

TOURISM DEVELOPMENT IN THE REPUBLIC OF KARELIA: PROBLEMS AND PERSPECTIVES

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ABSTRACT

Nowadays the Republic of Karelia (this will be later referred to as the Republic or Karelia) is one of the most popular tourism destinations in the Russian Federation. The Republic possesses a great number of natural places of interest and architectural monuments which attract many people from around the world. However, it faces a number of challenges in developing and maintaining the tourism industry, having to compete with bordering destinations. To predict further difficulties and to maximize the profitability of the tourism industry the destination should develop according to a precise strategic plan. This in turn will help to prevent overcrowding that causes damage to popular attractions, and to preserve the natural beauty of the newly discovered attractions. The strategic plan and scheme were elaborated in the Republic and were considered to be successful. However, tourist flows during the past few years have tended to decrease. This fact has attracted the attention of local authorities and businessmen to their competitiveness and new ways of positioning, planning and managing the tourism industry.

KEYWORDS

The Republic of Karelia, Strategic Plan, Tourism Potential, Tourist Flows, Destinations.

1. LITERATURE REVIEW

Competitiveness began to be researched and discussed after publication of the work of Porter (1990) covering this theme and proposing the four-part framework. According to Porter, “government and chance are viewed as influencing competitiveness through their impact on the four basic determinants”. With the development of tourism industry and understanding of its contribution to economy, tourism destination competitiveness became one of the main themes in tourism researches. The first studies in the sphere of tourism destination competitiveness were implemented by Pearce (1997) who proposed the technique of “competitive destination analysis”. The best approach to tourism destination competitiveness is considered to be the approach of Crouch and Ritchie (1999) where both elements of tourism competitiveness and industry competitiveness are included. Crouch and Ritchie developed the model of tourism destination competitiveness where its four major components are core resources and attractors, supporting factors and resources, destination management, and qualifying determinants. Due to the fact that the model is constantly evolving the fifth element, destination policy, planning, and development, was added. It should be mentioned that Enright and Newton (2005) argue that except the elements proposed by Crouch and Ritchie “competitiveness is determined both by tourism-specific factors and a much wider range of factors influence the tourism service providers”. Another important element of the tourism destination competitiveness is pointed by Vengesay (2003). He affirms that “destination competitiveness could be

associated with the ability to deliver an experience that is more satisfying than that offered by other destinations”. Wilde and Cox (2008) also maintain the idea that the “management” of the destination appear to be of utmost importance to local stakeholders, given the identified stage of development”. They point three fundamental elements which were identified in the framework of their research: “the ability of tourism infrastructure to be maintained and introduced to sustain the destination’s appeal; the ability of the local tourism industry and relevant governing bodies to cooperate as a driving force to sustain the destination; and the existence of a strong community vision for the future of tourism”. Gruescu, Nanu and Pirvu (2009) “identify the competitive advantage of a tourist destination from a double perspective: the critical contribution of the employees and the ICT impact on promoting and selling the destination”.

2. ABOUT KARELIA IN BRIEF

The Republic of Karelia is located in the North-West of Russia and it is included in the Northern economic region of the Russian Federation. The area of Karelia is – 180.5 thousand square km (1.06% of the total territory of Russia). Its length from north to south is 660 km, from west to east on the latitude of the town Kem is 424 km. Karelia borders Finland in the West, Leningradskaya Oblast in the South, Murmanskaya Oblast and Arkhangelskaya Oblast in the East. In the North-West the Republic is washed by the White Sea. The northern border line of Karelia coincides with the state border of the Russian Federation and its length is 723 km.

According to the Statistic Bureau of Karelia (2007) on the 1st of January of 2007 the population of the Republic of Karelia is 690 653 inhabitants. Urban population makes about 76% (525 576), rural – about 24% (165 077), about 39% of the population (268 784) lives in the capital of the Republic the city of Petrozavodsk. Population density of the republic is about 4 persons per square kilometer. The average age of the population (2002) is 37.1 years (the same as the national average). Most of the population, 445 747 people, is between 16 and 54 years old, and 138 713 people are older (Statistic Bureau of Karelia, 2007).

The Republic has a favorable economic and geographic position, it is situated near highly industrially developed Russian and Western regions, has efficient water transport system, and significant natural resources. The role of Karelia in the industrial Russian complex is in the first place determined by natural resource-based industries (forest, wood-processing, pulp and paper, ferrous metallurgy, construction materials industry), and also by the industries based on imported raw materials (machinery making and non-ferrous metallurgy).

The economy of the republic is traditionally based on the usage of forest resources. The share of marketable goods of the forest industry complex (FIC) in the total production volume of the Republic of Karelia is about 40%. More than half of all the labour force is employed in the forest industry complex. Products of FIC of the republic occupy a significant place on the Russian market. The share of Karelia represents 24% of all-Russian paper production, 35% – of newsprint, 6% – of merchantable wood, 4% – sawn timber, 3% – chipboards, 59% – paper sacks.

According to the data of the Official Site of the Administrative Bodies Republic of Karelia and Karelian Tourism Portal there are:

- 4408 cultural heritage objects (monuments of history and culture) including: 1632 – of federal significance, 1131 – regional significance, 1645 – revealed objects) and one site in the World Heritage List of UNESCO;

- 43 historical and cultural complexes; 161 historic settlements; 18 historic and cultural territories;
- 3 National Parks.

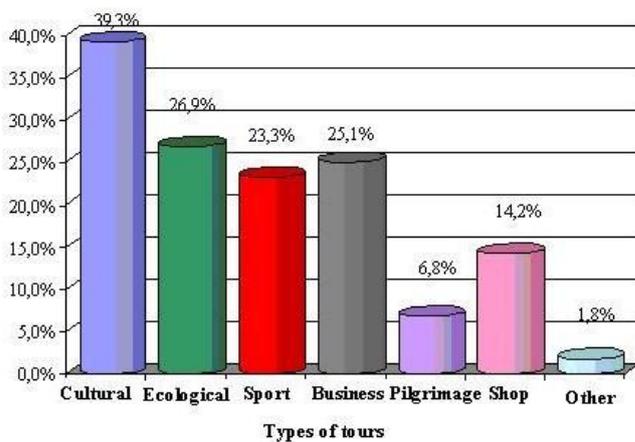
3. KARELIAN TOURISM OVERVIEW

Nowadays the Republic of Karelia is in the top list of the most popular tourism places in the Russian Federation. This fact proves the gross revenue of inbound tourism in the Republic which is growing constantly. Karelia attracts people for its wooden architecture and charming rural atmosphere (the Open-Air Museum of wooden architecture “Kizhi” included in the World Heritage List of UNESCO) that is why further development of cultural tourism is of great importance.

According to the data of the Ministry of Economics of Karelia and the Statistics Bureau of the Republic (2007) the demand for cultural tourism is the highest. As a rule, the most popular and developed cultural tour is considered to be a coach trip around the most famous architectural sights of the Republic, the Open-Air Museum of Wooden Architecture “Kizhi”, the orthodox monastery Valaam on the territory of the nature reserve Valaamsky Archipelago with impressive nature landscapes, and the Solovetsky monastery, included in the World Heritage List of UNESCO and famous for its GOULAG camp (the monastery is officially situated in the Arkchangel'skaya Oblast, but the main tourists' flow goes there through the Republic because of better transport accessibility). This coach tour has brought fame to the Republic. It is the most developed and demanded tourism product of the Republic. It should be mentioned that the remote location of these attractions makes their accessibility quite difficult in autumn and winter and the price levels are above the average for the comparable tours.

Graphic 1 shows the demand for other types of tourism in the Republic of Karelia and helps to understand which tourism products can be developed and elaborated in the future. The Republic is rich in natural resources such as forests and rapid rivers and possesses 3 national parks. The above mentioned factors explain the popularity of nature-based tourism. In fact nature-based tourism occupies the second place in the hierarchy of consumer preferences in Karelia. The same principle can be applied to sports tourism.

The Republic hosts a few conferences and exhibitions annually. So MICE tourism plays an important role in the tourism industry of Karelia as well.

Graphic 1: Estimation of Foreign Tourist's Demand for Different Types of Tourism¹

Source: Passport of the Republic of Karelia (2007)

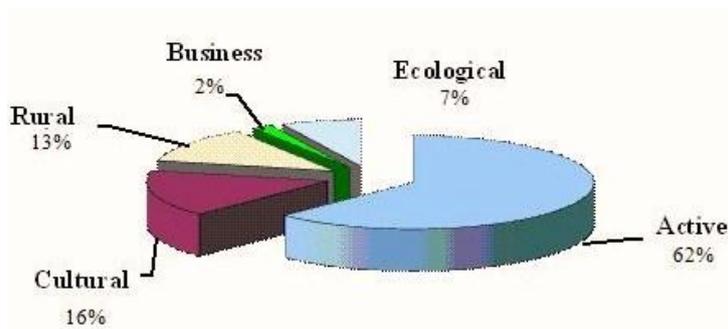
Graphic 2 shows the most popular types of tourism according to the travel agencies staffs' opinion. There is no such kind of tours as sport tours, pilgrimage and shop tours because of different reasons.

Active tourism tends to be the most popular and it includes rafting, hiking and boating in summer and snowmobiling and dog-sledging in winter. Sports tourism is also included in this frame. The flow of active tourists is already very high and tends to grow. Unfortunately, the infrastructure for active tourism is not developed to the required level. There are now only 2 big tourism companies which can offer winter and summer high-quality products. But they can not provide enough services to meet the needs of all tourists. An excess of demand over supply is the main reason for high rates for tour packages in the winter. Fortunately, the average rate for summer tours is competitive enough, which can be explained by the popularity of reasonable prices for rafting tours with open-air accommodation. However, it should be mentioned that this type of accommodation is not considered to be appropriate by the majority of foreign tourists.

Regarding business tourism there is a fear that the demand will decrease because there are not so many factories and big companies here. Moscow and St Petersburg are the main competitors in this type of tourism. Nowadays the whole complex of infrastructure for organizing a conference of some complexity is developed in those big cities.

Rural tourism tends to develop because of a growing demand for vacation in rural areas in traditional environment. The Republic of Karelia has a great potential for this type of tourism, thanks to its mostly rural territory with low population density and historical hospitality of Karelian people. The rural community is not ready to provide the whole complex of services and does not know how to do it. Another problem is that they do not know how to promote their business which influences the profitability. Unfortunately, rural territories do not possess high Internet accessibility. Different problems, especially the registration of foreigners, also scare people of the countryside. That is why the sector of rural tourism is not developed today in the Republic of Karelia.

¹ The Official Site of the Administrative Bodies of the Republic of Karelia available on-line [<http://gov.karelia.ru/>] 15/02/2009

Graphic 2: The Most Perspective Types of Travel According to Tour Agencies staff's Opinion

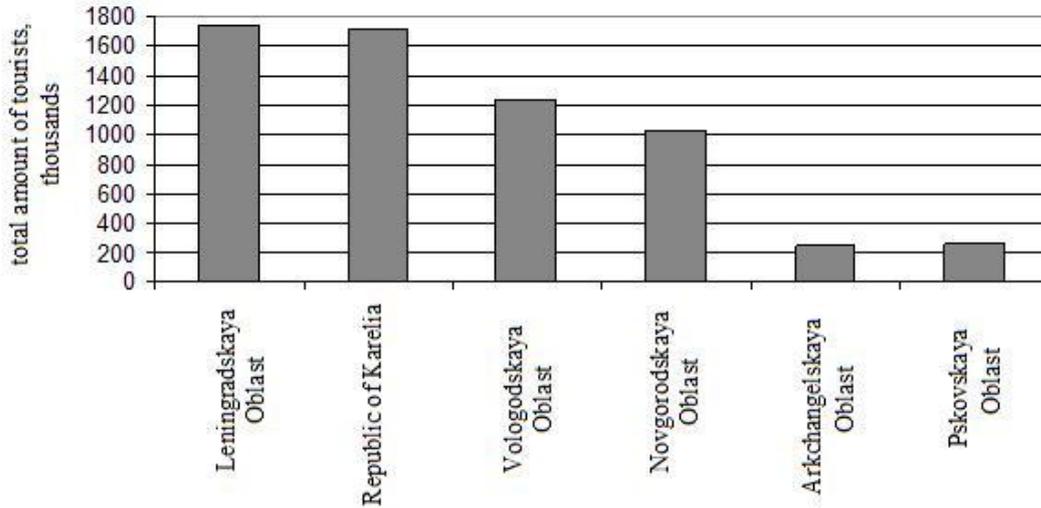
Source: Passport of the Republic of Karelia (2007)

4. TOURISM IN THE REPUBLIC OF KARELIA AND COMPETING DESTINATIONS

Although the Republic of Karelia is a very popular tourism destination among both Russian and foreign tourists, it has to compete with the bordering destinations, namely, Leningradskaya Oblast, Vologodskaya Oblast, Novgorodskaya Oblast, Pskovskaya Oblast, Arkchangel'skaya Oblast and even Finland. The above mentioned tourism destinations offer similar tourism products and in some points they are even more attractive.

Graphic 3 shows that Leningradskaya Oblast is the most visited destination. The Republic of Karelia takes the second place and the third place is taken by Vologodskaya Oblast. It should be mentioned that the main tourism product of Leningradskaya Oblast is the accommodation in different cottages and spa resorts located in splendid natural places. It proposes several interesting and attractive excursion routes and active tours as well, but they are not so popular as the ones offered in the Republic of Karelia. Moreover, there are no sites included in the World Heritage List of UNESCO on the territory of Leningradskaya Oblast. As to Vologodskaya Oblast, this destination promotes excursions as the main tourism product. One of its benefits is that it possesses the monastery which is included in the World Heritage List of UNESCO, which is accessible easily all year around. Another famous tourism product of Vologodskaya Oblast is offered by one of its cities, Veliky Ustyug. This city attracts tourists by its Russian Father Frost which is the most famous one all around the Russian Federation and is considered to be the only real one. Despite the high seasonality of this tour product, it has to be admitted that thanks to it Vologodskaya Oblast has got its fame and tourist popularity. And one more advantage of the Vologodskaya Oblast to Leningradskaya Oblast is that it is closer to such big cities as Moscow and St Petersburg, as its main tourism flows are directed from these cities.

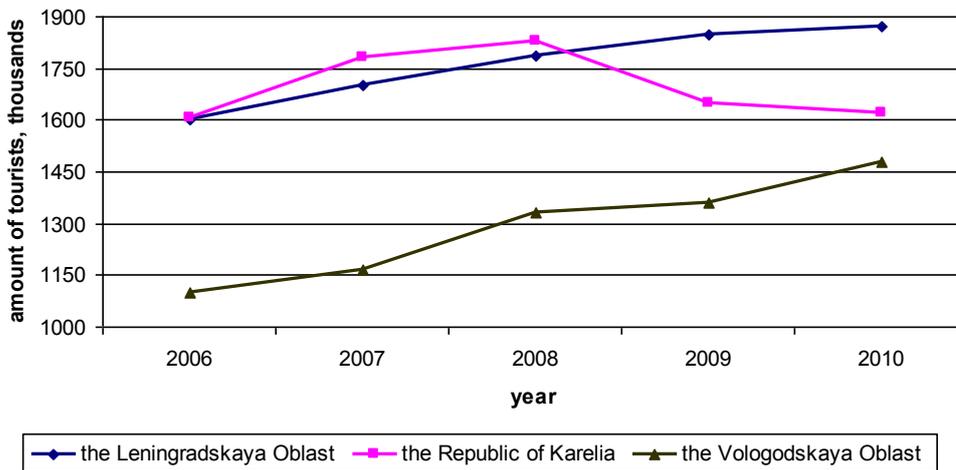
Graphic 3: Average amount of tourists and excursionist for the period 2006 – 2009, thousands of people



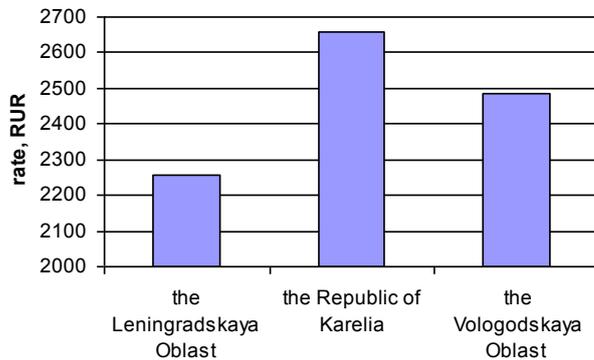
Source: The Official Site of the Administrative Bodies of the Republic of Karelia

It is also interesting to look at the dynamic of tourism flows to those top regions. Unfortunately, for all mentioned tourism destinations the data is available only from 2006. We can see that both Leningradskaya Oblast and Vologodskaya Oblast show positive tourism flows and the Republic of Karelia demonstrates the negative one.

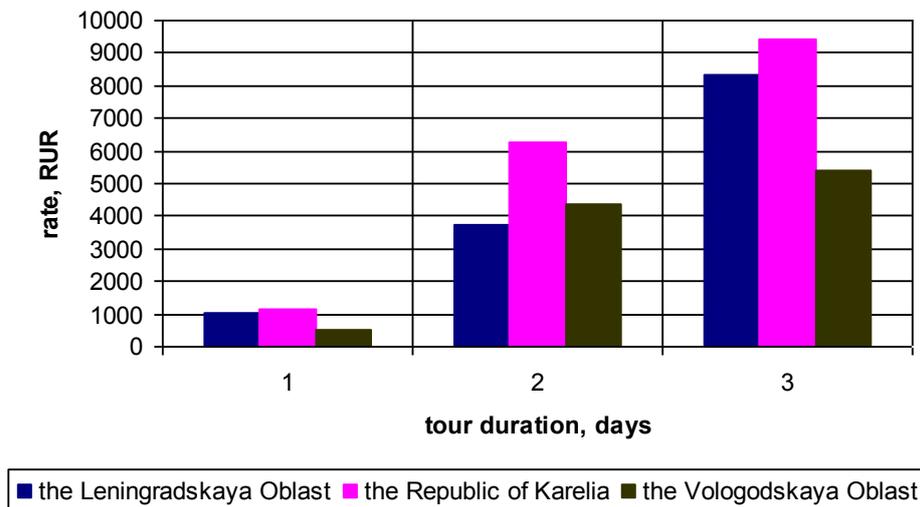
Graphic 4: Amount of tourists and excursionist in the Leningradskaya Oblast, the Republic of Karelia and the Vologodskaya Oblast for the period 2006 – 2010, thousands of people



Graphic 5: Average rate for accommodation in a twin room in the Leningradskaya Oblast, the Republic of Karelia and the Vologodskaya Oblast



Graphic 6: Average rate for an excursion tour package in the Leningradskaya Oblast, the Republic of Karelia and the Vologodskaya Oblast



5. REGIONAL POLICY

Looking at the Graphic 4 we can see that the tourism flows to the Leningradskaya Oblast and the Vologodskaya Oblast are continuing to rise and the tourism flow to the Republic of Karelia is declining for the last two years. Taking into account that all those three territories have similar geographical positions and nature resources and comparable cultural resources it is interesting to find out the reason of decrease in the tourism flow to the Republic of Karelia.

As to the Leningradskaya Oblast, its main goal was to promote the destination as well as possible. Huge part of the budget for tourism development was sent to elaborate different tourism sites on the Internet to promote accommodation on the territory. Those sites could be found very easily with the help of search engines. One more benefit of the accommodation in the Leningradskaya Oblast is that it is very close to St Petersburg and Moscow from which a great amount of tourists come. As we can see from Graphic 6 the price for accommodation is also very competitive and reasonable.

The Vologodskaya Oblast shows the example of elaboration of another kind of document for tourism development. This document contains several megaprojects aimed to develop tourism infrastructure and to attract tourism business to different sites of the Vologodskaya Oblast. Some special councils were created to elaborate tourism products, to work with local people and to control the implementation of the document. The rates for accommodation are quite competitive (they are higher in cities where business tourism is more popular and lower where excursion tourism is on a priority basis) in comparison to the two other destinations (Graphic 5) and the rates for excursion tour packages are the lowest (Graphic 6). All those facts led to a great success because the tourists' flow has risen and continues to show a positive trend (Graphic 4).

To develop tourism, the document called General Scheme was elaborated by the Ministry of Economics of the Republic of Karelia in 2007. This scheme looks like a spatial plan of the Republic of Karelia where the most popular and visited territories are highlighted and are considered to be perspective. Each perspective territory has its own document for infrastructure development. In other words this document, which looks like a precise business plan, is believed to attract investments for the Karelian tourism. Despite of the General Scheme great potential value, the tourism industry in Karelia did not improve after it was accepted and signed by the authorities. From Graphic 4 we can see that the tourism flow reached its peak in 2008 leaving behind the Leningradskaya Oblast and the Vologodskaya Oblast and since then tends to decline. We can suppose that one part of the tourism flow of the Republic of Karelia came to the Leningradskaya Oblast and to the Vologodskaya Oblast after 2008. It makes us admit that a precisely elaborated plan is not enough to develop the tourism industry.

The Republic of Karelia positions itself as a territory with a beautiful nature and wooden architecture which masterpiece is the ensemble of Kizhi, included in the World Heritage List of UNESCO. Many tourists come to the Republic of Karelia to admire this masterpiece of peasants' wooden architecture. Anyway the policy of Internet promotion needs to be revised and improved because nowadays "Karelia" is not a recognizable brand on the International market.

As we can see from Graphic 5 and Graphic 6 the rates for accommodation and for excursion tour packages are the highest in the Republic of Karelia. Another reason for this decline as a tourism destination is that in comparison to the Leningradskaya Oblast and the Vologodskaya Oblast its geographical position is less advantageous due to the fact that it takes much more time and money to get there.

To conclude the above mentioned information we have to admit that such important points as promotion in the Internet and work with local people were skipped in the policy of the Republic of Karelia. That could result in poor quality of the tourism service, high prices and lack of tourism supply, affecting tourism demand and leading to a decrease in the tourism flow to the Republic of Karelia.

6. CONCLUSION

To solve the problem of the decrease of its tourists flow, the Republic of Karelia has to implement several actions. One of the main ones is considered to be the promotion in the Internet, developing on-line booking systems and information about all kinds of activities and sightseeing in Karelia, because about 50% of European outbound trips involve the Internet. Use of the Internet for on-line booking as opposed to simply "looking" – gathering information prior to booking a trip – increased by 2007, following rises of 16%, 35% and 39% in the three previous years (European Travel Commission, 2008).

The second point of improving the policy in tourism in the Republic of Karelia deals with its positioning. Karelia as a tourism destination should be perceived by the customers differently in comparison to other tourism destinations, especially with those which are considered to be competitors, as Finland, for example. The main feature of the Republic of Karelia is considered to be its ancient villages with beautiful wooden houses, as well as hospitable hosts and community, preserved traditions of lodging and hospitality from ancient times, costumes, furniture, weaving looms, embroidery, fishing, Karelian fairy-tails, Karelian bylinas (a special epic genre in Russia), Karelian cuisine etc. So the Republic of Karelia should be perceived by its visitors as a small country with a beautiful nature and rural houses where remote past revives and welcomes its visitors with open arms warningly in the appearance of an old lady in a traditional Karelian costume with traditional pies in her hands.

The third point is the work with local people. Local people should be ready for tourists' invasion in order to be hospitable enough to provide good service and at the same time not to lose their own culture. So some courses and information programs on TV and in newspapers and magazines should be organized to raise the level of local people's hospitality culture.

And one more point is control. Due to changing reality, the implementation of any strategic plan should be always controlled and evaluated because one tiny change can lead to enormous consequences. So, to succeed in reaching all the goals and implementing all the planned actions much attention should be paid to control. Such data as numbers of guests in hotels, guest houses, campings, foreign and domestic passengers at the airport and so on should be organized for collecting and processing. Bench marketing also helps to estimate the market situation, to find out competitors, etc. Data from Eurostat can be used for those goals.

All those positions can be included in the Strategy of tourism development in the Republic of Karelia and special bodies not only in the capital of Karelia but all around the destination should be created for the Strategy implementation, control and report about tourism industry there.

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