

Competitiveness assessment of Russian territories in terms of inbound tourism

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Abstract. The article explores current main development challenges of tourism in Russia. The behavior pattern of the travel and tourism competitiveness index in Russia over the years from 2009 to 2013 has been analyzed. Authors reveal the causes of the low tourism competitiveness in Russia compared to other countries. A qualitative assessment of the tourism potential merit in conformity to development of certain areas is presented. The current state of tourism in the Republic of Tatarstan is studied in connection with the inbound tourism promoting opportunities. The leading position of the Republic of Tatarstan among the Russian regions is noted in terms of tourist potential development, as well as availability of significant opportunities of the region for further development of tourism.

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Introduction

Tourist services market is becoming more profitable, fastest growing and most actual sector of the world economy. Prospects for overcoming the protracted financial crisis and the successful socio-economic development are seen by many countries exactly in the development of tourism. This is largely due to the fact that the cost of organizing the tourist business is substantially less than investments into industrial production, whereas the profits are significantly higher and, moreover, remain consistently high.

Within the period from 2009 to 2013, characterizing by slowdown in economic growth of almost all countries, the reduction of exports and imports, rising unemployment, and reduced aggregate demand for many commodities was marked by steady increase in the tourist traffic. Revenue growth in the tourism sector outpaced not only material production sectors, but also the financial sector and retail industry. In a number of countries, tourism was virtually the only sector that supported the economy and employment in difficult economic conditions. Tourism has continuously developed; in 2013 more than 4 million new jobs were created in the world due to tourism activities [1]. In many countries, tourism is the main source of income in foreign currency. Travel business affects such sectors as trade, construction, transport, communications and others, providing them various orders and supporting social and economic development of their countries.

Therefore, currently the international and domestic tourism market is one of the key markets for the economies of the various countries. Unfortunately,

the Russian touristic capabilities in this context are quite weak.

Main part

The economic role of tourism in socio-economic development of individual countries and the world economy as a whole is comprehensively analyzed in the foreign studies [2-6]. Currently Russian experts are paying much attention to study of the regional characteristics of the tourist services organization and the opportunities to use touristic potential available in the country and the particular regions [7]. However, the declining international ranking of Russia in the inbound tourism markets requires search of novel solutions in promoting international tourism services.

Survey methodology

The current study includes an analysis of statistical and factual data on development of tourism in Russia and its regions. Factorial and structural analysis served the basic research methods in this study. Travel and tourism competitiveness index (TTCI), calculated for the period from 2011 to 2013 by World Economic Forum [8-10], was employed for factor evaluation. The information was taken from the following sources: statistical and analytical data from UNWTO reports [11-12], World Travel & Tourism Council (WTTC) [13-14], the Federal Agency for Tourism of the Ministry of Culture of Russia [15], analysis findings of the Russian Union of Tourism Industry [16], domestic and foreign publications on

tourism, publications in the International Journal of Tourism Research, Journal of Travel Research, and Annals of Tourism Research.

The status and the development level of the tourism industry in Russia

In the conditions of crisis and recession the international tourism market managed to maintain relative stability in spite of macroeconomic instability, political tensions and weak economic growth in many countries. Moreover, some countries are experiencing high rates of growth of inbound and outbound tourism. Unfortunately, Russia is among the countries where the balance between the inbound and outbound tourism is negative, and the country's income from foreign tourism is steadily declining from year to year [17]. Thus, in 2011, according to UNWTO estimates, international tourism has brought to the Russian budget 11.34 billion US dollars, in 2012 the income was by 1.2% lower than that in 2011 (\$11.2 billion), while in the first half of 2013 – even by 2.5% lower as compared with the same period in 2012 (i.e. only \$10.9 billion) [17]. The situation at the beginning of 2014 was slightly improved due to the mass arrival of foreign fans to the Winter Olympic Games in Sochi, though this was a one-time action, rather than the systematic approach.

With such level of income, Russia is only in the second dozen of countries rated by tourism revenues; holding just 26th position in 2011, 27th in 2012 and early 2013 (for comparison, the revenues from tourism in the USA in the first half of 2013 amounted to \$126.2 billion that ranked the US on top position in the world), in Spain - \$55.9 billion (2nd position), in France - \$53.7 billion (3rd position). As for the total volume of international tourism revenues in the whole world, in 2012 it was \$1,030.0 billion, while by 2020 the projected revenue growth from international tourist arrivals will increase up to \$2 trillion [17].

As for the travel and tourism competitiveness index (TTCI), calculated by the World Economic Forum and reflecting the international ranking of countries, in 2013 Russia dropped four positions lower as compared with its rank in 2009 and 2011: from 59th to 63rd rank out of 140 possible positions

[18]. Unfortunately, further forecast in index variation is still disappointing.

Despite the negative assessment of the current TTCI index in Russia, in our opinion, Russian regions are capable to overcome the negative effects of many factors. Currently, a number of Russian regions have quite high tourist potential in terms of international framework. This concerns cities such as Moscow, St. Petersburg, Kazan, Sochi, as well as Krasnoyarsk region and a number of cities in Central Russia. Assessing the prospects of the Russian regions in the development of inbound and domestic tourism, it is necessary to compare the real capabilities of specific areas in terms of their existing tourism and recreational potential with TTCI index performance.

A comparison of 14 criteria for assessing countries' competitiveness in the tourism sector, used when calculating the TTCI index, with tourist potential of certain regions, has shown that in terms of this aspect the Republic of Tatarstan and city of Kazan occupy a quite favorable position as compared to many other regions of Russia (see Table 1).

Higher values of performance measures, showing the potential of the Republic of Tatarstan, compared with the indicators, average for Russia, became possible as a result of the creation of modern tourism infrastructure in the course of preparation for the Summer World Student Games held in 2013. However, an important obstacle to the effective use of tourism potential in Republic of Tatarstan is that most travel agencies registered in the region, operate primarily on outbound tourism, and are not engaged in the development of an attractive local tourism product aimed at engaging domestic and foreign tourists to the country.

Evaluation of the similar indicators for the Perm territory, unfortunately, gave much worse results. Currently, Perm territory, possessing rich natural, cultural, historical, and recreational resources is far behind in the competitiveness of the tourism industry from neighboring regions, primarily due to an unacceptably low development of transport infrastructure. Hotel chains and tourist infrastructure in Perm territory are underdeveloped as well. And here, in our opinion, one of the possible solutions would be integrating efforts of several regions to promote certain tourist services.

Table 1. Evaluation of competitiveness criteria in tourism based on TTCI index in relation to the tourism potential level of the Republic of Tatarstan

Competitiveness assessing criteria for the countries in the tourism sector by TTCI index	Evaluation of criteria based on the actual status of the tourist potential in the Republic of Tatarstan
1. Legislation and government regulation of the industry	Concerned attitude of the leadership of the Republic of Tatarstan and the active position on the development of the tourism industry. Complex of regional laws in stimulating the development of the tourism industry is available. In 2014, the Agency will be created for tourism. The republican authorities plan to spend 1.18 billion rubles on development of the industry for the next seven years.
2. Ecology , environmental protection and respect for natural resources	to large extent meet up-to-date requirements.
3. Safety	High safety, including the sustainability of inter-religious and inter-ethnic relations.
4. Health care	A high level of health care similarly as in Russia.
5. Priority of the sector in terms of country interest	Concerned attitude of the leadership of the Republic of Tatarstan and the active position in promoting tourism.
6. Air transport infrastructure	is well developed.
7. Land transport infrastructure	is developed better than on average in Russia, but still requires further development.
8. Tourism infrastructure	is well developed. By the beginning of 2014 about 600 touristic organizations, more than 70 tour operators and 130 hotels are operating in the region.
9. IT- communications infrastructure	meets today's requirements.
10. Price competitiveness of the industry	is good. In 2013 Kazan became one of the three most popular cities of Russia for domestic tourism with children, along with St. Petersburg and Moscow.
11. Availability of qualified personnel	Training qualification level of operating personnel is still at an average level.
12. Desire to develop tourism *	The Republic of Tatarstan is characterized by the diversity of religions and cultures that are met by local population equally friendly. Republic of Tatarstan is characterized by a positive attitude towards foreign visitors.
13. Natural resources	are rich and diverse . The Republic has 82 valuable natural objects. Based on TTCI index, calculated for 2013, Russia, in general, is on 37 th position in terms of this indicator.
14. Cultural heritage	The existence of diverse cultural and historical sites, including the world heritage sites.

* According to the TTCI index calculation technique, the criterion of «Desire to develop tourism» reflects the attitude of the society towards foreign visitors, and tends of business leaders to recommend recreational leisure in their country to business partners. Also this index includes the share of tourism in country's GDP (GRP, in our case).

Conclusions

Despite the steady growth of travel business in the world, tourist and recreational potential of Russia is still virtually non-demanded. The main problem for the accelerated development of different tourism sectors in most regions of Russia is weak extension or lack of high-quality, reliable and safe tourist infrastructure to provide high-level accommodation, meals, and transportation of tourists, especially foreign visitors.

Availability of modern tourist infrastructure in some regions of Russia (and the Republic of

Tatarstan, in particular) will allow us to make tourism, including inbound international tourism, one of the most promising areas of socio-economic development.

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