taking all other drivers of destination and source market demand into account.

A clear opportunity exists to invest in the expansion of digital efforts which bring destinations closer to the individual and reach a larger audience of both domestic and international tourists. Key actions to meet increasing traveler use of digital tools and maximize the opportunity outlook include:

- Institutionalizing tourism at a national level
- Upgrading and expanding digital capabilities and skills among tourism SMEs
- Building a consistent brand with key tourism stakeholders through digital collaboration
- Securing DMO funding from multiple sources in the public and private sectors where possible
- Utilizing data analytics to support decision making in the Ukraine State Agency for Tourism Development and tourism businesses
- Supporting travel dreaming with digital storytelling in key source markets
- Adapting Ukraine's tourism offer to new consumer preference and sensitives

**Figure 21: Opportunity for Higher Employment in Ukraine, 2021 to 2025**



Source: Tourism Economics

\*Potential additional employment above baseline attributable to improved online presence.

These actions will support a strong tourism recovery in Ukraine and the long-term health of the industry, by establishing a tourism market that is larger, more diverse, and faster growing.

**Figure 22: Baseline Outlook and Potential Growth Attributable to Higher Online Presence for Ukraine**

		2021	2022	2023	2024	2025
Nights (millions)	Baseline	14.2	18.3	20.7	21.9	22.7
	Opportunity Outlook	14.2	18.4	20.9	22.2	23.0
	<b>Potential Increase</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
Spend (US\$ billions)	Baseline	5.7	6.8	7.6	8.3	9.0
	Opportunity Outlook	5.7	6.9	7.7	8.5	9.3
	<b>Potential Increase</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
GDP (US\$ billions)	Baseline	10.0	12.0	13.5	14.8	16.4
	Opportunity Outlook	10.1	12.1	13.7	15.1	16.8
	<b>Potential Increase</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>
Jobs (thousands)	Baseline	1,076	1,226	1,287	1,305	1,327
	Opportunity Outlook	1,083	1,237	1,304	1,329	1,359
	<b>Potential Increase</b>	<b>7</b>	<b>11</b>	<b>17</b>	<b>24</b>	<b>31</b>

# 6 Annex

This annex includes case studies of the recommendations made in this report. Some of these are from competitor countries in the same region, while others are global examples.

## 6.1 Case Study: Upgrade and Expand Digital Capabilities and Skills

**South Africa** – The Technology Innovation Agency partnered with the South African Government’s Department of Tourism in December 2020 to develop the Tourism Technology Grassroots Innovation Incubation Programme (TTGIIP). The two-year program “... aims to stimulate entrepreneurship and new start-up enterprises in the tourism industry, underpinned by technology, innovation and new business ideas that have potential to enhance services and experiences in tourism.” The program will focus on four key business development initiatives:

1. Business management skills of the entrepreneur through development and training
2. Enterprise idea and prototype design and development, business viability and market testing, regulatory compliance, business financial/risk structure and quality standards
3. Start-up funding and venture capital for business expansion
4. Market and trade associations for enterprise commercialization

The use of digital solutions is seen as a route to open new frontiers in tourism, raise the sector’s competitiveness, and improve resource management post-COVID. Through its Enterprise Development Network, the Department of Tourism is advocating to embed technology and innovation at the heart of the tourism sector.

## 6.2 Case Studies: Secure DMO Funding

**Panama** – In 2017, the Panamanian Government created the Tourism Promotion Fund, which provides dedicated funding for international tourism promotion. PROMTUR, which also was developed in 2017 (commenced operations in 2019), is the public-private destination marketing organization responsible for promoting Panama internationally. The Tourism Promotion Fund is funded by an international passenger service fee at Tocumen Airport, private company contributions and donations, and government and state sources.

**Colombia** – In 1996, the Colombian Government created the Tourism Promotion Fund as an instrument to manage resources generated by parafiscal taxes for tourism promotion, which is subject to follow the tourism policy guidelines set forth by the Ministry of Commerce, Industry and Tourism.

The fund taxed businesses that participated in the tourism industry, which included:

- Accommodation providers
- Travel agencies and companies devoted to tourist sporting activities
- Vehicle rental companies and specialist land transport providers
- Spas and wellness centers
- Theme parks
- Tourist bars and restaurants
- Passenger transport providers
- Timeshare projects
- Convention centers

In 2012, the Tourism Promotion Fund changed its name to the National Tourism Fund (FONTUR) and expanded its scope. In addition to providing funding for tourism promotion, it also managed and sold real estate, and entered into concession agreements, lease agreements, loan-for-use agreements, hotel management agreements, or any other contract used for tourism exploration purposes.

**United States** – The Travel Promotion Act of 2009 established Brand USA, which is a public-private partnership responsible for promoting the U.S. to international travelers. Brand USA is funded by contributions from over 700 partnering organizations that are matched by fees paid by international travelers that come to the U.S. under the Visa Waiver Program.

## 6.3 Case Study: Utilize Data Analytics to Support Decision Making

**Singapore** – Singapore Tourism Analytics Network or STAN is a data analytics platform that allows users to view visualizations, perform analytics, and derive actionable insights from tourism data s collected from the tourism authority and private operators in Singapore.

STAN provides a holistic understanding about visitor arrivals in Singapore, which is relevant data for many stakeholders in the tourism industry. For example, attraction operators can use the data to tailor their experiences to match the consumer preferences of different visitor profiles, travel agents can tailor tour offerings, hotels can improve revenue management frameworks, and event managers can direct their marketing efforts all on the basis of increased knowledge of visitor profiles.

## 6.4 Case Study: Continue to Tell Stories With the Extended Reach of Digital Platforms

**Russia** – In July 2020—as some of the coronavirus restrictions were eased in Russia—the Russian government developed a plan to entice Russians to vacation at home instead of traveling to the Mediterranean. The government allocated US\$211 million to develop domestic tourism, part of which was used to compensate Russians who vacationed within the country. The government offered Russians between US\$70 and US\$211 to travel within the country between August and December 2020. To qualify, residents were required to purchase a tour from a government-compiled list that was at least five nights long and cost a minimum of US\$352.

## 6.4 Case Studies: Adapt to New Consumer Preferences and Sensitivities

**Qatar** – The ‘Qatar Clean’ certification is an example of an effective response to the transformation in consumer behavior. The collaboration between the Qatar National Tourism Council, Ministry of Public Health, and other stakeholders within the tourism sector was developed for hotels and restaurants but will soon be extended to other key tourism-related businesses. The certification is an effective way to build confidence in consumers, which is critical in the current environment. The certification can also be updated and adapted as key consumer concerns change in the future.

**WTTC** – In May 2020, the WTTC developed the Safe Travels stamp program in order to restore traveler confidence hindered by the COVID-19 pandemic. The stamp allows travelers to recognize destinations that have adopted health and hygiene global standard protocols. At the end of 2020, more than 200 destinations around the world adopted the stamp.

# Endnotes

- 1 Note: All historic GDP and employment impact figures cited from World Travel & Tourism Council. Data for historic visits, nights and spend are from Tourism Economics databases. All forecasts are produced by Tourism Economics.
- 2 OECD, Preparing tourism businesses for the digital future, 2020.
- 3 OECD, Preparing tourism businesses for the digital future, 2020.
- 4 Kyiv Post, First coronavirus case identified in Ukraine, March 3, 2020.
- 5 Ministry of Health, Operational information on the spread of coronavirus infection COVID-19, March 28,, 2020.
- 6 GDP and unemployment forecasts were sourced from Oxford Economics' Global Economic Model. This is a globally integrated economic model, covering over 80 countries, which provides consistent country levels forecasts for a wide range of metrics. Where available, this model draws on data published by national statistics bodies. GTS and GCT travel and tourism forecasts are consistent with this model.
- 7 Government of Ukraine, Communications Department of the Secretariat of the CMU, Increased quarantine restrictions will take effect in Ukraine on January 8, January 7, 2021.
- 8 Government of Ukraine, Ministry of Foreign Affairs, Government lifts entry restrictions for foreigners travelling to or through Ukraine, September 30, 2020.
- 9 Total visitor spend estimates do not include spending on inbound transportation. However, revenues from inbound transportation are included in our assessment of direct travel and tourism GDP.
- 10 Kiev Ukraine, Ukraine Tourism and Visitor Statistics, 2016.
- 11 Definitions presented in the blue located at the end of section 2.3 were sourced from UNWTO glossary of tourism terms web page.
- 12 Tourism Economics, Data & Digital Platforms: Driving Tourism Growth in Asia Pacific, 2020.
- 13 IPK international conducts an annual survey monitoring Global outbound travel demand. This survey provides select measures of travel online search behavior and booking patterns, as well as demographic details.
- 14 The index measures the ratio of digital platforms for travel planning relative to all information sources used in planning. There is considerable overlap in sources used for travel planning as both offline and traditional offline sources can be used. This index captures the extent to which online platforms are exclusively used. For example, if online platforms are used to the same extent for travel to both country A and country B, but offline platforms are less frequently used for travel to country A then there will be a higher intensity index score.
- 15 Bloom Consulting, COVID-19: The Impact on Tourist Behaviours, June 17, 2020.
- 16 Boston Consulting Group & Google, Actions for Destination Marketers to Navigate in a COVID-19 World, 2020.
- 17 Travel Insights with Google.
- 18 The annex of this report includes detailed case studies of the recommendations made in section 4.3. Some of these are from competitor countries in the same region, while others are global examples.
- 19 OECD, Rebuilding tourism for the future: COVID-19 policy responses and recovery, December 2020.
- 20 Boston Consulting Group & Google, Actions for Destination Marketers to Navigate in a COVID-19 World, 2020.
- 21 OECD, Preparing tourism businesses for the digital future, 2020.
- 22 World Economic Forum, Digital Transformation Initiative: Aviation, Travel and Tourism Industry, 2017.
- 23 Note: All historic GDP and employment impact figures cited from World Travel & Tourism Council. Data for historic visits, nights and spend are from Tourism Economics databases. All forecasts are produced by Tourism Economics.



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