

Russian Tourism during the COVID-19: Assessing Effect of Stimulating Domestic Demand for the Country and Regions' Economy*



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Abstract. The COVID-19 pandemic has struck the tourism industry all over the world significantly reducing industry's revenue and number of jobs. It has had a negative impact on the global economy. In Russia, the tourism sector was one of the most affected areas due to the quarantine restrictions that made the government take several supporting measures to mitigate the coronavirus effects and restore demand for tourist services. It actualizes the problem of assessing economic effects after stimulating consumption of tourism goods and services, as well as identifying and justifying the development directions of Russian tourism in an ntific novelty of the research is to determine, on the basis of inter-sectoral modeling, the effect for the Russian economy from the implementation of the program of subsidizing domestic tourist trips – so-called tourist cashback. The results of the study have identified the importance of stimulating population's demand for recreation within the country for economy and have found the territorial disparity problem in the distribution of the increase in gross output caused by Russian tourist's consumption growth. As for the research methodological base, the author uses general scientific methods of analysis, synthesis, comparison, generalization, and tools based on input-output analysis methodology. Information base includes the works of domestic and foreign scientists dealing with tourism development problems in the post-crisis period, the assessment of its impact on economic parameters, as well as

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information from state statistics authorities, data from the World Bank, the World Tourism Organization, and the Russian Public Opinion Research Center. The prospects for future studies are related to designing regional tourism development areas that contribute to the increase in population's consumption volume of tourist products and growing competitiveness of the latter.

Key words: tourism, cashback, COVID-19, economy, input-output analysis, domestic consumer demand.

Introduction

In 2020, the coronavirus pandemic had a negative impact on the global economy and most of its industries. According to the UN estimates, a 4.3%¹ production decline was a result of the coronavirus crisis that is comparable to the economic losses of the Great Depression in 1929–1939. Tourism is one of the most affected sectors. It occupies an important place in the world economy, and it is one of its drivers. Before the introduction of travel restrictions by countries due to the spread of COVID-19, according to the World Tourism Organization at the United Nations (UNWTO), tourism contribution to the world GDP exceeded 10.3%, forming a third of the world's exports of services and creating every tenth job in the world (330 million jobs). In the ten years before 2020, there was an annual increase in tourist arrivals which indicates the dynamic industry development. As a result of the crisis, this figure decreased by 74%. As a result, the UNWTO called 2020 the worst year for the industry on record. The loss of income in the tourism sector is 11 times higher than in 2009 (during the global economic crisis).

Russia is one of the countries with significant potential for development and strengthening of its role in the economy. Currently, it is inferior to the world developed countries in terms of the amount of added value created by tourism

per capita². The country has opportunities to significantly increase the flow of international and domestic tourists. In recent years, industry development has received increased attention from the authorities. This indicates that, in medium term, tourism is seen as a promising driver of economic growth stimulating domestic demand.

The losses, incurred by Russian tourism industry as a result of the negative impact of the coronavirus pandemic, are estimated at 1.5 trillion rubles, with an annual turnover of 3.7 trillion rubles in the pre-crisis period³. To deal with the crisis consequences, the governments of many world countries have taken measures to support the economy in general and tourism in particular. For instance, in Russia, at the height of the pandemic, for the first time, there was implemented a program of subsidizing domestic tourist trips, the so-called cashback as a measure to stimulate citizens' demand for tourist services within the country. Summarizing the authors' works, it is possible to conclude that the issues related to the evaluation of the support programs provided to the tourism industry are poorly developed in scientific publications. In the studies, devoted to the problems of the Russian tourism sector, its development possibilities in the context of the pandemic are not fully disclosed.

¹ Data of the UN report about world economic situation and development prospects. Available at: <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2020/> (accessed: February 10, 2021).

² Strategy for Tourism Development in Russia until 2035: approved by the Government Decree of the Russian Federation no. 2129-р, dated September 20, 2019.

³ Federal Tourism Agency revealed industry losses due to the pandemic and lack of tourists. Available at: <https://www.rbc.ru/society/19/10/2020/5f8de4329a7947c66bdf1521> (accessed: February 10, 2021).

Thus, it is rather relevant to determine the prospects for tourism development in the country taking into account new realities. The particular research interest is the assessment of the measures' effectiveness taken to increase population's demand for goods and services of the tourism industry. In this regard, the purpose of the research is to assess the effect on the economy of stimulating consumption of goods and services produced by the tourism sector, to identify and justify directions of Russian tourism development in the conditions of an unfavorable epidemiological situation and global economic turbulence. Its solution required consideration of trends in development of Russian tourism sector, its regulation analysis at the present stage, calculation of the effects on the economy from state subsidies for domestic tourist trips and development of measures to restore industry. Information base is the works of domestic and foreign scientists dealing with economic growth issues, based on tourism development, as well as information from state statistics bodies, data from the World Bank, the World Tourism Organization. The study contains the calculation of the effect of cashback implementation based on the use of input-output analysis method which forms its scientific novelty, reveals the current trends in functioning of Russian tourism industry.

Theoretical aspects of the research

Many domestic and foreign authors, dealing with the tourism impact on the economy, have proved that it is a significant factor in the economic growth of the territory [1–8]. A review of the scientific research on this issue in recent years shows that scientists pay special attention to consideration of causal relationship between tourism and economic growth in the framework of testing the TLG (Tourism-Led Growth)⁴ hypothesis and associated EDTG (Economic Driven Tourism

Growth)⁵ hypothesis. Thus, we have found that a 100% increase in the number of tourist arrivals, tourism income, and tourist expenses cause an increase in the GDP per capita by 9.7 and 10%, respectively. At the same time, the GDP per capita growth by 100% increases the number of arrivals, income, and expenses by 54.91 and 101%, respectively [7].

In case of China, the article determines that the TLG hypothesis is more valid for regions of the country with less developed economy [6]. Based on the use of quantile analysis, another research in the case of the ten largest destinations in the world proves the important tourism role in stimulating economic development of the countries [8]. A.V. Aistov and T.P. Nikolaeva determine the significance for the economy using World Bank data for a balanced panel of 116 countries for 1997–2017 [1]. The authors have found that changes in indicators reflecting industry development precede changes in the GDP per capita.

The work [2] in detail discusses the tourism impact on Russian regions' development. Based on regression analysis, the researchers have proved that the GRP growth largely depends on the size of the tourist flow.

The impact of the COVID-19 pandemic on the tourism industry has led to a high interest of scientists in assessing its consequences determining the prospects for the sector development in the post-COVID period, as well as changing population's behavior in relation to the consumption of tourist products. For example, on the basis of a longitudinal study, the works of the University of Washington [9] concluded that the increased needs of tourists in the field of public safety will accelerate the introduction of developments in the field of artificial intelligence and robotics in the tourism industry. The studies of the English University of Gloucestershire [10]

⁴ The TLG hypothesis implies a link between tourism as a specific type of export and economic growth in the short and long term.

⁵ The EDTG hypothesis means that the economic growth is provided not only by increase in the volume of labor and capital, but also by expansion of exports including tourism.

consider the corona-crisis' impact on tourism from the sustainability standpoint: after the pandemic, popularity of package holidays will fall due to restrictions on air travel that, in turn, will increase the demand for travel within countries' borders. A team of Malaysian scientists evaluated the impact of COVID-19 on the Chinese tourism industry [11] determining that the Chinese tourism industry was seriously affected by the coronavirus. At the same time, they attribute the positive effects of the pandemic to growing popularity of the services of tourism enterprises provided online.

Russian researchers turned to the analysis of tourism sector adaptation to the difficult socio-economic conditions of Russia's development [12], the assessment of the income lost in 2020 by tourism enterprises [13], the forecast of the travelers' demand for tours in the post-crisis period [14].

Thus, it is worth noting that, in scientific publications, the assessment of the effects on the economy from the adoption of measures to stimulate demand for tourism goods and services is studied insufficiently. Closing this gap will allow deepening and expanding research on the relationship between tourism and economic growth.

In a separate group, it is necessary to highlight the works of the scientists who consider the state and prospects of industry functioning in Russia. In particular, they have recently focused on issues related to the definition of strategic directions for Russian tourism development [15; 16], the study of institutions for managing the tourism industry [17], and improving its competitiveness [18] including on the basis of tourist technology platforms [19]. However, the current vector of tourism development in the country should be determined taking into account the assessment of implemented measures to support the industry which actualizes this research.

Research methodology

To analyze the state of the tourism industry, to diagnose its problems, and justify the directions of its further development, the research uses general

scientific methods of analysis, synthesis, comparison, and generalization. The effect on the economy from the program realization of subsidizing domestic tourist trips was estimated using the method of input-output analysis which makes it possible to conduct scenario-based input-output economic analysis. As a forecasting tool, we have used an input-output model based on the main equation of the input-output analysis that is the following in the matrix form:

$$x = Ax + y, \quad (1)$$

where: x – total production output vector; A – matrix of direct cost coefficients; y – final product vector.

In the simulation, we use the following equation:

$$(E - A)^{-1} \cdot y = x, \quad (2)$$

where: E – unit matrix; $(E - A)^{-1}$ – matrix of total cost coefficients.

The model contains the type of "Tourism" activity included in it which is not separately presented in Russian statistics that allow giving an objective assessment of the impact of tourist product value on the structural economic elements, as well as to assess the consequences of stimulating demand for tourist services which distinguishes our study from the work of other scientists.

To calculate the tourist output and tourist value added by types of activities related to tourism, we use the methodological tools, based on the aggregation of data characterizing the shipment of goods, performance of works, and provision of services by Russian enterprises [20].

According to data of the Federal Tourism Agency on the implementation of the tourist cashback program, the research calculates the volume of sales of tourist products with an increase in final demand on the basis of the input-output model. The authors also have assessed tourism contribution to the additional increase in the number of employees and salary fund.

The paper carries out the assessment of the territorial effects in the Russian Federation and its federal districts in the proportions of the output structure, the number of employees, and the wage fund. These territorial effects arise when stimulating the demand for goods and services in the cashback volume.

Main research results

Trends of the tourism industry development in the Russian Federation

The tourism role in the Russian economy is significantly lower than the global average (*Tab. 1*). In terms of tourism revenue in 2019, the country ranked 25th in the world with an indicator of 20 billion dollars which is almost 28.5 times less than the absolute leader – the United States. At the same time, rapid growth of the tourism industry in China was noteworthy in 2000–2019; its contribution to the GDP increased by 6 times which is caused by a serious approach to its development on the part of the state. Moreover, the Chinese authorities pay special attention to increasing domestic consumption in the tourism sector.

For instance, since 1999, the “Golden Week” system has been introduced in the People’s Republic of China, aimed at expanding consumer demand including tourist services. As a result, this time interval has become perceived by society as “tourism during the Golden Week” [21]. In addition, since that moment, the country’s leadership has consistently adopted a number of legislative measures, aimed at active development of domestic tourism which has consolidated its economic significance. It is worth noting that, according to the Ministry of Culture and Tourism of the People’s Republic of China, in 2020, 637 million Chinese people traveled within the country during the Golden Week (80% of the level of 2019). At the same time, the volume of tourism revenues for the holiday week amounted to 68.6 billion US dollars which corresponded to 70% compared to last year⁶.

Russia has a significant potential for the consumption of tourism goods and services by population within the country. According to the surveys, conducted by the All-Russian Center for

Table 1. Direct tourism contribution to the world countries’ GDP in terms of tourism incomes, bil. US doll (at current prices)

No.	Country	2000	2010	2015	2018	2019	Changes in 2000–2019, %
1.	USA	442	422	510	555	571	129.2
2.	China	69	145	283	382	407	by 6 times
3.	Germany	136	129	132	139	142	104.4
4.	Japan	131	104	109	119	121	92.4
5.	Italy	107	80	108	117	119	111.2
6.	France	97	90	103	109	112	115.5
7.	India	39	55	78	96	105	by 2.7 times
8.	Great Britain	102	77	94	105	107	104.9
9.	Mexico	67	77	91	98	100	149.3
10.	Spain	59	60	68	78	81	137.3
Reference: Russia		14	19	19	19	20	142.8

Source: data of the World Tourist Organization (UNWTO).

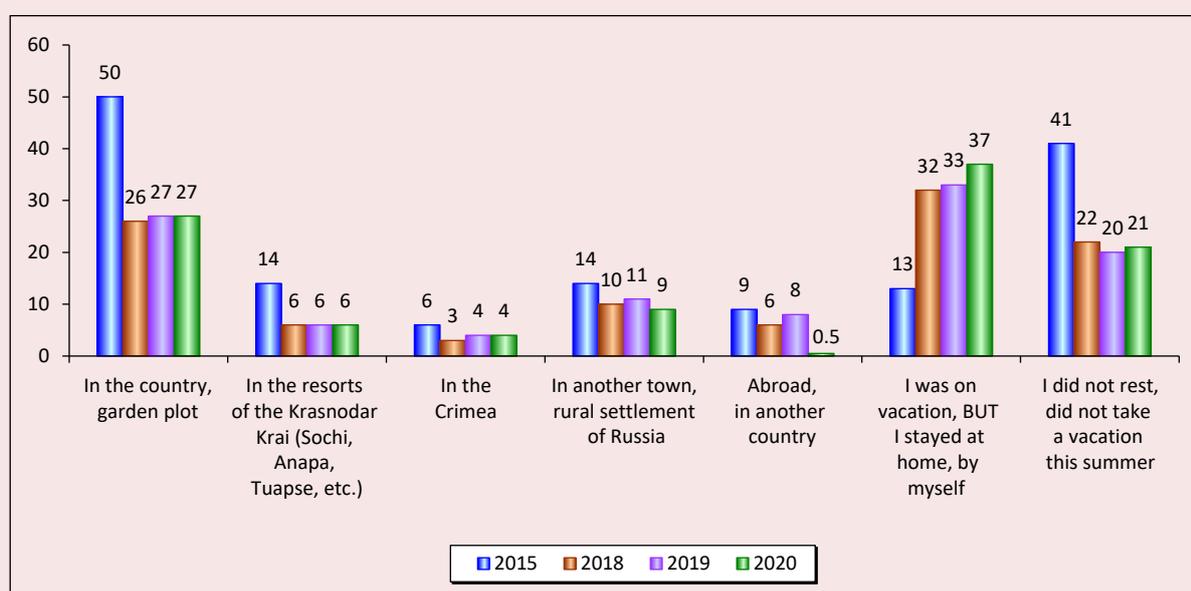
⁶ “The Golden Week” Experience in China: mass tourism failed to fight the coronavirus outbreak. Available at: <https://www.atorus.ru/news/press-centre/new/52981.html> (accessed: February 10, 2021).

the Study of Public Opinion, the share of those who spend their summer holidays at home or in the country has not changed significantly over the previous five years (in 2015 – 63%, in 2020 – 64%; Fig. 1).

Population's under-consumption of domestic tourism services is caused by a lack of financial resources for travel. In 2020, this reason surpassed

in popularity the answer explaining the inability to travel due to the coronavirus and related restrictive measures (Tab. 2). Based on the results of the surveys, the pandemic did not significantly affect the structure of summer holidays of Russians, since the number of vacationers in the main resorts of the country (Krasnodar Krai and the Crimean Peninsula) remained at the level of previous years.

Figure 1. Distribution of Russians' answers regarding vacation (any number of answers), % of the number of respondents



Source: Tourist summer results – 2020. VCIOM. Available at: https://wciom.ru/fileadmin/file/reports_conferences/2020/2020-09-29_itogi_leta.pdf (accessed: February 10, 2021).

Table 2. Distribution of answers to the question “If you stay at home this summer and do not go anywhere, what is the reason?” (open question, one answer), % of those who will spend summer at home (top answers)

Possible answer	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
No money, lack of funds	57	54	49	47	49	43	44	44	44	53	36
Coronavirus / epidemic / self-isolation / everything is closed	-	-	-	-	-	-	-	-	-	-	25
Family affairs, a baby / parental leave	6	6	8	7	8	7	4	12	18	15	7
Work, no vacation, vacation at another time of the year	6	11	12	12	11	15	17	17	15	14	6
Health state, illnesses (own or relatives'), age	10	12	13	10	14	13	13	8	12	10	7

Source: Summer plans – 2020: house, dacha and domestic tourism. VCIOM. Available at: <https://wciom.ru/index.php?id=236&uid=10297> (accessed: June 21, 2020).

We should note that the reason for the situation, when citizens do not use the potential of the country's tourism resources, is also the state's approach to its development.

Having traced the evolution of the state management of the tourism industry in Russia from the post-Soviet period to the present, we can conclude that tourism has not been perceived by the authorities as an independent object of regulation and a promising high-yield branch of the economy for a long time. This is indicated by a frequent change of its supervising structures responsible for development of healthcare, culture, sports, and youth policy implementation.

2019–2020 may be considered the beginning of fundamental changes in Russian tourism regulation: the industry received a qualitatively new level of support from the state. For instance, in 2019, a Strategy for Tourism Development in the Russian Federation until 2035 was approved, which focuses on economic importance of the sector. Aimed at stimulating demand and increasing availability of the Russian tourist product in the domestic and foreign markets, the strategy is distinguished by the specifics in identifying the pressing tourism problems and determining the priority directions for Russian tourism industry development taking into account the experience in this area. The document presents quite ambitious goals including the increase of tourism contribution to the country's GDP by 5.1 times compared to the 2017 level. Meanwhile, the achievement of these indicators remains in question, as there are still no plans to implement the strategy.

In 2020, the Federal Tourism Agency was transferred from the jurisdiction of the Ministry of Economic Development of the Russian Federation to the direct government subordination which expanded the powers of the structure in terms of developing state policy in the field of tourism, as well as coordinating the implementation of its priorities.

During the same period, in addition to the 12 existing national projects, Russian President Vladimir V. Putin initiated the creation of a new national project "Tourism and the Hospitality Industry". It aimed at creating high-quality and diverse tourist products throughout the country, increasing availability of tourist products and improving management in the tourism sector. The project is expected to start by the summer of 2021, and its validity period is calculated through to 2030. The total funding amount is planned to be 3.16 trillion rubles. 70% of the total amount is from extra-budgetary sources, and the remaining part is at the expense of the state funds.

A new development institute, the state corporation "Tourism.RF", created at the end of 2020, will be responsible for implementation of the national project. The structure functions include master planning of the country's territory, development of tourist infrastructure and activation of public-private partnership in the field of tourism.

Thus, aforementioned things suggest that, by 2020, the Russian tourism industry, classified by the government as one of the most affected sectors of the national economy, for the first time at the present stage of its development, was recognized by the authorities as one of the economic priorities including a direction to stimulate consumer demand. According to the leading economists of the Institute of Economic Forecasting of RAS, which is developing directions for post-crisis economic recovery, the intensification of domestic demand can ensure its growth rate up to 3.5%⁷ by the end of 2021.

Scientific studies have established that tourism, which includes transport services, hotel services, activities of public catering enterprises, commu-

⁷ Shirov A.A. How will growth be restored. *Vedomosti*, December 30, 2020. Available at: <https://www.vedomosti.ru/opinion/articles/2020/12/29/853008-vosstanavlivatsya-rost> (accessed: February 16, 2021).

nication organizations, cultural and leisure institutions, can be considered a catalyst for consumer demand from general population, as well as influence regional inequality reduction [22]. Among the measures to support the demand for domestic tourism, some states have developed programs to subsidize domestic travel. For example, in Thailand and Russia, the promotion of domestic tourist traffic was carried out through cashback. The Thai government has compensated hotel owners up to 40% of the cost of rooms booked by domestic tourists. In Russia, a part of the cost of buying tours within the country and booking tickets was returned to the population through the MIR payment system. For these purposes, the government has allocated 15 billion rubles. The program was implemented in two stages in 2020:

- August 21–28 (depending on the cost of the tour, 5–15 thousand rubles were returned to a tourist);
- October 15–December 5 (a tourist was refunded 20% of the cost of traveling around the country, but not exceeding 20 thousand rubles).

The results of this unprecedented campaign for Russian tourism should be evaluated and interpreted.

Assessment of cashback implementation effect

According to the Federal Tourism Agency, in 2020, Russians purchased a total of 6.5 billion rubles worth of tours during the first and second sales windows of which about 1.2 billion rubles⁸ were returned to tourists. In general, nearly 300 thousand people took part in the initiative.

The use of input-output modeling allowed calculating the effect on the country's economy with:

- consumption of tourist services in the amount of 6.5 billion rubles;

⁸ Rosturizm summed up the results of the tourist cashback program in 2020. Available at: <https://tourism.gov.ru/news/17009/> (accessed: February 10, 2021).

- additional consumption of goods and services in the amount of cashback (1.2 billion rubles) according to the structure of final consumption of households.

The research has also established how the main effect was distributed as a result of the increased demand for tourist products within federal districts.

The calculations, carried out on the basis of the developed input-output model, allowed determining that a 6.5 billion rubles stimulation of population's demand for buying tours within the country provided an increase in the main economic indicators for all types of economic activity (*Tab. 3*). In general, the gross output of the economy increased by 12.3 billion rubles. At the same time, additional increase in a number of employees amounted to 4.2 thousand people, salary fund – 2.6 billion rubles.

In the context of economic activities, the greatest effect from the population's consumption of tourist goods and services touched upon (in addition to tourism) real estate sector, intermediate demand manufacturing sector, and transport that is explained by the current cost industry structure.

Stimulation of the final demand for 1.2 billion rubles in the cashback volume according to the current structure of final consumption provided an increase in gross output in the economy as a whole by 2.4 billion rubles, the number of employees – by 1.5 thousand people (*Tab. 4*). The increase in the salary fund amounted to 8.6 million rubles.

Based on the results of the calculation, the author determines that the most noticeable increase in population's demand for goods and services in the economic sectors affected wholesale and retail trade, real estate, and the manufacturing sector of final demand.

Thus, the use of input-output balance methodology made it possible to assess the effect on the country's economy from tourist consumption growth, as well as additional demand for goods

Table 3. The effect of the growth of the demand for Russian tourism industry products in the amount of 6.5 billion rubles on the country's economy in 2020

Type of economic activity	Increase in growth output, mil. rub.	Increase in number of employees, people	Salary fund growth, mil. rub.
Agriculture, hunting and forestry	215	100	35
Fishing, fish farming	24	4	4
Mining operations	252	15	16
Final demand manufacturing industries	516	116	51
Investment demand manufacturing industries (without machine engineering)	42	11	5
Intermediate demand manufacturing industries	863	50	31
Engineering	356	94	74
Production and distribution of electricity, gas, and water	438	127	70
Construction	126	44	22
Wholesale and retail trade	424	461	222
Tourism	6,792	786	635
Hotels and restaurants (without tourism)	92	58	20
Transport (without tourism)	871	240	144
Communication (without ICT)	50	10	9
Information and communication technologies (ICT)	52	60	69
Financial activities	254	32	39
Real estate transactions, rent and provision of services (without ICT)	917	505	322
Public administration and military security; social security	53	1377	843
Education	7	53	24
Healthcare and social services	6	8	4
Provision of other public, social, and personal services (without tourism)	32	65	35
Overall economy	12,380	4,215	2,674

Source: according to the basis of input-output modeling.

Table 4. The effect for Russian economy from the consumption of goods and services in the amount of cashback (1.2 bil. rubles)

Type of economic activity	Increase in growth output, mil. rub.	Increase in the number of employees, people	Salary fund growth, mil. rub.
Agriculture, hunting, and forestry	160	75	26
Fishing, fish farming	6	1	1
Mining operations	66	4	4
Final demand manufacturing industries	336	75	33
Investment demand manufacturing industries (without machine engineering)	14	4	2
Intermediate demand manufacturing industries	203	12	7
Engineering	150	40	31
Production and distribution of electricity, gas and water	148	43	24
Construction	30	10	5
Wholesale and retail trade	394	429	207
Tourism	84	10	8
Hotels and restaurants (without tourism)	38	24	8
Transport (without tourism)	166	46	27
Communication (without ICT)	51	10	9
Information and communication technologies (ICT)	18	21	24
Financial activities	90	32	39
Real estate transactions, rent, and provision of services (without ICT)	359	198	126
Public administration and military security; social security	11	285	174
Education	12	97	43
Healthcare and social services	22	30	16
Provision of other public, social and personal services (without tourism)	43	87	46
Overall economy	2,400	1,531	862

Source: according to the basis of input-output modeling.

and services of the national economy sectors in the amount of funds returned to tourists for the purchase of tours around the country.

The results of calculations showed that value of the multiplier of tourist expenses corresponds to 1.9. This indicates a high multiplier effect of the industry and confirms the importance of its stimulation for Russian economy, including the reduction of import dependence, as the share of imports in the formation structure of the resources for tourism products is minimal [24].

We also estimate the effect on regional economies with an increase in the consumption of goods and services of the tourist sector by Russians and additional consumption in the amount of cashback (*Fig. 2*). According to the results of calculations, it is revealed that, in both cases, the increase in gross output in the territorial section, based on the established proportions of goods shipment, work performance and services provided by Russian enterprises, was distributed extremely unevenly with a noticeable superiority of the Central Federal District.

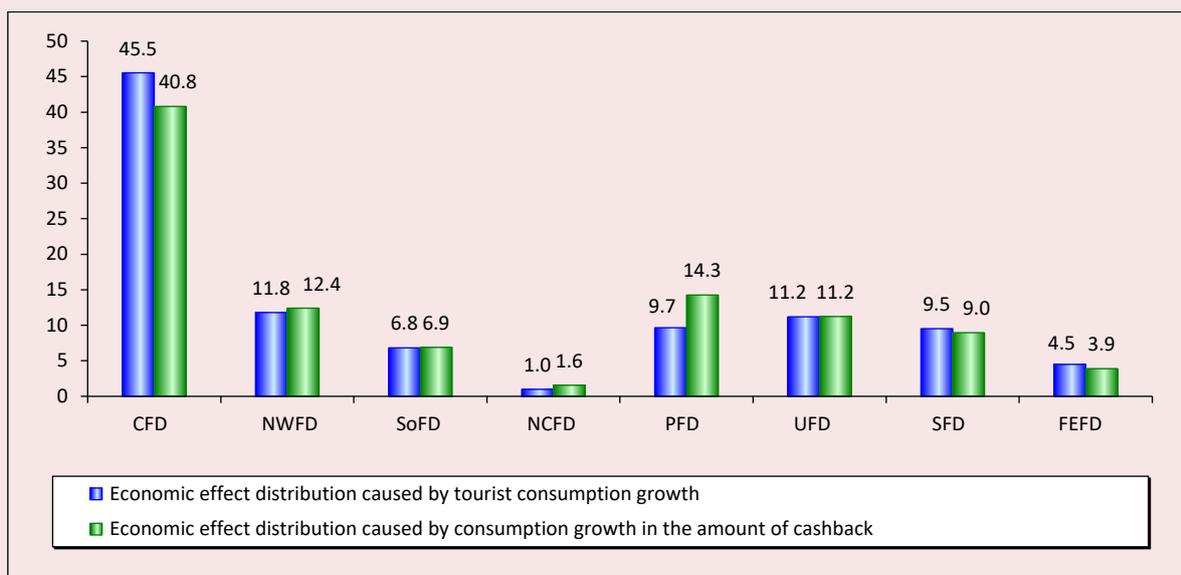
The Northwestern, Volga, Ural, and Siberian Federal Districts lag far behind the Central Federal District. The economic effect was distributed there in approximately equal proportions. The obvious outsiders include the Southern, Far Eastern, and North Caucasus Federal Districts; their share in the volume of gross output growth is very low.

The position of the Central Federal District is explained by the location of the federal city of Moscow on its territory, as well as the concentration of significant economic resources which allows occupying a leading position in comparison with other districts in many indicators of socio-economic development.

For example, in 2019, 15.5 million people used the services of accommodation facilities in Moscow, which is higher than in other federal districts of the country (*Fig. 3*). This indicates the efficient use of available resources and concentration of production capacity in the metropolis.

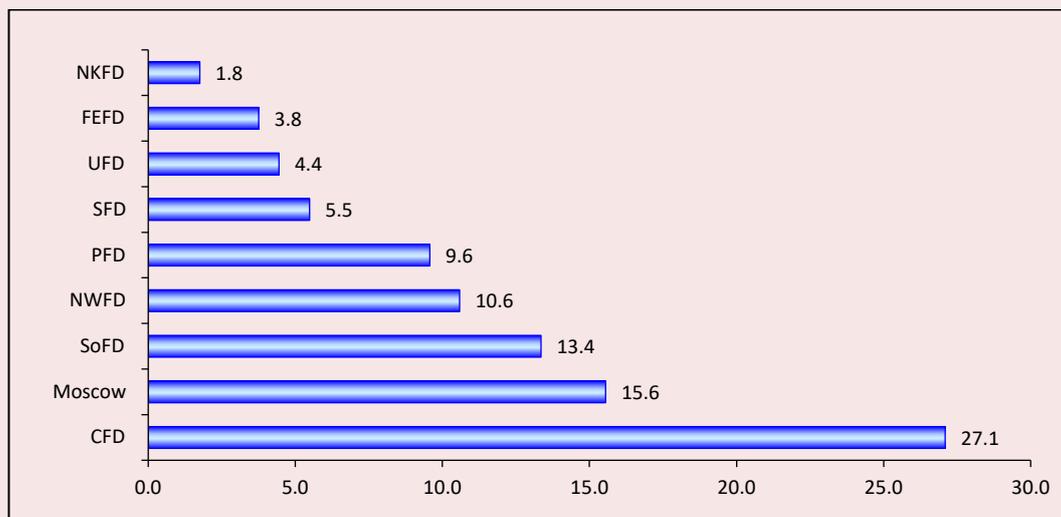
Thus, the assessment of domestic consumer demand stimulation in the territorial context in both cases showed the presence of regional imbalances

Figure 2. Increase in gross output from stimulating domestic demand by federal districts, %



Source: according to the basis of input-output modeling.

Figure 3. Number of people placed in collective accommodation facilities, by federal districts in 2019, mil. people



Source: Rosstat data.

in obtaining economic effects. Accordingly, it is necessary to use the production potential of the territories more effectively in the process of creating added value caused by domestic consumption growth. To do this, it is advisable to create conditions that are favorable for doing business attracting investment and developing industries of specialization in these regions.

Despite the existing territorial disparity from the increased population's demand for consumption of goods and services, which was expressed in the receipt of the greatest effects by the Central Federal District, most of the increase in gross output (55–60%) fell on the remaining districts. This confirms the importance of stimulating domestic demand for their economies, including the tourist products.

Opportunities for Russian tourism development in post-COVID-19 period

The calculations made it possible to determine that subsidizing domestic travel around the country has become a fairly effective mechanism for restoring consumer demand for Russian economy during the crisis period. However, the program's effect in

2020 could be much greater, as its implementation required travel businesses to reconfigure all business processes in a fairly short time. As a result, few tourists had time to buy tours in the first sales window that lasted only for a week. The program funds unspent in 2020 are used for continuing the campaign.

In general, tourism industry representatives assess this measure of state support for the industry positively. According to S. Romashkin, CEO of the tour operator "Delphin", the amount of revenue received from the sale of cashback tours in 2020 exceeded "all state support since the beginning of the year"⁹. According to the Association of Tour Operators of Russia, the increase in sales of tours in Russia in annual terms is recorded by all key tour operators, and some of them have an increase exceeding 100%¹⁰ over the specified period.

⁹ Tour operators told how they were saved by the cashback program and how it should be improved for the next time. Available at: <https://www.tourprom.ru/news/47774/> (accessed: February 16, 2021).

¹⁰ Tour operators summed up the results of the "second wave" of cashback. Available at: <https://www.atorus.ru/news/press-centre/new/53599.html> (accessed: February 16, 2021).

According to experts' assessments, the undisputed campaign leaders with cashback in 2020 were Sochi and the resorts of the Krasnodar Krai – the weighted average share of these regions in sales was at least 45–50%¹¹.

We should note, that in 2021, the Federal Tourism Agency took into account the main comments to the program of key players in the tourism market, expressed the results of the first wave of its implementation which allows predicting even greater efficiency.

In 2021, cashback program is aimed at maintaining demand in the low season¹². According to the Federal Tourism Agency estimates, only for the first four days of the third stage of the cashback program¹³, which started on March 18, 2021, the volume of tourist demand for tours in Russia amounted to more than 1 billion rubles¹⁴. This allows drawing a conclusion about a high demand for this measure from travelers. The third cashback program is attended by about 3.5 thousand sellers of tourist services which are 40% more than in the second cashback campaign in the fall of 2020¹⁵.

Speaking about the development prospects of Russian tourism industry in the post-COVID-19 period, we should conclude that, in the conditions of current restrictions on the departure of tourists to many foreign countries and taking into account the significant support of the industry by the state, there is a chance to significantly increase

the volume of domestic tourist flow and turn the industry into a driver of economic development. Based on the aforementioned data which confirms the attractiveness of cashback program for tourists and tourist business, it can be assumed that this measure of state support will effectively stimulate tourist demand in the near future allowing partial compensations for industry losses.

Predicting the development of Russian tourism sector in the event of an improvement of the epidemiological situation and restoration of air traffic between the countries, it is worth noting that some tourists, who preferred foreign holidays before the pandemic due to a higher level of development of the tourist infrastructure and the service provided at a comparable cost, will choose trips abroad which will accelerate the recovery of the flow of outbound tourism.

The factors that will limit the development of Russian tourism industry in the short term include a decrease in population's solvency due to falling income levels¹⁶ and instability of the economic situation in the country.

We should note that, in addition to the existing measures to stimulate the industry, its effective functioning in the post COVID-19 period can be ensured by the implementation of the following:

1. *Expansion of measures to subsidize tourist trips within the country for specific categories of citizens (children, pensioners, low-income families, etc.).*

One of the problems of Russian tourism is a high cost of domestic tourist services which, together with the declining population's incomes, makes recreation within the country inaccessible to many citizens. In this regard, it is advisable to implement package solutions – when the cost of a tour with an included set of travel services is cheaper than its purchase by a tourist separately, or a part of cost of tickets for various types of transport, which

¹¹ *Ibidem.*

¹² The Federal Tourism Agency spoke about the terms of the start of the third stage of the campaign with cashback. Available at: <https://www.atorus.ru/news/press-centre/new/54286.html> (accessed: February 16, 2021).

¹³ The refund for the tour purchase is 20% of the price, but up to 20 thou. rubles for one operation on the card. Cashback is awarded for trips that last at least 3 days (2 nights).

¹⁴ The Federal Tourism Agency reported on tours purchased by Russians with cashback for 1 bil. rubles. Available at: <https://www.rbc.ru/rbcfreenews/6058934a9a79476ff685a924e> (accessed: March 22, 2021).

¹⁵ Dates and terms of the third campaign with cashback for tours in Russia have been officially announced. Available at: <https://www.atorus.ru/news/press-centre/new/54602.html> (accessed: March 16, 2021).

¹⁶ According to Rosstat, in 2020, a real disposable income of Russians decreased by 3.5% in annual terms which is 10.6% lower than in 2013.

is the main expenditure of Russian tourists, is compensated.

2. *Expansion of the set of support measures for tourism business.*

In the context of the increased authorities' attention to domestic tourism development, it is advisable to significantly expand the scope of support measures provided to organizations engaged in tour operator activities. In particular, it is possible to reduce the amount of value-added tax paid by tour operators. Currently, the tourist business entities engaged in the production of domestic tourism products and providing individual services to tour operators are not limited liability companies, so they either have benefits for the payment of value added tax (VAT), or use a simplified tax system. According to the largest participants of the tourist market, when combining these services into a tour package, in accordance with Russian legislation, the tour operator must pay 20% VAT on the tourist product¹⁷, while the outbound tourist product is not subject to this tax which leads to an increase in the cost of domestic recreation.

It is also necessary to systematically implement programs to subsidize charter flights within the country. Launched in 2020 with the support of the Federal Tourism Agency, charter flights to Russia's remote areas¹⁸ have proved their demand by tourists¹⁹. Thanks to this measure, the cost of a week-long tour to the Lake Baikal has decreased by half compared to 2019²⁰. This will expand the geography of travel and reduce the cost of services for domestic tourism.

¹⁷ TUI heads named two main measures to support tourism in Russia. Available at: <https://www.atorus.ru/news/press-centre/new/54204.html> (accessed: February 16, 2021).

¹⁸ In 2020, for the first time, there were organized charters to Khakassia, Altai, Lake Baikal, Murmansk, and Kaliningrad.

¹⁹ ATOR summed up the tourism results of 2020 and informed about three scenarios in 2021. Available at: <https://www.atorus.ru/news/press-centre/new/53770.html> (accessed: February 16, 2021).

²⁰ Russia plans to launch more than 17 charter destinations within the country in 2021. Available at: <https://tass.ru/ekonomika/10659727> (accessed: February 16, 2021).

3. *Active introduction of digital technologies in the tourism area.*

One of the current trends that determine tourism development in the world is an active development of digital technologies. Their implementation in the field of tourism in Russia is relevant for planning and buying travel. For these reasons, it is very promising to create travel marketplaces – online platforms for selling tours that unite various market participants providing a wide range of travel services. They can be integrated with existing large digital platforms of other non-core companies with a broad customer base (Sberbank, Yandex, etc.).

An example of such an online platform for tourists is the RUSPASS project created in 2020 in Moscow. Initially focused on foreign tourists, the service aroused interest among representatives of domestic tourism. So, during the year of its existence, about 80 Russian regions joined it.

4. *Approach transformation to management and development of tourism industry in the regions.*

The changed approach to the tourism development on the part of the state with an emphasis on the economic component should be supported at the regional level for which it is necessary to review regulation management of the industry in the entities of the Russian Federation. Currently, it is quite specific and differs in each region which is partly due to socio-economic characteristics. It is worth noting that in the regions there are no structures that are specifically responsible for the tourism industry development, as a result of which a single approach to its promotion is not observed. For example, out of the five entities that make up the Russian North, only the Tourism Department of the Republic of Karelia is responsible for tourism development as an independent management object.

Conclusion

The results of the input-output modeling analysis allowed justifying the importance of

stimulating tourist consumption for the economy. The calculated effect of the cashback program implementation showed that the gross output volume in the economy as a whole doubled causing also an increase in the wage fund and the number of employees. We state that subsidies for domestic travel programs will make it possible to increase Russians' tourist activity in the future.

Using the tools of the input-output analysis, the authors revealed the existing imbalances in stimulating the consumption of goods and services. They were expressed in the dominance of the Central Federal District which accounted for the main share of the resulting economic effect. This dictates the need to smooth out the spatial asymmetry in development of the country's regions.

Activation of the proposed directions of tourism development contributes to the industry profitability growth and the economy as a whole taking into account its multiplier effect.

Thus, the research allowed concluding that development of Russian tourism industry in the post-COVID-19 period, taking into account the large scale of state support provided to it and the presence of a significant volume of the formed deferred demand of Russians²¹ for tourist services, can become one of the drivers of economic development and an effective tool for restoring domestic consumer demand.

At the same time, we should note that the improvement of official statistical information describing the industry will help to clarify the

tourism impact extent on economic parameters. In particular, currently, there is no data reflecting tourist spending structure which limits the study. In addition, Russia has not yet adopted an official methodology for accounting for domestic tourist flows, and surveys aimed at studying socio-demographic characteristics of tourists are very rarely conducted. It is worth noting that the assessment of the tourism direct and indirect contribution to the economy at the regional level requires calculation. Thus, the elimination of statistical gaps in determining the multiplicative impact of the tourism industry is an urgent task, and quality of management measures taken and the choice of tourism development directions based on the forecasts of its impact on national and regional economies largely depend on its solution.

The scientific significance of the research is to expand the methodological aspects of assessing the impact of the demand growth for tourism goods and services on the economy, as well as to justify the ways of its development taking into account current socio-economic processes. The practical significance is in the possibility of using the results obtained by the authorities in order to better understand the current situation of tourism industry and develop its strategic priorities. The next stage of the research will include a study of the specifics of the regional industry functioning, definition of measures that contribute to growing population's consumption of tourist products and increase of its competitiveness.

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²¹ More than one and a half trillion rubles remained in the hands of Russians due to inability to travel abroad against the backdrop of border closure during the pandemic (source: Economy support: border closure). *Ekspert*, 2020, no. 1. Available at: <https://expert.ru/expert/2021/01/podderzhka-ekonomiki-zakritie-granits/>.

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