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## RUSSIAN FEDERATION IN THE SYSTEM OF GLOBAL RATINGS ON THE LEVEL AND QUALITY OF TOURISM DEVELOPMENT

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International ratings play an important role in shaping the country's image nowadays. A rating place is not an end in itself but a tool for positioning a country in a system of specified, particularly economic, coordinates. The first international ratings were presented by the World Bank and the World Economic Forum (WEF) in the 1970s. Today, according to the Analytical Centre the Government of the Russian Federation, there are about 200 of them (Ershov 2017). Some of the ratings have marketing or PR nature; others are aimed at management efficiency and investment attractiveness. In addition to various targets, they also differ in methodological grounds. Despite the controversial nature of their content, methodology, statistical data collecting, processing schemes and expertise systems, they are nevertheless very helpful in recognizing development trends, identifying bottlenecks and problem areas showing prospects and opportunities.

The study focuses on the main global ratings on the level and quality of tourism development:

- 1) The World Tourism Organization (UNWTO) ranking by international tourist arrivals;
- 2) The World Council for Travel and Tourism (WTTC) ranking by tourism contribution to key macroeconomic indicators;
- 3) The WEF Tourism and Travel Competitiveness Index rating.

The **UNWTO ranking by international tourist arrivals** started in the beginning of 1950s. It is based on open data published regularly by national tourist administrations. Russian Federation has been represented since the early 1990s. There has been a generally positive dynamics of Russia's position in this global ranking over the last 25 years (Table 1).

Table 1 – Russia's position in the UNWTO ranking by international tourist arrivals

	Year					
	1994	1995	2000	2005	2010	2015

Rank / international tourist arrivals (million)	23/ 3,3	18/ 9,3	7/ 21,2	11/ 19,9	13/ 20,3	10/ 31,3
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Source: UNWTO Tourism Highlights 1996-2016.

In recent years the growth of international tourist arrivals in Russia was caused by a range of factors. In 2015-2016 Russia's tourist market was strongly influenced by sharp fluctuations in the rouble's exchange rate against world currencies, the fall in oil prices, the ban on travelling abroad for certain categories of Russian citizens and by temporary closure of Turkey and Egypt – the most popular holiday destinations among Russians. As a result, the country had a unique situation which was extremely favourable for domestic as well as for inbound tourism development. The reorientation of outbound tourism flow to domestic destinations and the growth of inbound tourism flow are presented on Figure 1.

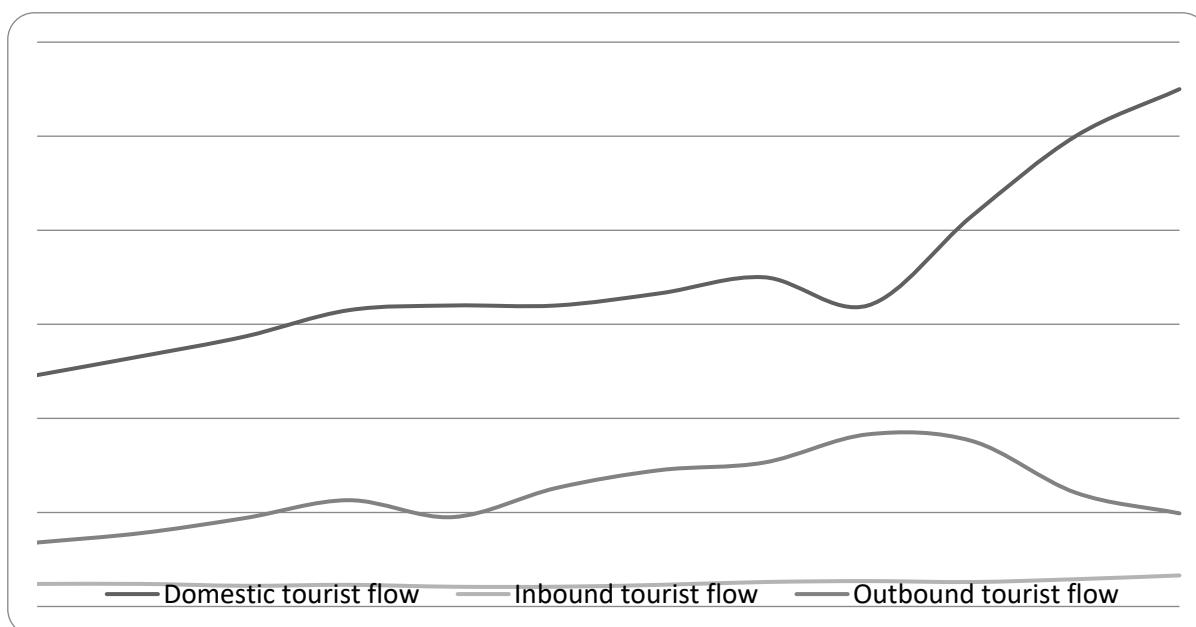


Fig. 1. Dynamics of domestic, outbound and inbound tourist flows in the Russian Federation, 2005-2016 (million trips)<sup>1</sup>

Sources: Russian Federation Federal State Statistics Service (ROSSTAT).

In 2015-2016 the number of outbound tourist trips decreased, and this reduction was the most significant for the last 20 years. At the same time the amount of domestic tourists, which has been stagnant for several years before, has notably increased. The shift in consumer behaviour was not only due to economic reasons, but due to patriotic rise in the society and the deployment of information and propaganda campaigns aimed at creating Russia's positive image of an attractive tourist destination («Seven Wonders of Russia» project, the launch of the

<sup>1</sup> The amount of inbound and outbound tourist flows is given according to the previous (up to 2014) methodology of statistical accounting in order to ensure data comparability and long dynamic series presentation.

«Russia. Travel» National Tourism Portal, «Time to Rest in Russia!» advertising campaign, etc.).

The analysis of tourism statistics over the past 20 years shows a 1.6 increase in the inbound flow to the country. In 2015-2016 the key role in the inbound tourism growth was played by the low rouble exchange rate against major world currencies. Recent active advertising campaigns abroad and the opening of «Visit Russia» National Tourist Offices in several countries also affected the situation.

Detailed inbound tourism analysis shows the activation of new, predominantly Asian markets in Russia. This trend is connected with the overall global Asia-Pacific, primarily China, tourism growth, aggravation of tensions with the West and the shift of Russian political vector to the East supported by simplified visa regime for some Asian countries. The share of Asian countries in the inbound tourist flow to Russia has increased about 5 times, from 9 to 42% in the last 20 years. Starting from 2014 China generates the biggest tourist flow to Russia.

Consequently, the UNWTO ranking by the number of international tourist arrivals reflects the changes in the spatial structure of Russian tourist market in recent years.

**The WTTC ranking by tourism contribution to key macroeconomic indicators** is being carried out since 1990s. Today the study covers 185 countries, 26 regions and integrated economic groups in the world (WTTC 2017). It contains the most comprehensive estimates of tourism economic impact based on Tourism Satellite Account (TSA) methodology. The WTTC ranking takes into account the number of jobs and the value-added chains produced in tourism and other industries directly supported by tourism, as well as their share in total employment and GDP of the countries. In this way, the countries are able to track their own progress in tourism, to carry out national TSA, to compare tourism contribution with other sectors of economy, to use new tools for modelling development scenarios and the effectiveness of state tourism policy assessment.

At present, the UN Statistics Division, which has approved TSA methodology, continues to assess tourism direct contribution to economy only. The WTTC acknowledges that tourism is connected with many branches of economy and has wide multiplicative effect. The Council admits that the overall tourism contribution to economy is much broader and tries to evaluate not only direct but also indirect, induced and aggregated economic impact of tourism (Travel & Tourism Economic Impact Research Methodology 2017).

In 2016 ranking by tourism contribution to GDP, employment, investment and exports (in absolute terms) Russia held high positions from 14 to 32 (Table 2). In most cases the values of indicators have exceeded the world average level substantially. However, the analysis of

macroeconomic indicators of tourism development in relative (fractional) terms shows the availability of large, unrealized reserves in Russia.

Table 2 – Russian Federation ranking by tourism contribution to key macroeconomic indicators, 2016

Macroeconomic indicator	Value		Russian Federation ranking
	World average	Russian Federation	
Travel and tourism's direct contribution to GDP (US\$bn)	19,1	15,8	23
Travel and tourism's total contribution to GDP (US\$bn)	57,3	62,6	18
Travel and tourism's direct contribution to employment (thousand jobs)	843,9	869,4	18
Travel and tourism's total contribution to employment (thousand jobs)	2152,9	3365,4	14
Travel and tourism investment (US\$bn)	4,4	5,9	24
Travel and tourism export (US\$bn)	7,6	11,4	32
Travel and tourism's direct contribution to GDP (%)	3,1	1,3	178
Travel and tourism's total contribution to GDP (%)	10,2	5,0	168
Travel and tourism's direct contribution to employment (%)	3,6	1,2	176
Travel and tourism's total contribution to employment (%)	9,6	4,7	164
Travel and tourism contribution to total capital investment (%)	4,4	2,1	171
Visitor exports contribution to exports (%)	6,1	3,5	148

Source: WTTC 2017.

The extension of value-added chains and the increase of local companies' involvement in their production are important reserves for tourism development in our country. According to the UNWTO estimates, there are 10 to 20 chains running during a seven-day stay of a visitor in a remote tourist centre. They involve 30-50 different companies from sightseeing bureaus, specialized tourist literature shops and insurance companies to souvenir shops, currency exchange points, taxis, etc. (Public-Private Sector Cooperation... 2000).

The involvement of new participants in value-added chains helps to develop multiple relationships and to form integrated partner networks between them. The exchange of knowledge, information, goods and services between enterprises in tourism and associated industries results in construction of new value-added chains and the growth of tourism contribution to the national economy. This problem can be solved within the framework of tourism and recreational clusters.

**The WEF Tourism and Travel Competitiveness Index rating** was developed by the WEF in cooperation with the UNWTO and WTTC with the active participation of the leading representatives of tourism industry. The WEF defines national tourism and travel competitiveness as the ability of the country and its institutions to provide sustainable development of this sphere. Special index for competitiveness assessment was made. Methodologically the index is built on 90 indicators which are combined in 14 groups and four sections (Table 3).

In 2017 the Tourism and Travel Competitiveness Index was calculated for 136 countries. International organizations' statistical data were the main sources of information; one-third of the data set was obtained through expert surveys of more than 15 thousand business representatives. The final report contains detailed profiles of every tourist destination which include details of their ranking positions as well as guidance on their key competitive advantages and disadvantages.

Table 4 – The WEF Tourism and Travel Competitiveness Index indicator groups and sectors\*

Travel & Tourism Competitiveness Index – 43			
Enabling Environment	Travel and Tourism Policy and Enabling Conditions	Infrastructure	Natural and Cultural Resources
Business Environment – 105	Prioritization of Travel and Tourism – 95	Air Transport Infrastructure – 22	Natural Resources – 39
Safety and Security – 109	International Openness – 115	Ground and port infrastructure – 78	Cultural Resources and Business Travel – 25
Health and Hygiene – 5	Price competitiveness – 11	Tourist Service Infrastructure – 55	
Human Resources and Labour Market – 46	Environmental Sustainability – 71		
ICT Readiness – 49			

\* The indicators' values for Russian Federation according to 2017 data are given in italics.  
Source: WEF 2017.

Russia is in the top third of the Competitiveness Index rating list. Despite the obvious inaccuracy of several assessments (the level of safety and security and epidemiological situation in Russia, in particular) the whole index gives a true picture of tourism development in the country.

The global community recognizes high natural and cultural potential of Russia as a tourist destination. The tourist offer competitiveness in terms of low rouble exchange rate is also favourable. However, the country does not sufficiently use its potential (the final 43rd position is between Indonesia and Turkey). The rating helps to understand the factors

hampering inbound tourism development, such as unfavourable business environment, environmental sustainability problems, low level of international openness and tough visa regime, in particular; poor quality of ground and port infrastructure.

The rating also indicates insufficient governmental attention to tourism development. Russia ranks 84th according to the share of tourism and travel government expenditures in state budget and has almost the same position on the effectiveness of marketing and branding to attract tourists. In addition, there is lacking timeliness in providing tourism and travel data. The improvement of the country's position in «Prioritization of Travel and Tourism» and «Infrastructure» sectors can be achieved through the implementation of the Federal Target Program «Development of Domestic and Inbound Tourism in the Russian Federation».

The analysis of global ratings on the level and quality of tourism development shows that Russian Federation is represented in a number of international rating systems and tourism development indices. Recently, the attempts to suggest independent tourist ratings have been made in this country. It requires raising the «rating literacy» in travel and tourism specifically, raising awareness of a wide range of travel and tourism stakeholders about the most important approaches to composition and application of tourist ratings. It helps to create conditions and incentives for improving rating methodology and turning ratings into effective tools for tourism development in Russia.

**Keywords:** tourism, global ratings, competitiveness, Russian Federation.

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