

Strategic planning of the tourism development in small cities and rural territories as a tool for the development of the regional economy

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Abstract. The paper covers the theory of the digital and the sharing economy. Since tourism industry is considered to be the one of the simplest and fastest industries to make profit, the paper argues that the realm of those “new economies” proposes new opportunities to develop sustainable tourism at rural territories and in towns. As far as the reality of the digital and the sharing economy lightens the process of capitalizing the natural, cultural, intellectual and human resources of any territory, we propose the approach to develop tourism industry at rural territories and towns as a tool to raise the level and quality of locals’ life. The objective of the paper is to research the existent apps promoting tourist and other services in the chosen Districts of the Northwestern Federal District of the Russian Federation, to propose a tool to integrate the tourism industry of those Districts into the digital and the sharing economy of the World, and to calculate whether the use of this tool is cost-effective.

1 Introduction

The era of the digital economy and, coming with it, the sharing economy, makes the World totally different. Thanks to new telecommunication solutions [1] it opens new opportunities for the regional development, particularly, for rural territories. The sphere of services and tourism industry showed themselves as the most perspective and fast-growing in the framework of the sharing economy. At the same time, with the help of tourism the locals of rural territories can have extra income, tourism generate new jobs opportunities [2], contributes to the cultural, intellectual and spiritual development of people. Thanks to its multiplier effect tourism industry also contributes to the regional budget. According to Nurkovic [3], one of the main advantages of tourism industry for rural territories is that it helps to retain population in their homeland, in comparison to actual situation when we see the brain drain from the countryside to cities. The objective of the paper is to research the existence of the rural territories’ tourism services of the Northwestern Federal District of the Russian Federation (hereinafter referred to as NWFD RF) in the Internet, to propose a

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new tool, a sort of app, for the integration the tourism industry into the global digital economy and the global sharing economy and to find out the effectiveness of its usage.

2 Theoretical Framework

At the present time due to the globalization, digitalization and the phenomenon of the sharing economy the development of the regional economy faces significant changes in its structure and the ways of making profit.

The phenomenon of the digital economy has many definitions. N. Negroponte [4] compares the present realm with digital “bits” and names “decentralizing, globalizing, harmonizing and empowering” as the main advantages of the digital economy. Moreover, he predicts the rural territories’ economies revitalizing with the help of the digitalization. Nanclares N.H. & López F.L. [5] define the digital economy as the economy based on the information and knowledge, distributing digital services and physical products in the Internet or with the help of other informational communicational technologies. In addition, according to the Trade Union Advisory Committee [6], the digital economy implies “the adaptation of digital technology across economic sectors, changing employment structures, consumption and societies”.

One of the main advantages of the digital economy’s influence on the regional development is that infrastructural difficulties are not the point today. It plays a very important role in tourism industry particularly [5]. According to Babkin A.B & al. [7] the main resource for the digital economy is the human capital, and the main activity is not the industrial activity, but services, tourism, recreation, entertainment, education, health care, finance, etc. Grimes S. [8] argues that the digital economy causes not only new difficulties for regional economic systems, but rural territories can even benefit from the new technologies and “become more competitive”.

Besides the digital economy, another phenomenon which affects the regional development and can play the significant role in its development is the phenomenon of the sharing economy, which has shown the strong increase and to be the most perspective one in the spheres of services and tourism industry. The sharing economy is called differently by different scientists. Bauwens M. [9] characterizes it as “peer to peer economy which produce use-value through the free cooperation of producers” and talks about the “third mode of ownership”. Gansky L. [10] talks about the mesh business when the core value of interaction is to share services or goods in the framework of community, and for the distribution of those service or goods the Web consumers use the Web and apps. Richardson L. [11] describes the sharing economy as the economy referring “to forms of exchange facilitated through online platforms, encompassing a diversity of for-profit and non-profit activities that all broadly aim to open access to under-utilised resources through what is termed “sharing””.

Among the advantages of the sharing economy J. Agyeman & al. and R. Belk name the environmental, economic, social and democratic benefits [12, 13]. Moreover, Agyeman J. & al. [12] argue that the sharing economy plays its role in the development of sustainable tourism, because it “reshapes our identities – moving away from damaging forms of identity that rely on possessions and consumption rather than relationships and experiences”. Belk R. [13] assumes that the popularization of the sharing economy phenomenon indicates the “we just may be entering the post-ownership economy”.

The sharing economy opens new perspectives for promoting and distributing the services of rural territories all over the World. For example, there are positive examples of the development of home stays in depressive rural territories [14]. The sharing economy also favours self-entrepreneurs and microentrepreneurs. As Woskow D. [] it has never been easier to do businesses than at the present time with the help of digital economic’s tools

according to the concept of the sharing economy. Woskow D. [15] defines the sharing economy as “online platforms that help people share access to assets, resources, time and skills”.

3 Discussion

3.1 Influence of Tourism on Rural Territories and Towns

The positive impact from tourism for regional development has already been valued by the major countries of the World. According to the statistic data of the World Travel & Tourism Council the share of GDP from travel and tourism makes in the World economy 7,6 \$ trillion (10 % from the World GDP). Moreover there were created 277 millions of new jobs, what means that each 12th employee works in the industry of travel and tourism [16]. As to the Russian Federation, according to the data of the World Travel & Tourism Council the share of tourism in GDP of Russia made 113,5 \$ milliards. This indicator surpasses the share of automobile and chemical industries and the sphere of education. The direct share of the tourism industry to the GDP of Russia is 1,5 % (172^d position in the World's list) and makes about the half of the share of rural sphere of Russia [17].

Considering the volatility of the World economy demanding to find new strategies for the regional development of depressive rural territories, the research was implemented to propose a tool to raise the level and quality of life, to create viable economic systems, to lessen the level of unemployment, to raise the cultural, intellectual and spiritual level of locals even if they are very long distanced from the main cities of Russia.

We see that tourism industry and the sphere of services show themselves as the most perspective in the era of the fast development of such spheres of economies as the digital economy and the sharing economy. To its advantages we can attribute not only the generating new jobs, but the interconnecting among different industries in a region. We also believe that the new economy and the tourism industry can complement each other and make it easier develop region endogenously.

According to the Report about the tourism development in the Russian Federation it is in priority in the NoWFD RF [17]. The popularity of the regions of NWFD RF can be proven by the results of the research of the most attractive regions of Russia implemented by the agency “Natsionalnii reiting” in 2015. In the list of this research we can find 5 from 11 districts of NWFD RF. Saint-Petersburg, Kaliningrad Oblast, the Republic of Karelia, Leningrad Oblast and Pskov Oblast took the 2^d, the 6th, the 7th, the 11th and 16th positions correspondingly [18].

Due to the fact that the space of the rural territories of the NWFD RF is vast in, the population moves from the countryside to the cities, unique villages with their traditions, culture, architecture and natural beauty are in danger to disappear, we consider the rural tourism as one of the main option to revitalize the economy of depressive rural regions. And nowadays this process can be facilitated with the help of new technologies and apps. So to get the development and take profit, tourism industry must be integrated in the new realm of the digital and the sharing economy.

3.2 Methodology

The NWFD RF includes the following Districts: Arkhangelsk Oblast, Vologda Oblast, Nenets Autonomous Okrug, Kaliningrad Oblast, the Republic of Karelia, Komi Republic, Leningrad Oblast, Murmansk Oblast, Novgorod Oblast, Pskov Oblast, Saint Petersburg. Due to the fact that Murmansk Oblast, Nenets Autonomous Okrug and Komi Republic are

the longest distanced from the center and propose very different tourist product from other regions, they are excluded from the research. Saint-Petersburg is also excluded from the research, because it is the city, not the countryside.

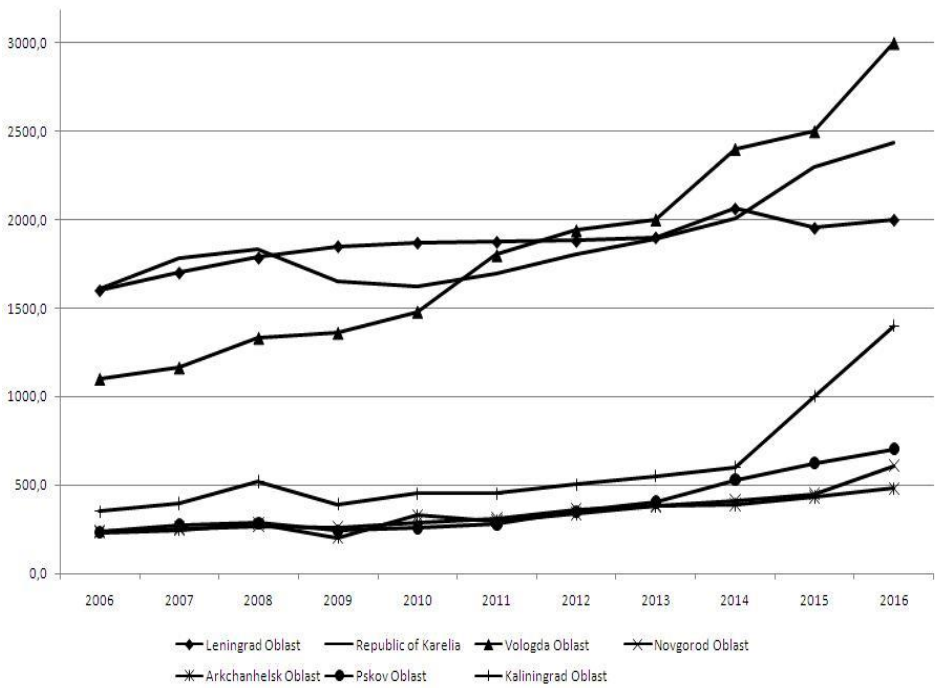


Fig. 1. Tourists and Excursionists Data During the Period 2006 - 2016, Thousands of People.

To research tourism development in the chosen regions of the NWFD RF we can see tourist flows there for the period from 2006 to the 2016th (Fig. 1). With the help of this research we can talk about the increase in tourist flows and forecast its future development. Almost all the districts of the NWFD (except the Republic of Karelia) showed the rise in tourists flows in 2009. At the same time, all the districts of the NWFD RF showed the decline in 2008, but only in the Republic of Karelia the crisis lasted longer. The tourist flows to Leningrad Oblast, quiet stable at the very beginning of the research, then showed abrupt decline in 2015, which looks very bizarre, in the light of the rise of the tourist flows in other regions.

According to Fedorova M.Yu. [19] the proximity of the Districts of the NWFD RF to such cities as Saint Petersburg and Moscow gives rural territories great opportunities to develop week-end tours and the assortment of the tourism, travel and recreational industry. With the help of the digital economy and the sharing economy such disadvantage of those spheres as seasonality can be diminished. We believe that in the new realm of the digital economy locals are able to self-organize their own economic organization system to make it viable and profitable depending on their needs and resources [20].

3.3 Results

As far as at the present time the use of mobile apps to find and to buy any product or service is increasing, the research about existing apps to promote and to sell tours and other

products at the territories of the NWFD RF was implemented (Table 1). In the first column we can see the amount of apps according to the name of the corresponding district written in the Russian language. At the second column we see the number of apps, made to sell products or services in the capital of the corresponding district, written in the Russian language.

We see that for the Republic of Karelia there are only 4 apps, but none of them is devoted to tourists, and there are 12 apps, the majority of them are the restaurants apps, none of them propose nor cultural information neither information about different events in Petrozavodsk, the capital of the Republic of Karelia. In comparison to Petrozavodsk, among other apps of the Arkhangelsk Oblast, there is one agenda with the assortment of tourist information which is useful both for tourists and for locals. The advantage of the app of Vologda Oblast is that it proposes the agenda with cultural events for the whole district. As to the Kaliningrad Oblast, despite the fact that there are apps only when we tap the capital of the District, we find one guidebook for the whole District with a plethora of cultural and infrastructure information, one guidebook for the national park “Kurshskaya kosa”, and even one more app, particularly for the capital of the District with all needed actual information of the everyday life. We find 6 apps with 2 tourist ones for the Leningrad Oblast, but only one of them can be downloaded for free. For the Leningrad Oblast we did not searched apps for its capital, due to the fact that its center is Saint-Petersburg, but at the same time it is not the part of the District. There is no app for the Novgorod Oblast, but we find the app with all the information about the main city in this search. For the search “Novgorod” we found 12 apps, 4 of them can be downloaded for a fee, and 2 of them propose audio guides around Novgorod. For the Pskov Oblast we find apps only for its capital, Pskov. The only one of them is about citi’s life, and the others propose restaurant services, etc.

Table 1. Tourist Apps for the Districts of the NWFD RF.

	1	2
Republic of Karelia	4	12
Arkchangel'sk Oblast	0	11
Vologda Oblast	2	21
Kaliningrad Oblast	0	23
Leningrad Oblast	6	-
Novgorod Oblast	3	12
Pskov Oblast	0	11

We see that the digital tourist infrastructure of all the districts of our research is far enough to be integrated in the digital economy of the modern life. The assortment of apps devoted to tourism is very small and doesn’t propose the broad information about all tourist services.

To promote the tourism industry of rural territories and to develop the linkages among economic actors at rural territories we propose the new tool which is up to date to the era of the digital and the sharing economy. The core point of our proposal is that the special app should be elaborated. The objective of this app is to aggregate tourist services of each region. This app, firstly, is to help a consumer to find any tourist service or a good of a territory easier and faster secondly, to develop linkages among economic actors thirdly, to

have an opportunity to control and monitor the business processes in the countryside. The architecture of this app should be universal, so each territory will be able to fill it up by appropriate content. The efficiency of the app’s usage was calculated by 2 methods for the period of 3 years. According to the experts’ interview the elaboration of an app will cost about 700 000 RU. Due to the fact that there are 7 regions in our experiment, to reduce costs connected with the app elaboration, the Districts are advised to cooperate and pay for its open hierarchy app together. In such a way the cost will come to 150 000 for each region. Plus, the work of a special couch-group to motivate locals to start entrepreneurial activity, to help in solving bureaucratic problems, to raise entrepreneurial and legal literacy among locals need to be included into the calculation. Operational costs also include the maintenance the app.

Assuming that locals take 500 RU per night per person for a stay at his or her house, and at the same time a tourist spends about 500 RU for other entertainment, food, beverages, souvenirs, etc per day, and the income into the local budget from tourists amounts 10 % approximately, consequently, the income into the local budget from a 7 day tour makes 700 RU. Hence, to pay off the app for the first year about 3 613 new tourists are needed, and then their amount can even be lower due to the reduction of the investment costs, which make 20 000 RU for the maintenance of the app (Table 2).

Table 2. The Effectiveness of the Creating the App.

	1st year	2d year	3d year
investment costs, RU	150 000	20 000	20 000
operational costs, RU	2 379 000	2 379 000	2 379 000
income from 1 tourist, RU	700	700	700
needed amount of tourists to get the payback	3 613	3 427	3 427

According to the Fig. 1 the relative increase of tourist flows, depending on a region, makes from 4 to 67 % and sufficiently stable. Consequently, even the minimum increase makes the absolute increase of tourist flow more than 100 000 tourists. Hence, according to our positive scenario, we assume that thanks to our app, which facilitate the access to tourist services and linkages among economic actors the territory benefits the following:

- new tourists, attracted by unique culture, traditions and new experience, come to rural territories and they use home stays for living;
- the level and the quality of life increases thanks to new opportunities to get new income;
- the level of the civil and entrepreneurial activity of locals increases thanks to realizing the fact that the resources of their territory can be capitalized sustainably with the help of creating a new tool to distribute services all over the World.

Taking in mind that the investment costs and the operational costs stay the same, we can also propose another option to calculate the payback of the proposed app. It intends that new entrepreneurs will buy licenses instead of paying taxes for their entrepreneurial activity.

For some people such an option is considered to be easier to implement due to its simplicity and speed. This scenario is believed to be a strategic one because it results the increase of entrepreneurial and civil activity, quality of life, reduce brain drain.

Table 3. Needed Amount of Entrepreneurs to Get the Payback for the App’s Creating.

	1t year	2d year	3d year
Republic of Karelia	422	400	400
Arkchangel'sk Oblast	790	749	749
Vologda Oblast	602	571	571
Kaliningrad Oblast	468	444	444
Leningrad Oblast	176	167	167
Novgorod Oblast	126	120	120
Pskov Oblast	118	112	112

According to the law of the Russian Federation entrepreneurs are allowed to pay taxes opting for a sort of license. The license instead of taxes is paid for a chosen period of time and must be paid in one or two steps. The sum for the license depends on a region, a village, a town or a city where an entrepreneur is registered. The sum also varies depending on the amount of employees and a period an entrepreneur wants to pay for. For potential rural entrepreneur such a way of paying taxes is believed to be a very attractive one due to its simplicity, low costs and low risks at its initial steps. Considering the fact that the license can be bought even for a month, its cost in some regions is very low. In the Table 3 the needed amount of entrepreneurs to be registered to get the payback is calculated, assuming that they buy the license for the period of 12 months just for one person without an employee. We also calculated the needed amount of entrepreneurs ready to propose the service of home stays for tourists, assuming the size of the rented space up to 15 m². According to the Table 2 we see that to get the payback in the Novgorod and Pskov Oblast is more difficult because of the more expensive licenses there. At the same time costs for the entrepreneurial activity licenses in the Arkchangel'sk Oblast, Vologda Oblast, Kaliningrad Oblast and the Republic of Karelia are very affordable and can attract and motivate locals to implement steps to start their own entrepreneurial activity legally. Unfortunately, at the present time even the minor amount of needed entrepreneurs for Pskov and Novgorod Oblast is difficult to attain, for the poor literacy of locals about the tax legislation of the Russian Federation, the lack of trust and confidence in legal authorities, bureaucratic difficulties, long distances of rural territories from their centers and all needed bodies to create and maintain business, the low level of civil and entrepreneurial activity.

4 Conclusions

According to our research and the researche of tourist preferences their flows to the Districts of the NWFD RF continue growing and they demand the more sophisticated and authentic tourist product. We are sure that rural tourism meets this demand and at the same time can generate new jobs andraise the level of locals’ life. Due to the fact lack of the infrastructure and superstructure we propose to integrate tourism development into digital economy with the help of web pages and apps, which facilitate to find tourists products and services needed and favour the development of the interaction among economic actors of a territory. We are also sure that the ‘sharing’ concept of interacting among tourists and locals will be advantageous for both part, because from one hand, it simplifies the

organization of tourist infrastructure in such a scale, from the other hand, it makes a trip more authentic, and it also favours the development of sustainable tourism.

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