

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of economics**



**Diploma Thesis**  
**Tourism in Russia and its potential for development.**

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# **DIPLOMA THESIS ASSIGNMENT**

Alisa Egorova

Economics and Management

Thesis title

**Tourism in Russia and its potential for development**

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## **Objectives of thesis**

Investigate basic types of tourism in Russia. Consider the types of tourism development prospects in Russia. Identify problems of tourism development in the Russian Federation. In the Russian tourism industry there is a problem of finding a method of building an effective management system that would strengthen the market position of each Russian organization dedicated to the service of tourists, and thus contribute to the further development of the whole sphere of business tourism, which will help Russia to join in the world tourism industry.

## **Methodology**

Literature review will be conducted using literature, professional articles, web links, own findings and consultation. Analytical section will be done using methods of both qualitative (descriptive) as well as quantitative analysis.

The proposed extent of the thesis

40-70 pages

Keywords

Tourism, development, Russia, tourism services, domestic tourism, inbound tourism.

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Recommended information sources

BIRZHAKOV, M.B. Introduction to Tourism. Moscow: Gerda, 1999. ISBN 5941251315.

ISMAJEV D.K. Organization of tourism in the Russian Federation. Moscow: Knigodel, 2009. ISBN 978-5-9659-0039-8.

KVARTALNOV V.A. Tourism. Moscow: Finance and Statistics, 2009. ISBN 978-5-279-03119-1.

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### **Declaration**

I declare that I have worked on my diploma thesis titled " Tourism in Russia and its potential for development " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 30.11.2015

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## **Acknowledgement**

I would like to thank Ing. Petr Procházka, MSc, Ph.D for his advice and support during my work on this thesis.

# Turismus v Rusku a jeho potenciál pro rozvoj.

## Souhrn

Diplomová práce se zabývá analýzou vývoje cestovního ruchu v Ruské federaci. Cílem je zjistit, základní typy cestovního ruchu v Rusku. Zvážit typy rozvoje cestovního ruchu v Rusku; identifikovat problémy rozvoje cestovního ruchu v Ruské federaci. Na ukázkou stavu zahraničního turistického průtoku, byl vybrán jeden z nejnavštěvovanějších regionů v zemi, a to Krasnodarský kraj.

Analýza dat se provádí podle Krasnodarského kraje. Praktická část navazuje na dynamiku zahraničního průtoku od roku 1997 do roku 2015, a na základě údajů je udělána prognóza do roku 2027 pomocí ARMA a ARIMA metody. Dále jsou navrženy návrhy na řešení problémů příchozího a odchozího cestovního ruchu.

**Klíčová slova:** Cestovní ruch, rozvoj, Rusko, turistické služby, domácí cestovní ruch, příjezdový cestovní ruch.

# **Tourism in Russia and its potential for development.**

## **Summary**

The diploma thesis deals with the analysis of the evolution of tourism in the Russian Federation. The aim is to investigate basic types of tourism in Russia. Consider the types of tourism development prospects in Russia; identify problems of tourism development in the Russian Federation. In order to show the situation of the foreign tourist flow was selected one of the frequently visited regions in the country, it is Krasnodar region.

Data analysis are done for the Krasnodar region. Practical part follows the dynamics of foreign inbound flow from 1997 to 2015, and based on the data is made a forecast until year 2027 by ARMA and ARIMA methods. After all are suggested proposals to solve problems of inbound and outbound tourism.

**Keywords:** Tourism, development, Russia, tourism services, domestic tourism, inbound tourism.

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## 1 Introduction.

In recent years, tourism has developed considerably and has become a mass socio-economic phenomenon of international scope. The rapid expansion of its development contributes to political, economic, scientific and cultural relations between nations and peoples of the world. Mass development of tourism allows millions of people to expand the knowledge of the history of his/her homeland and other countries globally, to see and learn about special sights, culture and traditions of a country.

The aim of this diploma thesis is to investigate basic types of tourism and consider the types of tourism development prospects in Russia. In the Russian tourism industry, there is a problem of finding a method of building an effective management system that would strengthen the market position of each Russian organisation dedicated to the service of tourists, and thus contribute to the further development of the whole sphere of business tourism, which will help Russia to join in the world tourism industry. The next objective is to identify problems with tourism development within the Russian Federation and suggest possible solutions for improvement. Then to analyze the main direction and mechanisms for resolving problems of tourism development and assess the risks. In that case, that Russia is a huge country and analyze all data from different part of Russia will take a time, for analyzing of inbound foreign tourism was chosen Krasnodar region.

## 2 Objectives and Methodology

### 2.1 Objectives

Investigate basic types of tourism in Russia. Consider the types of tourism development prospects in Russia. Identify problems of tourism development in the Russian Federation. In the Russian tourism industry there is a problem of finding a method of building an effective management system that would strengthen the market position of each Russian organization dedicated to the service of tourists, and thus contribute to the further development of the whole sphere of business tourism, which will help Russia to join in the world tourism industry.

## 2.2 Methodology

Literature review is based on data collection from using literature, specialised publications, online links, own findings and consultation. The analytical section will be done using methods of both qualitative (descriptive) as well as quantitative analysis. In that case that Russia is a huge country and analyze all data from different part of Russia will take a time, for analyzing of inbound foreign tourism was chosen Krasnodar region.

The tourism development in Russia is connected with numerous less visible aspects. These could be considered as difficulties, which explain why tourism is not significant in the present-day Russian economy. To demonstrate what kind of difficulty strongly influences the sustainable development of tourism; in the analysis will be considered difficulties which are closely connected to tourism (internal environment), and challenges which are closely connected to the general environment of tourism development (external environment). The main approach focuses on internal environment.

## 3 Literature overview

### 3.1 Tourism.

Tourism is one of the leading and most dynamic industries in the world economy. During its rapid growth, it is easy to state that it is an economic phenomenon of this century.

In many countries, tourism plays a significant role in the formation of the gross domestic product, the creation of additional jobs and the activation of the foreign trade balance. Tourism has a huge impact on key sectors of the overall economy such as, transport and communications, construction, agriculture, production of consumer goods and other, i.e. acts as a catalyst for socio-economic development.

Tourism is an important source of foreign exchange earnings, it allows for expansion of international contacts, and offers more employment annually.

According to the United Nations World Tourism Organization (UNWTO), the number of arrivals into Russia in the year 2000 was 698 million people, and the value of tourism revenue was 478 billion USD. The statistical number of tourist arrivals in 2020 will be 1.6 billion. The world's tourism revenue in 2020 will increase to \$ 2 trillion USD.<sup>1</sup>

#### 3.1.1 Economic impacts of tourism

Tourism as a sphere of economic activity plays a great importance and a number of characteristics. For example, it serves the interests of human society as a whole and is a source of income, on both micro and macroeconomic levels.

To date, tourism has become a phenomenon that swept every person on earth. Moreover, at the beginning of the XXI century, tourism in terms of income rightly took third place among the leading sectors of the global economy. In many countries and regions, tourism is the

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<sup>1</sup> Shmarova Larisa, *Statistical research of service market of international tourism*. Moscow, 2002. Dissertation (Ph.D.). Plekhanov Russian University of Economics. Department of Statistics and Econometrics. Specialty accounts and statistics. Available from WWW: <http://www.dissercat.com/content/statisticheskoe-issledovanie-rynka-uslug-mezhdunarodnogo-turizma>

main source of profits. Income from the tourist/travel global industry account for more than \$500 billion USD annually. The largest gains obtained in Western Europe and the United States.<sup>2</sup>

In addition, tourism stimulates the development of infrastructure, .i.g., hotels, restaurants, retail etc. It determines the increase of budget revenues from taxes, which may be direct (visa fee, customs duty) or indirect (increase in wages causes an increase in the amounts of income tax that is paid by them to the budget). Moreover, tourism has great potential to attract foreign currency and various kinds of investments. We must also think of the importance in which tourism plays into the overall function and economic diversification of the economy,i.g., forming industries that serve the tourism industry, providing income growth and improving the overall welfare of the nation.

The impact of tourism on economic development is to increase business and expand the production of goods and services because of an increase in effective demand due to foreign and local tourists.

From an economic point of view, tourism is a a sector that provides services, it gives more rapid return on investment and income. In many countries tourism is one of the top three leading business sectors. Rapid developments in tourism play an important social and economic importance.

Including:

- Increase local revenues;
- Creates new jobs;
- Develops all industries associated with the production of tourist services;
- Develops social and industrial infrastructure in tourist centers;
- Activates the activity of folk arts and cultural development and helps them;
- Provides a rising standard of living of the local population;

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<sup>2</sup> FRALOVA, T.A. *Economics and Management in the field of socio-cultural service and tourism: Lecture notes. The impact of tourism in the sphere of economy* [online]. Created in collaboration with the portal <http://www.aup.ru/>. Taganrok: 2010. [cit. 2015-11-23]. Available from WWW: [http://www.aup.ru/books/m204/4\\_1.htm](http://www.aup.ru/books/m204/4_1.htm)

- Increases foreign exchange earnings.<sup>3</sup>

Overall, the positive impact of tourism on the economy of the country occurs only if it develops from all sides. Every year, the tourism industry occupies an increasingly important stronghold in the world economy. Over the past fifteen years, the tourism industry has formed and has been recognized as one of the largest in the world areas of service delivery.

Tourism plays an important role in creating jobs, i.g. over the next five years statistics state new job offers within the tourism sector with increase daily by 2,500. Tourism covers many sectors within the economy, because of this it becomes almost impossible to determine the exact number of workers employed in the tourism sector. In addition, the problem to make a real evaluation is complicated by specific characteristics of labor (seasonal, part-time work, temporary work, etc.). Still the number of people, which are employed in the tourism sector, is growing. This is one of the few industries where the introduction of new technologies does not lead to a reduction in the working personnel. This is important because, if involve more people to work in tourism, it will reduce a social tension. In addition, international experience shows that the tourism industry can be developed during an economic crisis, which is important for the countries of Eastern Europe. The cost of creating one workplace is 20 times less than in industry and the back of investment capital is 4 times higher than in other sectors of the economy. Examples include countries such as Argentina, Brazil, Mexico, Egypt, Tunisia, Peru and others.

### 3.1.2 Social impact of tourism.

Social importance of tourism for society is to restore the psychophysiological resources of society and working capacity of human, rational use of free time, job creation and employment, impact on the culture of the local people, providing income to workers in enterprises and company owners, environmental safety of tourism and focus on the maintenance and restoration of the environment.

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<sup>3</sup> FRALOVA, T.A. *Economics and Management in the field of socio-cultural service and tourism: Lecture notes. The impact of tourism in the sphere of economy* [online]. Created in collaboration with the portal <http://www.aup.ru/>. Taganrok: 2010. [cit. 2015-11-23]. Available from WWW: [http://www.aup.ru/books/m204/4\\_1.htm](http://www.aup.ru/books/m204/4_1.htm)



Tourist firms offer people to understand what tourist services and tourist firms involves people into tourist rest, because of it tourists have an opportunity to spend a day off, vacation, holiday efficiently and profitably.

The development of tourism clubs tend to attract young people on an exciting journey, which in turn, promotes the formation of a healthy new generation of travels. Moral and physical health of the whole society depends on tourist enterprises and how these enterprises do their work. In addition to the recovery of mental and physical strength, tourism includes activities, providing the changing nature of the activity and environmental conditions, active knowledge of the new phenomena of nature, culture etc.

A developed tourism industry helps to solve problems of employment , which can be attributed to both economic and social problems. Tourism is one of the most labor-intensive sectors of the economy, therefore, it helps to reduce the development of unemployment. The number of jobs in the tourism industry has exceeded 200 million people. It is almost 8% of the total economically active population.<sup>4</sup> The world's experience shows that the tourism industry attracts additional work force from other regions, thus is increasing the population of the area.

Tourism has a direct and indirect impact on improving the living standards of the population. Directly reflected is an increase in revenues for travel agencies, improving the well-being of their employees. In peak (high) season there is a good opportunity for people of other professions to earn good money. Indirect effect is reduced to the formation of a broad network of support services focused not only on incoming tourists, but also the local population, as well as to the development of infrastructure of recreation and tourism. Tourism services, compared with work in other industries, is often well paid, so the work in this area has a high demand. Tourism has an impact on the family structure, e.i., due to financial independence and a working mother, change the relationship between parents and children, as well as the status of women in the family.

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<sup>4</sup> MANAGEMNT OF TOURISM, informational portal about tourism. *The social importance of tourism*. [online]. [cit. 2015-11-28] . Available from WWW: [http://vfmgiu-tourism.ru/ponyatie\\_celi\\_funkcii\\_turizma\\_001/socialnoe\\_znachenie\\_turizma\\_005/index.html](http://vfmgiu-tourism.ru/ponyatie_celi_funkcii_turizma_001/socialnoe_znachenie_turizma_005/index.html)

### 3.1.3 Environmental impact of tourism.

Today, in all regions of the world, it is an important task to develop new approaches to solve problems via communication and professional personal conservation. In recent years, environmental problems such as global warming, ozone depletion, accumulation of toxic and radioactive waste, excessive air and water pollution, and plundering of natural resources have caused seriously upsetting of the natural balance, which in turn has negative consequences for humans. Modern tourism can harm the environment. Tourists, whose aim is a short-term satisfaction of their individual needs takes precedence over concern for long-term use of nature. For example, one of the goals of ecotourism is to teach people to love and respect nature, understand its laws, and to treat it with care. In the process of tourist activity inevitably things happen to changes in the environment.

The impact of tourism on the environment can be direct, indirect and incentive, as well as positive and negative.<sup>5</sup> Tourism cannot develop without interacting with the environment, but by controlling the development of tourism and careful planning, it is possible to reduce the negative effects and increase positive effects. The positive impact of international tourism includes the protection and restoration of historical monuments, the creation of national parks and reserves, protection of coast, reefs and forests, etc.

### 3.2 Current state of the Russian tourism market.

In recent years, tourism has developed considerably and became a massive socio-economic phenomenon of international scope. The rapid expansion of its development contributes to political, economic, scientific and cultural relations between the nations and peoples of the world. Mass tourism development allows millions of people to expand the knowledge of the history of his homeland and other countries, see the sights, culture and traditions of a country.

From an economic point of view, tourism is a special kind of consumption where tourists can use material goods and services, which are allocated to a separate branch of the economy,

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<sup>5</sup> BUKLIB, electronic library. *Socio-cultural and environmental impact of tourism*. [online]. [cit. 2015-11-28]. Available from WWW: <http://buklib.net/books/31956/>

which is provided to tourist vehicles, objects, food, accommodation, cultural and community services, and recreational activities.

Tourism has its own history of development. A history of tourism is the science that studies simply and elementary journey, from ancient times to the present day.

Russian tourism has its own history of development. It is possible to identify several periods, each of which has its own characteristics. Considerable interest is the period from 1990, which can be called a transitional period, as well as the whole economy of the country during these years.

This period of development of Russian tourism is characterized by the transition from the administrative regulation of tourism to the economic stimulation, which is based on the new Russian laws relating to business and the market in general, as well as tourism activities.

It is possible to distinguish the following features of the transition period:

- the transition from a monopoly to a mixed economy (tourism enterprises became the property of different owners)
- the formation of the tourist market on the basis of new laws
- the use of tourism resources in the market based on the new economic and legal relations
- the changing nature of demand due to the emergence of new types of tourist services (outreach shop tours, entertainment and adventure tours, study tour)
- uselessness of the material base of tourism (hotels, guest houses, holiday homes)
- the emergence of a large number of small and medium-sized tourism enterprises
- growth rates of outbound tourism, especially with aim to do shopping

Formation of the Russian tourist market began in 1990. Simultaneously there was a three process of disintegration of the old type of enterprises (travel agencies); the creation of new enterprises, which later became known as “tour operators and travel agents”; modification

of the old tourist enterprises by restructuring to develop tourism product that has demand among Russian consumers.<sup>6</sup>

By the beginning of the XXI century, the Russian economy was on at extremely unfavorable starting position. As a result, an unprecedented and protracted crisis, the Russian economy has lagged a few decades ago, it was in terms of production, competitiveness of products, the level and quality of life, management efficiency. The reason of such lag were the major strategic mistakes, miscalculations and other subjective factors.

Nevertheless, the Russian economy has not lost its viability, the potential for regeneration, development and transition to a post-industrial stage of development. Russia has maintained a high level of education, significant part of qualification of the employment potential of the country, developed the socio-cultural sphere (especially science, culture and education), which is key in the development of post-industrial society. The country has different kinds of natural resources like mineral, land, forest and water. Many of them is unique and can be used for natural rent. Russia favors its geographical position as one of the shortest transport routes between the rapidly developing countries of East and West, which allows it to obtain transport and tourist funds. Russia is retaining a significant amount of its the internal market, and began its reintegration, which is a base for the development and increasing incomes of domestic producers.

### 3.3 Types of tourism in Russia.

The potential for Russian tourism is enormous and currently not fully utilised. In 2009, the number of tourists was about 35 million people, according to estimates of the world; the

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<sup>6</sup>ILJINA O.,LEVINA M., fundamental research. *Current state of Russian tourism market*. [online] 2005 (PDF). [cit. 2015-11-28] . Available from WWW : <http://www.rae.ru/fs/pdf/2005/10/38.pdf>

capacity of the tourist market in the country is 40-50 million people. <sup>7</sup>Russia has tourist resources for every taste. Nevertheless, it is only at the beginning of construction of its modern tourist infrastructure.



Figure 2 The map of Black sea

Source: Captain , offshore industry news site in the world. Black sea [online].[cit2015-10-20]. Available from WWW: <http://gcaptain.com/terminals-plans-major-black-terminal/>

Russia's territory stretches from west to east and from the northern latitudes of the Arctic to the southern subtropical. Landscape diversity allows developing many types of tourism. Russia has a resort on the southern Black Sea and in the north on the Baltic Sea, which makes it suitable for a beach holiday offering treatment and rehabilitation by the sea. Far north offers one a chance to see the northern lights and to go on ethnic tours to visit northern people, as well as participate in reindeer safaris across the tundra.

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<sup>7</sup> SDELANO\_U\_NAS. informational portal about tourism. *Revenues from tourism in Russia increased by 16%*. [online]. [cit. 2015-11-28] . Available from WWW: <http://sdelanounas.ru/blogs/24975/>



Figure 2 Baltic sea

Source: Worldatlas, Baltic Sea - Map & Details, *Baltic sea* [online].[cit2015-10-20].Available from WWW: <http://www.worldatlas.com/aatlas/infopage/balticsea.htm>



Figure 3 Far North in Russia

Source: Flickr, Russian physical map showing important cities, *All Russia* [online].[cit2015-10-20].Available from WWW: <https://www.flickr.com/photos/jrthibault/8106022826>

The presence of mountains opens up possibilities for all kinds of mountaineering (climbing, speleoturizma, hiking, white water rafting on the "boiling" mountain rivers and mountain skiing, mountain biking, fly on deltoplane), as well as spa treatment in places where there are mineral water springs. Full-flowing, wide and long rivers like Volga, Yenisey, Lena were literally made for cruising, fishing, rafting, catamarans and boats. The sea north-west of the country is a popular cruise-ship destination. There are numerous lakes, usually picturesque and clean. And the water is clear not only externally: in Karelia and in Baikal it is quite possible to drink it.<sup>8</sup>

Forests of central Russia, the Caucasus foothills, the Taiga of Siberia and the Far East are full of animals and birds that attracts fans of hunting tours. Russia has plenty of land untouched, wild nature, which creates ideal conditions for ecological tours.

Besides natural landscapes, historical and cultural backgrounds for the development of tourism helps some social factors. This is a high purchasing power of foreign currencies, ensuring freedom of movement for most of the country, including such perspective in relation to tourism area, as the Far East, Sakhalin, the Kuril Islands, the Urals, the North of Russia, as well as Nizhny Novgorod and Samara city, which were closed for foreign tourists.

Inbound and domestic tourism in Russia is represented by a wide variety. The most actively develop environmental, sports, extreme skiing, educational, business, health and fitness, cruise, fishing and hunting, event and gastronomic tourism types.

Further will be written different types of tourism.

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<sup>8</sup> EMILJANOV, B., *Introdaction to excursion* ,p.41

### 3.3.1 Ecological tourism.

This kind of tourism helps people who are tired from the cities and from noise; they take strength and energy during communication and observation with nature. In addition, it stimulates the preservation of the environment, making this type of tourism beneficial to local residents.<sup>9</sup>

In the UNESCO World Heritage list are included five Russian natural sites: The Virgin Komi Forests, Lake Baikal, the volcanoes of Kamchatka, Golden Altai Mountains and Western Caucasus. In these regions, the eco-tourism can help nature protection, employment growth and socio-economic development. In addition, Russia has enough and other attractive places for ecotourism.<sup>10</sup>

Great opportunities are opened for ecotourism in the north-west of Russia - Karelia, Arkhangelsk and Murmansk regions.

In Central Russia there are also many attractive places for eco-tourists. For example, the Central Forest State Biosphere Reserve, located in the west of the Tver region - in the Valdai Hills.

Popular ecotourism destination in the central part of Russia is Lake Seliger. Here you can find about 30 different species of fish, in particular pike, some fishes reach 7.8 kg. In Pereslavl'skyj park (Yaroslavl region) there is an arboretum, where in addition to 700 local species grow many plants from around the world.

In the Kaliningrad region - the most western part of Russia, there is a wonderful place. A national park called Curonian Spit. It is a narrow strip of land that separates the Curonian Lagoon from the Baltic Sea.

Baikal, which is located in Siberia and it is the main tourist center. It is famous for its fantastic landscapes and is astounding also for ecotourists. Here coexist taiga and semi-desert, tundra and stone steppe.

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<sup>9</sup> EMILJANOV, B., *Introduction to excursion*, p. 41

<sup>10</sup> KUSKOVAV A., *Geography: Teaching Materials*, p. 256



A lot of wonderful places and wonderful encounters with nature awaits tourists on the island of Sakhalin. On the Kuril Islands there is a beautiful world volcano which is Tyatya, beautiful lakes both cold and hot, Mendeleev volcano and hot springs, where temperature reaches 90 degrees.

### 3.3.2 Sea and river cruises.

Cruises is a kind of water tourism and one of the main directions of domestic and inbound tourism in Russia. Most foreign tourists (90%) prefer cruises in Moscow and in St Petersburg for 3-4 days, and the rest prefers long cruises on the Volga and Siberian rivers like Lena, Yenisei, Ob, Amur.<sup>11</sup>

According to common practice, ships where is destination Moscow - St. Petersburg, which is most popular among travels, usually come to Valaam, and those ships where are more tourists from abroad, visit Kizhi Pogost which is on Kizhi island.

Cruises are organized on the north-west of the country - in Kaliningrad, St. Petersburg, Murmansk, Arkhangelsk, where tourists go along the shores of the Baltic, Barents and White seas and sometimes there is an opportunity to catch fish, shrimp, squid and etc.

### 3.3.3 Eventful and gastronomic tourism.

Event tourism began to develop in Russia not so long ago. Accordingly, the events that would attract tourists to Russia, is not too much. But it will be in the near future, as this task is set by tourism authorities in the region.<sup>12</sup>

Among the events that attract tourists to Russia are the major international sporting events like Kremlin Cup tennis, hockey tournaments and football matches, sports festival of the North in Murmansk Region, cultural events like Moscow International Film Festival, ethnic festivals as Yakut festival in honor of the beginning of summer, week of culture and art from different countries or peoples and religious as Russian Pancake week in Moscow.

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<sup>11</sup> BIRZHAKOV M.B, Tourism industry, p.56

<sup>12</sup> BABKIN A., Special types of tourism: Tutorial, p.78

Gastronomic tours are aimed to explore the features of a particular country's cuisine. In Russia, this type of tourism is just emerging, so the elements of gastronomic tours include in the major programs.

Discovering Russian cuisine is happening during a visit to the country's best national restaurants where strictly enforced use of Russian traditions, cooking and serving meals.

Popular among tourists are visiting wineries and tasting vodka production. Excursions to wineries are particularly common in the Krasnodar region, where grapes are grown extensively, both local and European varieties.

Excursions to wineries are particularly common in the Krasnodar region, where grapes are grown extensively, both local and European varieties.

#### 3.3.4 Health tourism.

Depending on the health status and profile of medical and health institutions, it is possible to choose a trip to the south, on the Azov-Black Sea coast of Krasnodar region, the Caucasus - the sources of the Caucasian Mineral Waters in the birch and pine forests near Moscow, the Baltic coast - the Kaliningrad region, and as the mineral river in Buryatia. The potential of Russia's natural resources for treatment and improving rest is unlimited.

The resort industry in Russia skilfully combines unique knowledge of their ancestors and ancient techniques of unconventional treatments with the latest achievements of medicine. One of the latest trends - a combination of wellness treatment with active rest and sports<sup>13</sup>

#### 3.3.5 Individual rest.

Most Russians tends to group tours, which are much more cost. At the same time, a large proportion of foreign tourists, on the contrary, prefers to make an individual tour by any standard route to see more in one trip and for a better understanding of our country and its people.

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<sup>13</sup> CHUDOVKIJ A.D., *Management of tourism : Tourism as activity*, p.89

Those who wish to arrange an individual tour in any city in the Russian tourist companies will provide all the services: visa, transport, hotel and tour guide who speaks their native language tourist.

On the domestic market there is a demand for individual adventure tours, is one way of outdoor activities - reindeer safaris, dog sledding, yachting, surfing, etc.

#### 3.3.6 Business tourism.

The volume of international contacts that connects Russia with foreign countries, is constantly growing, making a priority for the development of business hotels in Russia.

In Russia, there are not only large international exhibitions dedicated to various sectors of the economy and the industries, but also scientific conferences and fairs for a wide range of visitors. It gathers a lot of experts from abroad and Russia.

A feature of the business tourism is that the businessmen spend more money than common tourist. Therefore, Russia is following the example of many countries in the world and almost every year plays host to one or another international forum<sup>14</sup>

#### 3.4 Factors in tourism development.

There are many scientific works, that are devoted to the study of problems and the development of the tourism market under the influence of different types of factors. Domestic and foreign scholars wrote this kind of work. In this works, scientists developed a methodology and implementation of national and regional tourism policy, determining the economic and organizational key factors to regulate tourism policy. It include the prerequisites of the rise and principles of the functioning of tourist enterprises and tourist complex, classification of their forms and types, planning of financial and economic activity of tourism enterprises, forecasting of the market in tourist services, the mechanism of economic estimation and regulation of tourist attractiveness in all area.

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<sup>14</sup> BABKIN A., Special types of tourism: Tutorial, p.96

Study about problem of the development in tourism market allows to conclude that the issue of the influence of factors in the tourism industry is not studied enough, that affects negatively on development of tourism as a whole.

The development of tourism as a whole depends on a set of conditions: natural and geographical, historical, political, socio-economic, demographic, established in society and the factors that determine them. Factors of development of the tourism market can be divided into external and internal.

External (exogenous) factors affect tourism by demographic and social change; economic and financial development; changes in the political and legal regulation; technological changes; trade development; transport infrastructure and travel safety.

The external factors include the geographic location of the region, the political relations between countries, the international division of labor, the level of prices in the international market and in different countries etc.

The determining factors are the internal factor of development of the market of tourist services. Among them are the natural geographical features and climatic conditions of the country, the availability and quality of natural resources and their easy use, the economic situation in the country, domestic policy, political stability, social system, the level of development of productive forces, the structure and level of welfare of the population, the possibility of obtaining benefits and discounts for tourist services by the state and public organizations, enterprises and institutions, the state of development of tourism infrastructure, transport networks, the standard of living in society, and the educational and cultural level of the population.<sup>15</sup>

In terms of impact on the tourism activities, it is possible to divide factors into factors of attraction (that urge people to travel - natural, cultural and social conditions in a country where tourist flows are formed) and differentiation factors of demand (affect the choice of

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<sup>15</sup> TOUTFAQ, russian informational portal about tourism . *Factors influencing on development of tourism* [online] 2012. [cit. 2015-11-20] . Available from WWW : <http://tourfaq.net/travel-business/glavnye-factory-vliyayushhie-na-razvitiya-turizma/>

location for traveling - tourism resources, development of infrastructure, the level of socio-economic development of the country).<sup>16</sup>

From the point of view of the mechanism of influence on the development of tourism can be defined objective factors, that have formed by the historical development of society, and those targeted precisely to regulate tourist activities - the first group of factors.

Factors influencing development of tourism, can be diverse and multifaceted. The presence of favorable factors leads to leadership of individual regions and countries in the world tourism, and vice versa adverse factors reduce the flow of tourists.

The main factors affecting the development of tourism can be divided into two groups: static and dynamic. Static are constant in time value (natural climatic, geographical, cultural and historical factors).

The dynamic factors include:

**Demographic** (total population growth, urbanization, i.e. increasing the share of the urban population by reducing the number of rural residents, changing age structure of the population (increase in many countries in life expectancy leads to the fact that more and more people have free time and that allows them to carry out overseas travel) .

**Social** (welfare of the population in developed countries are actively involved in the tourist exchange, longer paid holidays and shorter working weeks, increasing the number of working women and the increase in income per family (household), increase in the share of single people, a trend towards later marriage and family formation, extremely rapid growth in the number of childless couples in the population, a decrease in immigration, earlier retirement, a growing awareness of tourism opportunities).

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<sup>16</sup> TOUTFAQ, russian informational portal about tourism . *Factors influencing on development of tourism* [online] 2012. [cit. 2015-11-20] . Available from WWW : <http://tourfaq.net/travel-business/glavnye-faktory-vliyayushhie-na-razvitiya-turizma/>

**Economic** (include changing patterns of consumption of goods and services towards increases in the consumption basket of the population share of the various services, including tourism).

**Cultural** (acculturation of the population in many countries and in connection with the desire of people to familiarize with foreign cultural values).

**Scientific and technological progress** (determines rapid development of material-technical which is based on tourism industry, creates the necessary conditions for mass tourism).

**International factors** (softening of the international climate, the transition to go between confrontation states for cooperation and mutual understanding, the process of globalization, the solution of international disputes through negotiations).<sup>17</sup>

The most important factors that determine the development of inbound tourism include:

- Support from the public authorities (the experience of different countries shows that the success of tourism development depends on state level);
- Growth of social wealth;
- Reduction of working time;
- Urbanization (the concentration of population in urban areas, detachment from nature makes it necessary to spend free time outside the zones of permanent residence);
- The level of public consciousness.<sup>18</sup>

Another factor that affecting the development of the market in tourist services is personal-behavioral factors. It is worth noting that among the factors that influence the development of tourism, personal and behavioral factors play a leading role in the modern world. It consists of motives, which provide consumer's desire to travel, thus meet the requirements of the tourist. Analyzing the role of psychological factors in the formation of tourism market proved that only a few tourists come back to the places where they were before, except in

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<sup>17</sup> TOUTFAQ, russian informational portal about tourism . *Factors influencing on development of tourism* [online] 2012. [cit. 2015-11-20] . Available from WWW : <http://tourfaq.net/travel-business/glavnye-factory-vliyayushhie-na-razvitiya-turizma/>

<sup>18</sup> TOUTFAQ, russian informational portal about tourism . *Factors influencing on development of tourism* [online] 2012. [cit. 2015-11-20] . Available from WWW : <http://tourfaq.net/travel-business/glavnye-factory-vliyayushhie-na-razvitiya-turizma/>

cases of presence of economic, health-care or sentimental reasons. As incomes rise, people are beginning to prefer psychological reasons when choosing a new journey. Opinion on the quality of the tourism product is formed only after the trip, because before traveling consumer can only simulate their expectations on the basis of available information. Therefore, the importance of the situation lies in the fact that the idea of the product for consumer generates by certain expectations, and if they are not justified by the actual quality of the product, the consumer can be easily disappointed in it. Purpose of tourism is the rational organization of free time for consumer. Accordingly, the development of tourism may be due to the presence of two main points: free time and financial resources for its rational organization.

The development of tourism influence both positive and negative factors associated with the political, legislative, legal and socio-economic situation in the country and in the world. Among the positive factors in the market of tourist services include:

- Stability and openness of politics and economics;
- Growth of social wealth and income;
- Reduction of working hours and increase of free time;
- Development of transport, communications and information technology;
- Increasing urbanization;
- Building an intellectual society;
- Promoting domestic and foreign investment in the development of the tourism industry;
- Strengthening Russia's position in the global tourism market;
- Simplification and harmonization of tax, currency, customs, border and other forms of regulation;
- Stimulation of tourism for children, youth, the elderly, the disabled and low-income families;
- Promote the development of tourism industry.

Among the negative factors in the market of tourist services include:

- Tensions in international relations;
- The instability of the policy and a closed economy;

- Economic stagnation and falling welfare of the population;
- Disorder of tourism resources;
- Underdevelopment of the tourism industry;
- Irrational use of cultural, historical and religious heritage and the environment;
- Low income and lack of free time;
- Pollution and environmental hazards;
- Underestimation of the role of tourism in the intellectualization of society;
- Underestimation of the role of tourism in replenishment of the budget<sup>19</sup>.

These factors influence the development of tourism should define the objectives of government regulation and priorities for the development of tourist business. Popular as an individual and for children and youth recreation.

### 3.5 Problems of inbound and domestic tourism in the Russian Federation.

During the searching of problems in field of tourism in Russia was identified following factors which influence domestic tourism:

- **The lack of state support**

The world's experience shows the most effective tourism is developing in those countries where there is an intelligible program for its support at the state level. In Russia, it is a vicious circle. The authorities do not care much about the development of the industry.

As example, In Spain tourism provides 12% of GDP and is the most profitable sector of the economy, in Russia, this rate is at the level of 1-2%.<sup>20</sup> Tourists are not interested in the Russian destination, since no one is paying attention to their needs and none is not engaged in infrastructure. It is complicated to rely on small business; in this case, it makes no sense:

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<sup>19</sup> TOUTFAQ russian informational portal about tourism . *Factors influencing on development of tourism* [online]. [cit. 2015-11-20]

<sup>20</sup> ROSLNVEST.COM, informational portal about tourism . *Ten of the top countries which is popular in the tourist market* [online]. [cit. 2015-11-20]



the construction of roads and major hotels - it is a challenge that can be handled only by state in the union with the largest private investors.

- **Unsuccessful promotion**

From Russian sites most foreigners known only Moscow, Saint Petersburg and the Baikal. Also it is easy to note that Russia is not engaged in promoting and attracting tourists due to public relations. However, even more sad: our citizens don't know about their country enough.

It is necessary to engage in propaganda correctly, in particular, make it convenient to use websites and publish guidebooks.

- **The poor development of the Provincial Tourism**

This is an era when weary urban dwellers look for calm and deserted corners. Wooden house with a garden, bathhouse and a place for barbecue, all of this is for them much more attractive than hotel with a comfortable room, lifts and a jacuzzi in the room, but Russia's picturesque towns and villages are not ready to welcome guests. Meanwhile, even the most ordinary village can make an effort to attract tourists.

An example of this - Vyatskoe village in the Yaroslavl region, which is called the "laboratory of tourism." A local businessman, with the support of the district and village administration has created in the last few years several interesting museums. Among them - the Museum of Vyatka sells peasant, museum "Russian bathhouse", the Museum of Russian fun, interactive tour "An hour in a rich country house" and "Museum of Angels" with lots of toys and cartoon exhibits, which appeared due to the fact that at the beginning of the XIX century one of the local farmers repaired angel on the spire of the Peter and Paul fortress. As a result, Vyatskoe was included almost in all the guides in the Golden Ring.

- **The transport problem**

The high cost of transport services (air and rail transport), as well as the lack of infrastructure for travel by road, including the poor quality of roads, insufficient number of roadside cafes, hotels, parking lots, information signs, poor service and high prices for services provided to autotourists, all these factors lag the development of domestic tourism.

- **Problems with public catering**

In most provincial cities restaurants and cafes are still focused mainly on carrying out noisy and drunken gatherings. Families with children in this situation feel extremely uncomfortable. Menu is monotonous: the endless salads with mayonnaise, snack to vodka. Another problem, its breakfast. If the tourist is not feed in a hotel, he or she will risk to be hungry a half-day, because before noon all the points catering are usually closed.

- **The problem of understanding**

Even in the popular tourist town with many sights can be difficult to find the information center or pointers in English language. The greater part of Russians cannot speak any international languages and there is no supporting information on the international language.

### 3.6 Stimulation of tourism development in Russia.

Compared with other countries in the tourist activity of Russian citizens is still at a low level (only 1% of the global flow) due to the low solvency.<sup>21</sup> Tourism organizations work in the face of fierce competition for customers, which in some cases is done by using unscrupulous methods. The overwhelming majority of Russian tourist companies are involved only in outbound tourism, and few is in inbound, and it is primarily focused on Moscow and Saint Petersburg.

Import of tourist services has been growing steadily than exports. If in 1999 the deficit was 3.3 billion dollars, in 2000 was 5.4 billion dollars, in 2004 was already 10.5 billion dollars.<sup>22</sup>

Cultural and historical potential of the country is huge, therefore the number of tourists who is arriving in Russia, is increased by development of tourism infrastructure and by well-organized advertising.

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<sup>21</sup> KRICHMAR M., *Tendency of tourism development in Russia*, p.123-127.

<sup>22</sup> KRICHMAR M., *Tendency of tourism development in Russia*, p.123-127.

The conditions for the development of domestic tourism is determined by:<sup>23</sup>

- formation of a quality tourism product;
- availability of well-functioning marketing strategy to promote the tourism product in the Russian market;
- implementation of well advertising and information policy in Russia and abroad;
- the maintenance of the current level of service, professionally trained staff;
- attracting investments to the development of tourism infrastructure.

Decision of tasks could serve as implementation of a set of recommendations to the federal, regional governing bodies in the sphere of tourism and business tourism and hotel service.

*Federal authorities and management in the tourism sector:*

- Make scientific and social examination of legislation, adopted on the federal level, on the basis of the social importance of the tourism industry;
- Update the legislative framework in the field of tourism. Require legislative solutions such problems as government support for domestic inbound, social tourism; definition of powers of subjects of the Russian Federation in the field of tourism; account of specific local resources; coordinating the interaction regions of both federal agencies and with each other; ensuring the rights and safety of tourists.
- In terms of practical application of scientific research to assess the potential of tourism and advertising, it is necessary to adopt a single form of the cadastral passport regions, built on the basis of LIS (land information system) showing land use, excursion objects, tourist infrastructure and investment potential participants;

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<sup>23</sup> BOJKO, Anna. *Formation of tourism clusters as a tool for the development of domestic tourism in Russia.*

- Develop a federal program for the development of tourism based on the new tourism strategy and action plan for 2007-2012, structuring Russian tourist products, their promotion and information provision.<sup>24</sup>

Formation of such a program requires a selection in the branch and regional sub-programs. Unfortunately, it must be noted that the use of program-target methods of territorial governance in Russia is hampered due to the continuing lack of a clear division of rights and powers of governments at the federal, regional and municipal levels. Regional and municipal programs need to rely on funding from their own budgets, with the active involvement of investments. It is important to keep the chain in this hierarchy of programs, objectives and mechanisms of implementation, which will allow the state to conduct an effective common economic and social policies to promote the development of the tourist industry.

*Regional authorities in tourism and hospitality:*

- renew and expand the practice of social ecological and geographical examination of socio-economic development of regions, using for this purpose intergovernmental organizations;
- conduct an inventory of the primary objects of the natural, historical and cultural heritage and a comprehensive assessment of their possible involvement in the tourist and recreational use;
- direct the efforts of regional governments to expand the base of the hotel, creating a modern hotel complex with private, public and foreign investment in order to create tourism infrastructure in the regions;
- monitor the market of tourist services at the international, national and regional levels in order to adjust the development of the industry.<sup>25</sup>

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<sup>24</sup> MARCHENKO, O.G.,MARTYSHENKON.S.. *Marketing in tourism and hospitality industry: Methodical support of the educational process* [online]

<sup>25</sup> MARCHENKO, O.G.,MARTYSHENKON.S.. *Marketing in tourism and hospitality industry: Methodical support of the educational process* [online]

*Economic entities involved in tourist services:*

- promote the training of employees of enterprises of tourist and hotel services through additional education;
- improve the quality of tourist product, guided by international standards and using modern technology;
- make greater use of tourist and recreational potential of regions and ;
- promote the development of tourism infrastructure in the region, creating a small private hotels, modern hotels, catering facilities.

The unique recreational potential of Russia and geographical specificity determine the differences in the development of the tourism sector, which leads to the need for implementation of effective public policy in this area at both national and regional levels.

3.7 The main directions and mechanisms of solving the problems of tourism development.

In recent years, because of an active policy of tourism development and careful attention to the industry from all levels of government, the organization of major international sporting and cultural events in the country, the level of tourism infrastructure have undergone significant changes in better way. There are new objects of tourist show, the company placement, changed the face of tourist centers, improved roads, built transport hubs. However it remains many challenges for improving the tourist infrastructure.

For example, it is necessary to create comfortable tourist information environment. Further is shown how it is possible to do:

- First of all ,need to develop a common approach to information work with tourists, including the rules of formation, placement, provision frequency of updating and the composition and the list of information with minimum information support of tourism services;
- In the second place, to implement and to develop a single unified system of tourist navigation on the streets, in buildings and facilities , which are the objects of tourist show, in the transport, transport hubs, roads;

- Thirdly, to work on the collection, analysis and assessment, centralize storage and use of existing information materials on tourism resources in the region of the Russian Federation, made in the form of text, multimedia, photo, video, audio and software products;
- Fourthly, to work on the creation of missing information materials on tourism resources in the region of the Russian Federation, in Russian and foreign languages;
- Fifthly, to audit the work of existing Internet resources covering tourism issues in the Russian Federation, to assess the effectiveness of the terms of their contribution to the promotion of domestic tourism product; create an information-service which will be centralized by internet resource "National Tourism Portal"; it will combine the functions of the media in the field of domestic tourism, archive informational materials, system of reservation of tourist services, social network, monitoring tool, data collection and analysis of consumer demand for tourist services and reviews on their quality, educational, cultural and recreational resource.
- Also, need to promote the development of transport infrastructure, arrangement of roads and road infrastructure, traffic management issues tourist bus in a high load of roads, development sites in areas of high tourist interest. Also, the greatest potential in the domestic market has an independent auto tourism, which contributes a lot of cars per capita, construction of autotourist clusters in key federal highways, development of a network of roadside hotels.

Despite these difficulties, the automobile tourism can be considered the most promising for the organization of travel inside the home or in neighboring regions. A particularly important and pressing issue is the high price for the services of railway and air transport on the lines of internal communication. Resolving this issue requires both action by the governing bodies of state power and creating the conditions for increased competition among carriers, private initiative, the organization of commercial non-scheduled flights, to attract shipping companies, able to offer lower prices for the services of an acceptable quality. Lower prices for domestic passenger traffic is a central strategic task that largely determines the degree of competitiveness of tourist services in Russia, in the domestic and international market.

It is equally important to pay adequate attention to the status and level of comfort of the vehicles used to transport tourists. Periodic updating of the rolling stock, modernization of

transport, measures to control their technical condition - all this lays the conditions for safe tourism organization. Today it should be talked about the high level of deterioration in railway cars, airplanes on domestic routes, river boats, coaches, and obsolescence of entertainment facilities. Many resort towns in recreation parks still operated rides, issued in the days of the Soviet Union. The same can be said about the state of funiculars, cable cars, marinas, train stations and bus stations.

The current state of the hotel base has improved considerably over the past five years like new businesses accommodation, including different classes of service. In the short term it is necessary to continue the course on building hotel base with the wishes of the actual and potential consumer audience. Still deficient can be considered cost-effective, it means in accommodation and the average price .

Private initiative as mini-hotels, the homes of citizens, lease, allows significantly increasing the capacity of accommodation. At this moment resort cities offer a range of facilities for tourist accommodation. However, excessively active construction of private hotels are sometimes not only overloads the tourist infrastructure, spoil the urban landscape, but also unable to meet the required level of quality of tourist services. Therefore, along with measures to stimulate entrepreneurial initiative of local residents, it is necessary to provide in urban politics the growth potential of private hotels, taken into account in the development of programs for the development of municipal networks, adjust the level of quality of service and, if it is necessary to normalize the value of the tourist flow to ensure comfortable living conditions of local people, leisure travelers and compliance recreational pressure on natural areas.

Individual accommodation facilities contribute greatly to the development of tourism in the field. Potential demand for such types of tourism as a rural, ecological, ethnic, fishing and hunting almost completely would be provided under the segment of accommodation. Also, the development of the private sector leads to increased business activity in the field of job creation, an increase in income and quality of life. Accordingly, it is necessary to develop measures to encourage the development of tourist infrastructure on the ground due to the initiative of local residents. For this budding entrepreneurs need to assist in obtaining permits, resolving issues with the allocation of land, construction of roads and other communications (electricity, gas, water, sewer) to provide significant tax benefits for at least

the first five years after commissioning. It is also important to provide entrepreneurs with access to the model projects a mini-hotel, tourist village, camping, guest houses and other objects of tourist infrastructure, fully consistent with the plans of tourism development, urban policy, the requirements of regulatory authorities in the region. Dissemination of successful experience, training, communication with the same entrepreneurs, access to technology and experience will allow small businesses to spur activity and reduce the risk of the initial investment. Especially this line of work is important in conditions of acute shortage of jobs in the countryside and forced urbanization of almost all regions in Russian Federation.

One of the serious problems in the development of tourist infrastructure is the organization of access roads, construction of power lines, water and sewage, waste disposal and clean-up taking into account the environmental requirements for sustainable development of tourism and recreation resources inexhaustible. Particularly acute is the problem of pollution in the areas of active development of amateur tourism, education, natural parks, campgrounds and wild beaches. Without solving the issue of cleaning natural territories is impossible to speak about the potential of growth and a favorable impact on tourist resources of all kinds of outdoor activities - the most mass and popular areas of recreation .

The issue of environmental cleanliness should be addressed at all levels of government based on the principles:

- Normalization – means to create and bring rules to conduct tourist or vacationer to the population of the Russian Federation;
- Monitoring - determination of responsibility for the misconduct of the tourist areas and environmental degradation;
- Education - education of culture and ecology rest by invocation of a sense of civic responsibility, patriotism, public censure violators;
- Allocation of responsibilities for cleaning areas, shores of reservoirs, tourist sites including the use of public-private partnership.<sup>26</sup>

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<sup>26</sup> *RUSSIAN TOURISM*, Federal Agency for Tourism. *Strategy of tourism development in the Russian Federation until 2020*. [online]



Furthermore, the rapid pace of change in society, computerization of all processes, changing social profile of consumers of tourist product and new challenges facing the whole country dictate the need for a qualitative change in the approach to the organization of tourist infrastructure. Today it is needed to build on the growing and increasingly complex needs of target consumers. To do this, need to identify the most promising types of tourism, requiring the target of development in each region of the Russian Federation and to develop plans to bring the tourism infrastructure in line with the specific requests and a real target audience.

In general, the following types of tourism can be regarded as requiring attention, and the most promising from the standpoint of sustainable socio-economic development of regions of the Russian Federation due to the increase of domestic and inbound tourist flow:

- cultural and educational;
- youth;
- children and youth, including excursions for pupils and students of vocational training institutions;
- fishing and hunting;
- rural;
- environmental;
- health and fitness;
- sports.

This list is not exhaustive, each region has the right to independently determine its specialization in the tourism plan and develop those forms of tourism that are most relevant existing tourism resources. However, the above list shows the trends of the modern state policy to create conditions for the growth of the cultural potential, health and quality of life of Russians. Also, these types of tourism have considerable scope for growth in terms of the availability of potential demand and tourist resources. At the same time, such types of tourism as a beach or a business, traditionally in high demand and have achieved a high degree of development in several regions of the country, often characterized by high competitiveness in the domestic and international market due to objective circumstances, such as a short tourist season, limited sea coast (beach tourism), investment activity, the phase of the economic cycle (for business travel). For the development of the above-

mentioned types of tourism it is necessary to take special measures for the creation or renovation of tourist and recreational complex.

### 3.8 Characteristics of Krasnodar region.

Krasnodar region (synonymous with the name of the region - Kuban) is an equal subject of Russian Federation. Its status is determined by the Constitution of the Russian Federation and the charter of the State of Krasnodar Territory.

Krasnodar Territory is located in the western part of the Greater Caucasus and the Kuban-Azov plain; bordering the south-west by the Black and from the northwest by the Sea of Azov and the Kerch Strait, bordered by the Rostov region, Stavropol Krai and Georgia. The main river is Kuban. The main economic and cultural cities are Krasnodar, Sochi, Novorossiysk, Eisk, Armavir Tikhoretsk, Kropotkin, Gelendzhik and Tuapse. Krasnodar region is part of the Southern Federal District of the Russian Federation.

Krasnodar region covers an area of 76 thousand  $km^2$  or 0.4% of the entire territory of Russia. This region is one of the densely populated regions in the country, it there live 3.5% of the Russian population. The population density of 1 January 2015 is 2,445.19 people per square kilometre.<sup>27</sup>

Krasnodar region ranks third in Russia in terms of population after Moscow and the Moscow region.

In total there are 47 urban settlements and 1719 rural settlements. More than half of the urban population of the region lives in four major cities. 53.5% of the Kuban today lives in cities and 46.5% - in rural areas. The administrative center of the region - the city of Krasnodar. The population of Krasnodar, according to the latest census, was 791,000 people.

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<sup>27</sup> [oceanographers.ru](http://www.oceanographers.ru), the project is created for dialogue between oceanographers and students studying marine sciences. *Krasnodar refion* [online]. [cit. 2015-11-20] . Available from WWW : <http://www.oceanographers.ru/index.php?option=content&task=view&id=330>

The region is inhabited 5,124,000 residents. Since 1988, in the province have seen a dramatic change in the demographic situation.

Number of births per 1000 population in 2015 was 9.6 person, while the number of deaths per 1000 population reached 15.4 person.

The average income per 1 person in the region is 16434 rubles, the average monthly nominal wage of employees in the economy amounted to 16729 rubles.

In the first half of 2015 the minimum income of the population increased compared with the corresponding period last year by 1.6 times and amounted to 29.3139 billion. rubles. In calculating the average per capita income of the citizens during this period reached 6173 rubles per month, which is 3.2 times higher than the subsistence minimum.<sup>28</sup>

The legislative body of the Krasnodar Territory is the Legislative Assembly of Krasnodar Region, consisting of 70 deputies. Chairman of the Legislative Assembly of the Territory is Vladimir A. Beketov.

Executive power is administration of the Krasnodar region. Its leader was elected in April 2015, the governor of Krasnodar region is Veniamin Kondratyev.

#### 3.8.1 Natural conditions.

After the collapse of the Soviet Union the Krasnodar became border area, it has a maritime border with Ukraine, and land border with Georgia. The issue of the delimitation and demarcation of borders with the neighboring countries of the CIS has not yet been resolved.

The total length of the state border is 1540 km, including the sea is 740 km. The length of the edge from north to south is 372 km, from west to east is 380 km. Distance from Krasnodar to Moscow is 1539 km.

The terrain of edge is varied. Main Kuban River divides into two parts: the northern part is occupied by the Kuban-Azov lowland and southern is occupied by mountains where are

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<sup>28</sup> [oceanographers.ru](http://www.oceanographers.ru), the project is created for dialogue between oceanographers and students studying marine sciences. *Krasnodar refion* [online]. [cit. 2015-11-20] . Available from WWW : <http://www.oceanographers.ru/index.php?option=content&task=view&id=330>

stretched ridges of the Greater Caucasus. The climate is temperate continental and on the Black Sea coast is subtropical. The average January temperature in the plains is between -3 to -5 ° C, and July is from +22 to +24. The favorable period for recreation and tourism lasts from 150 to 180 days, the swimming season - 4.5 months (from June to mid-October). Waterways of edge belong to the basins of the Black and Azov Seas, there are 13 thousand of large and small rivers. Great importance for the economy of the region plays groundwater: for example, Krasnodar receives water from 15 wells, with a depth of 500 meters or more. Water River basin of Kuban is used for the needs of the rice-growing. There are more than 600 lakes and 15 reservoirs, the largest of them is Krasnodar. It's about 400  $km^2$ .

In the region there are three natural zones - steppe, foothills and mountainous. The north and northwest are fertile black earth and chestnut soils that are widely used in agriculture. The total forest area in the region is more than 1200 thousand. ha, for industrial are very important valuable oak and beech forests (70% of forest area).

In region was found more than 60 kinds of mineral resources, which are deposited mostly in the mountainous and foothill areas. Main among them are oil and gas. Kuban is among the oldest oil and gas regions of Russia. Stocks of oil Kuban are small, but it has very good properties (low in sulfur), is therefore used for the production of valuable aviation oils. In mature fields, oil production is reduced as Absheron district.

Among other resources are the most important building materials (marble, gypsum, clay, sand, limestone, marl, dolomite), as well as copper, iron and apatite ores, rock salt.

The industrial development is more than 250 fields of building materials. The level of annual production is more than 20 million  $m^2$ . The largest career are in the management of "Krasnodaravtodor" at Schedokskogo gypsum plant and Psebayskogo plant materials.

Valuable natural resource that is widely used in the region like mud (near Anapa) and mineral (iodine-bromide, hydrogen sulfide, etc...) and thermal water (in Matsesta, Hot Spring, Apsheron and Belorechensk areas).

### 3.8.2 Cultural monuments.

- **Agura waterfalls**

The most beautiful waterfalls is Nizhnij Agurskii, which includes two stages. The upper falls from a height are 18 meters, the bottom are 12 meters. And this pillar of water, which flies with 30 meters high, falls down and turns into a clear pool with clear blue water.



Figure 4 Agura waterfalls



Figure 5 Aqura waterfalls

Source:

TONKOSTITURIZMA, informational portal about tourism. *Agura waterfalls* [online]. [cit. 2015-11-26] . Available from WWW :

[http://tonkosti.ru/%D0%90%D0%B3%D1%83%D1%80%D1%81%D0%BA%D0%B8%D0%B5\\_%D0%B2%D0%BE%D0%B4%D0%BE%D0%BF%D0%B0%D0%B4%D1%8B](http://tonkosti.ru/%D0%90%D0%B3%D1%83%D1%80%D1%81%D0%BA%D0%B8%D0%B5_%D0%B2%D0%BE%D0%B4%D0%BE%D0%BF%D0%B0%D0%B4%D1%8B)

- **Valley of lotuses**

Lotuses are often associated with Asia. This flower can be found in India or China, but it is also possible to find in Krasnodar region .For 30 years lotuses grown in Kuban, on the Taman peninsula. Local heat fresh water has created a whole plantation. In that case were appeared the famous Valley of the lotuses.



Figure 6 Valley of lotuses

Source: LIVEINTERNET, informational portal about Krasnodar region. *Natural* [cit. 2015-11-26] . Available from WWW : <http://www.liveinternet.ru/users/astra58/>

- **Akhtanizovskaya**

Akhtanizovskaya village, the administrative center of the eponymous rural settlement, located on the Taman Peninsula, on the banks of the estuary Akhtanizovskaya. Locality was founded in 1812, the Cossacks who were resettled on the territory of Krasnodar Krai from the banks of the Dnieper. It should be noted that the village doesn't have an access to the open sea – however to reach it, need to go through 2-3 km from village. Besides, small estuary provides tremendous opportunities for fishing: the fans of fishing can be found early in the morning in Akhtanizovskaya. It is perfectly caught carp, chub, catfish, pike and zander.

- **Waterfalls in River Janet**

In the village Vozrozhdenije which is near Gelendzhik, there is River Janet with its tributaries forms which is made a beautiful valley with waterfalls. Local people believe that if you take a dip in the waterfall Emerald on Epiphany, the whole year person will not be ill.



Figure 7 River Janet



Figure 8 River Janet

Source: OTELLOTOS, informational portal about accommodation. *Waterfall on the river Janet*. [online]. [cit. 2015-11-26] . Available from WWW : <http://lotos-divnomorsk.ru/vodopadyi-na-reke-zhane.html>

- **Lago-Naki**

Lago-Naki - the famous West Caucasian plateau, which is situated at an altitude of about 2 km in the mountains. It is a place of stunning natural beauty in the first place - flowering alpine meadows. Much of the plateau belongs to the Adygeya and Maikop district, but the northern and western areas are located in Krasnodar region, in the Absheron area. This place is famous for the stunning landscapes, relict forests in the river valleys, sinkholes and caves. From there begins of the river Kurdzhips, it is possible to see lush rhododendron bushes of Caucasian, low carpets of juniper, grade of thyme and valerian clearing, in the spring spreading strong herbal smell. The Lago-Naki is a great place for travelers looking for unity with nature.



Figure 9 Lago-Naki



Figure 10 Lago -Naki

Source: VLADMUZ.NAROD.RU, gallery of photos. *Landscape Lago-Naki plateau, the mountain and its foothills Oshten*. [online]. [cit. 2015-11-26] . Available from WWW : [http://vladmuz.narod.ru/travel\\_photos/lago-naki/03.htm](http://vladmuz.narod.ru/travel_photos/lago-naki/03.htm)

- **Alexander's spring**

In the city the Hot Spring on the right bank of the river rises Psekups spring mountain - low rock formation, rugged gorges and caves, shrouded fragrant pine forests. Here, at the foot of the mountain, from the century-old sandstone layers are medicinal spring - the world-famous mineral springs of Hot Spring. The oldest among them is Alexander power, in fact, considered to be the ancestor of the resort and the primary cause of its foundation.

- **2014 Winter Olympics**

From 7 to 23 February 2014, Sochi was chosen as the city for the Winter Olympic Games. For this event was spent about 214 milliard rubles, also was renewed all city and was built Special Olympic Village.<sup>29</sup> The State and Krasnodar region expected to attract a huge flow of tourists in 2014 and 2015. Due to that it was possible to increase revenue and to show that Russia is a favorable destination for tourists, and can show a decent level in attracting tourism.

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<sup>29</sup> OLYMP-HISTORY, history of Olympic games. *Sochi2014*. Available from WWW : <http://olimp-history.ru/node/381>

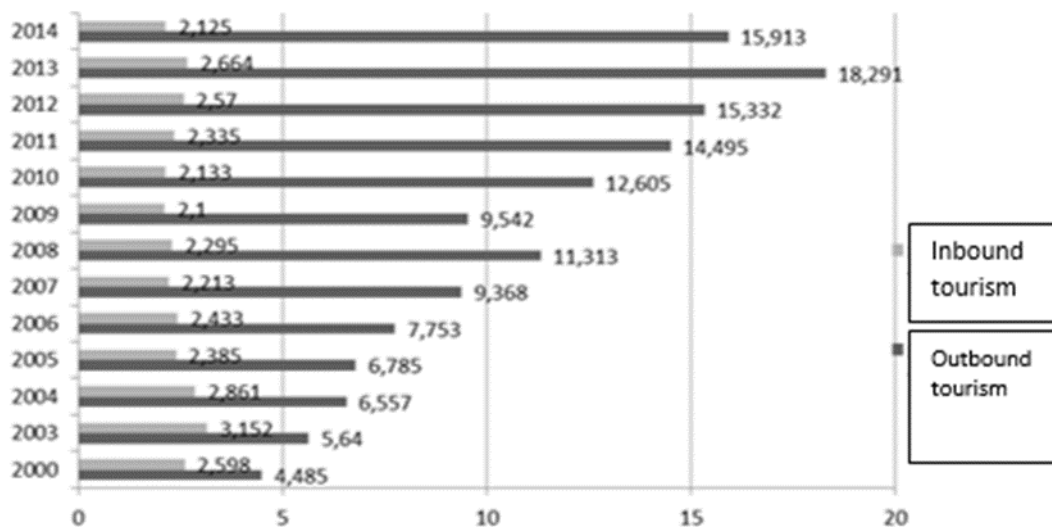


## 4 Practical part.

In this part of the work will be described statistical indicators for the selected regions of the Russian Federation. In the beginning, there are graphs with main data which show tourism market in Russia, for a clear understanding of situation. All output data and all analyses were made by Excel and included statistical application as Analysis Toolpak and NumXL.

### 4.1 Main indicators in Russia.

Dynamic inbound tourist flow is unstable, it grows and it falls. Overall, the number of inbound tourism from abroad stayed at the same level from year 2000 until 2014. Only in year 2003, it is possible to see how the number of people who entered Russia for tourism has increased. It was 3,152 million people. In 2009, the number of foreigners who have entered the Russian has reached its minimum, amounting to 2.1 million.



Graph 1 Inbound and outbound tourism in Russia Federation from year 2000-2014. In million people.

Source: RUSSIAN TOURISM, Federal Agency for Tourism. *Statistical overview of inbound and outbound tourism*. [online]. [cit. 2015-11-28]. Available from WWW: <http://www.russiaturism.ru/contents/statistika/statisticheskie-pokazateli-vzaimnykh-poezdok-grazhdan-rossiyskoy-federatsii-i-grazhdan-inostrannykh-gosudarstv/vyborochnaya-statisticheskaya-informatsiya-rasschitannaya-v-sootvetstvi-s-ofitsialnoy-statisticheskoy-metodologiy-otsenki-chisla-vezdnykh-i-vyezdnykh-turistskikh-poezdok/>

From year 2000 to year 2008 outbound tourism has steadily increased. But in 2009, due to the financial crisis in year 2008, the number of citizens who left Russia for tourism, has decreased from 11.31 million to 9.54 million. In year 2010 outbound tourism has rapidly grown and has reached 132%.

For thirty years, from 2000 to 2013, the number of people who went abroad for tourism grew in 4.07 times it is from 4.48 million to 18.29 million people.

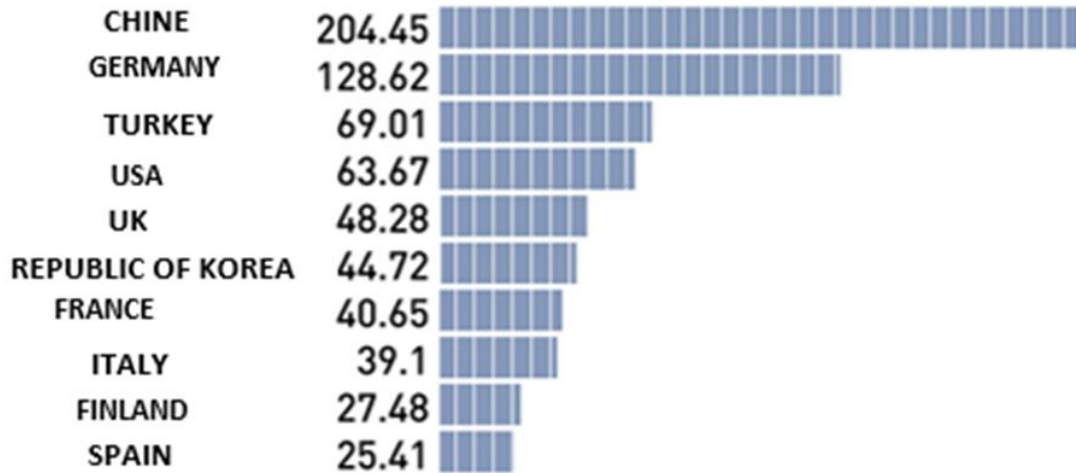
The growth rate of incoming flow is small. As it is possible to see, in year 2010 the number of Russian tourists who came in, was 2.133 million of people, which is 5.9 times less than the number of Russian citizens going abroad. In 2011, this ratio increased to 6.2.

In 2014, inbound tourism is significantly affected by political tensions. The decline of tourist flow, as calculated by tour operators, was 30-40% from last year. However, the flow of tourist from China and Turkey has increased, while many Europeans have refused to travel to Russia.

Every year the number of Russian citizens traveling abroad is increasing. In year 2013 compared to 2012 the number of outbound tourist grew by 2.96 million people. In 2012 compared with 2011, the number of outbound tourist increased by 0.84 million. In 2011 compared to 2010 has increased by 1.89 million.

However, 2014 was a difficult for the Russian tourism industry. The weakening of the ruble, falling oil prices and political conflicts have played a role. Many Russians refused to travel abroad. In 2014, the number of people who went abroad decreased by 2.39 million. In year 2014 the tourist flow has also decreased from 2.664 million of people to 2.125 million people in 2013.

## 4.2 The number of foreign tourists in Russia



Graph 2 Leading countries in the inflow of tourists to the Russian Federation for the 1st half of 2015, thousands of people

Source: *RUSSIAN TOURISM*, The number of arrivals of foreign citizens in the Russian Federation. [online]. [cit. 2015-11-28]. Available from WWW: <http://www.russiatourism.ru/contents/statistika/statisticheskie-pokazateli-vzaimnykh-poezdok-grazhdan-rossiyskoy-federatsii-i-grazhdan-inostrannykh-gosudarstv/kolichestvo-pribyvshikh-grazhdan-inostrannykh-gosudarstv-na-territoriyu-rossiyskoy-federatsii/>

There are three leaders in the number of tourists, there are China, Germany, and Turkey, because since 2011 Russia and Turkey opened their borders by mutual visa-free regime, and since then the flow of tourists to the country has increased significantly.

Germany takes second place in the rank, in the lead of the inflow of tourists in Russia for many years. For many German tourists it is a fascinating journey, one might even say, it is a dream. But two years ago, Germany was ahead of China and now firmly holds the leading position.

Since the beginning of the year in Russia have entered more than 200 thousands of tourists from China. The increase if compare with last year exceeded by 51%. In the next two years,

the inflow of Chinese tourists to Russia should be increased at least five times - up to 1 million people annually.<sup>30</sup>

If consider the dynamics of the growth of foreign flow in Russia, in the beginning of the year, there are two countries: India and Iran. Indian tourists are interested more and more in Russia the last few years.

For the citizens of Iran has recently opened the opportunity to travel the world, and they are happy to use it. In the early summer, there were charters from Iran to Sochi.

As the growth of tourist flow to Russia the leader place takes Israel, Spain, South Korea, Cuba, UAE, Serbia, Turkey. But the most pronounced negative trend since the beginning of the year showed Canada, Hungary, Netherlands, Poland, France, Czech Republic, Sweden.<sup>31</sup>

#### 4.3 Forecast and Evaluation of Tourism Market in Krasnodar region.

If take into consideration the international tourism receipts in Russia and domestic tourism revenue of Krasnodar region , there is a high degree of positive correlation, whose correlation coefficient is up to 0.869 (at 1% significance level). Thus, in order to facilitate data acquisition, the tourism market forecasts can be approximately forecasted by inbound tourist market forecast in Krasnodar region. The total number of inbound tourists in Krasnodar region from 1997 to 2015 is selected, which can be viewed as a random time series formed over time. It is denoted:  $\{x_t\}_{t=1,2, \dots, 1}$

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<sup>30</sup> RUSSKAJA GAZETA, informational portal. *Foreign tourist in Russia*. [online]. [cit. 2015-11-28] . Available from WWW : <http://www.rg.ru/2015/09/08/intourist-site.html>

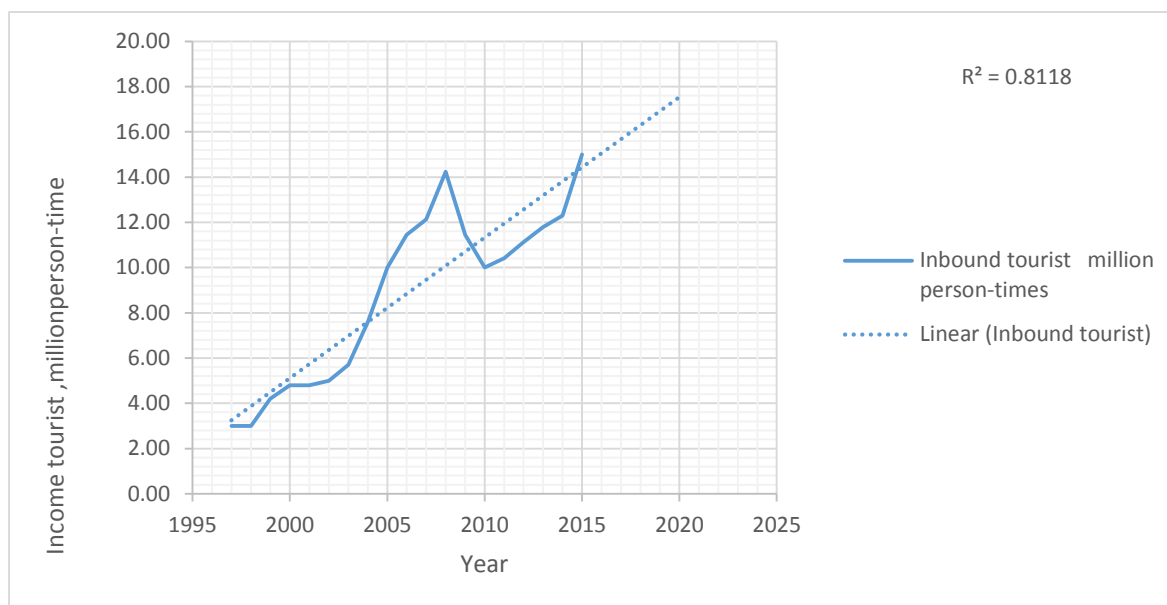
<sup>31</sup> RUSSKAJA GAZETA, informational portal. *Foreign tourist in Russia*. [online]. [cit. 2015-11-28] . Available from WWW : <http://www.rg.ru/2015/09/08/intourist-site.html>

*Table 1. The Total Number of Inbound Tourists List in Krasnodar region from 1997 to 2015 (Total Inbound tourist and Inbound foreign tourist, thousands of people and million of people).*

<b>Year</b>	<b>Income foreigner tourist</b>	<b>Income tourist</b>
	thousand person-times	million person-times
<b>1997</b>	0,678	3,00
<b>1998</b>	0,65	3,00
<b>1999</b>	2	4,20
<b>2000</b>	4	4,80
<b>2001</b>	6	4,80
<b>2002</b>	7,8	5,00
<b>2003</b>	10	5,70
<b>2004</b>	13	7,60
<b>2005</b>	20	10,00
<b>2006</b>	25	11,46
<b>2007</b>	32	12,13
<b>2008</b>	35	14,23
<b>2009</b>	21,29	11,46
<b>2010</b>	25,5	10,00
<b>2011</b>	27	10,41
<b>2012</b>	61	11,13
<b>2013</b>	70	11,78
<b>2014</b>	75	12,30
<b>2015</b>	78	15,00

*Source: own elaboration based on the research*

Graph 3 The Total Number of Inbound Tourists in Krasnodar region from 1997 to 2015.

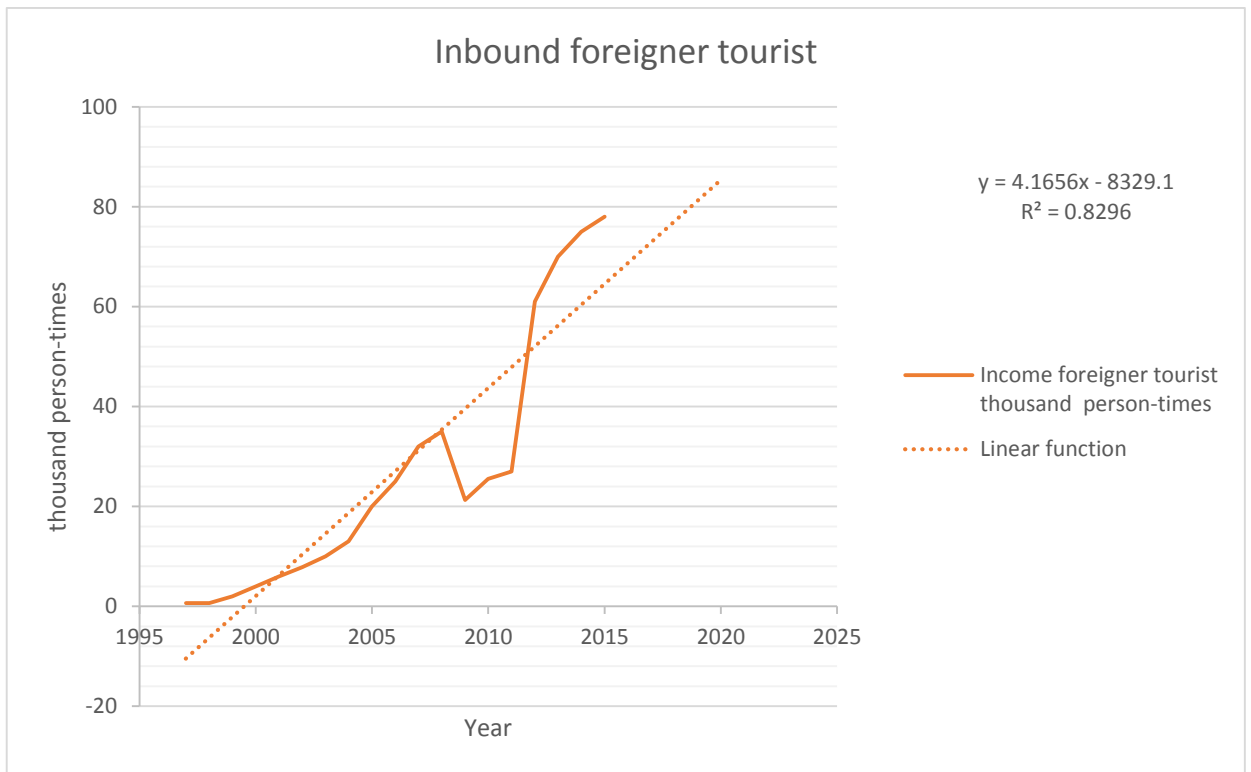


Source: own elaboration based on the research

Above was showed the graph of trend function of total inbound tourist in Krasnodar region from period 1997 until 2015. As it shows on the graph, the function is increasing until year 2008 and it was about 14 million of people, in year 2009 the inbound of total tourist was about 11 million of people and was keeping the falling trend till year 2011 because of economic crises in year 2008. After year 2010 it was progressive tendency and the peak was in year 2014 and 2015 after 5 year. It was connected with Winter Olympic Games in Sochi, which was taken a place in year 2014, but as shown below the number of foreign tourist didn't increase so much as was expected by state and Krasnodar region.

On The Linear function, it is possible to see the forecast during 5 years, what helps to make the conclusion that Krasnodar region can wait for big numbers of tourist next 5 years. For example, Krasnodar region is expecting 20 mil. people next year and specially expecting a big numbers of tourist from China.

Graph 4 The Total Number of Inbound Foreign Tourists in Krasnodar region from 1997 to 2015.



Source: own elaboration based on the research

After analyze of inbound foreign tourist in Krasnodar region it is possible to see the same fall of foreign tourist in Krasnodar region, because of economic crises. Anyway, in the year 1997 was registered about 678 people in all region, which a small amount for such region which is located near city. Maximum of people was in year 2015, it was 78 thousand people, after Winter Olympic Games, from forecasting team was expected a huge number of foreign tourist, but in real the amount of tourist was less than expected, what could not even justify all the money spent.

The research of basic indicators of tourism development in Krasnodar region in 2006-2014 identified the need for further improvement of the infrastructure of the tourist complex; improve the quality of services, good preparation of personal, orientation resorts of the Krasnodar region in foreign tourists.

#### 4.3.1 Hypothetical forecast by Linear Regression.

Further, will be shown the hypothetical forecast, which was made by Simple Linear regression for Krasnodar region from year 1997 until 2015. Analysis, was made by Excel program. Input data will be further:

*Table 2. The Input data of Inbound Foreign Tourists in Krasnodar region from 1997 to 2015*

<b>Period</b>	<b>Year</b>	<b>Inbound foreigner tourist</b>
		thousand person-times
<b>1</b>	<b>1997</b>	0,678
<b>2</b>	<b>1998</b>	0,65
<b>3</b>	<b>1999</b>	2
<b>4</b>	<b>2000</b>	4
<b>5</b>	<b>2001</b>	6
<b>6</b>	<b>2002</b>	7,8
<b>7</b>	<b>2003</b>	10
<b>8</b>	<b>2004</b>	13
<b>9</b>	<b>2005</b>	20
<b>10</b>	<b>2006</b>	25
<b>11</b>	<b>2007</b>	32
<b>12</b>	<b>2008</b>	35
<b>13</b>	<b>2009</b>	21,29
<b>14</b>	<b>2010</b>	25,5
<b>15</b>	<b>2011</b>	27
<b>16</b>	<b>2012</b>	61
<b>17</b>	<b>2013</b>	70
<b>18</b>	<b>2014</b>	75
<b>19</b>	<b>2015</b>	78

*Source: own elaboration based on the research*

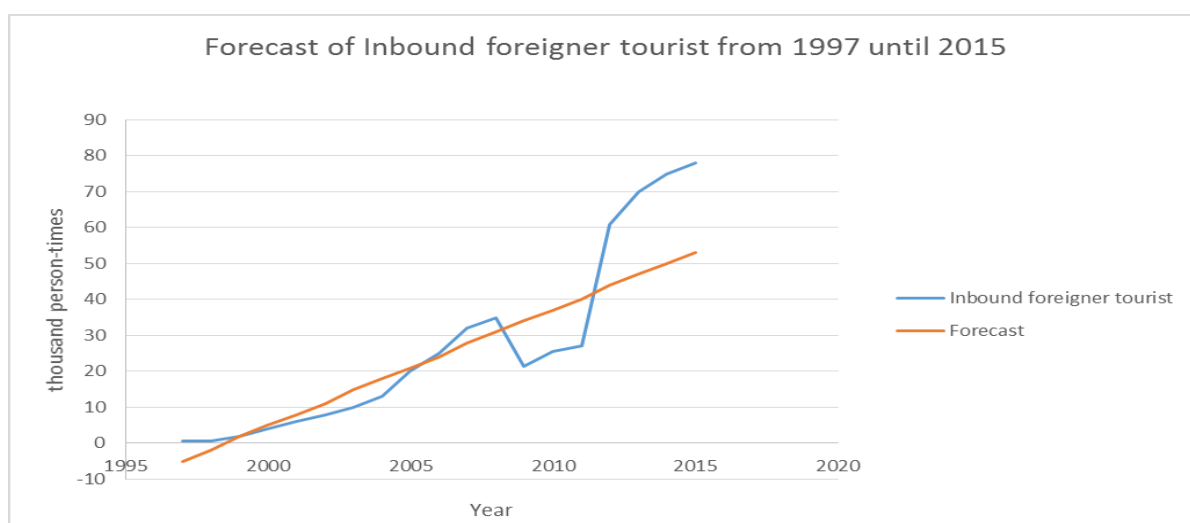


Table 3. The Output data of Inbound Foreign Tourists in Krasnodar region from 1997 to 2015

Year	Period	Inbound foreigner tourist thousand person-times	Forecast	Error	ABS Error	% Error	SQ.error	U-stat
1997	1	0,678	-5					
1998	2	0,65	-2	2,65	2,65	408%	7,0225	0,000784
1999	3	2	2	0	0	0%	0	1,8225
2000	4	4	5	-1	1	25%	1	4
2001	5	6	8	-2	2	33%	4	4
2002	6	7,8	11	-3,2	3,2	41%	10,24	3,24
2003	7	10	15	-5	5	50%	25	4,84
2004	8	13	18	-5	5	38%	25	9
2005	9	20	21	-1	1	5%	1	49
2006	10	25	24	1	1	4%	1	25
2007	11	32	28	4	4	13%	16	49
2008	12	35	31	4	4	11%	16	9
2009	13	21,29	34	-12,71	12,71	60%	161,5441	187,9641
2010	14	25,5	37	-11,5	11,5	45%	132,25	17,7241
2011	15	27	40	-13	13	48%	169	2,25
2012	16	61	44	17	17	28%	289	1156
2013	17	70	47	23	23	33%	529	81
2014	18	75	50	25	25	33%	625	25
2015	19	78	53	25	25	32%	625	9

Source: own elaboration based on the research

Graph 5 Forecast of Inbound Foreign Tourists in Krasnodar region from 1997 to 2015



Source: own elaboration based on the research

For the calculation of forecast the intercept is -7.98688 and slope is 3,23039.

Above is shown hypothetical forecast of inbound foreign tourist, in year 1997 incoming tourism from foreign countries is negative, if compare it with real situation it was only 678 people. It can be connected that the Russian Federation was not popular destination for many foreign tourist and it was only the begging for Russia in tourist market after USSR, as in USSR all tourist flows was under control of government. The rapid growth of international travel of citizens occurred in the second half of 90th. During this period, the main stream of international exchange takes place between the Russia and the countries of Central and Eastern Europe.

Tourist flow from the source data is growing, that is, flow of tourists would have to make 3000 a foreign tourists a year, but in real the dynamic grow of inflow was until year 2008 and there were 35000 people. It was connected with that fact that people from abroad started visiting Russia more than a curiosity, the curtain has been opened and the foreign people wanted more and more to see how an ordinary Russian citizen lived and see the beauty of the Krasnodar region. In the beginning of year 2007, about 20000 people from abroad visited Kuban, that a huge number for this part, and the reason of that was that the Kuban won the first place on investment attractiveness among other Russian cities. It invested more than 60 million rubles to attract foreign tourists.

Anyway, 2007 and 2008 years were hard for Krasnodar region. First of all, its financial crises. The financial crisis has had an impact on all spheres of activity; especially tourism sphere has suffered from it. At this time, the government didn't help the tourism sector, especially the financial developer as they implemented meaningful project of hotels in cities, and let various spheres of tourism handle it themselves.

Also in 2007, a strong storm hit the Kerch Strait linking the Sea of Azov and the Black Sea. Many ships ignored the warnings, and as a result 10 vessels carrying heavy fuel oil and oil. The total amount of oil spilled in the Black and Azov Sea, which occurred after the storm, was estimated at 1.300 tons of fuel oil, 2.300 tons of lubricating materials, 25 tons of diesel fuel and 5.5 tons of fuel oil. And the consequences of such disasters caused considerable damage to tourism, and the consequences of such damage were cleaned for a long time.

After 2009, it is seen the growth of tourists who have become increasingly travel to Russia and the Krasnodar region, and especially in such cities as Sochi, Anapa, Gelendzhik, Adler and Tuapse.

From 2012 to 2015 takes a big leap in tourist flow. It is possible to see in the figure 15, where the reality and the forecast exceeds 33% .This all associated with the past Winter Olympics in Russia.

Nevertheless, experts expected that about 150.000 to 200.000 a foreign tourists would come, in fact it was 78000, which are two times less than expected. All this was because mass media of foreignness publications wrote about the problems of corruption and the unwillingness of Russia and its economy in time to build the Olympic facilities on a high level and that Putin's plan to turn the old seaside resort in the capital of the Winter Olympics was doomed to failure. As a result of the Olympics has been spent in total \$ 51 billion and income from the Olympics was 15.6 million dollars.<sup>32</sup>

After estimation of forecast was calculated the following indicators: the mean error is 2600 people, it possible to say that indicators were not so close to forecasted indicators of the population mean, the mean absolute error is 8670 people, in the mean percentage error is 50%, guess of forecast estimation was 50%, and error was in 50%. The mean squared error is 140,503 , it means that in 140 is estimate of population variance. The U statistic is 1,26 that tell us that forecasting accuracy was not well indicated.

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<sup>32</sup>RUSSIAN TOURISM, Federal Agency for Tourism. *Statistical overview of inbound and outbound tourism*. [online]. [cit. 2015-11-28]. Available from WWW: <http://www.russiatourism.ru/contents/statistika/statisticheskie-pokazateli-vzaimnykh-poezdok-grazhdan-rossiyskoy-federatsii-i-grazhdan-inostrannykh-gosudarstv/vyborochnaya-statisticheskaya-informatsiya-rasschitannaya-v-sootvetstvii-s-ofitsialnoy-statisticheskoy-metodologiyey-otsenki-chisla-vezdnykh-i-vyezdnykh-turistskikh-poezdok/>

4.3.2 Forecast by Arma until year 2027.

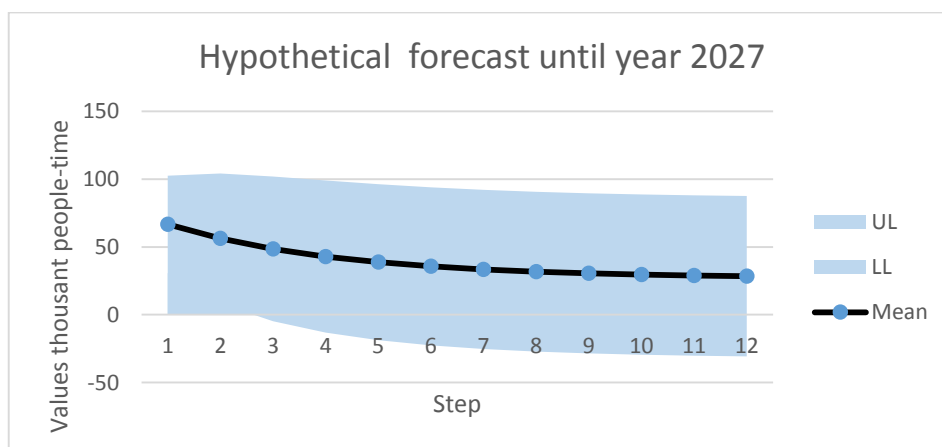
Further, is shown the forecast until year 2027. Before was done the correlogram analysis, from which was identified lag=1 for ARMA, because after different combination of lag, lag=1 is more appropriate for our prognosis. From the output of NumXL, was gotten the next values:

Table4. Forecast of Inbound foreign tourist until year 2027 by ARMA

Step	Mean	STD	UL	LL
1	66,60586	18,31574	102,5041	30,70766
2	56,22663	24,44819	104,1442	8,309061
3	48,57073	27,21024	101,9018	-4,76036
4	42,92361	28,60119	98,98091	-13,1337
5	38,7582	29,33028	96,24449	-18,7281
6	35,68573	29,71945	93,93478	-22,5633
7	33,41942	29,92906	92,0793	-25,2405
8	31,74775	30,0425	90,62996	-27,1345
9	30,5147	30,10403	89,51751	-28,4881
10	29,60518	30,13746	88,67351	-29,4632
11	28,9343	30,15563	88,03825	-30,1697
12	28,43945	30,16551	87,56277	-30,6839

Source: own elaboration based on the research

Graph 6. Forecast of Inbound Foreign Tourists in Krasnodar region until year 2027 by ARMA



Source: own elaboration based on the research

The figure chart shows a negative trend forecast for next 12 years. The maximum rate can be seen after the year 2015, approximately 67,000 people. The maximum expected flow of foreign tourists is to 103,000 people and in the worst case it will be 31,000 people. The worst result can be seen in 2027, where the outcome varies from 88,000 to -31,000.

**Assumptions such negative dynamics could be as follows:**

- **Complicated procedures for obtaining visas for entry to the Russian Federation.**  
There are a lot of problems to get a visa, It needs to collect a huge amount of papers and the waiting time can take anywhere from one month to three months.
- **Registration procedure of foreign tourists who arrived in Russia.**  
This applies to Italy, Finland, Germany, Spain
- **Accommodation. Poor quality of service, high prices for accommodation.**  
Most tourists complain of poor service and high prices in hotels are not the highest category. Sometimes the cost of five days at the hotel as a whole can get a ticket to Rome.
- **The high price of tickets.**  
The price of the ticket "back and forth" at least 400 euros a ticket to Spain may cost about 160 euros.
- **People feel themselves unprotected.**  
Due to the bad reputation that promoted by Western media, most foreigners think that in Russia there is still a mafia and foreign nationals are not safe in the country.
- **Ignorance of the country as a whole.**  
Most young people do not know anything about Russia, for example, few people know what any city other than Moscow and Saint Petersburg, few people know about the existence of such cities as Anapa, Adler and Geledzhik.
- **Unknowing of the language.**  
People refuse to understand and accept the importance of knowledge of foreign languages.
- **Roads.**  
if compare the Russian and European roads, it is possible to see that the Russian roads are not go to any comparison, but after the Olympics was made repair of all roads in Krasnodar region.

#### 4.3.3 Forecast by Arima until year 2027.

Next will be the results of Arima, which will show positive dynamics of the flow of foreign tourists.

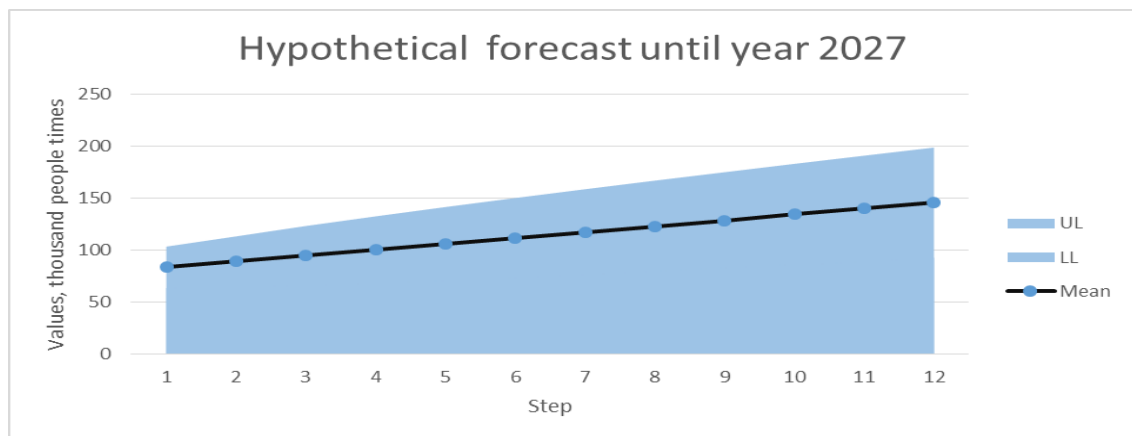
Further, is shown the forecast until year 2027. Before was done the correlogram analysis, from which was identified lag=1 for ARIMA, because after different combination of lag, lag=1 is more appropriate for our prognosis. From the output of NumXL, was gotten the next values:

*Table 5. Forecast of Inbound foreign tourist until year 2027 by ARIMA*

Step	Mean	STD	UL	LL
1	83,25992753	10,19353	103,2389	63,28098
2	88,83199411	12,36372	113,0644	64,59956
3	94,47665853	14,58671	123,0661	65,88723
4	100,1382079	16,43277	132,3458	67,93058
5	105,8036843	18,10828	141,2953	70,31211
6	111,4700742	19,63775	149,9594	72,98078
7	117,1366765	21,05721	158,4081	75,8653
8	122,8033282	22,38667	166,6804	78,92625
9	128,4699914	23,64153	174,8065	82,13344
10	134,1366572	24,83305	182,8085	85,46477
11	139,8033237	25,96996	190,7035	88,90313
12	145,4699903	27,05915	198,5049	92,43503

*Source: own elaboration based on the research*

*Graph 7. Forecast of Inbound Foreign Tourists in Krasnodar region until year 2027 by ARIMA*



*Source: own elaboration based on the research*

From the obtained data can conclude the following conclusion, that in the future Krasnodar region can expect the big inflow of foreign tourists. The inflow of tourists will be 5.000-6.000 visitors a year during next 9 years, then growth will be about 10.000 tourists a year. The maximum possible number of visitors would be about 199.000 people in year 2027. The minimum possible number of visitors would be about 63.000 people in year 2016.

**Assumptions such positive dynamics could be as follows:**

Dissemination of positive information about the resort and tourism opportunities in Krasnodar Region in major cities of Russia and in other countries, as well as in Krasnodar and the resort towns and districts of the region in Krasnodar and resort towns and districts of the region are continuously carried out an advertising campaign. In 2014 and 2015 the Ministry of resorts and tourism of Krasnodar Region was done 17 informational tours for the media and travel agencies in Russia, China, Japan, Italy.

In 2014 and 2015 was carried out the action "Seven days in the treasury of health", intended to promote wellness short tours in the off-season in order to promote medical services sanatorium and the resort of Krasnodar region.

In order to separate the Krasnodar region on the types of tourism and depending on it to focus on certain places and appropriate certain infrastructure in this place, work began on the formation of tourist clusters planned to create in the framework of the federal target the howling of the program "*Development of domestic tourism in the Russian Federation (2011-2018 years)* ", approved by the Government of the Russian Federation dated August 2, 2011 № 644.<sup>33</sup>

One of the primary problems in this area is the preparation of project planning and surveying areas for tourism clusters created in Krasnodar region.

At the same time still not fully was solved a number of problems that hinder the efficient functioning and development of the sanatorium and resort and tourist complex of Krasnodar territory:

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<sup>33</sup> Ministry of Economy of Krasnodar Region, informational portal about economic situation of Krasnodar region. *Open data*. [online]. [cit. 2015-11-28] . Available from WWW: <http://economy.krasnodar.ru/opendata/>

- Insufficient development of planning documentation in the resorts.
- Lack of investment in the improvement of beach areas and environmental improvement of resorts.
- Efficient use of rare medical tourism and natural resources.
- The absence of an expert monitoring the state of the environmental situation in the resorts.
- Unsatisfactory level of training of health resort and tourist complex.
- Seasonal operation of a number of organizations in the health resort and tourist complex.
- Lack of appropriate engineering and transport infrastructure.

Solution of the above problems associated with the provision of health resort and tourist complex of Krasnodar region is one of the priorities of socio-economic development of the region. In this regard, in order to implement the state policy in in the region was approved from 1 January 2014 implemented a long-term state program "Development of health resort and tourist complex of Krasnodar region 2014-2017." It includes a subprogram "Development of health resort and tourist complex of Krasnodar region" and a subprogram "Creation of a mountain climate resort Lago Naki and facilities, ensuring its functioning"<sup>34</sup>

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<sup>34</sup> GARANT, informational and legal support. *Development of health resort and tourist complex of Krasnodar region*. [online]. [cit. 2015-11-28] . Available from WWW: <http://ivo.garant.ru/#/document/70643480/paragraph/40535:1>



## 5 Result and Discussion.

From the above analysis can be made conclusions on the forecast of the tourist flow in Krasnodar region. The analysis was based on two models: ARMA and ARIMA. ARMA is time series model uses both autoregressive and moving average. ARIMA is no stationary model of time-series rows expressed as autoregression and moving averages.

On the basis of these results were as follows.

Results from ARMA are negative and the forecast is disappointing after 12 years because it is possible to see decline in tourist flow to 28,000 people a year .If forecast is confirmed, Krasnodar region can only survive thanks to the arrival of Russian citizens.

As a result of ARIMA can see positive dynamics. The increase in the flow of foreign tourist are 5,000-10,000 people each year. Maximum will be in 2027, amounting to 146,000 tourists. It can have a positive impact on the economy of Krasnodar region.

In all analysis was gotten the positive results for Krasnodar region, in that case it is possible to say that region is moving to right way to attract more and more tourist. In that way to improve that was proposed following proposals.

### **Proposals for the development of the tourism economy in Krasnodar region.**

- Development and execution of advertising and information programs for domestic and inbound tourism, making focus on Russian and foreign countries, as well as periodic advertising and information campaigns in the media.
- Publication of advertising materials: cards, catalogs, posters, booklets and other.
- Organizing and conducting tourism exhibitions at the international level, including the creation of a national Russian stand with the involvement of the executive authorities of the Russian Federation in the field of tourism.
- Ensuring the activities of foreign representative offices of tourism which serve as advertising and information offices in the framework of trade missions.
- Maintaining and updating the official Internet portal about tourism by the federal executive authority.

- Organizing an information centers for Russian and foreign tourists in the most passable locations with the information support of the federal executive authority in the field of tourism.
- Simplify the procedure for obtaining visa for tourists from countries that do not provide migration threat, and at the same time to strengthen control over the issuance of visa to tourists who come in terms of migration.
- Develop new rules of standardization and certification of services of accommodation.
- Develop and implement a modern classification of hotel accommodation facilities, taking into account best international practices.
- Establish and implement a new system of training, retraining and advanced training.
- Maintain long-term applied research in the field of tourism at the expense of funds allocated for this purpose the federal executive authority in the field.

## 6 Conclusions.

The aim of this diploma thesis was to investigate basic types of tourism in Russia. Consider the types of tourism development prospects in Russia and identify problems of tourism development in the Russian Federation.

The reason for choosing such a goal is that Russia has a lot of natural resources, territory, rich history, great traditions and good people, but does not use it all for the benefit of itself. Management system of tourism in Russia is not perfect and does not respond to international standards.

The role of tourism as a stimulator of the development of other sectors of the economy always grows. The dynamics of growth in tourism business lead to an increase in the number of jobs.

Despite the continuing tourist boom in Russia, the impact of tourism on the economy is negligible, as the state, in turn, is characterized by the absence of real investments in the field of economy, low partial service, insufficient number of hotel beds, shortage of qualified personnel. Within the framework of the country's tourism contributes to the stability of the position of the national economy. Tourism has a positive effect on the preservation of peace throughout the world, because increased interest of one nation to the culture of the other leads to mutual understanding.

Underdeveloped domestic tourism leads automatically to limitation of possibility of incoming foreign tourist.

Relationship of inbound and domestic tourism is obvious. Authorities finally have to understand this simple truth, that the foreign guests come after domestic.

This is easily seen in the practical work of the Krasnodar region, where the arrival of foreign tourists is estimated in the thousands, and the total arrival in millions. It is possible to see in one of prognoses, where prognoses isn't positive and shows a fall in inbound tourist.

Krasnodar region is one of the popular edges of tourism. This region can be developed to a European level and that it can be easy compete with Turkey, Egypt and some European cities. Because Krasnodar region is one of the beautiful areas with its unique natural resources.

From the analysis, it can be concluded that tourism like any sphere of the economy was hit by the economic crisis. This influence can be seen from the table, where the flow of tourists falls after year 2008.

At the moment, the development of tourism in the Krasnoyarsk region is poor, which is confirmed by the analysis in this study.

However, Krasnoyarsk region has a powerful recreational potential, favorable condition for the development of different types of tourism and leisure.

South of the Krasnoyarsk Territory is one of the most promising regions for the development of both internal and external tourism. The resources of this region leads to the conclusion in favor of the possibility of organizing a strong tourist base of edge.

According to the forecasts in the next 10 - 15 years, domestic tourism could have a significant positive impact on the economy of the country and on major cities. Tourism, can be a profitable sector of the economy in Krasnodar region and in all regions of the Russian Federation, only under the right conditions and right management.

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## 8 Appendix

Appendix 1. Data for Exel 2013,NumXL

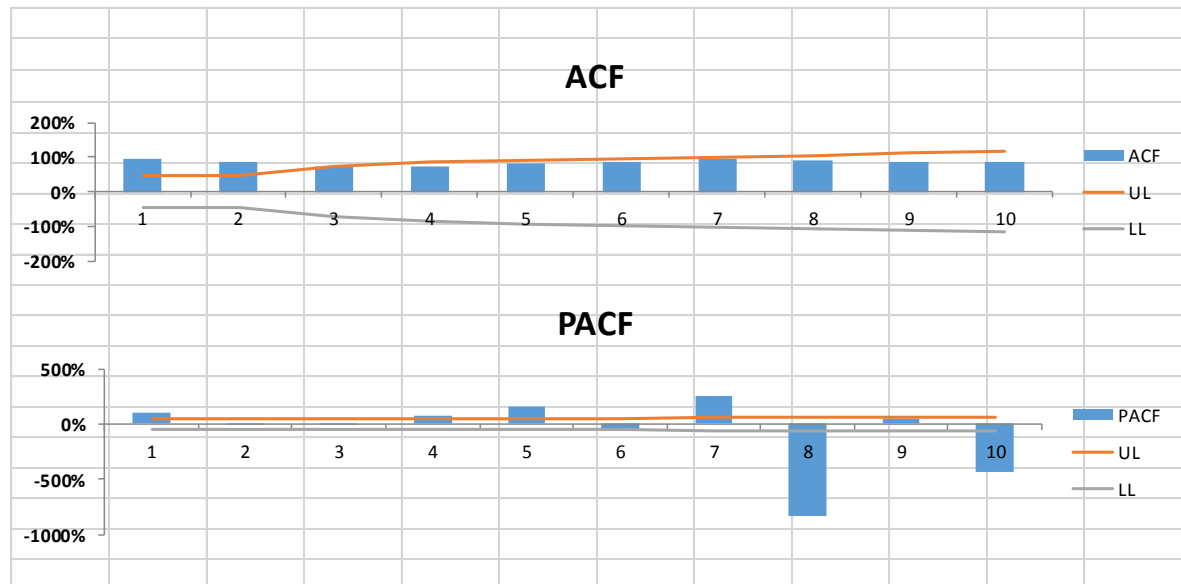
<b>Year</b>	<b>Total Inbound tourist in Krasnodar region</b>	<b>Foreing inbound tourist in Krasnodar region</b>	<b>Total Income of tourist in Krasnodar region</b>	<b>The total contribution of tourism to GDP</b>	<b>The total contribution of tourism to GDP</b>
	<i>mln.people</i>	<i>thousand people</i>	<i>mln.rub</i>	<i>bln. dollars. US</i>	<i>bln. Rub</i>
1997	3,0	0,7	2343,0	3,2	213,8
1998	3,0	0,7	4567,0	4,5	300,6
1999	4,2	2,0	5686,0	7,8	521,0
2000	4,8	4,0	6879,0	7,7	514,4
2001	4,8	6,0	7009,0	7,0	467,6
2002	5,0	7,8	7865,0	8,9	594,5
2003	5,7	10,0	8252,0	9,6	641,3
2004	7,6	13,0	8975,0	7,8	521,0
2005	10,0	20,0	9865,0	8,0	534,4
2006	12,0	25,0	10766,0	9,4	627,9
2007	13,0	32,0	14984,0	10,9	728,1
2008	16,0	35,0	9897,0	7,2	481,0
2009	12,0	21,3	14764,0	9,6	641,3
2010	10,0	25,5	19765,0	9,4	627,9
2011	10,4	27,0	25498,0	9,1	607,9
2012	11,1	61,0	38456,0	10,8	721,4
2013	11,8	70,0	35870,0	12,7	848,4
2014	12,3	75,0	74467,0	14,2	948,6
2015	15,0	78,0	80789,0	16,8	1122,2

Source: KNOEMA

## Appendix 2. Correlogram Analysis

Correlogram Analysis						
Lag	ACF	UL	LL	PACF	UL	LL
1	94,05%	46,20%	-46,20%	103,81%	46,20%	-46,20%
2	85,53%	47,54%	-47,54%	-7,36%	47,54%	-47,54%
3	74,23%	73,64%	-73,64%	-1,63%	49,00%	-49,00%
4	71,96%	86,00%	-86,00%	80,86%	50,61%	-50,61%
5	80,83%	92,17%	-92,17%	161,21%	52,38%	-52,38%
6	87,86%	96,35%	-96,35%	-56,67%	54,36%	-54,36%
7	94,54%	100,81%	-100,81%	247,60%	56,58%	-56,58%
8	91,29%	105,59%	-105,59%	-829,95%	59,10%	-59,10%
9	88,11%	110,90%	-110,90%	52,87%	61,98%	-61,98%
10	86,30%	116,97%	-116,97%	-437,90%	65,33%	-65,33%

Source: own elaboration based on the research



Source: own elaboration based on the research

Appendix 3. Output of ARMA.

<b>ARMA(1,1)</b>			<b>Goodness-of-fit</b>		
Param	Value		LLF	AIC	CHECK
$\mu$	27,05		-80,74	172,47	1,
$\phi_1$	0,74				0,99999
$\theta_1$	0,15				
$\sigma$	18,32				

Source: own elaboration based on the research

Appendix 4. Output of ARIMA.

<b>ARIMA(1,1,1)</b>			<b>Goodness-of-fit</b>		
Param	Value		LLF	AIC	CHECK
$\mu$	5,67		-44,71	103,42	1
$\phi_1$	0,23				0,99999
$\theta_1$	-0,08				
$\sigma$	10,19				
<b>d</b>	<b>1</b>				

Source: own elaboration based on the research