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Status and prospects of tourist industry development in the Vologda region

The article shows the role of the tourism sector in the economy of the Vologda region, identifies key problems and a number of key areas of the tourism development and management tools for the tourism industry of the region.

The Vologda region, tourism industry, problems of the development management.



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Research studies and practice show that under current conditions tourism is increasingly important as a factor in favor of stabilization of the entire socio-economic process, ensuring the inflow of funds into the regional budget, creating jobs, stimulating the production of goods and products, improving infrastructure and communications, etc. In Russia the North-West Federal District occupies one of the most

advantageous positions in terms of the tourism development. It has a unique combination of favorable climatic conditions and the major places of cultural heritage. European experts estimate the total volume of incoming tourism of NWFD in 2006 at 12,8 million people, of which Russian tourists make up about 56%. The tourism industry market of the North-West Federal District of Russia was second after the Central

region (including Moscow) in percentage of arrivals of foreign tourists from countries outside the Commonwealth of Independent States.

Among the regions of NWFD the Vologda region in 2006 ranked 7th at the total income from tourism per capita, as well as the percentage from the tourism revenues in the amount of GRP (fig. 1).

This sector contributes significantly to the economy of the region. In structure of the gross regional product the share of tourism in 2006 amounted to 2,7%. Calculation of the «instantaneous multiplier» showed that every 1000 rubles, spent by tourists in the Vologda region, yielded to its economy 1160 rubles in 2007.

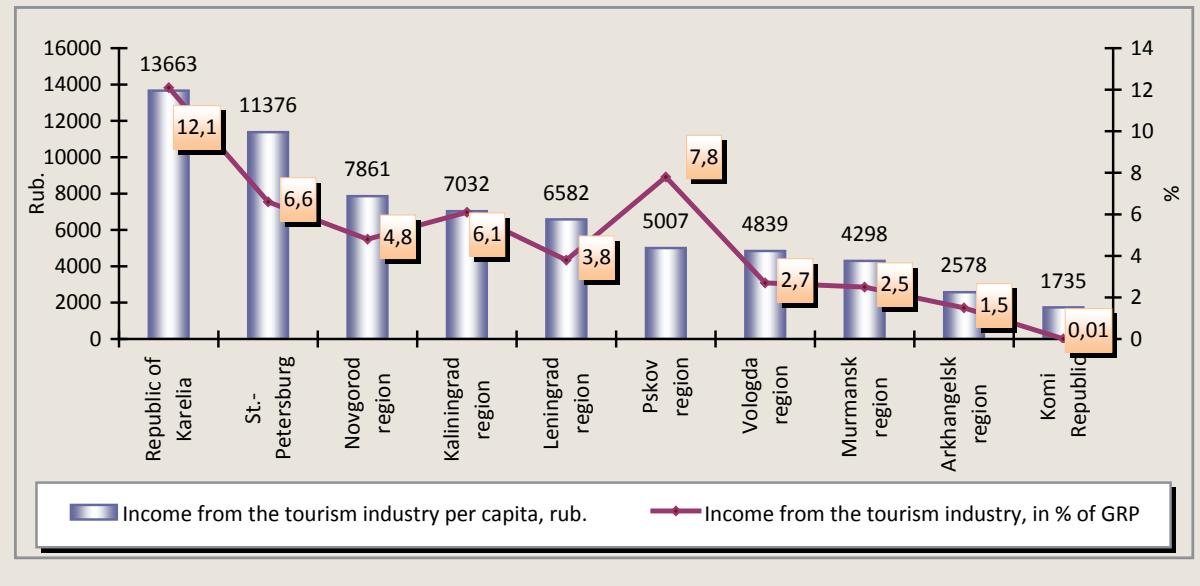
The number of tourist companies in 2007 compared to 2000 increased twice – from 34 to 68 units. 18 of them are tour operators and 44 are travel agencies. The number of tourists served by the Vologda tourist companies amounted to 71 thousand people in 2007, 48,3ths people of them were sent to journey through the country, 22,5ths were sent abroad and 25,6ths people were received by the region.

Success in the market of tourist services depends primarily on the attractiveness of the region. The attractiveness of the Vologda region is attributable to:

1. Natural and geographical conditions. The region is geographically widespread. Its length from the north to the south is 385 km and from the west to the east is 650 km. The location of the region in the north of the European part of Russia between 58° and 62° north latitude at the intersection of the ways from Moscow to Arkhangelsk and from St.-Petersburg to the Urals and Siberia is economically beneficial. Natural resources of the Vologda region, with its unique northern landscape, forests, lakes and rivers are of great importance for therapeutic and recreational, adventure and sports tourism.

2. Peculiar historical and cultural potential. In the region there are plenty of monuments of Russian history and culture (761 units, including 218 units of federal importance). They are unique architectural complexes (monasteries, objects of religious and civil architecture, city planning and engineering), the ancient portage ways, historic settlements, memorial signs, places connected with the life and work of people who made a tangible contribution to Russian history and culture. 11 settlements of the region listed as a part of the historic cities and settlements of Russia. The main centers of historical and cultural monuments of the

Figure 1. The total income from the tourism industry in the NWFD regions in 2006, billion rubles



Vologda region are Vologda, Kirillov, Belozersk, Veliky Ustyug, Tot'ma, Verkhovazh'ye, Ustyuzhna and Vytegra.

3. The maintenance and resurgence of folk arts and crafts, including traditional Vologda crafts such as weaving lace, the Northern niello in Veliky Ustyug, carving and painting on bark and other traditions of folklore, holding fairs.

4. Environmentally friendly natural areas, which create the opportunity for the development of ecological tourism. There are two natural monuments of national significance. They are the part of the Darwin State Reserve in the district of Cherepovets (with an area of 45,1 thousand hectares within the limits of the Vologda region) and National Park "Russian North" in the district of Kirillov (with an area of 166,4 thousand hectares). In addition, 77 public natural reserves are organized. Interesting objects of nature that are of scientific research, aesthetic and cultural value are preserved. These are ancient parks, groves and pine forests, flowing springs, etc.

Over the past 10 years the Vologda region has become very noticeable on the tourist map of Russia. The favorable environment in the region, provincial atmosphere make it attractive in terms of recreation for inhabitants of megacities, and primarily from Moscow and St.-Petersburg.

In 2007 the number of tourists visited the region is more than 3,7 times increase compared with the year 1997 (*table 1*). The bulk of the tourist flow are sightsees (71%), who come in no longer for a period of 24 hours. The remaining 29% of tourists are staying in the region on average for 3,5 days. The Kirillov and Veliky Ustyug districts are visited most of all, they account for more than 30% of travelers. The

tourism potential capacity of the Vologda region is more than 3 million visitors a year. Nowadays its potential is used near 30%.

Having a high level of attractiveness for tourists the Vologda region has a number of problems hampering the development of the tourism industry.

The main problem is the lack of development of tourist infrastructure. Primarily this is the discrepancy of world class collective accommodation (CEB) and the lack of places in them.

The leading position in the number of tourists in collective accommodation is occupied by the city of Vologda and Cherepovets, and six districts of Veliky Ustyug, Cherepovets, Vologda, Vytegra, Tot'ma and Kirillov. The proportion of tourists provided with CEB in the total number of tourists in these districts is 87,7%, which is due to the highest attractiveness of these areas in the tourism sector. At the same time in the districts of Syamzha and Mezhdureshch'ye collective accommodation is not available, thus limiting the opportunities for attracting tourists and developing tourist industry.

The hotel complex area of the region in 2007 included 103 collective accommodation means, including 66 hotels, 37 institutions for special purposes such as 24 sanatorium, spa and health camps, preventoriums and 9 campsites and rest homes.

Most collective accommodations do not have a star category (except for 2 three-star and one two-star hotels), not all facilities are certified accommodations. So many tourist accommodation facilities need to be renewed or reconstructed. A relatively low percentage of rooms with all conveniences shows that the

Table 1. Dynamics of the incoming tourist flow in the Vologda region, thousand people

Indicators	1997	2005	2006	2007	2007 to 1997, times
Total number of visitors	310	1045	1100	1164	3.7
Among them:					
tourists	180	316	320	340	1.9
sightseer	130	729	780	824	6.3

local collective means of accommodation are not sufficient to ensure global standards of servicing tourists.

In addition, when Vologda and Cherepovets hold such large-scale tourism event activities, such as the exhibitions "Russian Forest", "Russian Flax" and "Gates to the North", the festival "Voices of History", the Gavrilin International Music Festival, sporting events in Cherepovets, there is the problem of shortage of hotels.

The system of public catering also does not meet modern international standards of servicing tourists. In the Vologda region it is represented by different restaurants, bars, cafes and canteens, fast food and self-service stands. The problem is that a relatively small number of enterprises in this sector can serve groups of tourists, providing the quality of services at a reasonable price.

However, the major problems are the lack of adequate infrastructure of roadside service, the lack of proper services, lack of hygiene and sanitation and many others.

The desire of a tourist to visit places of interest, even in the remote corners of the region, depends on how his travel to the point of destination will be nice and comfortable. A *poor transport infrastructure and limited accessibility* hinder the realization of tourist products to remote tourist facilities, located in Veliky Ustyug, Beloozero and others (*table 2*).

Another problem is *the underdevelopment of the entertainment industry*. The greatest number of spectacular entertainment facilities is located

in Vologda and Cherepovets. In the region there are a lot of different activities in the field of sports and recreation. But most of them are not of interest to tourists because of the low level of organization, moral and physical wear of equipment (including sports), a number of other factors.

Cultural and informative component has precedence over spectacular and entertaining one that significantly reduces the overall performance of the tourism industry sector. Creation of the entertainment industry as well as hotel facilities and catering should be a priority investment area in the tourism sector.

Training and professional level of staff, serving tourists, does not correspond to the modern requirements. Lack of practical and theoretical knowledge, a low level of training of personnel involved in the tourism sector, has a negative impact on tourist flow.

Recently the problem of training in tourism sector has already solved. Tourism specialties have been established in the Vologda State Technical University, the Vologda and Cherepovets Pedagogical Universities, Teachers College in Veliky Ustyug and Cultural school in Kirillov, training courses for guides were also resumed.

In addition there are other problems in tourism sector which are to be solved. These are *poor quality and monotonous tourist products* (the same tours are often offered, which differ only in sights, alternatives of leisure in the event of a change of weather conditions or other circumstances are not thought over, etc.), *the absence of*

Table 2. Problems in the transport sector of the Vologda region

Mode of transport	Problem
Surface	Inadequate road network Lack of roadside service The low level of comfort of the bus fleet The poor condition of rolling stock The poor condition of railway stations The lack of station service
Water	The lack of modern water berths for safe reception of tourists The poor coastal infrastructure The poor inland river transport The high degree of worn-out ships, lack of funds for the purchase of new modern ships
Air	Unsatisfactory condition of runways

a clear tourist attraction positioning in the Vologda region (it is information on the uniqueness of tourist attractions, on the favorable environment, the recreational opportunities in the region that have to attract potential tourists).

One of the major trends in the tourism development in Russia is increasing competition in the market of the tourism offer as a consequence of the emergence of an increasing number of regions with extensive ambitious plans to attract tourists. As a result the tourist regions must strive not only to maintain but also strengthen their position on the tourism market through the planning of tourist activities, which provides long-term investments in tourism, a clear regional strategy. Accordingly, the role of regional policies for tourism development as well as target promotion of certain tourist destinations on the external and internal markets increases in general.

The strategic aim of developing the tourism sector of the Vologda region economy is **a creation of a competitive tourist complex that provides**, on the one hand, opportunities to meet the needs in tourism of the population of the region, Russian and foreign citizens, but on the other, contribution to the development of the region's economy through the influx of money, tax revenues in the budget, the increas-

ing of jobs and **the preservation and rational use of cultural, historical, natural and recreational potential of the Vologda region**.

The key-points for the future are:

- promotion of tourist products in the national tourist market;
- formation of a new tourist product that goes beyond the traditional understanding of the possible offers of the Vologda region;
- expansion of opportunities for investments in tourism infrastructure;
- training and improvement of professional skills of personnel servicing tourists.

To create an effective and competitive tourism industry we must use all the strengths and potential of the region (*table 3*) which will be the start up of strategic scenarios for the tourism development.

The implementation of these scenarios, the active promotion of the tourist products on the market is impossible without an integrated management system that meets modern requirements of rapid development. In order to effectively manage the tourism activities in the region it is necessary to develop organizational and managerial mechanisms, such as a program-targeted management, collaboration with private business, organization of monitoring systems, etc.

Table 3. The analysis of the tourism sector in the Vologda region

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Existence of the unique monuments of history and culture ▪ Proximity to Moscow and St. Petersburg ▪ Convenient transportation ▪ Strong cultural and historical traditions ▪ Vologda traditional crafts (weaving lace, the Northern niello, Shemogodsk bark carving, etc.) ▪ Quality food products (milk and dairy products, butter, meat), including brand products (Vologda butter) ▪ A wide spectrum of tourism activities in the region 	<ul style="list-style-type: none"> ▪ Inadequate training of personnel in tourism sector ▪ Lack of CEB during mass events, exhibitions, etc. ▪ Low service quality of tourist infrastructure ▪ Lack of development of the entertainment industry ▪ Poor condition of road network (the lack of paved roads) ▪ Lack of advertising and information support for promotion of regional tourism product in the domestic and foreign markets
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ Inclusion of tourism facilities of the Vologda region in catalogs of travel agencies from other regions ▪ Increasing sales of brand and souvenir goods of the Vologda region ▪ Increased income levels ▪ State support for investors ▪ Work with additional consumer groups ▪ Confidence in competitive regions 	<ul style="list-style-type: none"> ▪ Loss of tourist market due to low level service ▪ Competition from other tourist centers in Russia, as well as from near and far abroad ▪ The destruction of historical and cultural monuments because of the insufficient measures for their maintenance ▪ Destruction of lock system of the Volga-Baltic Canal

Program-targeted approach. The approach in the management involves the adoption and implementation of target programs aimed at implementing key strategic priorities.

Politics in the tourism sector of the Vologda region was implemented in accordance with the concept of tourism development in 2002 – 2004. In 2007 "Strategy development of the tourism sector in the Vologda region up to 2020" was approved, in 2008 a long-term target program "Development of domestic and incoming tourism in the Vologda region in 2009 – 2012" was adopted. Its goal is a formation of effective tourism industry in the region, contributing to the socio-economic development of the region due to the increase in tax revenue in the budgets of all levels, as well as preservation and efficient use of natural, recreational, cultural and historic resources.

Within the program 200 million rubles are to be allocated in 2009 – 2012 (of which 11 million from the budgets of districts, the rest – from the regional budget), the active cooperation with the constituent territories of the Russian Federation (Petrozavodsk, the Yamalo-Nenets Autonomous District), the opening of new tourist itineraries ("Way Home" in the district of Kharovsk), tourism water

communications (between Vytegra and Petrozavodsk), a theme park "Kingdom of Goldfish" in the district of Vashki.

Almost every district is quite successfully implementing tourism projects (*table 4*).

One of the successful examples is the project "Veliky Ustyug – Homeland of Farther Frost", which has been in force since 1998, and about a billion rubles have been invested in it within 10 years, including about 300 million rubles of private investment. As a part of this project interregional cooperation has received significant development, the program provides many social activities.

In recent years, the international authority of the Vologda region significantly increased. It attracts more and more attention of official and business quarters of the leading countries of the world as a reliable and promising partner for constructive mutually beneficial cooperation:

- long-term bilateral agreements for direct partnerships, trade, economic and cultural co-operation with the regions of Finland, Sweden, China and other countries are realized;

- annual exhibitions and festivals are held, such as Interregional tourism trade fair "Gates to the North: tourism, culture, service" (the main goal is the development of domestic and

Table 4. Tourism projects of the Vologda region districts

District	Tourism project
Vologda	"Vologda – Lace capital of Russia"
Cherepovets	"City of Leaders"
District of Tot'ma	"Tot'ma – Russian City of Columbus"
District of Tarnoga	"Honey Tarnoga"
District of Kirillov	"The Holy Land of Russia"
District of Belozersk	"Belozerks – Epic City of Russia"
District of Vytegra	"Marine Glory of the Vologda region"
District of Vashki	"Lipin Bor – Kingdom of Goldfish"
District of Sheksna	"Siz'ma – Original Corner of the Vologda region"
District of Gryazovets	"Milky Village"
District of Ust'-Kubinskoye	"Traditions of Boating Skills"
District of Nyuksenitsa	"Treasures of Folk Traditions"
District of Verkhovazh'ye	"Following the Lomonosov's way"
District of Ustyuzhna	"Ustyuzhna – City of Blacksmiths"
District of Vologda	"Vologda Butter"

incoming tourism); Interregional New Year and Christmas souvenirs trade fair (the goal is the enlargement of existing and creation of a new range of souvenirs); Interregional festival of arts "Beloozero" (a visiting card of Belozersk and a part of the tourism program).

Improvement of interaction with private business. The major share of tourism services provision in the Vologda region belongs to small businesses (93,4%). They are tour operators and travel agencies, and other business structures that are the foundation of the tourism industry (catering, accommodation, entertainment, transportation component, etc.).

Sociological survey, carried out by Vologda scientific and coordination center CEMI RAS, showed that more than 61,8% of residents consider the Vologda region to be an attractive tourism sector to invest their own funds. Thus, the role of small and medium-sized businesses in this area will only increase.

A constraint factor of the tourism industry development is the fragmentation of all the

small and medium-sized business participants, as well as a number of problems (*table 5*).

According to the survey, to resolve the problems existing in the hotels and tour agencies, the Government should render the following assistance:

- to allow tax benefits;
- to give a guarantee in making credits and loans;
- to put travel agencies in regional projects to promote tourism.

At present, the impact of interaction between the Government of the Vologda region and the sphere of tourism managers of hotels evaluated at only 3,6 points (on a 10 points scale), and managers of travel agencies did it at 4,8 points, that indicates a lack of interaction between enterprises and authorities.

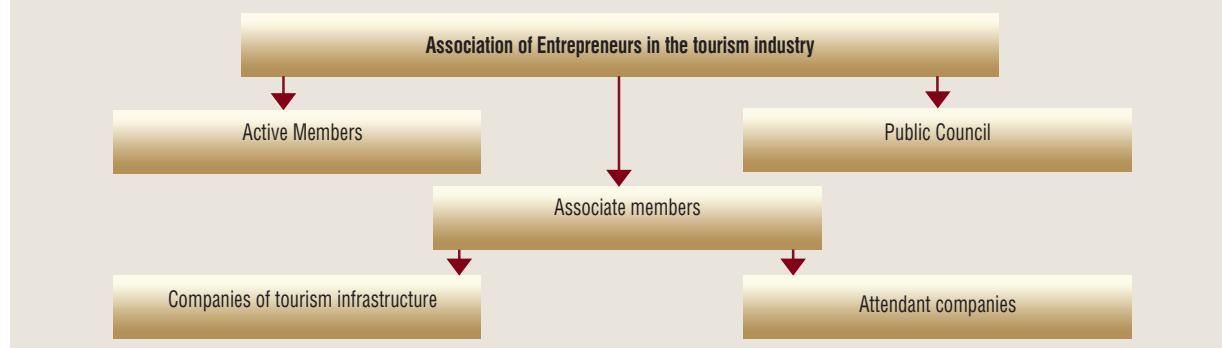
One of the mechanisms to improve interaction between government and small businesses in the tourism sector is the creation of the Association of Entrepreneurs in the tourism industry (*fig. 2*).

Table 5. Problems in the hotel sector and travel agencies (according to the survey, % of respondents)

Problem	Hotel sector	Travel agencies
The high cost of utilities and power	83	-
The lack of qualified personnel	50	29
High levels of taxation	33	59
Unfair competition	-	53

*The survey was carried out by Vologda scientific and coordination center CEMI RAS. Special questionnaires including closed and open questions were given to managers of tourism enterprises. The sample consisted of 7 hotels and 20 travel agencies that meet the requirements of a survey representativeness. The proportion of returned questionnaires in their overall number was 85.7% (hotels) and 85% (travel agencies).

Figure 2. Scheme of the Association of Entrepreneurs in the tourism industry



The association forms the economic field, which implements policies for tourism development in the region, including government and business organizations, as well as the public. It is necessary to clearly designate those people who are interested in improving the functioning of the tourism industry.

The Vologda region has experience in the creation of associations of tourism. Founded in 1998, a non-profit partnership «Cherepovets tourism association» debuted as a union of tourism industry enterprises and brought together all the participants and became one of the main levers of the tourism development in the city of metallurgists.

Formation of interaction between state and business structures will significantly enhance the region's competitiveness in the market of tourism and recreational services and this will lead primarily to increasing flow of tourists and increase the overall load of the tourism industry.

Organization of tourist industry monitoring.
In order to obtain accurate, timely and objective information about the processes occurring in the region's tourism industry, it is necessary to carry out its monitoring studies on a regular basis (once a year). This, in turn, will provide

a more thorough approach to the creation of policy papers, the prediction of development of the sector for short, medium and long term, the development of appropriate recommendations and actions.

Thus, the effective management will help to reinforce positive trends in tourism of the Vologda region. Sustainable development of the industry in future will be realized in a number of directions that will allow to maximize tourism potential. The main directions are:

- ❖ promotion of the Vologda region image on the national and international tourism markets as favorable places for tourists;
- ❖ development of new routes for tourists in the region and implementation of tourist projects in the districts;
- ❖ promotion of the further development of public-private partnership in the tourism sector;
- ❖ improvements in training personnel for the tourism industry.

Taking into account the wide range of economic areas, where tourism serves as a catalyst for development, it is true to designate tourism as "another point of economic growth" in the region.

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