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## **The impact of war in Ukraine on the inbound tourism in Lithuania: replication of studies**

**Abstract.** The objective of this paper is to examine the planning international arrivals to Lithuania in 2023 and to determine the impact of the war on Lithuanian incoming tourism a year on from the Russian invasion of Ukraine. The hypotheses that war in Ukraine has a long-lasting effect decreasing the number of tourist arrivals in the region were tested using a quantitative research method. To do so, the data was collected through an online survey, targeting Lithuanian inbound tour operators providing ground services for international tourists in Lithuania. The timing of the survey (2023, April) provided opportunity to examine the effect of war in Ukraine on inbound tourism. The findings indicate that tourists feel fear about the war and cancel their travel orders. Comparing two surveys, in 2023 tour operators receive fewer cancellations and more bookings than 2022. Tourists from Germany, the United States of America, France, Italy and the United Kingdom have cancelled the most bookings in both years. The main reasons for the decrease in tourist flows are the unsafe situation and the fear of traveling due to the war.

**Keywords:** tourism, war, negative effect, economy

### **Introduction**

While many countries have experienced a rapid return of tourism demand in 2022, the length and depth of pandemic and the Russian invasion of Ukraine keep international travelling in recovery mode.

According to the World Tourism Organization, UNWTO, (2023), more than 900 million tourists travelled internationally in 2022 – double the number recorded in 2021, though still 63% of pre-pandemic levels. Europe reached nearly 80% of pre-pandemic levels, as it welcomed 585 million arrivals in 2022. UNWTO states that Russia's military offensive in Ukraine in 2022 represented a downside risk for international tourism and hampered the return of confidence to global travel. It has exacerbated already high oil prices and transportation costs, increased uncertainty and caused a disruption of travel in Eastern Europe.

Based on UNWTO's (2023) forward-looking scenarios for 2023, international tourist arrivals could reach 80% to 95% of pre-pandemic levels this year, depending on the

extent of the economic slowdown, the ongoing recovery of travel in Asia and the Pacific and the evolution of the Russian offensive in Ukraine, among other factors.

As to European Travel Commission (2023), the challenges from 2022, however, are expected to spill into 2023 in terms of raised food and jet fuel prices, higher operating costs for airlines and hospitality establishments and risks and uncertainty around Russia's war against Ukraine. The war and its geopolitical consequences weigh on the recovery of Northern and Eastern European destinations.

According to the State Data Agency of Lithuania (2023) in 2022 Lithuania was visited by twice as many foreign tourists than a year ago, however signs of recovery were not very visible comparing with other European countries.

1,149,537 international tourists stayed in Lithuanian accommodation establishments in 2022 (State data Agency of Lithuania, 2023), that is 40.7% less comparing to 2019. The number of international arrivals in 2019 was 1,937,972. In 2022, the largest number of tourists came from Latvia, Poland, and Germany.

According to Eurostat data (2023), the total number of nights spent in EU tourist accommodation reached 2.73 billion in 2022. This marks a 5% difference compared with the number of nights spent in 2019 (2.88 billion). Compared with 2021 (1.83 billion), nights spent were up by 49% in 2022.

Among the EU countries, Lithuania was the furthest from full recovery in terms of nights spent by international guests. In 2019 international tourists spent 4,142,526 overnights in accommodation establishments, as in 2022 only 2,614,444, that is 1,528,082 (or almost 37%) less comparing to 2019.

War in Ukraine have not yet allowed Lithuania to recover lost tourist flows. According to the results of the research organized in 2022, war and political instability has been identified as one of the main causes of rejection of a destination. The number of bookings in 100 percent of interviewed inbound tourism companies decreased due to the war in Ukraine.

The purpose of this paper is to examine the planning international arrivals to Lithuania in 2023 and to determine the impact of the war on Lithuanian incoming tourism a year on from the Russian invasion of Ukraine. The paper includes a literature review summarizing relevant studies regarding the connection between international arrivals and war. To achieve that we looked into wider economic impacts and sectoral effects, such as implications of the war in Ukraine for the global economy. The findings and discussion section focuses on interpreting the results of the survey with Lithuanian inbound tour operators. It reveals the impact of war in Ukraine on the number of bookings and tourism products, indicates the reasons of cancellation. Furthermore, the paper complements previous research by providing new evidence on the effects of war. This study holds important implications for tourism suppliers, who must heed the impact of political instability of war on tourism, which contributes greatly to the economies of the country. The conclusion includes theoretical contributions and research results. The limitations of the study are then considered and finally suggestions for further research are made.

## Literature review

The war has markedly eroded near-term global economic prospects. It is triggering global ripple effects through multiple channels, including commodity markets, trade, financial flows, displaced people, and market confidence. In the surrounding region, a large wave of refugees is putting pressure on basic services. The damage to Russia's economy will weigh on remittance flows to many neighboring countries. Disruptions to regional supply chains and financial networks, as well as heightened investor risk perceptions, will weaken regional growth (Guénette, Kenworthy and Wheeler, 2022).

A lot of research notes that unstable political conditions negatively affect tourism, especially if they last over an extended period of time (Tomczewska-Popowycz and Quirini-Popławski, 2021).

Sönmez (1998) shows how violence, terrorism, political problems, or war in one country affects also other countries in the same region by the drastic decrease of tourist arrivals, serious organizational and management problems. He notes that some tourists, who perceive threat in one country, tend to presume entire regions to be risky. According to Strategy& report (2015) the effects of political unrest on tourism can spill over borders, especially where a country is considered as part of an overall itinerary.

Neumayer (2004) found out that potential tourists, who faced violent events in a country, might fear for their lives or physical integrity, or might simply anticipate becoming involved in stressful situations and that they might be unable to visit the places they wanted to visit according to schedule. Tourists might therefore choose an alternative destination with similar characteristics, but in a more stable condition. Tourist operators will start taking tours to such country out of their program due to insufficient bookings, fear of liability suits and promote other destinations instead. For these and similar reasons one expects political violence to have detrimental impacts upon tourism.

According to the Warsaw Institute Review (2023) the war in Ukraine has stopped many tourists from traveling. Due to ambiguous media coverage or the fact that some tourists are not at all familiar with some parts of the world, they considered the region as dangerous, and gradually stopped buying holidays there. Some passengers are fearful of flying to this region, because the airspace was shut amid sanctions and safety reasons.

Due to the Economist Intelligence Unit (2023), the war in Ukraine is affecting the tourism industry in several ways: the loss of Russian and Ukrainian tourists, restrictions on airlines and the use of airspace, and higher food and fuel costs.

According to the World Tourism Organization, UNWTO, (2023), economic situation could translate into tourists adopting a more cautious attitude in 2023, with reduced spending, shorter trips and travels closer to home.

Insecurity can disrupt economic activity through a number of channels, and the effects can be large and long lasting. Fear resulting from violence and destruction can hinder economic activity directly through an increase in transport costs, especially flights, or postponing of investments. There can also be indirect effects, like the

breakdown of political institutions and public services (Mueller and Tobias, 2016). Tour operators and travel agents can scale back operations, as a result of insufficient bookings or fear of liability suits (Strategy&, 2015).

From the point of business, political stability is of extreme importance to any investment, but it is of distinct consequence to the tourism industry due to what is being traded - an adventure, an excitement, experience, and leisure. These can be traded only in the presence of stable political conditions. Tourist arrivals are a barometer not only of a nation's currency relative to other currencies, but also of the perception of a national safety (Pradeep, 2020).

Neumayer (2004) notes that as tourists are sensitive towards the negative image of a tourist destination, events of violence can affect a tourist destination long after the event has passed and stability has, in effect, been restored. Tourism will only bounce back to what it was before if the negative image is eradicated from the tourists' mind. Depending on how sustained the period of violent events and negative media coverage have been, this might take years.

Efforts to restore safety and security and reboot the tourism sector once the situation is normalized, should be aimed at four key stakeholders: tourists, the media, tourism businesses, and the government. Ensuring safety in the country; limiting negative publicity and communication; incentivizing tourism demand; encouraging domestic tourists; inviting visitors from new segments; and offering new products help to restore the number of visitors and maintain country's appeal as a tourist destination (Strategy&, 2015).

### **Research methodology**

An analysis of scientific literature and statistical data shows that inbound tourism is recovering globally, but external factors, such as the war in Ukraine, are having a huge impact on inbound tourism organizers.

In order to find out whether the war in Ukraine is still affecting the business of Lithuanian inbound tourism organizers, a research spread in time was conducted.

The first research was conducted in 2022, during which 47 licensed Lithuanian inbound tourism organizers were interviewed. The same companies were interviewed in order to find out whether the situation had changed during the next year. Confidence level was set at 95%, margin of error - 10%. For the survey an online mixed questionnaire was selected. The questionnaire was prepared in accordance with the main principles of research planning.

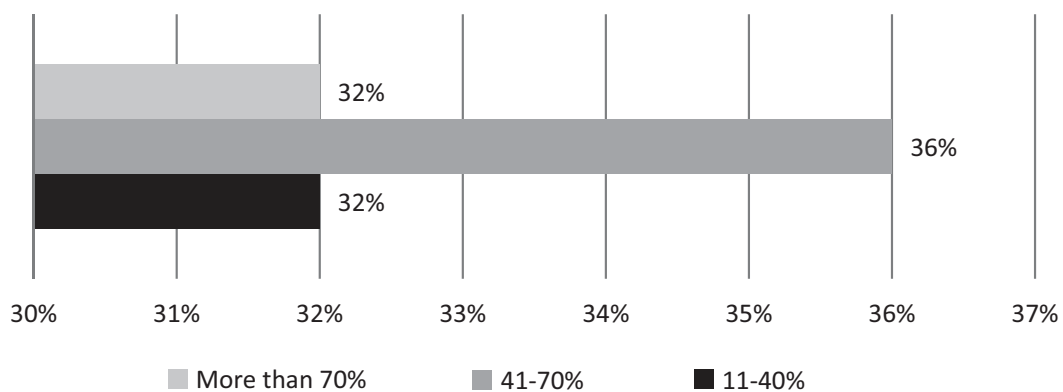
The second survey was conducted in 2023, April, and published on the website [www.apklausa.lt](http://www.apklausa.lt). Respondents were reached by sending e-mails to official tour operators. The survey was anonymous. The results of the study were used only for this research paper. A fraud filter has been applied to prevent fraudulent responses.

The software package Microsoft Excel was used to calculate the quantitative research data. Statistical and mathematical methods were used for data processing and analysis. The results are presented in the section below.

### The impact of Ukraine War on the inbound tourism in Lithuania

The first question asked in the survey aimed to find out whether the number of orders for 2023 decreased due to the war in Ukraine. The answer of all respondents was the same - yes. In last year's survey, the answer was identical. This confirms that the war in Ukraine affects the number of travel bookings in both 2022 and 2023.

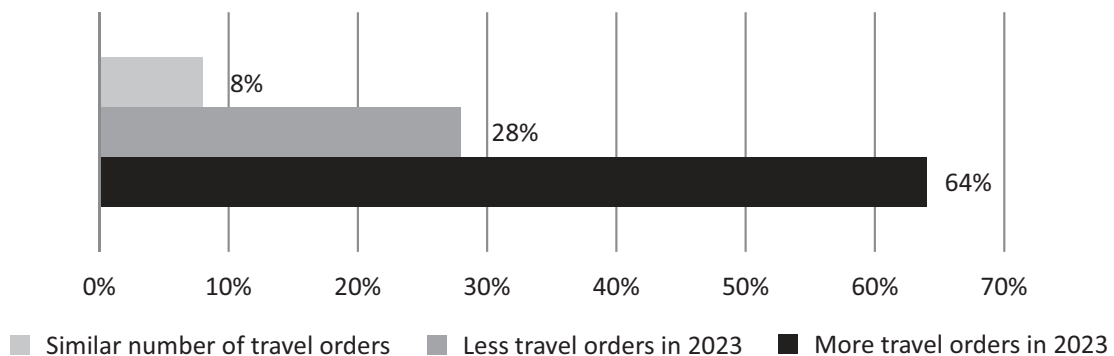
The second question was to define the decreased number of travel bookings in 2023. The majority (36%) of the respondents answered that the number of orders decreased by 41–70%. In 2022, the majority of respondents answered that the number of orders decreased by more than 70%. It can be said that more orders were received in 2023 (Fig. 1).



**Figure 1.** A decrease in the number of bookings

Source: own research.

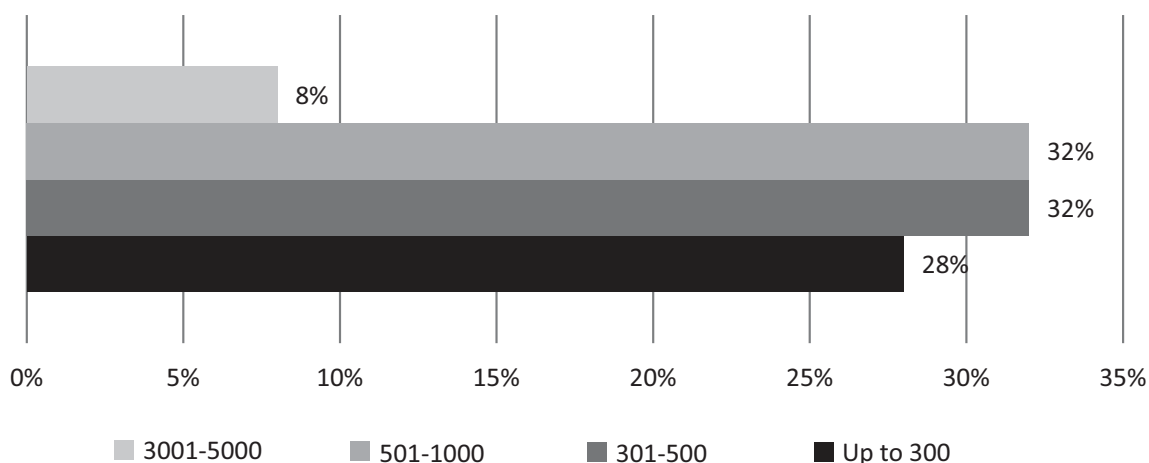
These indicators are confirmed by the third question, which asked how the number of orders has changed comparing the year 2022 with the year 2023. More than half (64%) of the respondents said that they receive more orders in 2023 than last year. 28% of companies said the opposite, the remaining 8% said that the situation is similar. Based on these claims, a recovery in inbound tourism is seen due to the growing number of travel orders (Fig. 2).



**Figure 2.** Change in the number of travel orders

Source: own research.

In order to find out what are the expectations of inbound tourism businesses for this year, respondents were asked how many tourists are expected to come to Lithuania in 2023. The results of the survey show that 28% of respondents expected to receive up to 300 tourists, 32% of respondents respectively expected from 301 to 500 and from 501 to 1000. The least chosen option was from 3001 to 5000 tourists. Based on these numbers, it can be said that expectations are still quite low (Fig. 3).

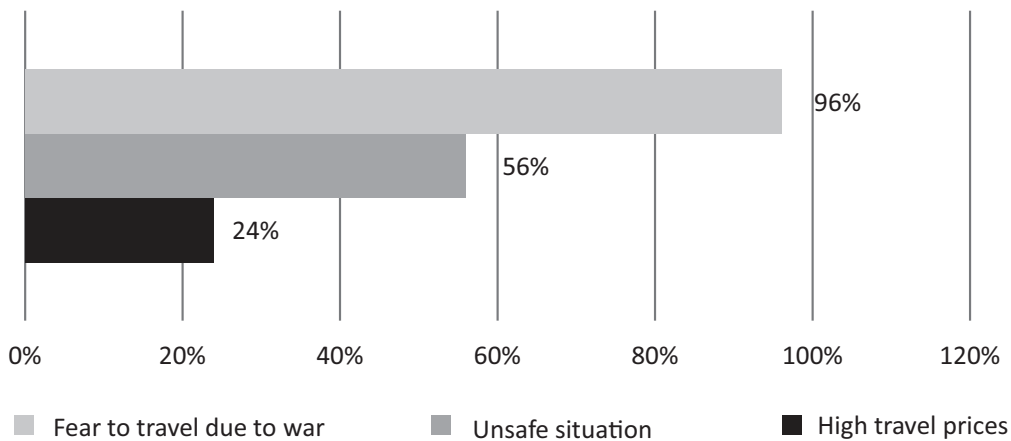


**Figure 3.** The number of tourists planned to be brought to Lithuania in 2023 per operator  
Source: own research.

In order to find out which countries' residents canceled the 2023 booked trips, respondents were asked from which countries they had received the most cancellations. According to travel organizers, tourists from Germany (60%), Italy (28%), the United States (28%), Spain (24%), France (24%), the United Kingdom (20%) and Israel (16%) were changing their travel plans. Other countries mentioned were the Netherlands (8%), Finland (4%), Poland (4%), Belgium (4%), Switzerland (4%) and others. According to 2022 data, Germany (20%) was also the leading country, followed by the United States of America (15%), France (10%), Italy and the United Kingdom – 8% each.

In order to find out the reasons why tourists decided to cancel their trips in 2023, tour operators were asked to indicate the main motives for doing that. The main reason given was the fear of traveling due to the ongoing war in Ukraine. As much as 96% of the respondents has chosen this reason. Other reasons were unsafe situation (56%) and high travel prices (24%). In 2022, the main reasons chosen were insecurity (76%) and fear of traveling due to military conflict (19%). It can be said that in 2023, the fear of war is more frequent tourist reason for bookings cancellation (Fig. 4).

The respondents were also asked the question which tourism products were most affected by the war in Ukraine? According to the responses, cultural tourism (84%), religious tourism (32%), weekend travel and cycling tourism – 24% each, wellness/SPA and adventure tourism – 20% each, natural, gastronomic, special interest and business tourism – 16% each.



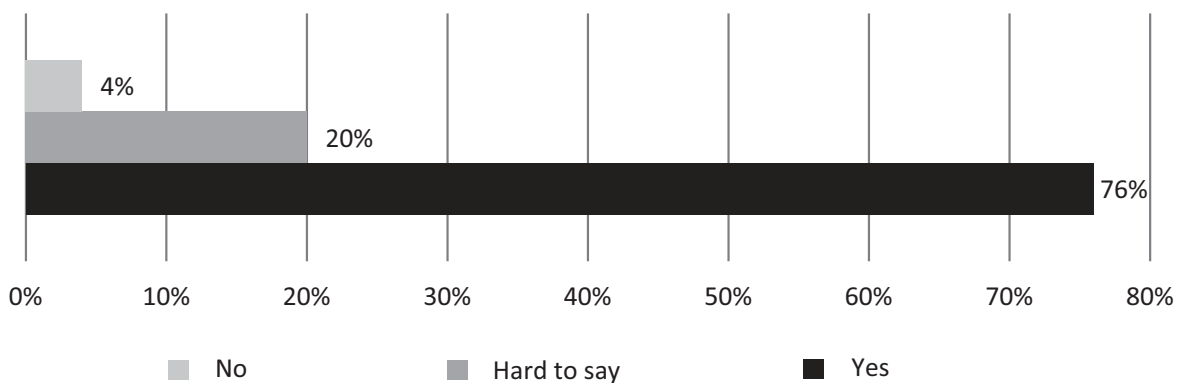
**Figure 4.** Reasons for cancellation of the bookings

Source: own research.

Looking to 2022 data, cultural tourism (34%) was also the most chosen option, business tourism (14%), weekend trips (11%), somewhat less – pilgrimage and nature tourism – 7% each, wellness/SPA tourism (6%) and adventures and gastronomic tourism – 4% each.

The last question of the survey sought to find out how opinions about the end of the war in Ukraine have changed a year after it began. Tour operators were asked if they expect new bookings if the war ends in the near future. The majority (76%) have a positive attitude, 20% of the respondents were not yet convinced, only 4% reacted negatively. A year ago, it was difficult for respondents to say (52%), 41% of them confidently expected orders and only 7% choose the negative answer option. In 2022, with the outbreak of the war, there was uncertainty about the future of travel bookings, while in 2023, tour operators are waiting for the end of the war and expect a jump in the number of bookings (Fig. 5).

Comparing the results of the 2022 and 2023 surveys, a change in the situation of inbound tourism in Lithuania was noticed a year after the start of the war.



**Figure 5.** Receiving new bookings in the future if the war in Ukraine ends soon

Source: own research.

## Conclusions

After analyzing scientific literature, statistical data and conducting research, it became clear that:

1. The war has a large and persistent impact on tourism and global economic welfare in general.
2. The war in one country also affects other countries in the same region by decreasing the number of tourist arrivals.
3. The war in Ukraine, which has been going on for a year now, has a 100% negative impact on incoming tourism in Lithuania.
4. Comparing 2022 to 2023, a slight decline in the number of orders is visible: in 2022, the number of orders decreased by more than 70 percent (40.4%), in 2023 the number was decreasing from 41 to 70 percent (36%).
5. The majority (64%) of tour operators say that they receive more orders in 2023 than in 2022. After a year-long war, the situation of inbound tourism is improving.
6. In both 2022 and 2023, trips to Lithuania were considered and canceled by tourists from Germany (20% and 60%, respectively), the United States of America (15% and 28%, respectively), France (10% and 24%, respectively), Italy (8% and 28% respectively), United Kingdom (8% and 20% respectively). According to 24% of tour operators, in the year 2023 there is also the cancellation of Spanish tourist trips to Lithuania.
7. In both 2022 and 2023, foreign tourists cancel their bookings for two main reasons: because of an unsafe situation (76% and 56% respectively) and because of the fear of traveling due to war (19% and 96% respectively). These are the main reasons for the crisis of inbound tourism in Lithuania.
8. The biggest negative impact of the war in Ukraine is reflected in cultural tourism. Religious, business, nature, wellness tourism and weekend trips were also affected.
9. Pending the end of the war in Ukraine, 41% of tour operators expected to see a jump in bookings in 2022. Although the war continues, in 2023 even 76% of surveyed tourism companies had a positive attitude.

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