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DEVELOPMENT OF THE TOURISM INDUSTRY IN THE SOUTH OF RUSSIA UNDER CONDITIONS OF RESTRICTIONS

Lyudmila Prigoda
Department of Finance and Credit, Maikop State Technological University, Maikop, Russia
https://orcid.org/0000-0002-4762-3892

Marina Ashinova
Department of Finance and Credit, Maikop State Technological University, Maikop, Russia
https://orcid.org/0000-0002-4631-430X

Svetlana Eshugova
Department of Finance and Credit, Maikop State Technological University, Maikop, Russia
https://orcid.org/0000-0001-9106-8307

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Abstract

The growth of investments in tourism and increase in production due to increased tourist demand has a positive synergistic effect on all sectors of the country's economy. That encourages investment activity, the creation of new jobs, the expansion of trade, and an increase in wages. A part of the income comes through taxes to the state budget. A synergistic effect occurs consequently. This research showed that the system of organization and development of the tourist services market represents a combination of financial and economic structures, models, and management methods. With the help of it, social, group coordination, and private interest arising from the growth of the tourist product market are achieved. The paper presents the methods and tools that enable the assessment of the region's competitiveness in the tourist and recreational services provisions and an overview of the main factors that influence the demand for these services. The consistency and objectivity of the considered problems in their mutual connection and interdependence are ensured by considering general economic principles and methods of analyzing the legality of economic development, logical analysis, decision theory methods, set theory, historical method, abstract-logical method, statistical methods (consideration of indicators in

Address of the corresponding author:
Lyudmila Prigoda
lv_prigoda@mail.ru

dynamics, grouping, method of detailing), methods of comparison, comparison, etc. The study is based on economic literature, works of contemporary scientists, the legislative framework of the Russian Federation, materials of state statistical authorities, materials of scientific conferences, and the information potential of the Internet.

Keywords: tourism, recreation, socio-economic efficiency, competitiveness of the region, transport infrastructure, regional development

1 INTRODUCTION

The South of Russia is traditionally a tourist and recreational area. The presence of a wide variety of natural and recreational support for tourism and the sanatorium and resort sector objectively forms a steady demand from the population for the provision of rehabilitation and recreation services and determines the current macroeconomic situation in the region.

The South of Russia is characterized by a significant variety of conditions and factors that determine the formation of tourist and recreational complexes. The regions of the Russian South differ significantly from each other depending on the geographical location, natural and socio-economic conditions, the peculiarities of the geopolitical situation, the level of development and use of tourist and recreational, and the specialization of tourist centers.

If we talk about natural prerequisites, they are most favorable in the Krasnodar Territory, which has access to the southern warm seas (Black, Azov). The Black Sea coast has a Mediterranean subtropical climate. The mountainous areas of the extreme northwestern part of the Caucasus Range are characterized by low seismicity and the presence of unique places, the tourism facilities that are actively being developed. The Azov coast is becoming a developing tourism zone. In the region, the development of sources of therapeutic mud is underway.

The second most recreational value in the South of Russia is the Stavropol Territory, or rather, a group of Caucasian mineral water resorts, which have healing waters of world importance.

In the Rostov region, the recreational zone is represented in the Sea of Azov and the mouth of the Don. Other places are represented by "point" centers of tourism. They are located mainly along the Don River and its tributaries.

In the Astrakhan and Volgograd regions, recreational activities are concentrated mainly along the Volga River. Many cultural and historical sites stand out here, in particular, the military-patriotic complex "Mamayev Kurgan" in Volgograd and the Astrakhan Kremlin, as well as the reserve at the mouth of the Volga River.

In the Southern Federal District, Adygea has conditions for the development of mountain tourism and river rafting, important transit highways from the Center to the Black Sea coast pass through it, and in Kalmykia, there is the largest Buddhist temple in Russia in the city of Elista. The latter is one of the international chess centers.

The republics of the North Caucasus have opportunities for mountain tourism development, including in winter. In Karachay-Cherkessia there are Dombay and Teberda; in Kabardino-Balkaria - the Elbrus region; in North Ossetia-Alania - the Tsey Gorge.

The Chechen Republic and the Republic of Dagestan have significant recreational opportunities. In Dagestan, this is the Caspian zone, especially Makhachkala and Derbent with its famous ancient fortress Naryn-Kala and some mountain settlements: Gunib, Kubachi, Untsukul, etc. In Chechnya and Ingushetia, a few places have been preserved almost in their original form due to their remoteness and inaccessibility. These include Lake Kezenoy-Am, the largest in the highlands of the North Caucasus, and objects of cultural heritage of the Vainakhs (medieval towers).

2 RESULTS AND ANALYSIS

According to the Federal State Statistics Service of the Russian Federation (Rosstat, 2023), the southern regions account for 24% of all tourist trips to the Russian Federation in 2022, which in numerical terms corresponds to 37 million trips.

A feature of the resorts of the South of Russia is their focus on domestic tourism. Only a small part of the places of recreation can be attributed to the locations of the international level. This fact was one of the reasons that the sanctions imposed by several countries against Russia had practically no effect on reducing the flow of tourists to the regions under study.

Now, considering the political situation in the RF (pandemic, difficulty traveling abroad, sanctions, etc.), the tourism sector of the South of Russia is experiencing a rise and revival. We assume that the proceeds from the provision of travel services will be used for:

- the region's infrastructure development,
- introduction of the innovative technologies,
- the personnel retraining, and
- the fixed assets re-equipment.

In this case, the southern resorts of Russia will become competitive and take their rightful place in the global tourist market.

Thus, if we talk about the regional level of economic development, the regional authorities should pay serious attention to the developments in the tourist and recreational spheres.

Due to the geopolitical situation in the RF and the world, almost all regions in the Russian Federation have significant reserves for the growth of gross regional product due to the contribution component of domestic tourism. That is, the development of the tourism sector can be chosen as a kind of economic "shock absorber" both in the regions and in microregions.

When forming a program for enhancing entrepreneurial activity in the field of domestic tourism of territories, it is recommended at the *initial stage* to determine the system of factors affecting the sphere of regional tourism. The assessment result represents a detailed study of environmental factors and tourist infrastructure, with an analysis of the degree of influence of each factor on the development of tourism in the region.

In the next stage, an analysis of the available resources, strengths and weaknesses, and recreational opportunities of the tourist and recreational complex of the region should be carried out. After the strengths and weaknesses of the recreational opportunities of the region are identified, it is crucial to identify priority areas of tourism that may be associated with:

- Natural resources.
- Anthropogenic resources
- Combined resources.

Using this classification, directives for the tourist services market development were formed on the example of the Republic of Adygea, shown in Figure 1.

As a result of the assessments carried out at the third stage, a map of STEP analysis is formed (analysis carried out by establishing expert assessments for each factor according to the principle of significance for the object under study).

The map shown in Figure 2 reads as follows: the cultural and educational direction of tourism covers both zones 4 and 3. Therefore, to increase the percentage of success (getting into the 4th zone), it is necessary to attract sufficient funds for the repair of museums and the construction of tourist accommodations. Active areas of tourism (for example, extreme sports) are in the 4th and 3rd zones since there is very high competition in this area in the region. For a complete transition to zone 4, you need to provide a detailed assortment of leisure activities in this area and effective marketing. Agritourism is in zone 3. It has a lower potential than the other directions have since the region currently has no successful experience in this type of tourism.

In the fourth stage, it is necessary to identify the factors of socio-economic efficiency that may appear because of the development of the industry (Table 1).

Even though the state at the federal and regional levels supports the development of the tourism industry, this area is still at an insufficiently high level of development and requires investment risky investments. The internal competition in the RF forces the regions to compete for tourists and quickly adapt to changing conditions. The last stage of the analysis is the determination of the associated risks.

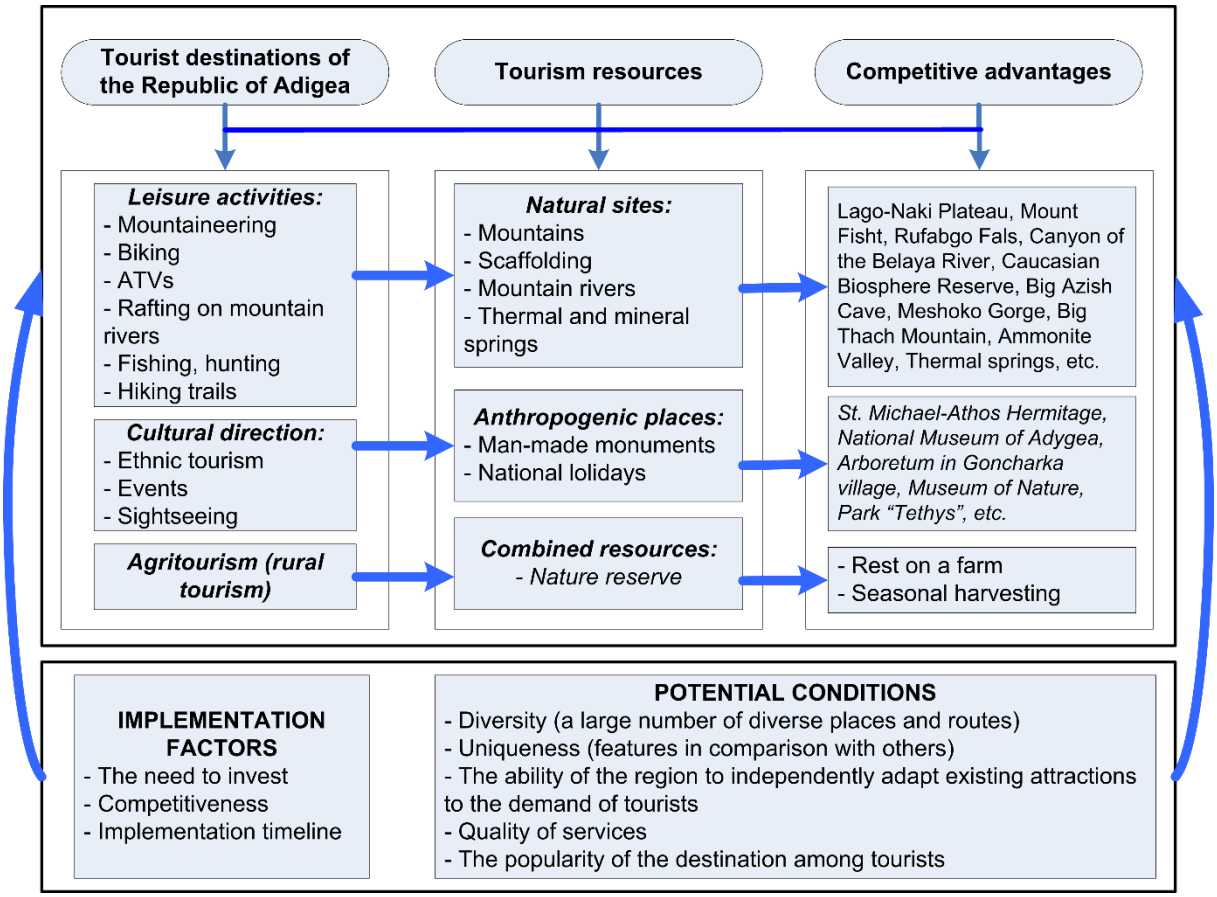

Figure 1 - The system of directions for the development of the market of tourist services in the example of the Republic of Adygea

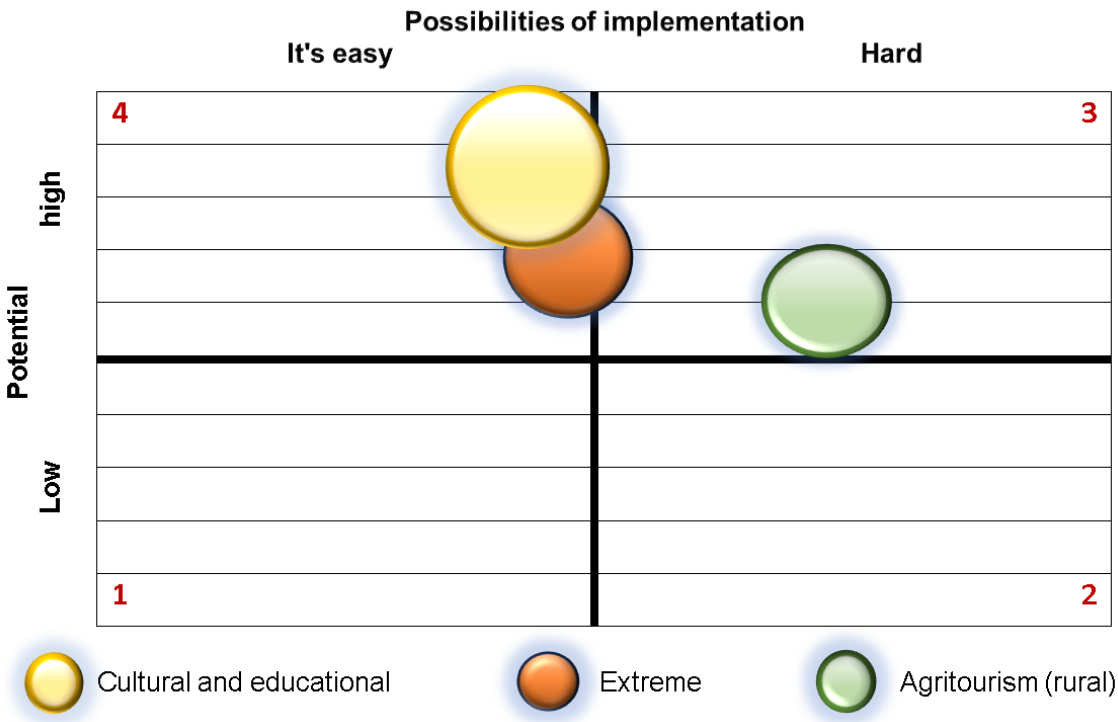

Figure 2 - Vector of development of the main types of tourism in the Republic of Adygea

Table 1 Factors of socio-economic efficiency.

Social sphere	Economic sphere
– Creation of new jobs – Infrastructure improvement. – Reduction of migration. – Improving the imposed by many medical services – Increase in the level of qualification of personnel. – Appearance of the area improvement.	– Increase in the local budget. – Attraction of investments. – Growth in revenues. – Development of social infrastructure.

The following are the possible risks of business structures in the tourism sector:

- Dependence on the weather.
- Increase in the price level.
- Tightening of tax policy.
- The race for profit can lead to losing the territory's identity.
- Reduction of state support. The region will be financed at the expense of profits from the tourism sector development.
- Growth of intra-regional competition.
- Migration outflow.
- Lack of labor resources with appropriate qualifications.
- Increasing instability in the environment because of human intervention and the intensification of many natural manifestations of climate.
- The problem with waste disposal.
- After the analysis, the top management of business structures providing services in the tourism market, at the fifth stage, it is necessary to form a decision-making map regarding alternative options for the development of business processes.

It should be noted that the above approach to the formation of management decisions in the business structure operating in the market of tourist services allows us to assess, among other things, the recreational potential of the region, since the information obtained in the first four stages can be further used by regional authorities to develop a strategy for enhancing entrepreneurship in tourism.

When assessing the prospects for the development of the tourism industry in a particular region, in addition to expert approaches, various factors, and evaluation indices can be considered.

The main barriers and obstacles to the sustainable development of the country's tourism and recreation industry include:

- lack of investment in the tourism sector,
- low level of competence,
- insufficient promotion of the country's tourism industry for both foreign citizens and residents of the country,
- low level of infrastructure, including transport,
- visa restrictions.

An important factor in the development of the tourism industry in the region is the transport and logistics accessibility of recreation areas.

As noted earlier (Prigoda, Cekerevac, & Alikaeva, 2023), the closure of the skies over Europe for Russian aircraft led to a decrease in passenger traffic in traditional Russian international air harbors (Domodedovo lost more than 15% of passengers, Vnukovo - almost 9%, Sheremetyevo - just over 7%). At the same time, regional air hubs showed a positive result, the passengers of which mainly chose Russian regions for recreation, such as:

- Zhukovsky + 50%
- Mineral waters +27.5%
- Irkutsk +25%
- Makhachkala +23.6%
- Barnaul +20.5%
- Sochi + 17%, etc.

Mineralnye Vody and Sochi took over the traffic of 11 temporarily closed southern airports. Irkutsk, Makhachkala, and Barnaul correspond to the most popular points on the map of domestic tourism: Baikal, Dagestan, and Altai.

Regional air hubs were opened to actively expand the route network for domestic tourism, as an alternative to foreign tourism. The transport accessibility of the regions, provided by its route network, reveals the potential of the constituent entities of the Russian Federation and contributes to their economic development. It also allows you to solve important social problems and open new opportunities for tourists.

The experience of developing new hubs has been successful. Thus, Sochi Airport became the most popular destination for Russian travelers in 2022 among all the carriers' base air harbors: more than 388 thousand people used flights to the south of the country. (Huttunen, 2022)

One of the elements of the transport infrastructure that allows the development of domestic tourism is rail transport. According to the official website of Russian Railways, 3.4 thousand additional train departures were scheduled in the summer season of 2023, which is 25% more than a year earlier. (Railways, 2023) The most popular cities for travel have traditionally been Adler, Anapa, Novorossiysk and Kislovodsk, located in the South of Russia.

According to Russian Railways, compared to last year, the demand for transportation in the summer increased by almost 20%. To meet demand, the company started using the new timetable in May, adding additional regular departures on existing lines and planning trains that did not run before. (Figure 3)

For example, new double-decker trains were introduced into the schedule with the message Ufa - Imereti Resort, Samara - Anapa, as well as the international train Minsk - Samara and others. In total, the holding has prepared almost 6,000 wagons for transportation to the south of Russia.

According to the company's internal estimates, from May to September 2023, Russian Railways carried more than 50 million passengers, of which more than 11 million were in the direction of the South of Russia. This is more than in the summer of 2022 when demand was also very high.

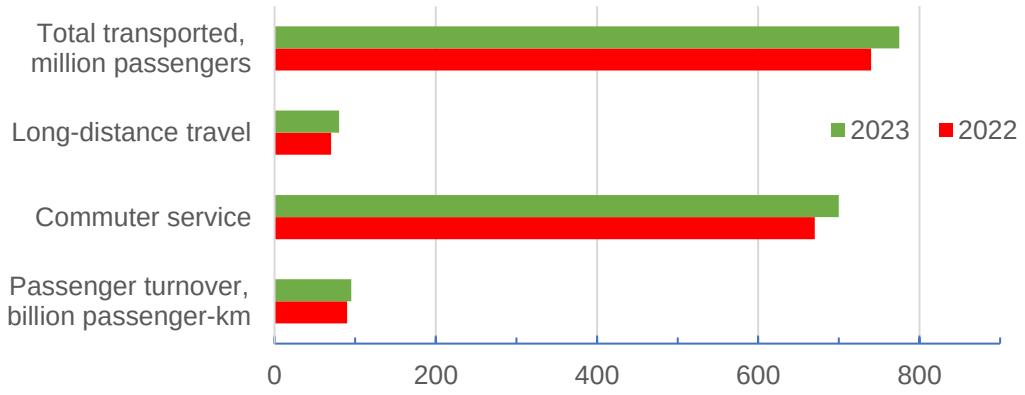

Figure 3 - Passenger traffic in Russia (Data for January-August 2022 vs January-August 2023), million passengers.

Source (Railways, 2023)

In 2023, between May and September, 6.5 million travel documents were issued by passengers.

For several years in a row, the holding has been covering the high demand for trips in the summer. In 2022, more than 1.5 thousand additional train departures were promptly assigned to ensure transport accessibility of the southern resorts. In addition, from August 1, 2022, Russian Railways, together with Aeroflot, implemented a combined transportation project according to the "airplane + train" scheme - for the convenience of passengers, the routes of the three Lastochka electric trains were extended to the Sochi Airport station.

With the transition to the market, the state retained more leverage in the infrastructure than in the manufacturing sector. This means that the development of transport is becoming the most

important element of economic management and a factor in the development of territories, with the same priorities of the state transport policy - the preservation of a single transport space, nature protection, and ensuring the safety of transport activities. (Čekerevac, 2022) Further development of digital technologies in transport infrastructure will allow the tourist and recreational areas of the South of Russia to reach a new level of development, making them more accessible. (Reunova, Namitokova, & Alikaeva, 2023)

Significant risks of implementing tourism development strategies and programs in Russia are the deterioration of the geopolitical situation and the possible increase in sanctions pressure on the Russian economy from Western countries. The implementation of the above risks may negatively affect the image of the Russian Federation as a tourist territory and reduce the positive effect of promoting Russian tourism products on the international market. In this regard, an urgent problem is the development of competitive tourism products and the creation of places of attraction for tourists to develop domestic tourism. (Ashinova, 2023)

In addition, the pattern of economic relations between all participants in the tourism market is fundamentally changing in the context of digitalization, including between government bodies regulating tourism activities, and between producers and consumers of tourism and hotel services. Thus, the process of developing a new economic business model for the hospitality and tourism industry in the form of an ecosystem seems to be a priority direction for the further development of the recreational sector. (Eshugova & Kadakoeva, 2021)

3 CONCLUSION

The above study showed:

- The main problems of the study of recreational potential include the rise in the cost of tourist services, traffic congestion, especially in the summer, insufficient development of the service, and high environmental load per unit area.
- The recreational potential of the southern regions is characterized by significant resource supply, an excess labor market, which is included in recreational activities, as well as dense communication support.
- In the economic system of Russia, its southern subjects, along with tourist and recreational specialization, are distinguished by a diversified agro-industrial complex, which closely interacts with recreation.
- The prospects for further development of the regions of the South of Russia are mainly associated with the search for more economical ways to improve the recreational potential, considering local opportunities and an effective investment policy.

Currently, progressive activities in 3 areas are growing in the tourism and recreation sector.

- The first group consists of administrative innovations associated with the growth of firms and tourism businesses in the mechanism and composition of management.
- The second is marketing innovations that make it possible to study and meet the desires of old consumers or attract new customers.
- The periodic innovations that change the consumer characteristics of tourist goods belong to the third group.

Therefore, progressive activities in the field of tourism focus on the development of a new, or the improvement of an old product.

The main features that affect the future of tourism and recreation include aggregate and sectoral factors: competition, digitalization, and political and societal development requirements. At the same time, tourist and recreational supply and demand largely depend on changing conditions, such as economic growth, the impact of state policy, and demographic and social changes. We can conclude that the increase in competition in the supply and demand market can be a trend in the tourism and recreation industry.

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