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The state of the tourism industry during the economic crisis

Since 1998 in Vologda region the unique tourist project «Veliky Ustyug as the native land of the Father Frost», approved by the President and the Government of the Russian Federation, has been realized. In this article the ten years' results of this project's realization, being the important means of education of children and youth, are represented. The necessity of the further development of this project by means of the state support including the creation of transport and social infrastructures, and personnel maintenance is marked.

Vologda region, tourist project, forms of realization, efficiency.



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Nowadays tourism is characterized as one of the most profitable and dynamically developing branches of the world economy. It gives 10% of the world total product, more than 1/3 world trade of services, 7% investments¹. Tourism both directly and indirectly influences economy, social policy, culture, traditions, ways of life, etc.

That's why the General Secretary of the World tourist organization (UNWTO) *F. Franchesko* has emphasized: "The long-term experience which has been accumulated by the tourist branch, shows, that it is steady enough against any shocks. The modern person cannot imagine one's life without travel on business, or for pleasure. As it is impossible to fulfill one's

work successfully without full-fledged rest, due to this reason tourism as a sphere of economy will always remain "afloat" ².

Under the conditions of the financial crisis the economic growth in the sphere of tourism is slowed down. According to the World tourist organizations (WTO), the majority of the regions of the world in the second half of 2008 show the reduction of the international tourism. According to the forecasts, their increase in 2008 will make about 2% that is twice lower than a mid-annual parameter within this branch for the period from 2003 to 2007. The decrease of growth will not take place because of the high parameters in the first half of 2008.

In the medium-term prospect, according to the WTO, some reduction of the activity in the sphere of travel is expected; in the greater degree the business tourism will suffer from the global economic recession.

In Russia the experts predict 20%-reduction of the foreign tourist stream. Tourists won't choose distant destinations, preferring cheaper tourist routes across Russia. The Russian tourists will possibly be oriented to the more accessible «local» tourist products, and this will promote the development of the internal tourism.

Also the experts note that there can be 5-6% reduction of hotels' occupancy, especially high class hotels (4 or 5 stars). Because of the current financial recession many companies minimize their charges, reducing the budgets on business trips and exit corporate actions.

The experts predict a hard situation at the hotel market of Russia in spring 2009, but they consider that the Russian industry of hospitality has big prospects and serious potential for the development. Such forecasts are caused by the hotel deficiency in Russia and the objective necessity to fill this niche both due to increasing the quantity of hotels, and due to improvement of service quality. It is possible to assume, that investors will be interested in construction of inexpensive hotels of a level of 2 or 3 stars and mini-hotels for 30–40 places.

Tourism under the crisis' conditions should be directed first of all towards solving social problems. So as to decrease the crisis' influence is necessary to support spiritual and physical health of people, their ability to keep the historical and cultural heritage, to improve the quality of human life by means of tourism. From the so-called "elite" tourism it should turn into its accessible form.

Nowadays at the time of the crisis' condition of economy and at the moment of social depressions the development of *social tourism is especially actual*. As the President of the Russian Federation *D.A. Medvedev* has noted, the state support of the social tourism for school-children, youth and pensioners is necessary ³.

The special importance the development of tourism gets in view of solving the problem of supporting of the population's employment as the sphere of tourism creates a plenty of workplaces, mainly of a service character. It is necessary to note, that *the support of employment in the sphere of tourism occurs basically due to the creation of additional workplaces, instead of the replacement of the leaving ones*.

In the Strategy of social and economic development of Vologda region special attention is paid to tourism ⁴. It is caused by a number of positions among which it is possible to enumerate the following:

- the efficiency and the appeal of tourism in the aspect of the healthy way of life's distribution that is extremely necessary for preservation and restoration of vital forces of the basic part of economically capable population;
- the urgency of the problem of the research of social tourism means' development supported from the budget;
- considering tourism as a specific branch, allowing to receive steadily high incomes;
- the presence of "compensating effect" in the connection with possible changes in the tourist streams.

Tourism can become a profitable branch of the regional economy under the condition of the correct account of the factors allowing effective using of its potential (*table 1*).

Table 1. Factors of the development in the tourism sphere in Vologda region

The characteristic of the factors positively influencing the development of tourism	The characteristic of the factors constraining the development of tourism
1. Natural and recreational potential and the objects of the cultural and historical heritage	
<p>The regional unique northern landscape, the woods, the lakes and the rivers, having great value for health, adventure and ecological tourism</p> <p>761 immovable historical and cultural monuments</p> <p>The museum of Dionisy's frescos is on the UNESCO List of the world heritage</p> <p>11 settlements of Vologda region are on the List of Historical cities and inhabited pied places of Russia</p> <p>The territory of traditional crafts, such as «The Northern niello», «Shemogodskaya wood engraving», «The Vologodian lace», «Veliky Ustyug Tracery»</p> <p>Brand «The Vologda Butter», non-polluted food stuffs</p>	<p>Only 30% of the recreational resources are used only</p> <p>Non-official hokiday-makers are not the appreciable source of profits to the local budgets</p> <p>The tourist infrastructures are not arranged correspondingly</p>
2. The generated agents of the market	
<p>By the beginning of 2008 120 tourist firms were in Vologda region (60 in Vologda and 50 in Cherepovets)</p>	<p>The existing discrepancy of services cost to their qualitative and quantitative characteristics in comparison with the international standards</p> <p>The exit tourism brings rather the greater income, than the internal one, but this income is used frequently for the needs of the firms</p> <p>Insufficient tax receipts from the tourist activity to the regional budget don't allow to form advanced infrastructure</p>
3. The presence of infrastructure objects	
<p>The hotel complex in the region is represented by 90 collective means of accommodation</p> <p>The system of public catering includes 1143 organizations of public catering</p> <p>In the areas of the region 57 Roadside Service enterprises function</p> <p>There is a developed transport system:</p> <ul style="list-style-type: none"> – railway (Northern Railroad) – automobile (Vologda – New Ladoga, Moscow – Arkhangelsk, Chekshino – Totma – Nikolsk, Totma – Njuksenitsa – Veliky Ustyug, Uren – Sharja – Nikolsk – Kotlas, Vologda – Medvezhyegorsk) – water (Rybinsk and Sheksninskoye water basins, the river Sheksna, the lakes White, Onega, Kubenskoye) – air (the airport in the cities of Cherepovets, Vologda, Veliky Ustyug, Kichmengsky Town and Vytegra) 	<p>There are no hotels of the supreme category</p> <p>The low technical equipment's quality of cultural mass assignment's objects</p> <p>A very small part of the regional highways have the advanced covering</p> <p>High deterioration of vehicles, especially the water ones. The low level of hospitality</p>
4. The experience of programs' and actions' development	
<p>In August, 2008 the Strategy of development in the sphere of Vologda region tourism (till 2020) was authorized</p> <p>In September, 2008 the long-term target program «The Development of internal and foreign tourism in Vologda region 2009 – 2012» was adopted</p>	<p>The absence of the methodology of estimation of tourism's importance in the regional economy</p> <p>There is no monitoring of the tourism branch condition in the Vologda territories</p>
5. Informational basis	
<p>In 2007 the tourist information centre «The Regional center of marketing and promotion of tourist programs in Vologda region» was created</p> <p>The presence of the uniform recognized style of the information material</p>	<p>At the regional level the statutory acts on the organization and stimulation of the tourist branch are not accepted</p>
6. The developing system of preparation and retraining of personnel for the sphere of tourism	
<p>Since 2002 in the system of the higher vocational training the professional training for the tourist industry is realized at the Vologda state technical university (speciality «Social and Cultural service and tourism», specialization «Sociocultural service»)</p> <p>In the sphere of average vocational training system the preparations of experts for the sphere of tourism is formed on the basis of educational programs for such kinds of activity, as hotel service, public catering, tourism</p>	<p>The system is focused on preparation of managers of average and top echelons, and in a lesser degree on preparation of experts in the sphere of hospitality technologies</p>

According to the "Vologdastat's" data, nowadays approximately 2% of the regional population are engaged in the tourist sphere. The tourist activity brings the real income both to the subjects of the tourist industry and to the state. The contribution of tourism to the economy of Vologda region made **5,96 billion rubles in 2007⁵ or 3,3% of GRD.**

By the beginning of 2008 in Vologda region about 120 tourist firms, which are mostly concentrated in Vologda and Cherepovets, had operated⁶. The mentioned firms in the greater degree carry out the activity on the organization of outer tourism that basically is determined by the level of solvent demand of local population.

In the sphere of small business the high share of the enterprises offering tourist services, indirectly testifies that the tourist activity brings the real income to the subjects of the tourist industry and provides their ability to exist.

Besides the tour agencies are the source of profits to the state and local budgets. In 2006 the tax payments of the organizations with the basic kind of activity "The Organization of Rest and Entertainments, Cultures and Sports" have made 199,6 million rubles; and 319 million rubles in 2007⁷.

Under the economic crisis' influence the regional tourist organizations faced the following difficulties:

1. The reduction of the sales for the foreign directions, especially for the distant expensive travels.

2. The tourists' refusal of the reserved tours because of toughening the policy of consumer credits' distribution and because of the decrease of the population solvency and its uncertainty in the future.

3. The penal sanctions for the refusal of the reserved tours at the foreign tours' operators.

4. The minimization of charges, such as the reduction of the personnel at the tourist organizations or closing of their additional offices.

For solving all the mentioned problems in the sphere of the regional tourism the plan on the Anti-recessionary actions for 2009 was developed (*table 2*).

Since December, 1998, under the initiative of the Moscow Government and the Vologda Region administration the project "Veliky Ustyug as the native land of Father Frost" has been realized. For the recent 10 years the project has got the all-Russian, national features, has become the important element in the moral education of youth, has turned into an appreciable component of economy, operating as the factor influencing the growth of the population employment, and also as a stimulator for manufacturing goods and services, for the development of the regional infrastructure and communications.

The project is directed to solving the problems of moral education of children and youth, to introduction and realization of values of healthy life, to the strengthening of the idea of family. There were traditional programs, festivals, sports competitions under Father Frost's aegis. The main idea of all creative actions held within the framework of the project, is given in the motto, written on the arms of Father Frost: "Make Good Affairs".

Father Frost took an active part in the actions organized within the frameworks of the following projects: "The Child's Year" (2007), "The Family Year" (2008), "Youth's Year" (2009.)

"Father Frost is our national brand. That is great, that we began to advance this symbol, and to advance it in different directions. He is a kind, good theme uniting people", – the president of the Russian Federation *D.A. Medvedev* noted during his visit to Murmansk, held on January, 11, 2008.

The uniting value of the given project was also emphasized by the Governor of Vologda region *V.E. Pozgalev*: "We understand, that he unites people of different political views, concessions, beliefs, property status, because Father Frost is for everybody, both for rich, and for poor. Perhaps, it is the most native of all national projects because it really covers all sides of life, all layers of the population, it is the project which forms kindness; and, to our plan, the 21st century's people with kind hearts should help shape Russia"⁸.

Table 2. Anti-recessionary actions in the tourism sphere in Vologda region for 2009

ACTIONS
Preparation of offers on modifications and additions in the Federal law from 05.02.2007 №12 FL "About the modifications in the Federal Law "About the bases of tourist activity in the Russian Federation": <ul style="list-style-type: none"> – application of financial guarantees in view of differentiation of tour operators proportionally to the tour operators responsibility's real volume towards their clients – the establishment of the minimal sum of financial guarantees for tour operators – differentiation of powers in the tourism sphere between the Russian Federation, and its subjects – registering of guides and other subjects of the tourist industry in the subjects of the Russian Federation – the reduction of contracts between tour operators, agents and clients to conformity following the norms of the law "About the consumers' rights protection"
Creation of the tourist organizations' association in Vologda region (in view of interaction of all executive government's bodies and tourist business under the decision of problems in the sphere of tourism)
Realization of the actions on the project "Veliky Ustyug as the native land of Father Frost" <ul style="list-style-type: none"> ➤ development of the concept "Veliky Ustyug as children's capital of Russia" ➤ creation of the management mechanisms for the national brand "Veliky Ustyug as the native land of Father Frost" ➤ promotion of the project "Veliky Ustyug as the native land of Father Frost" as the whole-year tourist product
Development and realization of the actions on the program of personnel potential's development in the sphere of tourism and in the industry of hospitality
Development of the actions on stimulation and support of the tourism sphere and of the hospitality industry
Creation of the coordination council on tourism in Vologda region under supervising of the first assistant to the Governor (in view of coordination of interaction between the bodies of the executive government, the institutions of the local government and the subjects of the tourist industry on the issues of tourism development and its sub-branches)
Investments' attraction to the sphere of tourism: Development of the tourism objects accommodation infrastructure's circuit in Vologda region till 2012 and with its prospect till 2020, including the project "Veliky Ustyug as the native land of Father Frost": <ul style="list-style-type: none"> • the arrangement of the accommodation means • the informational arrangement of roads (the accommodation of informational posters and designs in basic tourist directions) • the development of the roadside services
Development of the intermunicipal investment project «Tourists' destination "Beloye Ozero" and its including into the regional investment program for 2010

According to the words of the first deputy head of fraction «Unified Russia» *V.V. Ryazan*, "Father Frost from Veliky Ustyug is attracts tourists, so, he can help to create the additional income and new workplaces. And all this will help to overcome the crisis"⁹. The given project is also attractive for the individual business. For the period 1998 – 2007 more than 1 billion rubles were enclosed into the project, from them 30% were made by means of investors¹⁰. The further cooperation of the state and business policy will allow to transform Veliky Ustyug into a perspective "point of growth", and to prove its social, commercial importance and its budgetary efficiency.

In spite of the fact that the global financial crisis influences the tourist sphere, the tourists' stream to Father Frosts' home won't reduce (to the opposite, in 2008 the number of visitors

grew to 15%). People will not refuse to travel, but they will cut down the expenses for the trips. It will be reflected in short-term tours' prevalence.

While organizing the tourist industry in Veliky Ustyug it is necessary to pay special attention to **one-day rounds for the economic class**.

Under the conditions of the financial crisis, the reduction of budgetary support and social instability it is important to keep **a social orientation of the project**. First of all it concerns the support of the project "Father Frost's Mail"; the organization of specialized tourist tours to the Homeland of Father Frost; promotion of the national brand "Father Frost".

A positive role in the decision of problems concerning the issues of strengthening the vital institutes of childhood and family, moral

education of the young citizens of the country as the base of steady and safe development of Russia is played by the project "Veliky Ustyug as children's capital of Russia".

Nowadays the Committee on tourism in Vologda region develops the project of **the infrastructure objects' accommodation circuit on the territory of the region**. The given circuit assumes that:

- the realization of investment projects will make 10,9 billion rubles for 2009 – 2015;
- the share of the capital investments in the sphere of tourism will make 4 or 5% into the regional economy;
- 6 000 – 7 000 additional workplaces will be created;
- the gain of tax receipts will make 240 million rubles.

Notes

1. Gulyayev, V.G. Tourism: economy, management, steady development: the textbook / V.G. Gulyayev; The Russian International Academy of Tourism. – M.: The Soviet Sports, 2008. – 280 p.
2. The Site of the World Tourist Organization [Electronic resource]. – Access mode: <http://www.unwto.org>.
3. The President of the Russian Federation's List of Assignments on the results of the session with the heads of the cities making up "The Golden Ring", 01.08.2008 at Uglich (Pr-1630 from 11.08.2008).
4. The List of the basic statements from the Concept of the socio-economic development's strategy in Vologda Region for the long-term prospect (the decision of the Regional Government №380 from 16.04.2004).
5. The Data of TO FSGS in Vologda region.
6. The Data of the Committee on tourism in Vologda region.
7. The Data of the Federal Tax Service's Department in Vologda region.
8. The Governor of the Vologda region V.E. Pozgalev's report at the round table "Veliky Ustyug as the native land of Father Frost. A fairy tale and reality", having taken place in the State Duma of the Russian Federation 3/12, 2008 (the session of the group of deputies-members from the party "Unified Russia").
9. The report of the first deputy head's assistant from the party "Unified Russia" V.V. Ryazan at the round table having taken place in the State Duma of the Russian Federation 3/12, 2008 (the session of the group of deputies-members from the party "Unified Russia").
10. The Data of the Committee on tourism in Vologda region.