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

**Abstract.** The objective of this paper is to examine the impact of the war in Ukraine on the inbound tour operators. The hypothesis that war in Ukraine has a significant impact on Lithuanian inbound tour operators was 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 moment of the survey (2022, April) provided opportunity to examine the effect of war in Ukraine on inbound tourism. The results show that the war has a serious negative impact on tourism arrivals to Lithuania. The study found that the number of bookings has decreased heavily, what also means decrease in tourism revenues. The main cancellation reasons that were mentioned are military conflict in Ukraine and unsafe situation. Biggest number of cancellations arrived from Germany, United States and France. Tourism products with the greatest impact are cultural, business tourism and weekend trips. Our study is, to the best our knowledge, the first to examine the impact of the war in Ukraine on the inbound tour operators. Results from the study hold potential for better understanding how war and political instability influence business performance.

**Key words:** tourism, risks, travel decision, inbound tour operator

### Introduction

In 2019, 1.9 million international tourists visited Lithuania, staying 4.2 million nights and spending EUR 977.8 million. Due to COVID restrictions international tourist arrivals in Lithuania decreased to 521.271 tourists in 2020 and 505.361 tourists in 2021 (Statistics Lithuania, 2022).

Lithuanian inbound tour operators and other tourism suppliers were expected to return to pre-pandemic levels in 2022, but the Russia-Ukraine conflict has compelled to downgrade that forecast.

According to the latest research related to the Ukrainian conflict impact on travel sentiment, the current context is not favorable for short term bookings to Europe. The overall Europe reputation is hit significantly, notably the destinations that are in close

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geographic proximity to Russia and Ukraine are more challenged than others (TCI Research, 2022).

As European Travel Commission (2022) states the Baltic States were among the poorest performers due to their proximity to Russia, Belarus and Ukraine. The steepest declines in German arrivals were in Latvia and Lithuania – all recording falls of over 50%.

Wars, terrorism and political conflicts impact the travel and tourism industry from destination marketing organizations to tour operators and other suppliers. The problem is that some effects of the wars, terrorism and political conflicts can be assessed, but research that identifies possible channels of these effects is scarce.

The purpose of this paper is to examine the impact of war in Ukraine on the incoming tourism in Lithuania. The paper includes a literature review summarizing relevant studies regarding factors influencing traveling decision-making and the role of inbound tour operators. Subsequently, a research methodology based on quantitative method is described. 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. The conclusion includes theoretical contributions and research results.

## **Literature review**

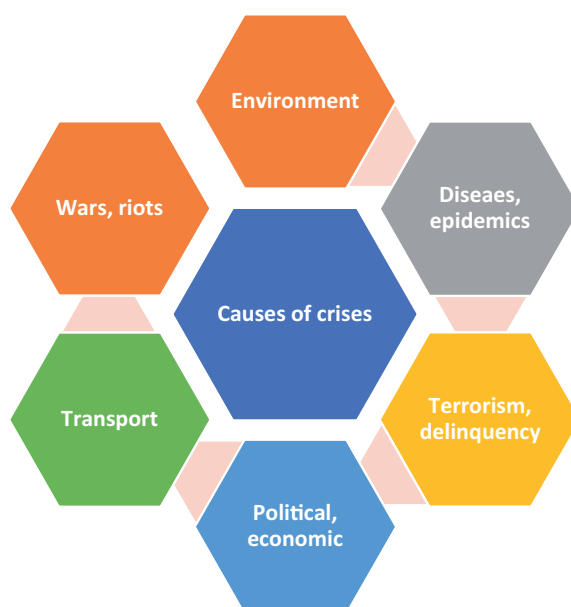
As the World Tourism Organization (UNWTO) states tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes.

Freyer and Schroder (2006) affirm that tourism is an international phenomenon; thus, travelers go to holiday destinations all over the world. Because of globalization and modern transport technology it is easier, faster, and cheaper for tourists to travel to distant countries than spending their holidays closer to home.

Scott, Laws and Prideaux (2008) approve that tourism is a discretionary activity, and one which tourists choose over alternative ways of spending time and money. Confidence needs to be restored to a level where intending visitors believe that disruption has been minimized and their holiday investment of time and money is safe. If visitors perceive that there is a risk they are more likely to select an alternative destination.

Freyer and Schroder (2006) found out that risk perception is a decision factor in travel decisions. When tourists receive information about risks at the destination it has a decisive influence on the decision to travel.

Glaesser (2006) determined 6 basic forms of events (Figure 1) that cause a general negative trend in the region and affect consumers at different phases of their travel decision. He states that use of the term “event” is in fact more appropriate since it is generally defined as a particular, extraordinary occurrence. This shows that it is principally an event, which can also be an accumulation of individual phenomena that causes a stable situation to become critical. If this particular, extraordinary occurrence causes negative consequences, this could be termed as a negative event.



**Figure 1.** Basic forms of negative events

Source: adapted from Glaesser (2006).

Floyd et al. (2004) noted that five groups of risk factors are pertinent to travel decision: war and political instability, health concerns, crime, terrorism, and natural disasters. Of these five factors, risks associated with potential terrorist attacks and political instability have been identified as particularly influential in changing travel intentions, even among experienced travelers (Sönmez and Graefe, 1998). Sönmez (1998) suggests that when faced with the threat of terrorism, war, and other events of violence tourists tend to engage in a number of behaviors including substituting risky destinations with safer alternatives and generalizing potential risks to other countries in the region affected. This is demonstrated by the cancellation of plans to travel to a destination which has experienced terrorism or political problems before or after the vacation is booked (Sönmez and Graefe, 1998). This is in accordance with the fact that the decision as to whether a destination is one of the considered alternatives is taken very early and mostly without aid of from, for example, travel agencies (Glaesser, 2006).

Travel agencies are largely seen as the main distributors of tourism product and services (Buhalis, 2011), however tour operators are acting both as producers (by putting together individual components and thus creating a new product – the inclusive tour – offered at an overall price) and as distributors in the marketplace (Koutoulas et al., 2009).

Pompurová et al. (2022) stated that tour operators play a crucial role with connecting visitors to tourism destinations by designing, organising, packaging, marketing, and operating tourism resources.

There are number of ways for classifying tour operators. The most known and basic distinction are domestic, outbound and inbound (Mengu, 2020). This classification is also confirmed by UNWTO.

Inbound tour operators receive guests and handle arrangements in the host country serving foreign visitors (Mengu, 2020). As a destination-based company inbound tour operator is an intermediary between domestic tourism services and foreign tour operators. It organizes and supplies ground services as a whole and sells it to the foreign tour operator as a packaged entity. An inbound tour operator contracts to buy destination services, checks quality of local services rendered, organizes familiarization tours for tour operator's sales personnel, gives advice on destination services, makes suggestions on travel itineraries, proposes new itineraries and tourist products, provides up to date information on destination facilities and travel related services (Yarcan and Cetin, 2021).

Inbound tour operators are also called "receptive tour operators", "incoming tour operators" or "ground tour operators" (Mengu, 2020; Yarcan and Cetin, 2021).

The benefits of having tour operators for travel arrangements and group visits are not just for tourists; the suppliers and destinations also enjoy a range of benefits from organized tour operation. Regular arrival, entrepreneurial activity, base for infrastructure development and savings in marketing expenditure are major benefits enjoyed by destinations. Destinations are still depend on tour operators to ensure regular inflows of tourists. Suppliers benefit through reduced uncertainty of sales, savings in marketing expenditure, easy payments and minimizing seasonality. On the other hand, tour operators take risks (e.g. financial risks, career risks, physical risks and health risks) while carrying out the tour operation business. It's a sensitive sector, vulnerable to external environments and forces (Dileep, 2019).

### **Research methodology**

After reviewing the scientific literature, in order to find out the influence of the war in Ukraine on the inbound tourism of Lithuania, quantitative research was conducted. As a target population licensed inbound Lithuanian tour operators were selected. 90 companies working in inbound tourism were contacted by email. A sample size of 47 participants was deemed appropriate as this study was pilot and focused on identifying key ideas about the topic. Confidence level was taken 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.

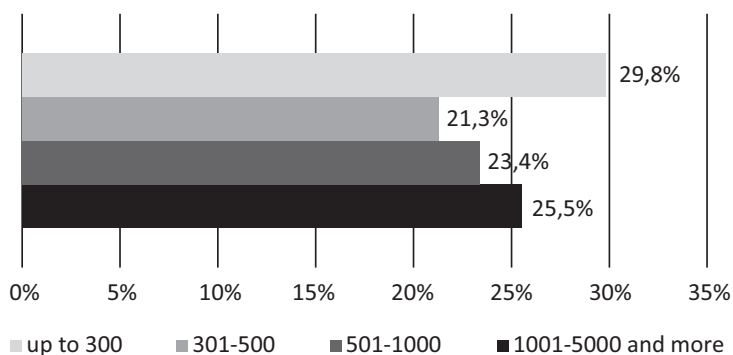
In the first stage of the research, a 7-question questionnaire was prepared to assess the impact of the war in Ukraine on the inbound tourism business. In the second stage, the target group was identified – licensed inbound tour operators based in Lithuania. The survey was conducted in 2022, April and published on the website [www.apklausa.lt](http://www.apklausa.lt). Respondents were reached by sending only e-mails to official addresses of 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.

In the last stage of the research, the analysis and interpretation of the collected data was carried out. 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 war in Ukraine on the inbound tourism in Lithuania

Firstly the companies were asked whether the number of bookings decreased due to the war in Ukraine. All respondents answered that yes - number of bookings decreased.

To find out the situation in Lithuania's inbound tourism business, it was asked how many tourists were planned to be brought to Lithuania. Almost 30% of surveyed companies indicated that up to 300 tourists, 23% – from 501 to 1,000 tourists, 21% – from 301 to 500 tourists, and 26% – from 1,001 to 5,000 and more (Figure 2).



**Figure 2.** The number of tourists planned to be brought to Lithuania in 2022

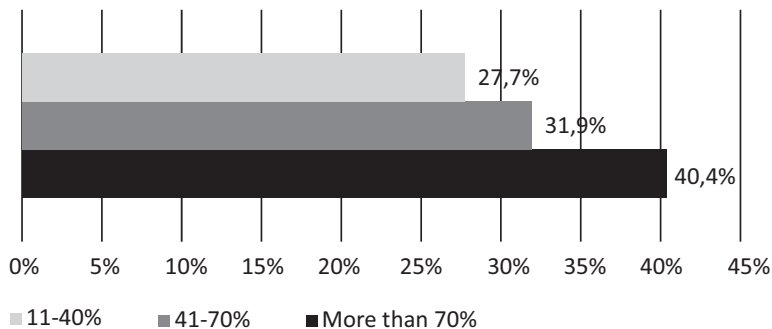
Source: own research.

In order to find out how the war in Ukraine affected inbound tourism companies, they were asked how strongly the number of bookings decreased. Figure 3 shows, that most of the respondents (40%) answered that the number of bookings has decreased more than 70%, 32% pointed, that bookings decreased from 41 to 70%, and the rest indicated that the decrease amounted to 11–40%.

Analyzing from which countries they have received the most booking cancellations, companies noted that it was 20% from Germany, 15% from United States of America, 10% from France, 8% indicated that they were from Italy and the United Kingdom. Other mentioned countries were – Austria (5%), Israel (5%), Finland and Holland (3%) etc.

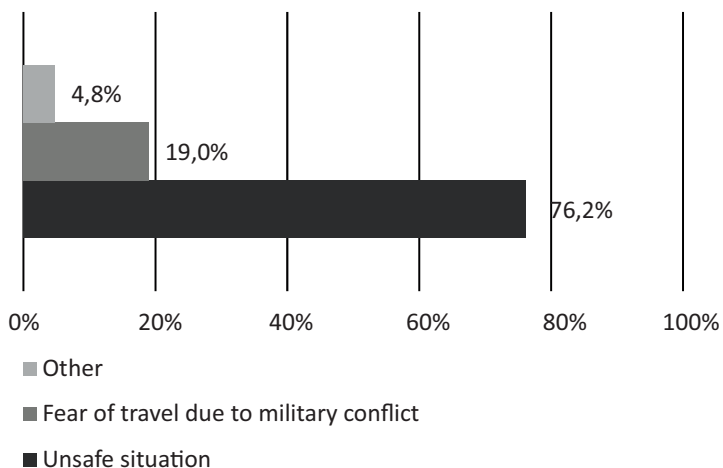
As the main reason for cancellation were stated: fear of travel due to military conflict (76%) and unsafe situation (19%) – Figure 4.

To find out which areas of inbound tourism were most affected by the war in Ukraine, the question was asked: “Which tourism products did the military conflict in



**Figure 3.** A decrease in the number of bookings

Source: own research.

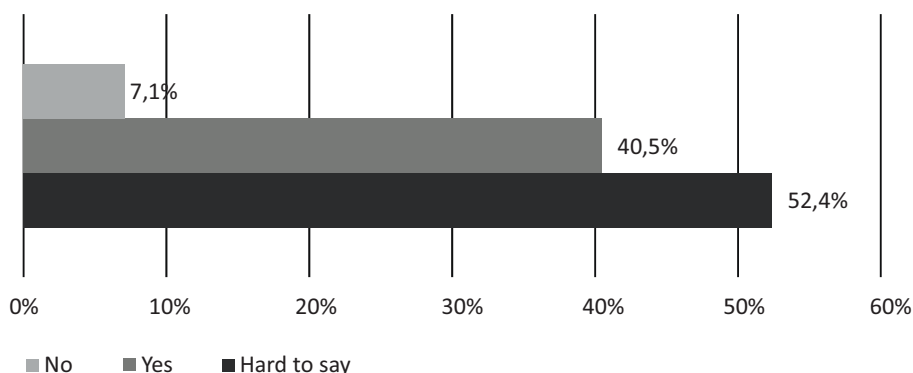


**Figure 4.** Reasons for cancellation the bookings

Source: own research.

Ukraine have the greatest impact on?”. In response, the investigated companies indicated that the most affected was cultural tourism (34%), business tourism (14%), weekend tourism (11%), pilgrimage and nature tourism respectively 7% each, wellness/SPA tourism (6%), adventure and gastronomic tourism 4% each.

Glancing to the future, the question: “If the war in Ukraine ends in the near future, do you expect to receive new bookings?” was asked. Figure 5 shows that 52% of respondents stated that it is hard to say, 7% had a negative attitude, but still almost



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

Source: own research.

41% looked to the future positively and indicated that they would expect to receive new bookings.

Overall research results confirm that risk factor, such the war, influences in changing travel intentions. This is indicated by canceled plans to travel to a location that is close to a country in hostilities before or after the holiday is booked.

## Conclusions

After reviewing the literature sources and research results, conclusions are drawn:

1. Destinations depend on tour operators to ensure regular inflows of tourists.
2. War and political instability has been identified as one of the main causes of rejection of a destination.
3. The number of bookings in 100% of inbound tourism companies decreased due to the war in Ukraine.
4. Number of bookings has decreased more than 70% in 40.4% of inbound tour operators, 31.9% of companies pointed, that bookings decreased from 41 to 70%, and the rest indicated that the decrease amounted to 11–40%.
5. Countries from which inbound tourism companies have received the most booking cancellations, were: Germany (20%), USA (15%), France (10%).
6. Most important cancellation reasons were fear of travel due to military conflict (76,2%) and unsafe situation (19%).
7. Main tourism products, that were mostly affected by war in Ukraine, were cultural tourism (34%), business tourism (14%), weekend tourism (11%), pilgrimage and nature tourism respectively 7% each, wellness/SPA tourism (6%), adventure and gastronomic tourism 4% each.
8. Future plans of inbound tour operators remain positive, but activities depend on the situation in future.

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