



Versatile Hospitality Industry around the Globe a Case Study on Development and challenges in Hospitality Industry – Russia

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Abstract: *In the study of the phenomenon of hospitality in Russian culture, it was found that “hospitality” as a concept needs a clearer definition and differentiation of understanding of “hospitality (hospitability)” as a sociocultural phenomenon and “hospitality” as a practice of implementing technology for receiving guests. Despite the fact that these concepts are very close, the context of Russian culture, in the case of our study we are talking about classical Russian literature, allows us to find both numerous examples illustrating the importance of hospitality as a component of world understanding in the life of Russian people, and numerous cases illustrating the customs of receiving guests in Russia.*

Both segments of Russian classical literature materials are of interest, since the developing domestic and inbound tourism in Russia currently needs to deepen the understanding of the culture of receiving guests:

1) as a philosophical doctrine for the purpose of promoting the destination, training personnel for tourism, and educating the population of the host territories;

2) as a principle for the design and implementation of tourist services technologies.

Understanding the culture of hospitality, its foundations and models of implementation, different in subjects, environment and situations of communication, along with knowledge of the basic norms and rules of behavior of the host and guest can positively influence the increase in the general level of “hospitality” of Russia as a host of Russian and foreign tourists. The urgent task of a substantial increase in tourist flows to and across Russia cannot be solved without ensuring constant and targeted broadcasting, animation and practical implementation of reference models of the hospitable behavior of Russians. Russian classical literature is an inexhaustible source of knowledge about the origins, development factors, models, content, technologies, participants in creating a comfortable atmosphere for receiving guests. The scientific novelty of this approach is to refer to the material of Russian classical literature to comprehend the socio cultural foundations of the formation of a culture of Russian hospitality, its impact on social education and a favorable social climate..

Keywords: These concepts are very close, the context of Russian culture, the life of Russian people, and numerous cases illustrating the customs of receiving guests in Russia, segments of Russian classical literature materials are of interest.

I. INTRODUCTION

1.1 Cuisine & Culture

[1] The history of Russian cuisine was divided in four groups: Old Russian cuisine (ninth to sixteenth century), Old Moscow cuisine (seventeenth century), the cuisine that existed during the ruling of Peter and Catherine Great (eighteenth century), and finally Petersburg cuisine, which took place from the end of the eighteenth century to the 1860s. In the Old Russian period, the main food groups were bread, lots of grains, and lots of foods that contained starch. Women baked pies with lots of different fillings, such as mushrooms or berries. During gatherings, a loaf of bread and salt was always present. Kasha, such as buckwheat, oats, etc. Were represented as wellbeing to the household.



Lots of Russians used honey and berries and made them into gingerbread, which to this day is a popular Russian dessert. Lots of current Russian cuisines were inspired from Asian cultures, such as pelmeni. In the seventeenth century, cuisine was separated based on economical class. The rich had meat and delicacies, such as caviar, while the poor had the most simple dishes. During this century, more food appeared, because new countries were annexed. During the Peter and Catherine the Great era, minced meat was incorporated into dishes and other European country's cuisine was also mixed into Russian foods. In the last era (Petersburg Cuisine) lots of French, German, Dutch, and Italian meals were incorporated into Russian foods, such as lamb and pork. The French popularized potatoes and tomatoes in dishes. Due to the long lasting cold weather in Russia, many dishes were made to be preserved, so they wouldn't have to take extra trips in the freezing snowy days.

Its foundations were laid by the peasant food of the rural population in an often harsh climate, with a combination of plentiful fish, pork, poultry, caviar, mushrooms, berries, and honey. Crops of rye, wheat, barley and millet provided the ingredients for a plethora of breads, pancakes, pies, cereals, beer and vodka. Soups and stews are centered on seasonal or storable produce, fish and meats. Such food remained the staple for the vast majority of Russians well into the 20th century.

[2] The 16th through 18th centuries brought more refined culinary techniques. It was during this time period that smoked meats and fish, pastry cooking, salads and green vegetables, chocolate, ice cream, wines, and juice were imported from abroad. At least for the urban aristocracy and provincial gentry, this opened the doors for the creative integration of these new foodstuffs with traditional Russian dishes.

In the early 20th century the Revolution saw a rapid decline of elite cuisine, driven both by the new egalitarian state ideology and by disappearance of the old Imperial elites who used to be its consumers. The distinct Soviet cuisine was born, emphasizing fusion of the Union's national cuisines, scientific approach to a diet, and industrial approach to food preparation and serving.

The fall of the Soviet Union saw the end of state monopoly on food service, and a corresponding diversification of culinary. As average prosperity grew starting with the second decade after the collapse, so did the demand for fresh culinary experiences, prompting a renaissance of Imperial-era elite cuisine, as well as a wide search for novelty, local specialties, and creative reinterpretations, leading to the birth of what has been dubbed the New Russian cuisine

The main trends, challenges and success factors

[3] There are some recent publications about the challenges and prospects for the Russian tourism and hospitality market (Tarasova, 2013; Silaeva et al., 2014; Dimanche et al., 2015; Ovcharov et al., 2015), it is the case that little research has been undertaken on this topic. In this context, this theme issue helps to understand major trends, challenges and factors for success in the contemporary Russian tourism and hospitality market and yields insights into the mechanisms of value creation. It also offers some propositions concerning strategic decisions in this market; so, the outcomes are of interest to both academics and practitioners.

Although there is steady growth in the volume of travellers to Russia and also growth in traveller spending in Russia, Russian outbound travellers spend much more abroad. This means Russian inbound tourism is in its early stages (Vincent, 2012), and there is still room for improvement.

The key question is what the challenges and problems are facing the Russian hospitality and tourism market? The answer to this question is discussed in this theme issue, and the main considerations are summarized in this paper.

To provide an overview of the Russian hospitality and tourism market and to better understand its current situation, the paper is structured as follows. First, the major trends are examined. Afterwards, the major challenges of the market are investigated. Additionally, the opportunities of the market, as well as the key success factors, are explained. At the end, a conclusion is given.

1.2 Major Trends

[4] Tourism is growing in importance as a strategic sector of the Russian economy, being one of the most promising areas in terms of reducing oil and gas dependence in the national economy. In the past decade, the Russian market has undergone numerous changes which triggered a strong trend towards a more prominent role for the service sector in Russia, including tourism and hospitality services (Balaeva et al., 2012).



The Russian tourism industry has been experiencing impressive growth in the first decade of the twenty-first century. At the turn of the century, the Russian borders began to open, and this changed international travel opportunities for Russian citizens and increased international tourism (Annaraud, 2010). After the fall of the Iron Curtain, many Russian tourists were eager to travel abroad and to seek new experiences. There was a steady growth in the number of travellers to and from Russia. Outbound tourism growth has been especially impressive, Turkey and Egypt being the top destinations for outbound holidays (NETOUR Report, 2014). As a result, international tourism was mainly oriented towards foreign destinations, and the discrepancy between outbound and inbound expenditure was significant (Vincent, 2012). For example, Turkey used to receive more than 4,400,000 Russian tourists, and Turkey’s related annual income reached approximately \$10bn (INTERFAX, 2015). The number of tourists served by travel agencies increased from 2.8 million in 2002 to 7.7 million in 2008. The number of travel agencies operating in Russia has grown from 3,300 in 2002 up to more than 4,500 in 2010 (Table I).

Table 1

Indicator	2010	2011	2012	2013	2014
<i>The volume of paid tourist services, million rubles</i>	998,790	1128,294	1215,450	1479,960	1475,408
In the percentage of the previous year (in comparable prices)	127.7	112.9	107.7	121.8	99.7
The share of tourist services in the total volume of paid services (%)	2.02	2.04	2.01	2.14	1.36
<i>The number of tour operators</i>	4,593	4,718	4,685	4,608	4,275
Domestic tourism	1,858	1,833	1,889	2,421	2,626
International tourism (in- and outbound)	2,169	2,885	2,796	2,187	1,649
International tourism (outbound only)	566	656	580	225	161

1.3 Challenges

To begin, the Russian tourism market suffers from the poor development of the country’s tourism infrastructure, including a shortage of accommodation and entertainment resources and the poor state of many local attractions and road networks. The infrastructure is also poorly adapted for people with disabilities, as well as for foreign tourists, because of a lack of supporting information in English. The discrepancy between outbound and inbound expenditure suggests more can be done for travellers visiting the country (Vincent, 2012).

Next, domestic tourism in contemporary Russia it is too expensive. Internal transport costs are too high. Also, accommodation costs and excursion themes are usually the same, repetitive and boring. Infrastructure is costly and because of distances, time is also an important factor. From 2011 onwards, the Russian authorities started to implement a special programme: “Development of the inbound and outbound tourism in the Russian Federation (2011-2018)”. This should result in changes in various areas, including city infrastructure, tourist attractions, transportation and others. Nevertheless, the problem of this programme is that the main idea is to stimulate tourism in Russia but not throughout the country – only in the most promising regions in the context of inbound and outbound tourism development (Ovcharov et al., 2015).

In addition, there seems to be no architectural building control to create harmony of being in Russia and identity is being lost (Merzlov and Karpov, 2016). As a result, during the past two decades, many billions of foreign exchange were spent on tourism, but Russians tended to spend their holidays outside of the country. Up until the second half of 2016, it was cheaper to pay \$700 for a two-week holiday in Turkey or Egypt with much better infrastructure, travel and service than in Russia. Crimea now adds a better choice, but in reality, choices internally are limited and getting there is expensive.

Internal transport takes rather long time (up to 6-7 h to Suzdal from Moscow) or involves overnight stays in mediocre hotels. Finance is required for long-term investment in smaller hotels (50-100 beds) to make internal travel more comfortable and to provide a greater choice of regional destinations. Subsidized 10 to 15-year finance, such as for hotel



development, would create growth in this sector, raise regional employment and allow for a greater diversity of choice and many different views of the Russian country and culture.

Even with the current favourable exchange rates, costs are high, and this is also the case for foreigners (Sheresheva et al., 2016). This is primarily due to the fact that there seems to be no assistance or subsidy for investing in tourism. State funds are ploughed into the old centres that are tired and exhausted. However, in reality, because the centres are catchment areas, they do not need these extra funds. In many cases, the people managing these funds are not so in touch with the modern world of tourism.

It seems that events such as Summer Universiade in Kazan 2013, Sochi 2014 Winter Olympics, FINA World Championships 2015 in Kazan or FIFA Football World Cup 2018 are considered worthy of huge financial investments and of course are hugely important in terms of projecting a positive image of our country. But do these events really assist long-term sustainable tourism? These events do of course have a positive impact on local infrastructure and regional domestic development but offer limited support to traditional long-term foreign or even domestic tourism.

As the vast majority of foreign tourists do not speak Russian, language is another challenge to be addressed. In many Russian regions, though potentially very attractive, it is virtually impossible to find anyone who speaks English. Those who do are rarely knowledgeable about or able to explain Russia's rich culture and history.

Generally speaking, foreign tourists are seen as business and income but not as guests. Russian hospitality seems to be lost on them and this needs attention – even though there is a mystic about Russia to foreigners. The current image of Russia is historic, but in reality, it is unattractive to potential visitors. The old image of a drunken, starving Russian bear still exists, and this represents a significant challenge to Russia's tourism industry.

Unfortunately, there is still no Russian Federal programme to promote tourism, Russian hospitality and diversity. There are some good local websites, but there seems to be no virtual image making or advertising to promote a "Welcome to Russia" theme. The attitude seems more to be "if you wish to come – come. If not – no problem". We do not broadcast internationally the positive changes occurring in Russia (which are in reality impressive) or our image. Advertising is more often spent on adding to old centres and not creating new vibrant, but still Russian centres! In contrast, Azerbaijan,

Ukraine and Macedonia do have programmes geared towards overseas visitors who are invited to arrive and experience. These tend to parallel sites such as "Visit Scotland" – a federal organization that recognizes the need of the state to encourage tourism. So, Russian tourism needs strategic improvement, especially in relation to advertising, particularly at the federal level.

Inbound tourism is still at an incipient stage of development, particularly for leisure purposes. In 2008, among those who visited Russia, 2.2 million came as tourists and 2.9 million came for business purposes (Russian statistical yearbook, 2009). In this decade, the trend has remained the same, with the highest relevance for visiting friends and relatives (VFR) visits and a growing role for business trips (Tarasova, 2013). Leisure trips account for about 20 per cent of the internal tourist traffic, and incoming tourism with cultural purposes is usually limited to visits to Moscow and St. Petersburg or quite traditional routes (the Golden Ring and cruises on the River Volga), which are the most famous cultural destinations in Russia.

1.4 Opportunities

[5] First, despite the challenges mentioned above, Russia's potential for tourism growth and the current under-capacity in lodging still make the country a very attractive market for international hospitality investment (Annaraud, 2010). Furthermore, there are several types of tourism growing at high rates but would benefit from further development in the context of Russian Federation tourism (Vincent, 2012; Morozova et al., 2014):

- Excursion and educational tourism is oriented towards maximum audience coverage, although it also attracts tourists from other tourism niches including beach, relaxation, active tourism and business. The distinctive feature of this tourism type and of its possible options is the mobility of tourists who aim to visit the maximum number of new places of interest within a short period. For Russia, excursion and educational tourism is the only working type that attracts large numbers of foreign visitors. So, it is essential that the contemporary market concentrates on this kind of customers.
- Russia's event tourism demonstrates a positive current trend with potential. This tourism type has very good

prospects especially considering the changing geopolitical landscape. Further, as Russia prepares to host the FIFA Football World Cup in 2018, there are high hopes that this tournament will help to improve the country's image and attract new foreign visitors.

- Entertainment tourism is associated with visiting for leisure purposes; currently, this type of tourism is only popular in Moscow and St. Petersburg and among the managers of large foreign companies who have business contacts with Russia. As long as Russia is integrating with the global economic community and, with it, changes in the visa regime, these types of tours can gain popularity.

There are also opportunities to develop regional, small-scale unconventional forms of tourism. The Karelia and Baikal regions could, for example, attract lovers of outdoor activities such as hunting, fishing, kayaking and rafting among others (Vincent, 2012). Also diving, tracking, cycling, mountain climbing and downhill skiing could be attractive to active tourists. In Russia, all these types of tourism are poorly developed at the present time.

The expansion of new kinds of tourism could also help to counteract the current problems of seasonality.

It is worth noting that industry development has been boosted by recent government programmes and the establishment of special economic zones in tourism and recreation, for which an appropriate infrastructure is being planned (Sheresheva et al., 2016). Moreover, the simplification of Russia's visa system is also being planned to contribute to the growth of tourism in Russia, and this is an important development. For example, the Ernst & Young report on the Russian hospitality sector cites research indicating that 30 per cent of respondents consider the simplification of the visa regime as the change that will have the most positive impact on hospitality business development (Ernst and Young, 2014).

1.5 Success Factors

Tourism development in Russia is largely dependent on the natural, social and cultural environment. Thus, it is important to maintain or improve the quality of the tourism framework (Ignatiev, 2015).

An important step is the identification of the target market. It is necessary to clearly identify those for whom the process of the country's marketing promotion is directed and the ones who are potential consumers of the tour product "Russia" and to develop several alternative national tour products oriented for different audiences, thus contributing to the decrease in production and entrepreneurial risks (Morozova et al., 2014).

Additionally, the development of the positioning system is necessary.

Positioning of a territory is associated with choosing those peculiarities of a country that are likely to be perceived as high value for consumers. For this reason, the national authorities and agencies in charge of the development of the country as a tour direction should define the direction of positioning prior to its launch.

It is also important to use the most popular types of tourism (i.e. excursion and educational tourism) as umbrella brands recommendable to develop promising tourism directions (i.e. active, entertainment and event tourism).

To improve the experience for travellers, the permanent development of new products, such as tours or packages, and organized visits to places of interest is important. Tourists prefer pre-set services and packages and want to travel as conveniently as possible, see a large number of places and enjoy good quality service (Vincent, 2012). The improvement of the state of some attractions should also be considered (by the government). Additionally, efficient marketing programmes are needed to communicate the country's offerings in the hospitality and tourism sector (Ovcharov et al., 2015).

Further, as the online sales in travel and tourism are demonstrating rapid growth in Russia and the internet has become the main source of information for potential tourists, it is important for the hospitality and tourism industry to increase its online presence and online promotional effort. Russia has invested little in creating an attractive image for itself in comparison to many other countries, so one also can see here scope for improvement. The event tourism in Russia requires serious development. Previous events did not become economically profitable because of a lack of promotion and advertising; so it is important to utilize future "big" events hosted in Russia, such as the FIFA Football World Cup 2018, to improve the country's image and to attract new foreign visitors. Also, other future opportunities to improve the image of the country as a travel destination are essential too.

There is an assumption that low-cost air carriers will increase the number of travellers within Russia among all consumer groups, but prior to this, further infrastructure development and improvement is needed to improve tourists' experience, including roads, airports, intercity links, road and city signs, shuttle buses and historical attractions. This includes making the infrastructure available for people with disabilities as well as making information available and understandable for foreign travellers. Moreover, as the number of tourists coming from China grows rapidly, it is important to establish a greater physical and digital presence in China. Information about Russia should be made easily available in Chinese to potential tourists from China.

As Russia is one of the most expensive countries in terms of accommodation, inbound and domestic tourism in Russia is constrained. Therefore, it is crucial to develop affordable and user-friendly accommodation with fixed quality standards for low- and mid-income tourists (Vincent, 2012; Sheresheva et al., 2016). It is also important to provide low-budget hotels in popular cities such as Moscow and St. Petersburg and to expand hotels to other regions so as to provide new possibilities for tourism development.

Last but not least, human resources are one of the primary success factors. Improvement is needed in the system for educational training facilities and industry training, re-training and advanced training of specialists for the tourism and hospitality industry. Additionally, a modern system of training for professionals should comply with the requirements of the industry by continuously monitoring the market situation (Ushakov, 2013). Contact between universities and employers in the hospitality industry should be closer to facilitate and improve recruitment and thus ensure higher service standards.

Finally, having discussed all the previous insights, it is clear that hospitality and tourist services consist of different elements, such as transportation, accommodation and activities at the place of destination. One of the major challenges is to integrate these services, resources, core competences and capabilities so that the customer is rewarded with an unforgettable travel experience

II. SUMMARY

2.1 Sustainable Tourism

ExploRussia is an innovative tour operator based in Moscow, run and owned by young enthusiastic entrepreneurs who love Russia and its breathtaking nature, rich culture, and hospitable people. Russia has huge touristic potential. ExploRussia tours are about visiting historical sights, unique nature, or both. Above all, ExploRussia stands for providing unforgettable and authentic experiences. ExploRussia tries to support and develop responsible tourism in Russia.

As stated in the "Cape Town Declaration on Responsible Tourism", responsible tourism creates better places for people to live in and better places to visit. It maximizes the benefits to local communities, minimizes negative social or environmental impacts, and helps local people conserve fragile cultures and habitats or species.

At ExploRussia we recognize that travel and tourism have a significant impact on the economy and environment and we believe that the whole industry should cooperate to ensure the development of positive aspects of tourism. Having said that, we aim to contribute to the long-term future of Russia's economic stability, environmental wellness, cultural heritage, and people's well-being by acting responsibly and implementing sustainable solutions on all levels of our operations. And what do we do for developing sustainable tourism in Russia?

III. CONCLUSION

We care for the communities

- We aim to work with local suppliers and local service providers wherever possible.
- We endeavor to place our guests at the heart of the local communities by using small and medium locally-run and locally-owned accommodation providers.
- Where possible, we get involved in projects that will benefit the local communities in the economic, social, or environmental sphere.
- We provide our customers with quality and adequate information on the destinations they visit. Therefore it increases understanding of local culture, its problems and facilitates cultural exchange with local people.

We care for the environment

- We make sure that the volume of participants and the type of tourism we offer doesn't have a negative impact on local conditions and infrastructure.
- We aim to work with suppliers, communities, and organizations, which are committed to environmental protection.
- We give priority to public transport (where available) and optimize the itinerary to reduce the carbon footprint.
- We prefer digital content management over the traditional paper.
- We are keen on recycling, energy-saving solutions and minimizing litter, water and atmospheric pollution in our office and at any specific tourism activity, we provide.



We promote responsible behaviors

- We try to educate our customers by providing them guidelines on how to travel responsibly. Information is available on our tours and on our website (look for Travel Tips).
- We encourage our staff to act sustainably and train them on the most efficient ways to do it.
- We actively participate in discussions about sustainability and responsible tourism, providing feedback, and sharing our experiences.
- We aim to cooperate with our partners and stakeholders to ensure sustainable supply chain management.



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