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H. Wiesmeth<sup>a, b)</sup>, A. Godau<sup>a)</sup>, A. G. Khabibrakhmanova<sup>c)</sup>

<sup>a)</sup> Technical University of Dresden (Dresden, Germany)

<sup>b)</sup> Ural Federal University named after the first President of Russia B.N. Yeltsin (Ekaterinburg, Russian Federation)

<sup>c)</sup> Fund for Development and Support of Small Business of Republic of Bashkortostan  
 (Ufa, Russian Federation; e-mail: khabibrakhmanova\_aigul@mail.ru)

## CONTRIBUTIONS OF TOURISM TO THE DEVELOPMENT OF REGIONS IN RUSSIA AND GERMANY. BASHKORTOSTAN AND SAXONY<sup>1</sup>

*In the last decades the growth of the tourism industry in Russia has slowed down, and its lack of competitiveness has been the topic of various publications. Similarly, the touristic potential of the Republic of Bashkortostan is not exhausted with tourism still making an unsatisfactory contribution to the GRP of the region. Bashkortostan and Saxony are of the same size — in terms of population. Population density, however, is much higher in Saxony. In addition, differing historic roots affect any efforts to develop the touristic potential of Bashkortostan. It is then the goal of this paper to provide recommendations for sustainable tourism with a long-term perspective by analyzing consequences of these facts on the touristic infrastructure, on competitive forces, on the tasks of a tourism-marketing bureau, among others — always in comparison to the situation in Saxony (the case study method). Thus, this comparative analysis helps to restructure tourism in Bashkortostan in a situation with insufficient reliable touristic data. In the conditions of deceleration of global economic growth, depletion of natural resources, it is highly important to secure proper functioning of economic systems by means of using the available potential possibilities and searching for new reserves of economic growth. Tourism has a huge potential of development and can be an additional source of economic growth in Bashkortostan.*

**Keywords:** tourism, tourist and recreation potential, development of sustainable tourism, competitiveness of travel and tourism industry, touristic destination, sustainable tourist potential, touristic infrastructure, innovations in tourism, unique selling propositions, destination image

### Introduction

Global international tourist arrivals surpassed 1.1 billion in 2014 with an increasing trend. In OECD countries tourism accounts for 4.1 % of GDP, 5.9 % of employment and 21.3 % of exports of services<sup>2</sup>. No wonder then that tourism development has become an important target for many advanced and developing economies [1–4].

Although Webster and Ivanov [5] address possible negative welfare effects of tourism development, through repatriation of incomes by foreign workers, for example, a strong tourism sector contributes, in general, in various ways to economic development. It raises national income, improves the balance of payments, and creates jobs even in times of economic crisis. As an often-dynamic sector it supports the economy and conveys a positive and friendly image of a country; it increases the appeal and popularity of cities and regions and

thereby strengthens a country's image as a place for business and investments. In this context, Urbano [6] therefore investigate and justify support policies for tourism.

The paper investigates the touristic potential of the Republic of Bashkortostan in the Russian Federation and provides recommendations for developing this potential with a view on both national and international tourists. The case study method allows references to the tourist sector of the Free State of Saxony in the Federal Republic of Germany. Of course, Bashkortostan and Saxony are different — in many touristic dimensions, including size, the density of population, tourism history, climatic conditions, infrastructure, accessibility, and economic situation. Nevertheless, the comparative analysis of exactly these differences, in particular, the low density of population in Bashkortostan, will allow valuable insight — in the absence of reliable statistical data. The study, however, does not intend to investigate touristic destinations of Germans (Saxons) in Russia or of Russians (Bashkortostanets) in Germany.

The following section discusses briefly relevant economic and touristic facets and facts

<sup>1</sup> © Wiesmeth H., Godau A., Khabibrakhmanova A. G. Text. 2016.

<sup>2</sup> OECD (2016, p.18). OECD Tourism trends and policies. OECD Publishing, Paris. Retrieved from: <http://dx.doi.org/10.1787/tour-2016-en>. (date of access: 30.05.2016).

of Germany and Russia in general, before we turn to Bashkortostan and Saxony in particular. Thereafter, a comparison of the tourism industry in both regions summarizes commonalities and differences, leading to the competitiveness analysis of the sustainable tourist potential of Bashkortostan. Some pivotal recommendations, focusing on the role of a tourism-marketing office and on innovations in tourism, conclude the paper together with some final comments.

**Comparison of the tourism industry  
in Germany and Russia.  
Economic facts and relevant numbers  
of tourism in Germany**

The structure of German GDP has not much changed for more than 15 years with the services sector, including tourism, comprising almost 70 %. Among services, the tourist sector directly generated some 109 billion Euros in gross value added in 2014, accounting for 3.8 % of the GDP of the German economy, which is more than the share of car manufacturing. Moreover, some 2.9 million workers are direct employees in the tourist industry, i.e., 7.4 % of the working population (for more numbers, in particular to indirect and induced economic effects)<sup>1</sup>.

Overall, it appears that the tourism industry in Germany is a powerful motor for job development and an important export factor. In 2014, international tourists spent 43.3 billion Euros in Germany with increasing trend, as the number of international tourist arrivals has increased from 26.9 million in 2010 to 33.0 million in 2014<sup>2</sup>, with this positive trend continuing in 2015 and 2016. Among the countries receiving foreign tourists Germany is currently ranked seventh. Although only some 30 % of the touristic destinations of Germans are domestic<sup>3</sup>, total consumption of touristic services in Germany including indirect and all kinds of induced effects amounted to 278.3 billion Euros in 2010.

In 2014, German tourists booked 348,000 of the 424,000 overnight stays in Germany<sup>4</sup>. Of course, this requires a highly developed tourist infrastructure. There are 6,197 museums, 390 theaters, 310 health resorts, 27 large entertainment parks, 101 nature parks. Moreover, 180 theme itineraries help to become acquainted with cultural, historical and natural places of interest. 75,000 specially prepared paths for cycling trips and more than 200,000 kilometers for hiking are also available. The number of hotels of all types and categories is more than 52,000, and the total number of beds 3.56 million. Developed are all kinds of touristic activities including river trips and shopping tours.

In 2014, international tourists in Germany came from the Netherlands (12.8 % of overnight stays), Switzerland (8.4 %), Great Britain (7.3 %), United States (7.2 %), and Italy (4.9 %). With close to 2.4 million overnight stays in 2014, corresponding to a share of 3.2 %, Russia lags slightly behind Belgium with a share of 3.9 %. The number of overnight stays of Russian tourists in Germany grew by almost 75 % from 2010 to 2013, but fell by 7.5 % from 2013 to 2014<sup>5</sup>. Nevertheless, the Russian market is still promising for further development, although there is a slight downward trend which seems to intensify in 2015 and 2016. Most Russian tourists traveling to Germany opt for circular tours, family and thematic tours and wellness tourism – the most developing sector now.

According to the data of the Federal Tourism Agency of Russia, 553,000 Germans visited the country in 2015, down from 583,000 in 2014. Germany still ranks fourth after Poland, Finland and China with respect to the number of foreign tourists in Russia, if one excludes the members of the CIS<sup>6</sup>. Tourist business in Germany is highly competitive and the country ranks 3rd among all countries included in the Travel & Tourism Competitiveness Index 2015<sup>7</sup>, down from the second place in 2013. One reason for this positive in-

<sup>1</sup> Travel & Tourism – Economic Impact 2015: Germany, p. 1. Retrieved from: <https://www.wttc.org/-/media/files/reports/economic%20impact%20research/countries%202015/germany2015.pdf>. (date of access: 30.05.2016).

<sup>2</sup> UNWTO (2015, p.8). UNWTO Tourism Highlights 2015. World Tourism Organization, Madrid. Retrieved from: <http://www.e-unwto.org/doi/pdf/10.18111/9789284416899>. (date of access: 30.05.2016).

<sup>3</sup> FUR (2015, p.3). Reiseanalyse 2015: Erste ausgewählte Ergebnisse. Forschungsgemeinschaft Urlaub und Reisen e.V., Kiel. Retrieved from: [http://www.fur.de/fileadmin/user\\_upload/RA\\_2015/RA2015\\_Erste\\_Ergebnisse\\_DE.pdf](http://www.fur.de/fileadmin/user_upload/RA_2015/RA2015_Erste_Ergebnisse_DE.pdf). (date of access: 14.12.2014).

<sup>4</sup> Stat.Bundesamt (2015, p.607, p.611). Statistisches Jahrbuch 2015. Statistisches Bundesamt, Wiesbaden. Retrieved from: [https://www.destatis.de/DE/Publikationen/StatistischesJahrbuch/GastgewerbeTourismus.pdf;jsessionid=BE88819D82DAB7DF611798BCD39E7DED.ca1?\\_\\_blob=publicationFile](https://www.destatis.de/DE/Publikationen/StatistischesJahrbuch/GastgewerbeTourismus.pdf;jsessionid=BE88819D82DAB7DF611798BCD39E7DED.ca1?__blob=publicationFile) (date of access: 30.05.2016).

<sup>5</sup> Stat. Bundesamt (2015, Table 26.2.4, p.611). Statistisches Jahrbuch 2015. Statistisches Bundesamt, Wiesbaden. Retrieved from: [https://www.destatis.de/DE/Publikationen/StatistischesJahrbuch/GastgewerbeTourismus.pdf?\\_\\_blob=publicationFile](https://www.destatis.de/DE/Publikationen/StatistischesJahrbuch/GastgewerbeTourismus.pdf?__blob=publicationFile) (date of access: 30.05.2016).

<sup>6</sup> Retrieved from: <http://www.russiatourism.ru>.

<sup>7</sup> WEF (2015, Table 1, p.5). The Travel & Tourism Competitiveness Report 2015. World Economic Forum, Geneva. [Retrieved from: [http://www3.weforum.org/docs/TT15/WEF\\_Global\\_Travel&Tourism\\_Report\\_2015.pdf](http://www3.weforum.org/docs/TT15/WEF_Global_Travel&Tourism_Report_2015.pdf). (date of access: 30.05.2016).

indicator is certainly the recognition tourism gets from the government as one of the key branches of the German economy.

The geographical position in the center of Europe, the social-economic and political development of the country, the high level of security and an exciting nature dotted with cultural-historical places of interest are certainly key factors for the successful development of tourism in Germany. Moreover, a developed tourist and transport infrastructure, the recognition of the tourist industry by the government, favorable conditions for private investment, availability of qualified personnel and a developed network of institutions rendering tourist services and promoting tourist destinations provide further support.

### Economic facts and relevant numbers of tourism in the Russian Federation

Although Russia's economic development depends largely on energy exports accounting for 52 % of the federal budget and over 70 % of total exports in 2012, the service sector is dominating also the Russian economy, contributing almost 60 % to total GDP. However, the direct share of tourism in GDP of Russia was only 1.5 % in 2014<sup>1</sup>, much less than Germany's 4.4 %. Actually, over recent years this share has been falling in Russia from 3.3 % in 2008, whereas it remained stable in Germany, certainly a consequence of differences and structural shifts in the general economic development in the two countries. Of course, Russia has a high tourist and recreation potential. Unique natural and recreational resources, objects of national and world cultural and historical heritage are concentrated in its territory, which allows developing almost all kinds of tourism. However, the available potential is currently only used to about 20 %<sup>2</sup>. According to Maloletko Russia could host 40 million foreign tourists per year [2], many more than the 32.4 million international arrivals in 2014<sup>3</sup>. It is, thus, necessary to determine those factors, which prevent the further development of tourism, and those factors, which create favorable conditions.

Following Burns, a look into the history helps to understand the slow development of international tourism in Russia [7]. In the USSR, interna-

<sup>1</sup> Travel & Tourism—Economic Impact 2015: Russian Federation, p.1. Retrieved from: <https://www.wttc.org/-/media/files/reports/economic%20impact%20research/countries%202015/russianfederation2015.pdf>. (date of access: 30.05.2016).

<sup>2</sup> Retrieved from: <http://itar-tass.com/obschestvo/1484059>.

<sup>3</sup> OECD (2016, p.108, p. 375). OECD Tourism trends and policies. OECD Publishing, Paris. Retrieved from: <http://dx.doi.org/10.1787/tour-2016-en> (date of access: 30.05.2016).

Table 1

### The travel & tourism competitiveness index of Russia and Germany in detail in 2013

INDICATOR	Germany (Rank out of 140)	Russia (Rank out of 140)
Environmental sustainability	14	106
Safety and security	20	126
Health and hygiene	2	6
Air transport infrastructure	11	22
Ground transport infrastructure	5	92
Tourism service infrastructure	23	54
Price competitiveness in T&T industry	126	41
Cultural resources	5	21

Source: The Travel & Tourism Competitiveness Report 2015 (WEF (2015), p.157ff, p. 285ff).

tional tourism mainly had three functions. First, as inbound tourism, allowing foreigners to see certain aspects of the Soviet Union. Secondly, in a political sense in that tourism helped to promote the Soviet Union's image abroad and, thirdly, the state organization and total control of tourism allowed a framework for monitoring foreigners' movements (many parts of the USSR were restricted as being militarily or industrially sensitive) and contacts with Soviet citizens. Overseas tourism was not normally available to citizens [7, p. 557]. Given this "historical rucksack", it is, thus, not too surprising that according to the Travel & Tourism Competitiveness Report 2015, Russia still holds only the 45th place out of 141 countries (Germany is ranked 3rd). However, Russia improved its position from the 63rd place two years ago. Cultural resources (the 21st position) and development of air transport infrastructure (22nd) are some of the factors in favor of Russia. It takes the 4th place regarding "No. of World Heritage natural sites"<sup>4</sup>. However, Russia's ground transport infrastructure puts the country at the 92nd place in the rating. Problematic are, moreover, safety aspects (high crime rate, little trust of citizens in police and a large number of road accidents); adverse political environment (visa rules, problems with protection of property rights); low government interest in the tourist branch and the general instability contribute to low competitiveness (cf. Table 1).

Nevertheless, the international tourist arrivals (overnight stays) to Russia increased steadily from 20.3 million in 2010 to 29.8 million in

<sup>4</sup> WEF (2015, p. 298ff). The Travel & Tourism Competitiveness Report 2013. World Economic Forum, Geneva. Retrieved from: <http://www.weforum.org/reports/travel-tourism-competitiveness-report-2013>. (date of access: 15.12.2014).

2014, in spite of the general deterioration of competitiveness. Thus, in 2014 Russia, together with Germany with 26.8, resp. 33.0 million international arrivals in 2010, resp. 2014, belonged to the “World’s Top Tourism Destinations”<sup>1</sup>. However, with 50.4 billion US dollars international tourism expenditure in 2014—after 53.5 billion US dollars in 2013—Russia is still the fifth largest outbound market after Germany with 92.2 billion US dollars in 2014, up from 91.4 billion US dollars in 2013 and Great Britain with 57.6 billion US dollars.<sup>14</sup> This fact might have historical reasons. Arrivals from Germany in Russia increased from 0.611 million tourists in 2010 to 0.687 million in 2013 to fall again to 0.635 in 2014.<sup>2</sup> Opening of through service between Moscow and Germany promoted an insignificant increase in the number of German tourists, but the number of Russian tourists in Germany more than doubled according to data of the Russian Federal State Statistics Service till 2013—with again decreasing numbers in 2014 and 2015.

In 2014, most international tourists in Russia came from China, Germany, United States, Great Britain and Italy in decreasing order. The recent fluctuations of the Russian Ruble may have induced and still may induce uncertainty to tourism as well. After all, visits to Moscow, Saint Petersburg, and the cities of the Golden Ring, as the main tourist destinations in Russia, are substantially cheaper for international tourists with a weak Ruble. Thus, expectations regarding the further development of the Ruble might affect tourism. In revenues from international tourism, the country is with 11.8 billion US dollars in 2014 lagging behind Germany with 43,3 billion US dollars. The United States is leading this list with revenues of 177.2 billion US dollars<sup>3</sup>. The data provided shows that Russia, in comparison to Germany, has “room” for the development of tourism, and it could become one of the leading touristic countries in the world. The question is how to make use of this potential?

The following analysis concentrates now on regional tourism, as tourism—domestic and in-

bound tourism—is to a large extent focusing on regions. Nevertheless, the above general touristic aspects of both Russia and Germany continue to be of relevance for the regions. Our case study considers the Republic of Bashkortostan in Russia and the Free State of Saxony in Germany, which are familiar to the authors.

### **Tourist potential and unique selling propositions of Saxony and Bashkortostan. Analysis of tourist business in Saxony**

The Free State of Saxony is a landlocked federal state of Germany, bordering the federal states of Brandenburg, Saxony-Anhalt, Thuringia, and Bavaria, as well as the countries of Poland and the Czech Republic. Its capital is Dresden. It is the tenth largest of Germany’s sixteen states, with an area of 18,413 square km, and with a population of 4.3 million, the sixth most populous German state, comprising ten districts: Bautzen, Erzgebirge, Görlitz, Meißen, Mittelsachsen, Nordsachsen, Sächsische Schweiz-Osterzgebirge, Vogtland, and Zwickau. In addition, there are three cities, which have the status of an urban district: Chemnitz, Dresden, and Leipzig. They are also the largest cities in Saxony with populations of 500,000 (Dresden, Leipzig) and 240,000 (Chemnitz).

Saxony represents an area of unrivalled natural beauty, a rich cultural landscape, and centuries of old traditions. Present-day Saxony is composed largely of the hill and mountainous country. The chief mountain range is the Ore Mountains (Erzgebirge), which stretch for about 160 km along the state’s southern border and reach elevations of more than 1,200 meters. The largest rivers in Saxony are the Elbe and the Mulde. More than half of Saxony’s area is agricultural land, and forests are covering about one-fourth. The region’s climate is generally temperate. Saxony has the most vibrant economy of the states of the former Germany Democratic Republic (GDR). Major manufacturing sectors include electronics, machinery, pharmaceuticals, auto and auto parts production, food processing, publishing, and textiles.

Over the last years, Saxony has concentrated its effort on developing the tourism industry, and tourism is becoming increasingly significant for its economy. Saxony’s distinguishing feature from other German regions is quality and quantity in the spheres of architecture, art and music, densely embedded into a beautiful landscape. The history of the state covers more than a millennium. There are more than 500 museums, such famous places of interest as the Semper Opera House, the Church of Our Lady and Zwinger Palace in Dresden, the

<sup>1</sup> UNWTO (2015, p.8, p.13). UNWTO Tourism Highlights 2015. World Tourism Organization, Madrid. Retrieved from: <http://www.e-unwto.org/doi/pdf/10.18111/9789284416899>. (date of access: 30.05.2016).

<sup>2</sup> OECD (2016, p.377). OECD Tourism trends and policies. OECD Publishing, Paris. Retrieved from: <http://dx.doi.org/10.1787/tour-2016-en> (date of access: 30.05.2016).

<sup>3</sup> UNWTO (2015, p.8, p.10). UNWTO Tourism Highlights 2015. World Tourism Organization, Madrid. Retrieved from: <http://www.e-unwto.org/doi/pdf/10.18111/9789284416899>. (date of access: 30.05.2016).

Battle of the Nations monument in Leipzig and Moritzburg Palace.

Visitors from around the world appreciate Saxony's exquisite artistic and cultural heritage. Music festivals, plays and internationally acclaimed art collections dominate culture in Saxony. The international reputation draws also from its rich craftwork traditions, including wood-carving in the Ore Mountains, musical instrument making in the Vogtland, Meissen porcelain, Plauen lace and Glashütte watches. Conditions for various types of vacation: family (many hotels, guest-houses, holiday homes and leisure attractions for a family vacation with children), active (cyclists and walkers, hikers), extreme (mountain bikers and motorcycle riders), sport (winter sports), health improving (spa resorts). Beginning from 1992 Saxony has had positive trends of tourism development. Owing to a targeted tourism policy and to the consistent focus on tourist brands, today Saxony is one of the preferred destinations for cultural travel in Germany.

In 2015, 6.5 million German and 0.9 million foreign visitors spent in Saxony about 18.7 million overnight stays, and tourists spent in Saxony 2.6 days on average<sup>1</sup>. As well as the year before, most international tourists came from the Netherlands. Generally, three out of four foreign visitors came from Europe. Foreigners account for 11.72 % of all tourist arrivals in 2015, and they account for 10.2 % of all overnight stays. This shows that Saxony is attractive for international tourists, and they make a considerable contribution to the development of tourism industry.

However, the number of Russian tourists in Saxony decreased from the maximum of 43,903 in 2013 to only 28,834 in 2015, also a consequence of the economic development in Russia. Most Russian tourists probably visited Dresden. There are, however, no detailed statistics on outbound tourism of Saxon tourists regarding Russian destinations, in particular, Bashkortostan.

#### **Analysis of tourist business in Bashkortostan**

The Republic of Bashkortostan is located in the very east of Europe, to the west of the Ural Mountains, in the Volga Federal District. Bashkortostan borders the Orenburg Region in the south and west, the Chelyabinsk Region in the east, the Republic of Tatarstan in the west, and the Sverdlovsk and Perm regions in the north, as well as the Udmurt Republic. The Southern Urals

prevail in the eastern part of the Republic; the western part represents mostly a flat country. The Southern Urals are 1,000–1,600 meters high above sea level. They present a tourist attraction of Bashkortostan, an important distinguishing feature of the Republic in the territory of Russia. Within a radius of approximately 1,300 km, the Urals are the only mountain group.

The area of Bashkortostan is about 144,000 square km, which is a little more than Greece, for example. The population is 4.1 million. Thus, with 28.5 inhabitants per square km, the density of population is low in comparison to that of Saxony with 233.3 inhabitants per square km. There are 54 districts, 21 cities and towns in the Republic. Ufa is the capital of Bashkortostan; its population is one million people. Other cities with a population of more than 100,000 people are Sterlitamak, Salavat, Neftekamsk and Oktyabrsky.

The development level of Bashkortostan is higher than the average in the country. In terms of the gross regional product, as well as some other important economic indicators, the region is in the top ten in Russia. Regarding contributions to the government budget of Russia, the Republic ranks sixth among the 85 constituent entities of the Federation.

Industrial production is an important sector of the economy—more than half of the gross regional product falls to its share. Oil production and processing are the main areas of economic activity. Engineering is important, too—more than 150 enterprises work in this industry. The majority of companies manufacture machines for production and processing of oil, natural gas, and for the chemical and petrochemical industries. Consequently, petroleum products and fuel predominate in export—their share in the volume of export is more than 70 %. Equipment, devices and vehicles are mainly imported. About 50.7 % of total import falls to these industries.

However, Bashkortostan is also one of the most favorable regions for tourism and recreation in Russia. Hundreds of tour itineraries are prepared; holiday camps and centers are under construction. Bashkortostan is a country with a unique natural landscape, historic monuments, multi-national population and centuries of cultural traditions. The paleolithic paintings in the cave of “Shulgan-Tash” are more than 12 thousand years old. The equally unique “Country of towns”, which consolidates “Arkaim” and other settlements, is about four thousand, and the Bashkirs' epic “Ural-Batyr” one thousand years old.

Tourist resources of Bashkortostan are impressive: about 300 dripstone caves, more than 600

<sup>1</sup> Retrieved from: [https://www.statistik.sachsen.de/download/050\\_W-Handel-Tour-DL/G\\_IV\\_1mt002.pdf](https://www.statistik.sachsen.de/download/050_W-Handel-Tour-DL/G_IV_1mt002.pdf). (date of access: 30.05.2016).

rivers, 800 lakes, many mountain chains. More than three thousand immovable monuments of history, art, culture and archaeology are the basis of cultural-educational tourism. The recreational potential of the Republic includes the biosphere reserve “Bashkir Urals” (in the UNESCO World Heritage List), three natural reserves, seven reserves on protecting drug plants, and 17 hunting reserves.

There are, moreover, three integrated (landscape) reserves, four natural parks, more than 180 monuments of nature, 24 therapeutic institutions, more than 30 recreation camps and boarding houses, 19 ski centers, and many centers of cultural-historical heritage. This significant recreational potential creates opportunities for the development of service industries, of territorial tourism clusters, and integrated tourist parks.

Nevertheless, any efforts to develop tourism in Bashkortostan have to take into account historical realities. During USSR times, tourism had the reputation of a non-productive industry, focusing on recuperating the workforce. Trade unions were propagating “social tourism”; health spas and medical treatments had priority [7, p.557].

This helps to explain, why health resorts and all kinds of medical treatments are still relevant for at least domestic tourism in many parts of Russia. The only question in this context is, whether this particular feature of Russian tourism will last for a longer period of time, and whether it is attractive for international tourists. After all, “Tourist Area Life Cycles” are of relevance [8]. We will explore this aspect, which is crucial for the development of tourism resorts, in more detail later. Not surprisingly then that health resorts characterize the development also in Bashkortostan. Nine public enterprises render recreational services, among which the health resorts “Yangan-Tau”, “Krasnousolsk”, “Yakty-Kul”, “Assy” are well known, even outside the Republic. The sanatoriums have a developed infrastructure suitable for tourist products, in particular for rendering therapeutic services. Mineral waters, therapeutic muds, treatment with kumis and honey are applied.

According to the Federal State Statistics Service, spa and recreational services increased by 1.42 % in comparison to 2012, and amounted to 4.02 billion Rubles in 2013 (in terms of this indicator the Republic ranks first in the Volga Federal District, and fourth in the Russian Federation). The total number of people, accommodated in collective accommodation facilities (CAF) in 2013 amounted to 882.3 thousand, of whom 52.5 % stayed in hotels and similar accommodations. The majority of people (97.9 %), served by CAF in the territory of the

Republic, were Russian citizens. 26.9 % of the people accommodated in CAF asked for health treatment, and 26.5 % wanted leisure and recreation. However, despite these positive trends, the touristic potential of the Republic is not exhausted, and the tourism industry makes an unsatisfactory contribution to the GRP of the region. The following comparative analysis allows some insight.

### Comparative analysis

We shall now present and discuss major commonalities and differences regarding the tourist businesses in Bashkortostan and Saxony. In the next section, this information will lead to recommendations to strengthen this sector. The basic numbers provided in Table 2 refer to recent years and are approximates.

The following Table 3 summarizes the most significant differences between Bashkortostan and Saxony regarding the touristic potential.

An immediate inspection shows that the greatest differences between tourism in Saxony and Bashkortostan arise from different historical roots and the significant differences in the densities of population. Touristic attractions in Saxony are quite diverse and much closer to the population, both in terms of preferences of tourists and locations.

In addition, the high density of touristic services in Saxony means high competitive pressure, which helps to raise quality. Angel and García [9] and Patiar et al. [10], among many others, investigate effects of competition on different quality issues in tourism. Proposals for developing tourism in Bashkortostan have, of course, to respect this fundamental locational characteristic. The situation is different with the historic roots of tourism. The following section attempts an approach to a sustainable tourism in the Republic of Bashkortostan.

Table 2

Comparison of Bashkortostan and Saxony  
(basic indicators)

Economic Aspects	Bashkortostan	Saxony
GDP per capita (2012)	8,500 US-\$	30,000 US-\$
Unemployment (2012)	6.1 %	9.4 %
Main Industries	Oil production, oil processing	Car manufacturing, microsystems
Population	4.1 million	4.3 million
Population Density	28 per square km	233 per square km
Size	144,000 square km	18,500 square km

Source: The table is compiled by the authors.

Table 3

**Comparison of Bashkortostan and Saxony  
(touristic potential)**

Aspect	Evaluation
Nature and mountains (density)	Ideal combination of mountains and lakes in both countries; closer to population in Saxony, more “natural” in Bashkortostan
Accessibility (density)	Two international airports; network of highways and roads; greater density in Saxony; tourist centers very close to larger cities (less than 100 km) in Saxony; larger distances in Bashkortostan and less accessible for day trips; more temperate climate in Saxony
Touristic infrastructure and attractions (density)	In Saxony, hotels and restaurants in “hiking distances”; diverse touristic services; more isolated resorts, skiing centers and wilderness trails in Bashkortostan; a stronger focus on health centers and wellness activities in Bashkortostan
Financial aspects (density)	Due to marketing activities and competitive pressure a usually excellent relationship between prices and services in Saxony; comparatively high prices in Bashkortostan
Cultural places (history)	Many historical places related to recent history and cultural activities in Saxony; old historic places with a long history, and most cultural activities concentrated in the larger cities in Bashkortostan
Historical roots of tourism (history)	Traditional tourism in Saxony; more importance on spas and recreational services in Bashkortostan

Source: The table is compiled by the authors.

**Sustainable tourism in the Republic  
of Bashkortostan**

The perception of the concept of “sustainable tourism” depends on awareness in the population about the impacts of the tourism industry and appropriate response options [11, p.641]. In the context considered here, we understand by sustainable tourism “management objectives to reduce existing environmental costs and target environmental benefits” with a clear reference to the long term [12, p.486]. These are certainly minimum requirements for “sustainable tourism”.

In order to analyze the potential of Bashkortostan for sustainable tourism, the following framework conditions play a role:

— many sanatoriums in Bashkortostan provide further opportunities for the development of health and recreational tourism;

— there are good conditions for the development of ski resorts in the Republic;

— vast areas of the Southern Urals offer an unspoiled countryside, thus providing a good base for the development of adventure tourism;

— diverse touristic activities are available in Bashkortostan currently: beach holidays, city and cultural tourism, health tourism, alpine/winter tourism, adventure tourism, sport and active tourism.

How to stimulate and develop sustainable tourism in Bashkortostan under these framework conditions? What are the consequences of the low density of population and the “historic rucksack”? What can we learn from Saxony in this context? First, not all of the current touristic services have a sufficient potential for development. In view of sustainability, it is necessary to concentrate human and financial resources—perhaps on those three types of tourism, for which conditions are favorable for natural and/or historic reasons: alpine/winter tourism, health tourism, and adventure tourism. Unfortunately, due to the lack of statistical data, it is hardly possible to analyze carefully the current demand for tourist services in Bashkortostan. According to the opinion of experts in the sphere of inbound tourism, tourists come mainly from Bashkortostan, neighboring regions and the Moscow region. “Effective” demand depends on the availability of sanatoriums, ski resorts and tour itineraries. However, thus providing not much information on the “true” preferences of the tourists. There is also no data on the demand of foreign tourists. The main purpose of the tourism industry currently seems to be to attract as many tourists as possible to the country, and to create all possible conditions to make them spend as much money as possible inside the country. These are not necessarily good framework conditions for sustainable tourism (discuss the current deficiencies of the tourist business, including insufficient data, in Russia in more detail) [2, p.25f].

**General competitiveness analysis**

Before conducting an analysis of Bashkortostan’s competitiveness for the chosen market segments: ski resorts, health tourism and adventure tourism, the current approach to tourism in Bashkortostan needs an evaluation. The following aspects are relevant for sustainable tourism: without competitiveness no long-term perspective. First, the fact that there is no reliable statistical data implies that there is no strategic approach to tourism. Without data, a future-oriented and growth-oriented planning of touristic services is not possible, and it remains difficult to draft a credible master plan. The fact that there is not much data is probably a consequence of a non-existing or not properly endowed central marketing bureau for tourism in Bashkortostan. As tourism needs some central planning—other-

wise the infrastructure will emerge randomly, if at all – such an institution is of dire need. This is, in particular, true for a country with a low density of population, which requires an even more careful planning than a densely populated country with more pressure from competitiveness. Once tourists get the impression that they are only there to spend as much money as possible, they will probably never return to this location. Thus, there is a need to establish a reasonable “Customer Relations Management” (CRM) in Bashkortostan. Tourists should feel at home and they should feel welcome – then they will spend money. In the following subsection, we deal with focus groups and the competitiveness of ski resorts in the Republic of Bashkortostan.

### **Competitiveness of ski resorts in Bashkortostan**

First, what can we learn from experiences in Saxony? The mountainous areas in Saxony offer activities for all kinds of winter sports. Of course, these resorts are not comparable to those in the Alps. Nevertheless, for local people and for international tourists from all parts of the world, Saxony remains attractive also in winter. For example, 8.5 % of the tourists visiting Saxony in February 2014 were from outside Germany<sup>1</sup>. In winter, tourists visit also the many traditional Christmas markets in Saxony, which provide a very special flair. Thus, winter tourism in Saxony thrives due to a rather diverse supply of touristic activities. Experienced downhill skiers and cross-country skiers find their locations as well as city and cultural tourists. Clearly, destination marketing supports this special image of the “Winter Wonderland Saxony”, and the competitive pressure due to the high density of the population guarantees a reasonable quality.

What is the situation in Bashkortostan? In view of the distances in general and accessibility, in particular, it will remain difficult to attract ski tourists in large numbers from outside Bashkortostan and the neighboring regions. Opportunities for skiing are excellent in the Alps, and the somewhat lower prices in the skiing centers in Bashkortostan are not attractive enough to compensate for the large distance, the lower mountains and the still less attractive resorts [2, p.26]. Moreover, other ski resorts

in Russia offer a wider range of services in alpine skiing, and Bashkir ski resorts can also not compete with these resorts. Consequently, current and future ski resorts in Bashkortostan should cater to the needs of the local people, including ski tourists from the neighboring regions. As tourism is not yet sufficiently developed, marketing strategies should predominantly focus on this group.

Marketing then should include raising awareness for winter sports in Bashkortostan. Attractive hotels with attractive prices and services, in particular for first-time skiers, have to support this marketing strategy, of course. On the other hand, winter sport is in demand all over the world, so there is not much risk in “cultivating” demand and developing these resorts for predominantly local Russian tourists. Again, due to the low densities of the population and the attractions, ski resorts in Bashkortostan have to offer various kinds of services to make tourists stay for a longer time. Thus, drawing from the experiences in Saxony, combinations of services with, for example, those of health resorts might be of advantage, at least for some locations.

### **Competitiveness of health resorts in Bashkortostan**

Again, what can we learn from Saxony? Surprisingly, there is a rather dense network of spas and health resorts in Saxony, extending into the Czech Republic, which is mostly catering to the needs of older people and those recovering from various sicknesses. Thus, visiting a spa is not a traditional and typical touristic activity in Saxony (and Germany), although things start to change. Interestingly, however, there is a substantial demand for this kind of services in Saxony (and Germany) from Russian citizens. Consequently, there are currently many activities, also in Russia, to attract more Russian tourists to the health resorts in Saxony. This is, of course, a strong signal, that at least for the time being the historic “rucksack” does not speak against health resorts in general.

However, Russian health resorts seem to lag behind in terms of an adequate infrastructure, for example. A careful analysis of the preferred activities of Russian tourists, who went abroad (according to Maloletko, more than 14 million in 2011), could provide more insight [2, p.31]. Given these remarks, the question of competitiveness of health resorts in Bashkortostan focuses on unique selling propositions (USP), and adequate framework conditions, including an attractive infrastructure. The goal of tourist marketing is then to develop those very special health centers with a USP

<sup>1</sup> Stat. Landesamt (2014a, p. 22). Statistischer Bericht: Beherbergungsgewerbe im Freistaat Sachsen, Februar 2014. Statistisches Landesamt des Freistaates Sachsen, Kamenz. Retrieved from: [http://www.statistik.sachsen.de/download/100\\_Berichte-G/G\\_IV\\_1\\_m02\\_14\\_SN.pdf](http://www.statistik.sachsen.de/download/100_Berichte-G/G_IV_1_m02_14_SN.pdf). (date of access: 13.12.2014).



in a large area, possibly extending into Western Europe. Then chances are that international tourists will come to Bashkortostan to enjoy rare and special health treatments. However, this requires some efforts, including a Russian or Bashkir “touristic brand”, which is different from Russia’s traditional destination image abroad [1]. If, however, none of the current and potential future health resorts in Bashkortostan qualifies for such a “monopolistic” position, then again the local market is of interest. Health conscious people from the area and the neighboring regions should visit the sanatoriums, to enjoy the spa services and the beauty salons.

### **Competitiveness of adventure tourism in Bashkortostan**

Adventure tourism in Saxony is more or less restricted to extreme climbing in the sandstone formations of the local mountains. Thus, Bashkortostan with its combination of mountains, lakes and picturesque sceneries in an unspoiled nature has a great potential in developing this kind of tourism. Western Europe in general and Germany, in particular, can hardly offer such untouched “wilderness”. This is a USP of Bashkortostan and suitable for touristic purposes. These activities cater in particular to the touristic “needs” of young and middle-aged people. According to a survey of TGMS, the tourism-marketing bureau of Saxony, almost 30 % of Germans of the age groups fewer than 50 years are considering “outdoor” and “extreme adventures” as suitable leisure activities. Although this is still less than the 62 % of the same age groups, who are considering “nature and health” as suitable activities, the first group is important because of the USP of Bashkortostan.

The cluster comprising the “National Park of Bashkortostan”, “Nugush”, “Shulgan-Tash” seems to be provide the optimal locations for different outdoor activities. There is the national park, the nature reserve “Shulgan-Tash”, the “Nugush reservoir”, and the “Kapov cave” with ancient rock painting. Moreover, there are many possibilities for all kinds of outdoor activities: horse riding or cycling; boating or cruising on the reservoir; rafting and canoeing down the rivers; traveling by horse and dog sleighs; driving snowmobiles, wave runners, quad bikes; paragliding.

Again, the low density of the population and of the touristic activities requires a careful preparation and planning of the cluster for further outdoors and extreme adventures. After all, the cluster is 250 km from Ufa, thus too far for day trips from the capital of Bashkortostan. Moreover, some

activities are mutually exclusive such as horse riding and quad biking, and dog sleighing and snowmobiling, for example. Currently, adventure tours in Bashkortostan are mainly for local people. The challenge for the tourism-marketing bureau of Bashkortostan is now to address tourists in other parts of Russia and perhaps in Western Europe, without “neglecting” the local tourists. Not surprisingly, this requires a careful analysis of the preferences of local and international tourists, and adjustments to the local infrastructure. International tourists, who come to Moscow or Saint Petersburg, could perhaps be interested in an extended tour to Bashkortostan for leisure activities, if innovative tourism concepts are waiting for them [13, p.48; 14]. The following recommendations are crucial for developing and maintaining a sustainable tourism in the Republic of Bashkortostan.

### **Basic recommendations for developing sustainable tourism in Bashkortostan**

The above analysis based on comparable challenges and experiences in Saxony, but also on fundamental differences to the situation in Saxony, leads to the following pivotal recommendations for developing a sustainable tourism in the Republic of Bashkortostan. These recommendations are the backbone for a more detailed planning procedure.

The historic “rucksack” requires a careful branding of tourism in Bashkortostan. The images of Russian and Bashkir tourist destinations need more than some polishing. Since the Federal Tourism Agency of Russia has not a territorial structure, this is primarily the task of the local administration, of a “Tourism-Marketing Bureau of Bashkortostan”, and requires a reasonable promotional budget. The “Tourismus Marketing Gesellschaft Sachsen” may provide some ideas on the roles of such a Bureau<sup>1</sup>. According to Papatheodorou, without strategic planning through the Bureau, the interaction of market and spatial forces may lead to unforeseen and unsustainable structural results, thereby wasting valuable resources [8].

For example, after perestroika, the number of tourist agencies in Russia increased rapidly to 10,000 in 1997, yielding a “chaotic” situation [7, p.557]. By 2012, this number was down to 4,600. [2, p.27]. Such a development becomes much more

<sup>1</sup> TMGS (2014). Tourismus Marketing Gesellschaft Sachsen mbH. Geschäftsbericht 2013. Dresden. Retrieved from: [http://www.sachsen-tourismus.de/fileadmin/userfiles/TMGS/Startseite/Partner/TMGS\\_Berichte/TMGS\\_GB\\_2013.pdf](http://www.sachsen-tourismus.de/fileadmin/userfiles/TMGS/Startseite/Partner/TMGS_Berichte/TMGS_GB_2013.pdf). (date of access: 21.10.2014).

expensive with non-sustainable investments into the touristic infrastructure. In order to become and stay competitive in Russia and to some extent perhaps internationally, innovations in tourism are needed.

In this context, Kropinova, refers to new information technologies, interactive network museums, and public-private partnerships to stimulate tourism as examples [13, p.48]. However, providers and consumers of tourist services could function as sources of innovations in tourism: an open-innovation approach. Egger et al. examine the concepts of open innovation, crowdsourcing and co-creation and consider their suitability for the tourism industry [15]. This could be a rather new approach to tourism in Bashkortostan – with guidance through the Tourism-Marketing Bureau. Most important, however, is the collection of detailed data on tourism demand of both Russian and international tourists. Without data, the Tourism-Marketing Bureau of Bashkortostan has no basis for making strategic plans.

## Final comments

Bashkortostan has a great potential for attracting domestic and international tourists. The fact that many Russians leave their country for holidays, even for spa holidays, has not only climatic reasons. Of course, it is difficult to find locations with Mediterranean beaches in Russia, and it will remain difficult to keep those tourists in Russia, who are looking for this kind of leisure activities. But, beyond this group, there seems to be a large number of Russians, who cannot find adequate tourist resorts at home.

This requires an infrastructure based on local or international USPs, which is adequate to compensate for the low density of population. Moreover, the destination image requires a careful makeup in order to alleviate the “historic rucksack”. A Tourism-Marketing Bureau has to guide investments in infrastructure and provide support for the managements of the resorts. Due to low-density competitive pressure is reduced and might lead to suboptimal allocative results.

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### Authors

**Hans Wiesmeth** — Professor Emeritus of Economics, Faculty of Business and Economics, Technical University of Dresden; President, Saxon Academy of Sciences in Leipzig; Academic Director of the Laboratory for Regional and International Economics, Ural Federal University named after the first President of Russia B.N.Yeltsin (01062, Technical University of Dresden, Dresden, Germany; 04107 Karl-Tauchnitz-Str. 1, 04107 Leipzig, Germany; 19, Mira St., Ekaterinburg, 620002, Russian Federation; e-mail: [hans.wiesmeth@tu-dresden.de](mailto:hans.wiesmeth@tu-dresden.de)).

**Armin Godau** — Doctor of Economics, Professor Emeritus, Professor Emeritus of Tourism Management, Technical University of Dresden, Faculty “Friedrich List” of Transportation and Traffic Sciences (10, Helmholtzstraße, Dresden, 01062, Germany; e-mail: [a-godau@t-online.de](mailto:a-godau@t-online.de)).

**Aigul Gabitovna Khabibrakhmanova** — PhD in Economics, Leading Expert of Department of Guarantee Providing, Fund for Development and Support of Small Business of the Republic of Bashkortostan (37, Karla Marksa St., Ufa, Republic of Bashkortostan, 450052, Russian Federation; e-mail: [khabibrakhmanova\\_aigul@mail.ru](mailto:khabibrakhmanova_aigul@mail.ru)).