

## Sustainable Development of Sochi as a World-Class Tourist Destination

<sup>1</sup>Evgeniya V. Vidishcheva

<sup>2</sup>Maria Ransberger

<sup>1</sup>Sochi State University, Russian Federation

26-A Sovetskaya St., Sochi 354000

PhD in Economics, Associate Professor

E-mail: evgenia-vv@mail.ru

<sup>2</sup>University of Bayreuth, Germany

Universitätsstr. 30, D-95440 Bayreuth

PhD in Urban and Rural Geography

E-mail: mariya.ransberger@uni-bayreuth.de

**Abstract.** Following the 2014 Winter Olympics in Sochi, our top-priority objective aimed toward sustainable development of this resort city is turning Sochi into a center of international tourism, capable of presenting to the global market of tourist services an integrated competitive tourism product.

The article examines the major dimensions to developing the city in present-day conditions based on research conducted at the Sochi State University over the period of preparing and staging the 2014 Olympics.

**Keywords:** tourism, seasonality, accommodation, Sochi, resort city

### Introduction.

The Greater Sochi resort-tourism complex is the leading city- and budget-forming type of activity in the resort city's economy and social sphere. Currently, there are 23.4 thousand people engaged in the tourism industry of Greater Sochi (during the summer resort season – up to 26.5 thousand); but if we take into account the employment level in the industries which are partners with the city's resort-tourism complex, this figure increases to 90 thousand people. The number of tourists to have visited the city in 2006 was 2.7 million; in 2010, Sochi received for leisure and treatment 3.3 million tourists, and in 2011-2013 about 4 million (inclusive of Krasnaya Polyana – 4.5 million people). A third of those were staying in Sochi on vouchers; almost as many were unaffiliated tourists, while the rest were either one-off visitors or construction workers involved with Olympic sites. As of March 2014, the number of tourists to have visited Sochi during the period the Olympics were staged (February 7 through February 23) was 1.4 million people.

### Materials and Methods.

This work's methodological basis is the dialectical method. It also employs general scientific methods, such as systemic and comparative analysis, observation, and comparison.

### Discussion.

Our current top priority is turning Sochi into a center of international tourism, capable of presenting to the global market of tourist services an integrated competitive tourism product [G.M. Romanova, G.D. Nubaryan, 2010].

According to data from the Ministry of the Economic Development and Trade of Stavropol Krai (MEDTS), based on an optimistic variant, the average annual increase in tourist flows to Sochi will be 11%, while starting from 2015 tourist flows to Sochi will stabilize at 6 million people per year. The existing estimates of the marginal capacity of Krasnaya Polyana are based on a one-time anthropogenic load of no more than 30 thousand people, including the local population (4 thousand people). If we take the minimum estimate of 250 thousand people and consider that not all of them will go to Krasnaya Polyana, we get a multifold increase in the marginal rate of anthropogenic load in the period of staging the 22<sup>nd</sup> Olympics-2014.

An increase in tourists' expenditures by 2015 (by 50% compared with 2005 as forecasted by the MEDTS) brings about the need to carry out goal-oriented work toward developing the leisure industry, streamlining the distribution of investment in the sphere, and putting together a system of enterprises engaged in providing additional service and leisure activities for tourists.

All tourists staying within the littoral zone consider beach tourism the primary purpose of their trip. That said, a considerable number of tourists have several purposes for their trip, including treatment – 14% (Figure 1). The balneotherapy association “Matsesta” has 924 baths with an annual throughput of about 3 million hydrotherapeutic procedures. In addition to “Matsesta”’s own waters, Sochi possesses reserves of table mineral waters such as “Narzan” and “Borzhomi”. With its hydro-mineral resources, the subregion has the potential to provide up to 500 thousand people at a time with balneological therapy, which is almost 4 million people in the cold period.

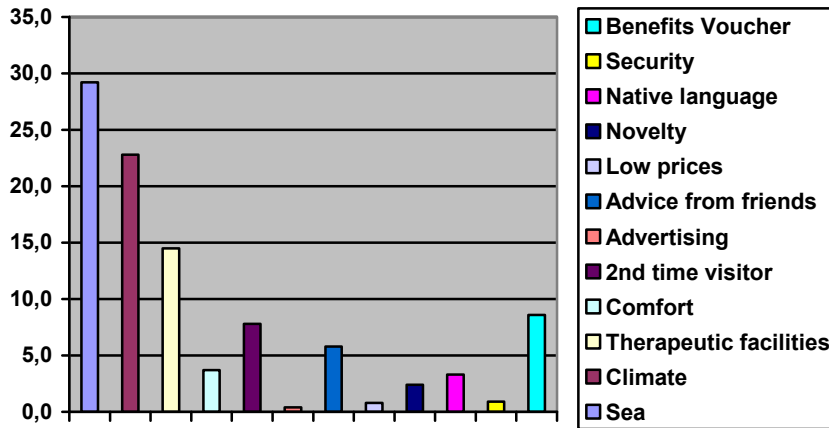


Figure 1. Factors behind one’s decision to come to Sochi (%)

Among the positive factors behind the tourism demand of those who come to Sochi for leisure, the top position is held by the city’s unique natural-climatic conditions and the opportunity to get relatively inexpensive treatment. As a positive factor in choice, “Matsesta” drew 0.7% of responses, Krasnaya Polyana – 0.9%; overall, Sochi’s natural-climatic conditions were specified in 81.1% of responses.

The fact that Sochi’s unique natural-climatic conditions and the opportunity to get relatively inexpensive treatment lead the table of positive factors behind tourism demand has been substantiated in a number of studies conducted in recent years [2] (Table 1).

Table 1. A comparison of the costs of a tour’s program

Position by popularity	Resort	Air travel + rail travel, round trip*	Spa Accommodation 3*	Visa, ruble to euro exchange rate - 41 rubles per euro	TOTAL
1.	Karlovy Vary (Czech Republic)	18561	2644*7=18508	2460	39529
2.	Baden-Baden (Germany)	12494	2806*7=19642	2460	34596
3.	Nice (France)	19213	6468*7=45276	2460	66949
4.	Biarritz (France)	23478	6224*7=43568	2460	69506
5.	Netanya (Israel)	11830	3282*7=22974	950	35754
6.	Eilat (Israel)	12314	3906*7=27342	950	40606
7.	Sochi (Russia)	9599	2440*7=17080		26679

\*data as of July, 2013

Sochi's factual recreation-tourism capacity is limited by the capabilities of the resort-tourism complex engaged in the actual servicing of visitors. Sochi's resort-tourism complex can be nominally divided into two component parts:

- the official sector of affiliated visitors;
- the unofficial sector (about 27 thousand suites), where unaffiliated visitors are accommodated in private recreation and retreat centers, city apartments, and dachas owned by the locals.

Due to differences in hotel profile and location, there are different ways to divide the calendar year into seasons. For all hotels, regardless of their profile, the "high season" is the period from mid-June to September. During these months, hotel suites are filled to 98-100% of capacity. During the rest of the months, the suite occupancy of hotels with a poorly developed infrastructure remains at a level of 50-60%, and that of private hotels – 40%. Analysis of occupancy during the week indicates that peak occupancy occurs on weekends and occupancy drops on weekdays. According to statistical data, Sochi's average annual hotel occupancy rate is 36-42%; it reaches 95-97% in the second ten-day period of July, 86-92% in August, and 72-79% in September. The average hotel occupancy declined in 2010, which may indicate the return of tourists to global foreign resorts as well as other resorts in Krasnodar Krai. Having said that, during the "high season" occupancy is also 98-100%. By charging high prices during the period of high demand for hotel suites, hotels are trying to make up for their losses in the low season. In this context, the major vector of development lies in expanding the bounds of seasonality. In building enhanced comfort hotels, seasonality can be smoothed out through putting together a developed infrastructure that would include spa-centers, aquatic parks, convention areas, a developed network of restaurants, a spacious park, and a well-developed beach. Over the last years, Sochi's leisure infrastructure has gone through positive changes, with several retail-and-entertainment and sports-and-fitness centers launched in the City. [2]

Based on data from the Department of Resort Business and Tourism of the administration of the city of Sochi, today there are almost 57 000 suites in hotels, spas, recreation and retreat centers, and vacation houses. About 35 hotels with 20 thousand suites were built by the beginning of the Olympics. These resources will allow the city to receive 4.5-5 million people annually. As of now, the occupancy of Sochi's hotels in the summer season is 70%.

The cost of hotel accommodation varies quite widely depending on the following factors: seasonality, the day of the week, the length of stay, the number of occupants, the size of the suite, the number of rooms and the suite's interior, the hotel's location relative to the beach, the city center, and sights, services included and provided additionally, etc. At the moment, accommodation in Sochi hotels costs from 350 (no-star category) to 17.5 thousand rubles per night.

An analysis of the present situation in Sochi may lead us to conclude that turning Sochi into a world-class tourist destination is associated, apart from traditional beach tourism, with the following fundamental dimensions:

– Developing Sochi as a balneological and rehabilitation center, competitive in the international arena, including thanks to relatively low costs of service, which presupposes a more active and rational use of climatic treatment and thalassotherapy, organization of balneological and SPA centers on the basis of hydro-mineral resources, and development of the system of sports and recreation complexes;

– Developing various types of alpine tourism based on the "Krasnaya Polyana" resort-tourism complex;

– Developing business tourism.

Developing these dimensions will help smooth out the factor of seasonality, which lately has shown a trend towards growth (70% of tourist flows fall on 3-4 summer months (June-September)), expand the limits of the high season, and unplug the beach area.

Among measures capable of boosting the competitiveness of the Sochi tourism product, we can also look at organizing regular scenic world-level cultural-and-sporting festivals with a view to establishing the so-called date calendar and developing new tourist routes. This dimension is reflected by the Cultural Olympics staged in Sochi as part of preparing and staging the 2014 Winter Olympics.

Event tourism activities would include a number of other major events. Thus, for instance, the “Sochi-2014” investment forum will be held in the resort in September. Last year, it gathered 8.5 thousand guests and 1.2 thousand journalists. According to data from FINAM analysts, the number of visitors increased 13% compared with 2012. In October, 2014, the sixteenth race of the 2014 Formula One season will take place at the Sochi Olympic Park Circuit. The “Royal Race” is one of motorists’ most prestigious events. The event is expected to gather around 100 thousand guests.

### **Conclusion.**

One should keep in mind that all activities conducted in Sochi will no longer be funded by the government and should become efficient commercial projects. The positioning of Sochi as an international resort requires a special approach to developing an urban-planning strategy for the development of the resort-tourism complex, putting together and implementing a human resources policy that is aimed toward, above all, boosting the city’s human resources potential and the potential of academic institutions in the Sochi region, and, finally, bringing the strategy for the city’s development in line with the idea of creating an ecologically clean world-class tourist destination.

### **References:**

1. The official site of Sochi-2014. [http://sochi2014.com/sochi\\_russian](http://sochi2014.com/sochi_russian). Date of Visit 04.04.13
2. Matyushchenko, N.S., Y.V. Vidishcheva, and A. Adamyan, 2010. Establishment of the Theoretical-Methodological Basics of Managing the Competitiveness of Leisure and Recreation Institutions in Regions Specializing in Tourism and Recreation. The research report has been registered in the All-Russian Scientific and Technical Information Center under No. 01200903927. pp: 173.
3. Romanova, G.M. and G.D. Nubaryan, 2007. Performance Figures for a World-Class Tourism Center. *Izvestiya Sochinskogo Gosudarstvennogo Universiteta*, 1-2: 13-24.
4. Nacharyan A.Y. and I.N. Markaryan, 2011. International Standards for Providing Quality Hotel Service and General Issues in Meeting Them. *European Researcher*, 2(5): 871-872.