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**DEVELOPMENT TREND OF RUSSIA'S TOURISM
AND HOSPITALITY SECTOR**

The article analyses the trends in Russia's tourism industry development. The following parameters are analyzed: the number of Russian tourists visiting foreign countries, the number of foreigners visiting Russia, and Russia's revenues from foreign tourism. The article offers a set of measures on further development of the tourism industry.

Keywords: tourism industry; types of tourism; marketing; trend line.

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**ТРЕНД РОЗВИТКУ РОСІЙСЬКОЇ ІНДУСТРІЇ
ТУРИЗМУ ТА ГОСТИННОСТІ**

У статті проведено аналіз тенденцій розвитку російської індустрії туризму. У ході дослідження було проаналізовано наступні показники: кількість російських туристів, що виїхали за кордон; кількість іноземців, що відвідали Росію; прибутки, що їх отримала Росія від іноземних туристів. Запропоновано конкретні заходи з подальшого розвитку індустрії туризму.

Ключові слова: індустрія туризму; види туризму; маркетинг; лінія тренду.

Форм. 1. Рис. 4. Літ. 12.

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**ТРЕНД РАЗВИТИЯ РОССИЙСКОЙ ИНДУСТРИИ
ТУРИЗМА И ГОСТЕПРИИМСТВА**

В статье проведен анализ тенденций развития российской индустрии туризма. В ходе исследования были проанализированы следующие показатели: количество российских туристов, выехавших за рубеж; количество иностранцев, посетивших Россию; доходы, полученные Россией от иностранных туристов. Предложены конкретные мероприятия по развитию индустрии туризма.

Ключевые слова: индустрия туризма; виды туризма; маркетинг; линия тренда.

Introduction. Russian Federation possesses a high tourism & recreational potential. It has unique natural and recreational resources, objects of national and world cultural and historical heritage. Important economic, cultural, public and sport events take place on its territory. In many regions there is a wide range of potentially attractive tourist attractions that are very popular among Russian and foreign tourists. The availability of different tourist and recreational resources of the country allows developing almost all kinds of tourism, including recreational (beach), cultural, educational, business, active, health and eco-tourism, as well as sea and river cruises, rural tourism etc.

Russia hosts a great number of cultural and natural attractions. According to the Federal State Statistics Service data, this number includes 2368 museums in 477 historic cities, 590 theatres, 67 circuses, 24 zoos, almost 99 ths historic and cultural monuments, 140 national parks and reserves. Nowadays there are 103 preservation museums and 41 museum-estates functioning in Russia. "23 cultural and natural objects from different regions of Russia are included into the World Heritage List of

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UNESCO" (World Heritage List, 2013). However, irrespective of such a great tourist potential, Russia is a donor country, inasmuch that it is an active supplier of tourists to foreign countries. Outbound tourism is weakly developed. According to World Tourism Organization (UNWTO) data, Russia takes only 2.2% of the world tourist market, that is, of course, a very low index for a country with such a tourist-recreational potential and such territory.

Methodology. The objective of this research is to predict the possible options of Russia's tourism industry and hospitality development. At present, there are various prediction methods being practically implemented, including expert evaluation method, statistical method, system structural methods, based on the coefficient of demand elasticity, economic and mathematical modelling etc. Choosing a prediction method depends on the research objective and its period (short-, medium- or long-term), on initial data, on the required accuracy, on the character of processing initial data etc. To conduct this research, we gathered the statistical data on the number of tourists visiting Russia (2006–2011), on the incomes gained by Russia from tourism (2006–2011), on the number of Russians visiting foreign countries (2006–2011). These time series make it possible to use regression analysis for both short- and medium-term forecasting. One of the most popular software programs to solve the tasks of this type is MS Excel, which has the capability to add chosen regressions (trend lines) to the diagram built on basis of the data table, as well as to extend a trend line in the diagram beyond the range of real data for forecasting future values. Let us thoroughly discuss the possibility of trend prediction for the collected statistical data.

The analysis of numerous research works (Volkov, 2012; Urbanskaya, 2007; Starostenko, 2011; Rozanova, 2011; Surkova, 2009) on the potential possibilities of Russian industry enables to conclude that the existing significant tourist potential of the country hasn't been used fully. To predict the possible options of the development of RF's tourism and hospitality, we conducted the analysis of the current situation at the tourism market. As of 2011, Russian Federation was visited by 20.6 mln foreigners (Tourism Highlights, 2012), about 18% of which came on tourist purposes, whereas according to the prediction of the World Tourism Organization, a specialised agency of the United Nations, Russian Federation is able to host up to 40 mln foreign tourists under the appropriate level of infrastructure development. We built the bar chart illustrating the number of foreign visitors between any year from 2006–2011 (Figure 1). The gained options show that it's necessary to implement the trend line equation with a linear filtering by two data points:

$$F_t = \frac{A_t + A_{t-1} + \dots + A_{t-n+1}}{n}. \quad (1)$$

Key research findings. In general, the analysis of the trend line enables to conclude that the behavior of foreign visits to Russia is characterised as consistently progressive. A drastic reduction in the number of foreign tourists in 2009 was due to the global financial crisis, which resulted in reduced incomes and lower demand on tourist services.

The expenditures for foreign visitors in Russia for 8 months of 2012 grew by 16%, according to the report of the World Tourism Organization. Thus, Russia was ranked eighth by the growth of tourism incomes worldwide. The highest income growth was registered in Japan (by 48%), Sweden (by 26%), South Africa (by 26%), Republic of

Korea (by 26%), India (by 23%), Hong Kong (by 17%), Thailand (by 17%), and Russia (by 16%) ("Incomes from Tourism in Russia have grown by 16%", 2013). As of 2011, Russia's total income from tourism amounted to 11.4 bln USD, being a positive index under the current potential of the country. The analysis of the trend line with linear filtering enables to conclude that the behavior of the incomes earned by Russia from tourism is very unstable, being characterised by fluctuations (Figure 2).

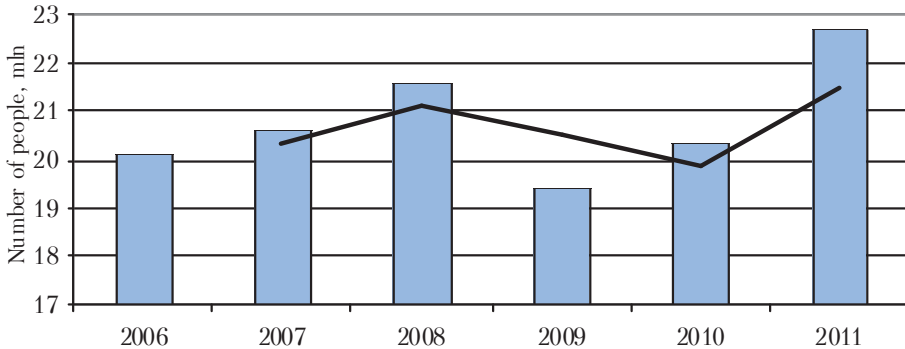


Figure 1. Number of international tourists visiting Russia, 2006–2011 (Tourism Highlights, 2012)

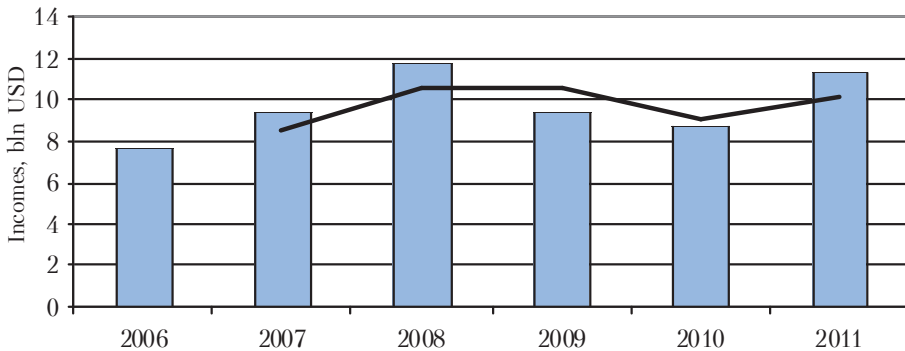


Figure 2. Incomes earned by Russia from tourism, 2006–2011 (Tourism Highlights, 2012)

Within the instable dynamics of foreign visits to Russia, the rate of Russian tourists visiting foreign countries seems to be rather stable and steadily growing (Figure 3). As of 2011, 43.7 mln people went abroad for different purposes. On average, the number of Russians visiting foreign countries increases by 12–13% per year. As a result, in Russia's contemporary tourism industry there is the tendency of Russian tourists' outflow to foreign countries for leisure purposes. At present, outbound tourism prevails over the inbound one; and if the conditions of Russia's tourism development don't change, this tendency will increasingly continue, according to the forecast for two periods of the trend line. The main negative effect in this situation is a stable capital outflow caused by the outflow of Russian tourists to foreign countries. First of all, the outflow of foreign exchange is observed, which can't positively affect the development of either tourism, or the economic system in general.

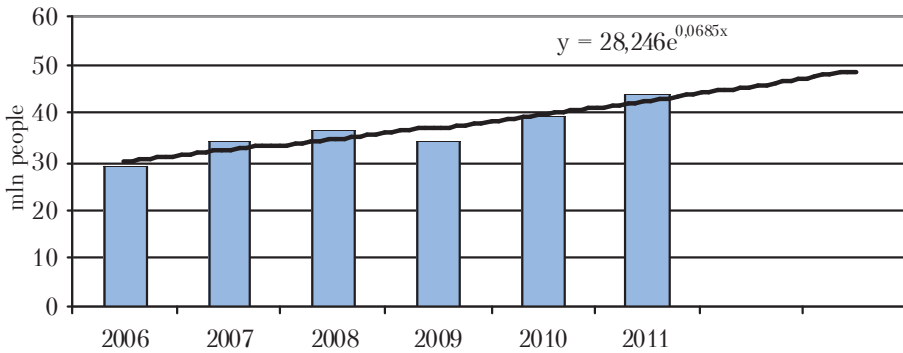


Figure 3. The number of Russians visiting foreign countries in 2006–2011
(Tourism Highlights, 2012)

Based on the empirical studies and content analysis, we managed to reveal the percentage ratio of tourism types, which are in high demand among foreign tourists (Figure 4).

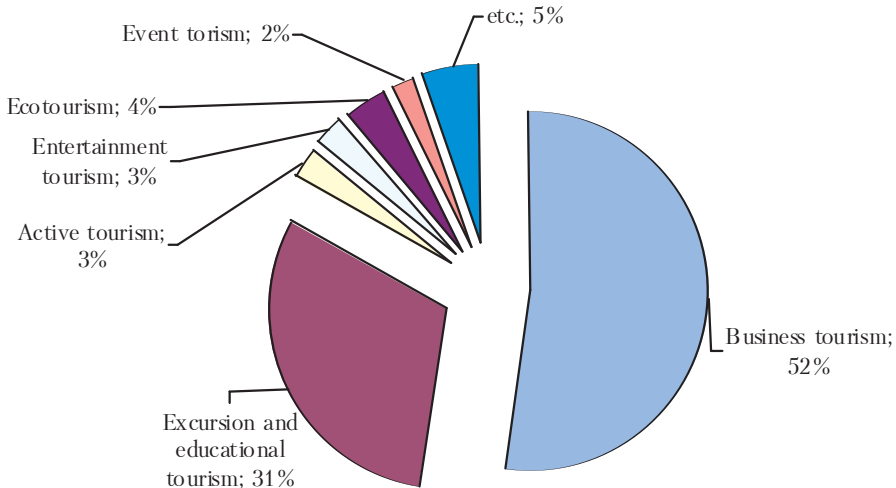


Figure 4. Tourism types in demand among foreign tourist
(Tourism Highlights, 2012)

Discussion. At present, tourism products are being rapidly differentiated between segments and niches. It is necessary to point out that not every type is actively developing in Russia. Nevertheless, there are several tourism types, which are growing at high rates and which can be significantly developed in the RF tourism. We believe that these types include:

- business tourism (business travelling);
- excursion and educational tourism;
- active tourism;
- entertainment tourism;
- ecotourism;
- event tourism.

Outbound *business tourism* is currently playing a key role in Russia. According to the data of the RF's Federal Agency for Tourism, 52% of tourists visit Russia for business purposes. This index gains more significance as far as the problems with applying for Russian visas are concerned. Under such challenges some business tourists come as general visitors. Certainly, the level of business contacts with different countries differs. But one can be sure that the interest in Russia for investing and realising joint business projects will continue its upsurge in the coming years. Both the 2014 Winter Olympics and the 2018 FIFA World Cup facilitate the effect. Hence, the number of business tourists visiting the country will grow.

Thus, business tourism is the key market segment in the context of the inbound tourism development strategy. This is important to be considered for regional investment attractiveness mapping, for development strategies, and for other program documentation of regional importance.

Excursion and educational tourism is oriented to the maximum audience coverage through attracting tourists from other tourism niches including beach, relaxation, active tourism and business. The distinctive feature of this tourism type and of its possible options is the mobility of tourists, who strive to visit the maximum number of new places of interest within a short period of time.

For Russia, excursion and educational tourism is the only working type, which attracts large numbers of foreign visitors. Nowadays, the main centers for this tourism are Moscow, St. Petersburg, and the Golden Ring cities.

Active tourism involves hunting and fishing, which are very familiar to Russians, and all other extreme types of travelling, i.e., rafting, diving, tracking, cycling, mountain climbing, downhill skiing etc. In Russia, all these types of tourism are poorly developed (except for hunting and fishing tours representing the extremely low percentage of the total travels).

Entertainment tourism is associated with visiting leisure places (night clubs, casinos, restaurants, concerts etc.). This type of tourism is currently popular only in Moscow and St. Petersburg among the managers of large foreign companies, which have business contacts with Russia (they don't usually experience any problems applying for Russian visas). But as long as Russia is integrating in the global economic community and the visa regime is changing, these types of tours will gain popularity.

Russia's *ecotourism* might become extremely attractive, considering the natural potential of the country. But it is important to consider that the status and social situation of those preferring this type of tourism expect excellent services provided to them in the territory. Besides, it is extremely difficult to attract tourists only with the natural component, since natural resources are highly developed in most foreign countries. This explains the extremely low rate of such visits to Russia.

Russia's *event tourism* demonstrates a positive potential. But poorly developed infrastructure won't let the country take a leading position in this segment in the coming years. This tourism type possesses very good prospects, considering the changing geopolitical landscape and business events in the coming future.

Summing up, the conducted analysis shows a positive tendency in the development of Russia's tourism with few market fluctuations provoked by changes in the external environment.

Conclusions. Based on the conducted analysis, it is possible to formulate a set of recommendations to smooth the fluctuations in the development of the tourism market and to realise the existing potentials for the development of this industry:

- Identification of the target market. It is necessary to clearly identify those, at whom the process of the country's marketing promotion is directed; and the ones, who are potential consumers of the tour product "Russia"; and to develop several alternative national tour products, oriented at different audiences, thus contributing to the decrease in production and entrepreneurial risks.

- Development of the positioning system. Positioning of a territory is associated with choosing those peculiarities of a country, which demonstrate a high value for consumers. For this reason, the national authorities and agencies in charge of the development of the country as a tour direction should define the direction of positioning prior to its launch.

- Use of the most popular types of tourism (i.e., business and excursion tourism) as umbrella brands to develop promising tourism directions (ecotourism, event and active tourism).

- Active implementation of marketing technologies in the process of development and promotion of national tour products.

- Active application of public-private partnership as the most promising mechanism for tourism development.

- Development large-scale national advertising directed at forming RF's positive tour reputation.

- Attraction of investments in tourism.

- Development of tourism infrastructure.

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Стаття надійшла до редакції 24.03.2014.