

European Research Studies Journal
Volume XXI, Issue 4, 2018

pp. 208-221

An Efficient Strategy for the Development of Tourism at Regional Level

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Abstract:

Tourism promotes the development of small and medium-sized business, an increase in employment and self-employment, and allows smoothing the disproportions of territorial development.

The objective of this work is to study the modern state of the tourism industry and to reveal the strategical development trends of tourism in the regions of the Southern Federal District (SFD).

The statistical data of Rosstat (Federal Service of State Statistics), Federal Agency for Tourism, the database of the EMISS (Unified Interdepartmental Statistical Information System) and other open sources of information were used as the sources of secondary information.

The practical part of the research is based upon the application of the author's method of estimation of the current state of the tourism industry in the regions that presupposes the calculation of the complex index of tourism development in the region.

The results of the performed research allowed classifying the regions according to the level of tourism development and determining the strategies of competitiveness improvement of the regional touristic products on its base.

Keywords: *Tourism, touristic potential, competitiveness of tourist products, tourism industry, touristic services, regional policy, regional tourism.*

JEL Classification: *L80, L83.*

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1. Introduction

Tourism is one of the largest and rapidly developing sectors of the Russian economy and a valuable source of jobs creation, economic growth, revenue from export and domestic added value. The tourism industry stimulates the growth of economy, an increase in employment and self-employment, promotes the development of small and medium-sized enterprises and their involvement in the export activity, and allows smoothing the disproportions of territorial development (Federal State Statistics Service of the Russian Federation, n.d.).

Despite the problems related to the global economic conditions, geopolitical shocks and natural disasters, tourism demonstrates sustainability. In 2016, international tourist visits to Russia exceeded 24,571 thousand visits. From 2012 to 2016, the volume of tourist services in the Russian Federation increased almost by one third: from 121.5 bln roubles to 161.34 bln roubles (Federal Agency for Tourism of the Russian Federation, 2016).

According to the long-term forecast of UNWTO "Tourism and the Sustainable Development Goals – Journey to 2030", it is expected that by 2030 the international tourist revenues into the countries with developing economies will grow twice in comparison with the rates in the developed countries (United Nations World Tourism Organization, 2017).

Besides, according to the estimations of the Federal Agency for Tourism after organizing of the football world championship 2018 the growth of the flow of foreign tourists will be 10-15% per year. The most popular sport event in the world that will take place in the largest cities of the European part of Russia is a real chance to open our country, its resources and beautiful places for very many Russian and foreign football fans. The rapidly growing geopolitical environment puts much pressure upon the existing visa and immigration policy. The countries, like never before, accept the importance of the balance achievement between the safety and adequate protection of borders and also the necessity to provide the comfort of trips as well as the safe environment for the tourists (OECD, 2016).

In Russia, there is a longstanding policy and plans for the development of the tourism sector and also the direction and orientation to the state policy at the national and subnational levels. The change of the global market tendencies requires the active, innovative and complex political actions to provide that tourism remains the competitive sector. Like many other countries, Russia faces the problem of fiscal consolidation that requires taking measures regarding the profits and expenditures as well. Often, it requires the compromises with the political objectives including a short-term and long-term growth and justice. This led to the enforcement of the pressure not only on the tourism and auxiliary infrastructure but also on the budgets responsible for: marketing and promotion, rendering of the necessary services for tourists; safety of tourists; maintaining of the natural environment that attracts the

tourists. The complex approach to tourism that will increase the coherence of the policy and efficiency of the state, social and private actions in the tourism sphere is required from the government of the Russian Federation. The government of the Russian Federation shall find the right structures and policy for promotion of this sector and use of the available opportunities.

The regions and cities play a more important role in the development of tourism and the development of the policy. The economic effects of tourism are significant and vary from one territory to the other (for example, city, rural, sea or mountain districts) from the point of view of the number of visitors, type of tourism, models of seasonality, revenues and added value for every tourist or created jobs (Maria Raya *et al.*, 2018).

At the same time, the potential of tourism for the local and regional development is, to a great extent, not implemented and the sector faces the problems of competitiveness and sustainability. The objective of this work is to study the main tendencies and determine the strategic direction of tourism at the regional level.

2. Methods

The complex research that included the analysis of the scientific literature related to the subject of research was performed to solve the above set problems. To provide the estimation within the framework of the work, the method of complex estimation of the quantitative and qualitative indexes characterizing the level of development of the tourism industry was used. The object of research was the entities of the SFD. To compare the data, the city with the federal status Sevastopol was excluded from the sample. All values were divided into three blocks, each of which included several indexes (Table 1).

Table 1. *Estimation indexes of the level of tourism development in the region*

Block of indexes of natural and recreation potential	Block of indexes of the development efficiency of tourism industry	Block of indexes of tourist and related infrastructure
1.1. Number of cultural heritage resources	2.1. A share of tourist services in GRP, %	3.1. Density of automobile surfaced motor roads, km of roads per 1000 km ² of the territory
1.2. Number of specially protected natural reservations	2.2. A share of hotel and similar accommodation services in GRP, %	3.2. Density of railways of general use per 10,000 square kilometers of the territory
1.3. Forest cover percent	2.3. Number of guests in collective accommodation facilities	3.3. Provision of telephone network of general use, units per 1,000 people
1.4. Average air temperature (July)	2.4. Investments per 1 rouble of the volume of hotel services and similar accommodation facilities	3.4. Number of active subscribers of the fixed broadband access to the
1.5. Average air temperature (January)	2.5. Employment level in	
1.6. Winter hardness degree		
1.7. Provision of high-		

quality drinking water	the tourism industry, %	Internet 3.5. Provision of hotel rooms, units per 1,000 people. 3.6. Provision of shops, units per 1,000 people 3.7. Provision of objects of generally accessible canteens and snack-bars, seats per 1,000 people 3.8. Provision of restaurants, café and bars, seats per 1,000 people
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Winter hardness degree. Winter hardness degree is calculated according to the formula (Kobysheva *et al.*, 2008):

$$S = (1 - 0.04t) \cdot (1 + 0.27v),$$

where t is air temperature, °C;

v is wind rate, m/s.

Such indexes as average temperature and winter hardness degree are changed into the qualitative indexes that are interpreted according to the scale (Table 2):

Table 2. Rating scale of indexes of climatic resources

	1	0.8	0.6	0.4	0.2	0
Winter hardness degree (according to Bodman's scale)	S<1 mild winter	1-2 – light hard winter	2-3 – moderate hard winter	3-4 – hard winter	4-5 – severe hard winter	5 – extremely hard winter
Average air temperature in July	+ 30 and higher Strong heat load	+24...+30 Moderate heat load	+18...+ 24 Comfort warm	+12...+18 Moderate warm	+6...+12 Moderate cool	0...+6 Cool
Average air temperature in January	0 ... -6	0...+6 - 6 ... -12	- 12 ... -18	- 18 ... - 24	below - 24	-

The general index of every block is composed of the sum of the individual indexes corrected per the weight coefficient. The weight of every block is taken on the base of the principle of their equal significance.

$$I_{td} = a \cdot I_{rp} + b \cdot I_{ui} + c \cdot I_{ti},$$

where I_{td} is the index of tourism development in the region;

I_{rp} is the index of natural and recreation potential;

I_{ui} is the index of the efficiency of the tourism industry;

I_{ti} is the index of infrastructure development.

$$I_{rp} = \frac{\sum X_{in}}{n},$$

where X_{in} is a control parameter of the region according to the selected criterion;
 N is the number of estimation criteria.

To compare the data characterizing the tourism development in the region, it is necessary to bring the indexes to the same equal significance according to the formula:

$Br=1000 \cdot Xf/X_{max}$ – for direct indexes (the index with a maximal value is considered the best);

$Br=1000 \cdot Xf/X_{max-1}$ – for reverse indexes (the index with a minimal value is considered the best).

X_{max} is the maximal value of the index in the sample.

The following scale is used for the rating of regions according to the level of tourism development (Table 3):

Table 3. Scale of estimation of the level of tourism development in the region

Value of the index I_{td}	Result interpretation
0.75-1	High level of tourism development
0.5-0.75	Above average level of tourism development
0.25-0.5	Below average level of tourism development
0-25	Low level of tourism development

3. Analysis of indexes of tourism development in the SFD of the Russian Federation

The Southern Federal District (SFD) is located in the southern part of the East European Plain, on the Peri-Caspian Lowland, in the northern part of the Greater Caucasus. The district includes eight entities of the Russian Federation, the population is 16.43 mln people, the total square is 447,821 km². The administrative center of the SFD is Rostov-on-Don.

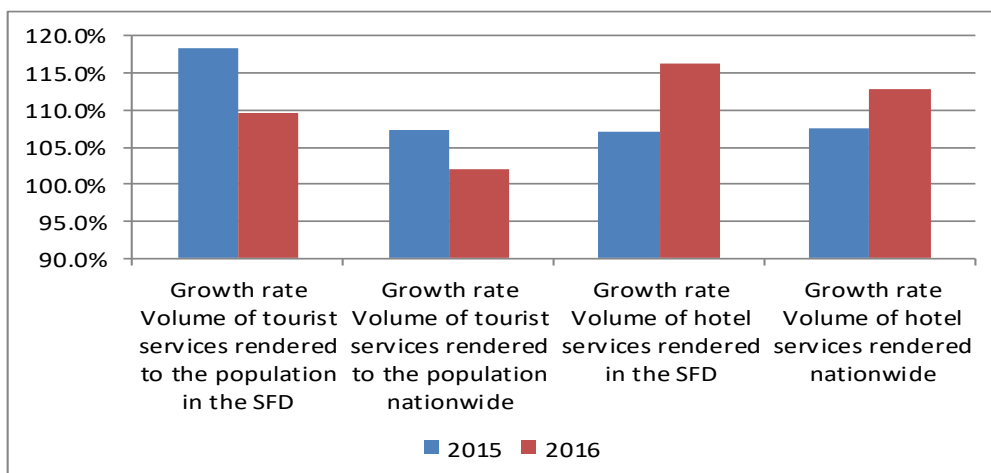
Tourism plays a key role in the economic activity of the SFD, creation of jobs, export revenues and added value. The contribution of the touristic sector of the SFD into the gross regional product was 0.8% according to the results of 2014-2015 (Table 4).

Table 4. Contribution of tourism of the SFD into the Russia's economy in 2014-2016

Index	2014	2015	2016
Volume of tourist services in the SFD, bln roubles	9.9	11.8	12.9
Volume of tourist services nationwide, bln roubles	147.5	158.3	161.3
Share of the SFD in the total volume of tourist services in the Russian Federation, bln roubles	6.7%	7.4%	8.0%
Volume of services of hotels and similar accommodation facilities in the SFD, bln roubles	38.8	41.6	48.3
Volume of hotel services nationwide, bln roubles	175.7	189	213.3
Share of the SFD in the total volume of hotel services in the Russian Federation, %	22.1%	22.0%	22.7%
Gross regional product of the SFD, bln roubles	5,945.3	6,790.1	n/a
Share of touristic services in GRP of the SFD, %	0.8%	0.8%	-
Number of citizens of the Russian Federation accommodated in accommodated facilities of the SFD, mln roubles	4.8	5.6	7.5
Number of employees of tourist agencies in the SFD, thousand people	5.2	5.3	5.6
Average staff number of employees of accommodation facilities in the SFD, thousand people	67.6	69.9	74.6

During 2014-2016, the volume of tourist services rendered to the population of the SFD increased by 63.5%; the volume of the hotel services increased almost by 30%. The growth rates of the tourist services and the accommodation facilities services in the SFD exceed the average Russian rates (Figure 1):

Figure 1. Growth rates of the volumes of tourist services and accommodation facilities services in the SFD and Russian Federation



24.6 mln tourist visits were registered in Russia in 2016. It is 8.5% less than in the previous 2015 and at 3.4% lower than the values of 2014.

The number of Russian tourists sent by tourist agencies on tours around Russia increased by 66.4% during the last three years and amounted to 3.3 mln people. A share of the SFD in the total number of the sent tourists increased from 15.8% to 21.6%.

Against the decrease in the amount of foreign trips, there is a growth of demand for tourism inside Russia. The number of domestic tourists grew in 2016 in Russia up to 55 million. One of the leaders of the domestic tourism among the regions of the SFD and Russia became the resorts of Crimea and Krasnodar Krai. In 2016, 15.8 mln tourists visited the Kuban, which was 14.5% higher than the values of 2014. 5.6 mln tourists spent their vacations in Crimea in 2016 and this was 21.2% higher than the level of the same period of 2015.

The dynamics of the development of the tourism industry cause the changes of indexes in the other industries. In 2016, the number of guests in the hotels and other accommodation facilities in the SFD increased by 40.4% and this exceeded the average Russian growth rate of this index. It should be mentioned that despite the fact that the potential of tourism development in the Central Federal District is rather high, the contribution of tourism into GRP of many regions of the SFD (excluding Crimea and Krasnodar Krai) remains rather low.

4. Estimation of the level of tourism development in the regions of the SFD of the Russian Federation

The attractive touristic environment is one of the main components of the competitiveness of the territory as a touristic direction and implementation of its potential as a place for vacation and travelling. The initial data for the estimation of the 1st block of indexes characterizing the level of the natural and recreation potential of the entities of the SFD are shown in Table 5.

Table 5. Indexes of the natural and recreation potential of the entities of the SFD

Index	Republic of Adygea	Republic of Kalmykia	Republic of Crimea	Krasnodar Krai	Astrakhan Region	Volgograd Region	Rostov Region
Number of cultural heritage resources	149	13	1,952	3,433	778	1,513	1,569
Specially protected natural reservation	18	23	198	391	52	58	81
Forest cover percent	36.7	0,2	10.5	20.2	1.8	4.3	2.4
Average air temperature (July)	22.3	25.9	23.3	23.8	26.1	24.2	24.3
Average air temperature (January)	-0.7	-3.8	2.7	-0.5	-4.8	-7.4	-5.1
Average wind rate, m/s	1.3	3.5	4.3	2.6	3.3	3.4	3.4
Winter hardness degree	1.4	2.2	1.9	1.7	2.3	2.5	2.3
Provision of high-quality drinking water, %	97.1	90.8	89.5	95.8	87.2	87.7	86.2

The second block of indexes characterizing the efficiency of the tourism industry in the entities of the SFD in 2016 is shown in Table 6.

Table 6. *Indexes of the efficiency of the tourism industry in the entities of the SFD (2016)*

	Republic of Adygea	Republic of Kalmyki ^a	Republic of Crimea	Krasnodar Krai	Astrakhan Region	Volgograd Region	Rostov Region
Share of tourist services in GRP, %	0.04%	0.15	1.8%	0.33	0.25	0.26	0.21%
Share of hotel services and accommodation facilities in GRP, %	0.31%	0.12	2.31	1.90	0.21	0.17	0.20%
Number of guests in collective accommodation facilities, mln people	92.4	31.7	1,700	5,806	263.9	582.9	925.2
Specific weight of investments per 1 rouble of volumes of hotel services	21.85%	0.17	28.41	21.41	94.56	7.02	5.69%
Level of employment in the tourism industry, %	0.16%	0.07	1.97	1.15	0.42	0.19	0.15%

For comparative estimation of the level of development of the touristic infrastructure in the regions of the SFD, the statistical data for 2016 were chosen and shown in Table 7.

Table 7. *Indexes of the development of transport, communications' infrastructure in the SFD's regions*

Indexes	Ch R O F K	Ch R O F K	Ch R O F K	Ch R O D A	Ch R A D R	Ch R A D V	Ch R A D V R
Density of automobile surfaced motor roads, km of roads per 1,000 km ² of the territory	564	48	486	454	88	142	262
Density of railways of general use per 10,000 square kilometers of the territory	205	22	241	283	128	143	182
Provision of telephones of network of general use, units per 1,000 people	130.8	124.8	166	133.5	117.9	158.6	150.4
Number of active subscribers of the fixed broadband access to the Internet	9.4	8.7	3.9	16.2	13	14.1	15.7
Provision of hotel rooms, units	6.6	2.9	85.0	60.1	10.7	8.6	7.4

per 1,000 people							
Number of touristic agencies per 1,000 people	0.07	0.03	0.18	0.09	0.12	0.07	0.06
Provision of shops, units per 1,000 people	5.67	6.26	6.91	8.26	4.02	4.85	7.79
Provision of objects of generally accessible canteens and snack-bars, seats per 1,000 people	10.01	2.65	21.82	18.44	6.00	13.72	11.83
Provision of restaurants, café and bars, seats per 1,000 people	59.65	44.83	52.54	51.19	31.11	16.26	23.70

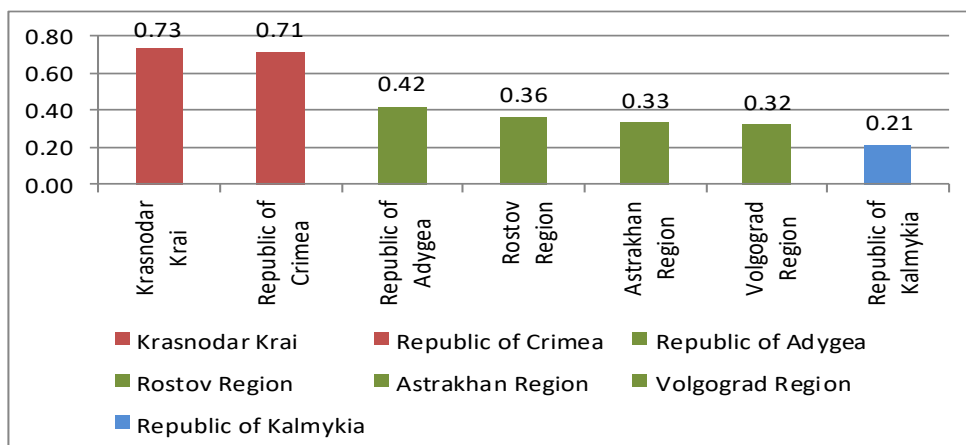
The results of calculation of the General Index of tourism development in the entities of the SFD of the Russian Federation are shown in Table 8.

Table 8. General Index of Tourism Development in the entities of the SDF of the Russian Federation

Index	Republic of Adygea	Republic of Kalmykia	Republic of Crimea	Krasnodar Krai	Astrakhan Region	Volgograd Region	Rostov Region
1.1.	0.04	0.00	0.57	1.00	0.23	0.44	0.46
1.2.	0.00	0.01	0.48	1.00	0.09	0.11	0.17
1.3.	1.00	0.01	0.29	0.55	0.05	0.12	0.07
1.4.	1.00	0.80	1.00	1.00	0.80	1.00	1.00
1.5.	1.00	1.00	0.80	1.00	1.00	0.80	1.00
1.6.	0.8	0.8	0.8	0.8	0.8	0.8	0.8
1.7.	1.00	0.42	0.30	0.88	0.09	0.14	0.00
I_{rp}	0.69	0.43	0.61	0.89	0.44	0.49	0.50
2.1.	0.00	0.06	1.00	0.16	0.12	0.13	0.10
2.2.	0.09	0.00	1.00	0.81	0.04	0.02	0.04
2.3.	0.01	0.00	0.29	1.00	0.04	0.10	0.15
2.4.	0.23	0.00	0.30	0.23	1.00	0.07	0.06
2.5.	0.05	0.00	1.00	0.57	0.18	0.06	0.04
I_{ui}	0.07	0.01	0.72	0.55	0.28	0.08	0.08
3.1.	1.00	0.00	0.85	0.79	0.08	0.18	0.41
3.2.	0.70	0.00	0.84	1.00	0.41	0.46	0.61
3.3.	0.27	0.14	1.00	0.32	0.00	0.85	0.68
3.4.	0.45	0.39	0.00	1.00	0.74	0.83	0.96
3.5.	0.05	0.00	1.00	0.70	0.10	0.07	0.05
3.6.	0.27	0.00	1.00	0.40	0.60	0.27	0.20
3.7.	0.39	0.53	0.68	1.00	0.00	0.20	0.89
3.8.	0.38	0.00	1.00	0.82	0.17	0.58	0.48
3.9.	1.00	0.66	0.84	0.81	0.34	0.00	0.17
I_{ti}	0.50	0.19	0.80	0.76	0.27	0.38	0.50
I_{td}	0.42	0.21	0.71	0.73	0.33	0.32	0.36

The obtained results showed that only two regions – Krasnodar Krai and the Republic of Crimea had a level of tourism development above the average (Figure 2).

Figure 2. Rating of entities of the SFD according to the level of tourism development in 2016



It should be mentioned that the Republic of Kalmykia possessing the rich historical and cultural potential is not considered now as a serious touristic direction. Besides, the touristic potential of other regions of the SFD, such as the Volgograd, Astrakhan, Rostov Regions and the Republic of Adygea, is not used to the fullest; the development of the tourism industry in these regions is at the level below the average. The main problems that retard the tourism development in these regions are the following:

- The insufficient level of the development of transport, engineering and related infrastructure (roads, cheap hotels, cafes). The especially underdeveloped infrastructure including the absence of high-quality roads, power supply facilities and vital infrastructure is observed in the Republic of Kalmykia.
- Underdevelopment of the market of investments necessary for the development of the resource base of tourism. The complexity of financing and the limited access to the credit resources decrease significantly the capabilities of the local entrepreneurship in the field of tourism and hospitality.
- The high cost of transfer (air and railway passenger transport) at the low paying capacity of the population.
- Low service quality in all sectors of the tourism industry.
- Insufficiently active promotion of the touristic product in the domestic and international market.

5. Discussion

Taking into account the significance of tourism for the regional economy, it is extremely important to maintain tourism as an economic factor for the local communities and also that it is planned and controlled steadily for improvement and preservation of the environment, protection of welfare of the inhabitants and attraction of tourists.

The regions put competitiveness into the center of their policy. The key areas of competitiveness such as the cost of transfer, the rules of the visa policy, communications and tourism rules are considered to increase the attractiveness of the destination for the consumers and also to remove the load from the touristic facilities and create conditions for the efficient functioning of the markets. In this regard, the local authorities shall develop and implement the package of measures to support the competitiveness of the tourism industry. Depending upon the level of tourism development in the regions, three strategies of the industry development are offered:

- Strategy of "initiating of tourism" – for the regions with a sufficient potential but low level of development;
- Strategy of "extension" – for the regions with the development level below the average;
- Strategy of "strengthening and intensification of success in tourism" – for the regions with a high level of development and the level above the average.

For the Republic of Kalmykia as for the region with the low tourism development level, the strategy of "initiating of tourism" suits the most. It is required to concentrate the attention of the regional authorities on creation of the tourist assets with the highest potential. The main measures can be the allocation of the land resources for the tourism development, improvement of the transport policy and infrastructure. The experience of the foreign countries shows that such strategy allows eliminating the critical limitations such as transport and related infrastructure, safety, lack of skills, and to attract private investments into the industry (Bendle, 2018).

The orientation on the regions with a high potential but low level of tourism development also allows concentrating the efforts on the promotion of one or two cultural attractions. For example, in the Republic of Kalmykia such objects are the Buddhist religious center Elista, Lake Solenoe, the nature reserve Black Lands. Within the framework of the strategy of "initiating of tourism", the reformation of the transport sphere of the region shall become one of the key directions. For example, one of the serious problems for the Republic of Kalmykia is the transport accessibility of the region due to the high transport air and railway tariffs and also the unsatisfactory condition of the transport infrastructure. As the experience shows, the success of the first measures that were supported of the government sector and donors encourages the new investors to finance the projects in the other fields and this leads the regions to the next stage of the development.

For the regions with the level of tourism development below the average, such as the Volgograd, Astrakhan, Rostov Regions and the Republic of Adygea, the most suitable is the strategy of "extension". Being supported by the government and providing the access to the air transport and accessibility of the land resources for tourism development, the investments and the promotion of the destination will get the crucial significance. The promotion of the destination includes marketing campaigns, an increase in the awareness of the sightseeing attractions and the positive improvement of the image of the particular territory.

The promotion for investors presupposes the provision of information that will fortify confidence and optimize the investment process. Some regions and countries made a choice for the creation of a single-window system where the investors could find the centralized sources of information and guideline for the investment into this region. The best solution can be professional investment conferences, where investors, creditors, insurance companies, real estate agencies and financial institutions can meet and discuss the issues of interest.

An important and necessary step on the way to the successful promotion of the regions can be the development of a travel guide (Zamyatin and Zamyatina, 2007; Beglova *et al.*, 2017; Bruskin *et al.*, 2017; Stroeva *et al.*, 2017; Belousov *et al.*, 2017). Its creation is based upon the profound studying of the touristic potential of the regional districts and this presupposes the revealing and describing of the touristic attractions (with an accent to the cultural and educational type of tourism) and the touristic infrastructure.

One of the main problems that the regional authorities of the SFD face is the attraction of private investments into the tourism industry of the region. Investors can be attracted by the direct financial support, for example, bonds or special taxes, indirect assistance (for example, zoning) and financial measures such as tax exemptions, though it can be unnecessary for viable projects. The strategy of strengthening and intensification of success in tourism matches more Krasnodar Krai and the Republic of Crimea as the regions with the tourism development level above the average.

According to the growth of the economy, the strategies for the distribution of tourists among different districts of the region are required, and as far as possible, for the more uniform distribution of visitors during the calendar year. If the growth is not controlled, the vital capacity of resorts is under the threat. The increase in the number of visitors in the off-peak season and the off-season period can be better reached due to the stimuli of pricing by diversification of the touristic product and planning of the special events such as cinema or music festivals.

To perform the particular recommendations specified above, all regions shall solve the problems of the government support and strengthening of the potential in the

field of tourism. In particular, the private and public sectors shall solve the following problems:

- Encouragement of tour operators of the region to make their product competitive in the international market.
- Provision of strong political support of tourism at the high ministerial level. It is important that the government and regional authorities play the leading role in the creation of efficient institutions and coordination mechanisms for support of the dialogue with all interested parties.
- Understanding of a vital role of the private sector and the necessity of creation of the favorable conditions for investments by the government and also the creation of the auxiliary infrastructure for these investments.
- Interaction with donors and use of their potential for support of the tourism sector in many vitally important fields such as infrastructure, professional training and tourism for the benefit of indigents.
- Understanding of the demands of investors for information and the value of the creation of the "single window system" for such information.
- The solution of the problem of weak connection inside the regions and the necessity to improve the access to them by the motor roads and domestic airways, via entrepreneurship of the private sector or public investments or combination of both.

6. Conclusion

The SFD is the most important touristic region in Russia. Its share in the volume of revenues from the tourist and hotel services of the Russian Federation is 16.3%. However, the contribution of tourism to GRP of many regions of the SFD (excluding Crimea and Krasnodar Krai) remains rather low. The industry shows the sustainable growth: for the last three years, the volume of tourist services rendered to the population of the SFD increased by 63.5%, the volume of the hotel services increased by almost 30%. The number of guests of the hotels and other facilities in the SFD increased by 40.4% and this exceeded the average Russian growth rate of this index.

The resorts of Crimea and Krasnodar Krai being a part of the SFD are the leaders of domestic tourism among the Russian regions. Their share is 16% and 68.4% of the volume of tourist services and accommodation services in the SFD. The least touristic developed region of the SFD is the Republic of Kalmykia. Despite the potential for the growth of tourism, it is not implemented, the level of development of the tourism industry in the four regions of the SFD (Volgograd, Astrakhan, Rostov Regions and the Republic of Adygea) is below the average. Depending upon the level of tourism development, the regions are offered to develop the package of measures aimed at increasing the competitiveness of the regional touristic products.

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