

Cultural
& Heritage

Journal
Tourist
& Territory

2017

Number 1

ISSN 2592-8449





Journal
Cultural Heritage
&
Tourist Territory



Dear colleagues, authors, students and all people who love travelling and adventures!

Our team has been working for tourism and culture research and development for many years, we used many forms of interaction, such as workshops and seminars, foresight-sessions and meetings, conferences and exhibitions, gamification and projects. We enjoyed cooperation in all forms. We feel, it is time to change the format of presenting the results of our studies. It is the first volume of the journal “**Cultural Heritage and Tourist Territories**”. We are not well-known yet, there are not many authors who contributed to the journal, but we have great ambitions, supported by great team of reviewers who are always ready to help and to support us.

The first volume contains studies devoted to Tourism Economy, Branding, Management, Nature Protection. The authors represent many countries and regions. Tourism is the area interesting for researchers, travellers, enthusiasts all over the world. We hope, the journal will have long and interesting life.



Journal
Cultural Heritage
&
Tourist Territory



Scientific and Organising Committee

Prof., David Hind, President APIEM, Chief Executive Travel Industry Academy Ltd, Managing Editor of Asia Pacific International Events Management Journal, UK

Prof., Dr., Satyendra Patnaik, Rector of KIIT University, India

Prof., Dr.sc.pol. Marina Gunare, Head of Tourism Department, Baltic International Academy, Latvia

Ass.Prof., Lead Researcher, Dr.oec., Jelena Popova, Transport and Telecommunication Institute, Baltic International Academy, Latvia

Ass.Prof., Dr.med., Diana Zagulova, Baltic International Academy, Latvia

Ass.Prof., Dr.Art, Elena Vasileva, Saint-Petersburg State University of Economics, Russia

Ass.Prof., Svelta Nedeva, Vice-Head of Foreign Languages Department, College of Tourism, UE, Varna, Bulgaria

Ass. Prof., Dr.oec., Evgenia V. Vidishcheva, Sochi State University, Russia

Ass. Prof., Ph.D., Eduard Stoica, Lucian Blaga University of Sibiu, Romania

Ing. Štěpán Chalupa, Vysoká škola hotelová, Czech Republic

PhD. Jarosław Kinal, Assistant Professor at the Department of Urban Sociology and Sociology of Territorial Collectivities University of Rzeszów, Vice-Dean for the Promotion of the Faculty of Sociology and History University of Rzeszow, Poland



Journal
Cultural Heritage
&
Tourist Territory



Contents

Oleg Chernodon, Yelena Popova Logistic Approach to the Hospitality Company's Management, as Competitiveness Improvement Factor	6
Larisa A. Danchenok, Elena S. Shtof Role of Regional Brands in Forming Competitive Advantages and Export Potential in Export-Oriented Brands	15
Daria Dziuba Social networks in museum practice	20
Ludmila Gorelkina Analyzing National Identity and Otherness in Print Advertisements	28
Ludmila Gorelkina National Identity as a Product Attribute in the Contemporary Advertising, Marketing, and Tourism Discourses in Latvia	35
Jekaterina Korjuhina, Svetlana Kostenko Personnel Motivation System Perfection in Baltic Beach SPA department in Baltic Beach Hotel and SPA	45
Marina Kozhevnikova Tourism in the system of economic relations of the society	64
Svetla Nedeva How Intercultural Communication Competence Can Facilitate Relations and Enhance Customer Satisfaction in the Tourism Business	70
Jaroslavna Nikanorova, Natalija Sotikova Use of Gamification Elements for Focus Group Implementation	79
Yelena Popova, Sergejs Popovs Protected Areas as the Main Strategy of Natural Areas Management	86
Alona Rogale-Homika Can Tourism Save Latvian Regions	97

Oksana Skorobogatova The Impact of Investments in Country's Transport Infrastructure on the Territory Brand	105
Alla Seregina Features of insurance of tourist risks in Latvia	117
Alla Seregina The Influence of Mergers and Acquisitions on the Latvian Insurance Market	126
Tatyana Shamshina, Vladimir Labeev, Jekaterina Koryuhina Theoretical and practical aspects of educational tourism	136
Shtrausa Z., Zagulova D. Changes in marketing communications and the use of ICT in the tourism and hospitality industry	149
Evgeniya V. Vidishcheva, Andrey S. Kopyrin, Galina D. Bryukhanova Main Socio-Economic Risks Of Touristic Centers And Resort Regions Development	158
Elena Vasileva, Marina Gunare Professional standards of training the specialists for new spheres of economy	169
Diana Zagulova, Yelena Popova, Natalija Sotikova, Marina Gunare Integrated Approach to Territory Marketing: the Role of the Inhabitants of the Territory	180



Journal
Cultural Heritage
&
Tourist Territory



Logistic Approach to the Hospitality Company's Management, as Competitiveness Improvement Factor

Oleg Chernodon^a, Yelena Popova^b

^a Baltic International Academy, Riga, Latvia.

Business Management and Administration, Master's Degree Study Program (MBA)
oleg.chernodon@gmail.com

^b Transport and Telecommunication Institute, Baltic International Academy, Riga, Latvia
yelenagp@gmail.com

Abstract

The issues of the logistic approach applied to the hotel enterprise management and aspects of the resource flows management processes are disclosed in this paper. The theoretical aspects of the logistic approach, as well as the nowadays industry trends, actualize the interest of the tourism and hospitality industry specialists to the issues of increasing enterprise competitiveness in the Latvian hotel services market. The article presents solutions of business processes algorithmizing and information technologies application to the enterprise logistic flows management as a response to changing consumer behaviour.

The paper describes a logistic, optimization model and efficiency increasing model to the enterprise economic activity, considering adaptation to the industry consumer behaviour changes. The author resumes, that logistic approach applied to enterprise management improve the enterprise competitiveness in the Latvian hotel services market.

Keywords: logistic approach, optimization, effectiveness, competitiveness, hospitality company.

1. Introduction

In the context of the hospitality industry changes, the management system approaches applied, complexity of the services provided by the hospitality enterprises and service promotion features; all these factors contribute to

significant potential for this research paper. The substantial consumer buying behaviour transformations in tourism industry increases the importance of the issue to increase competitiveness as a factor of the company's durable effectiveness and successful economic activity.

Considering the above presented aspects, future scientific research is based on the operational management theory and methodology of the hotel enterprise, without eliminating the marketing research of the changing consumer buying behaviour and customer needs, exploring the issues of improving the efficiency of economic activities, and as a result improving company's competitiveness in the Latvian hospitality market.

The object of future research is a hotel enterprise, with all the complexity of logistics management processes, being inherently a service enterprise.

The goal of the research paper is to develop the principles of increasing the competitiveness of the hospitality industry enterprise based on the logistic approach application. Respectively, the subject of the research is the enterprise management methods and the flow management processes optimization from the logistics point of view, and as a consequence, the increase in the efficiency of enterprise economic activity and which result the long-term enterprise competitiveness in a Latvian hospitality market.

Statistical and comparative research method, method of system and logical analysis, synthesis and modelling will be used to confirm the hypothesis in the frame of research study.

Accordingly, the proposed hypothesis of the research assumes that the hospitality industry's enterprise competitiveness can be increased by applying a logistic approach to flow processes management by increasing the enterprise's business operations effectiveness and improving customer-oriented business processes management.

1.1. Competitiveness of the hotel company

Further, it should be mentioned that from the logistics point of view to the business processes, company competitiveness can be divided into the competitiveness of products and services by themselves, and the competitiveness of the processes of service delivery. Thus, from the point of view of the service competitiveness as a product, it can be said that the service meets the consumer requirements and expectations, the characteristic of the service, the price, and the quality. Competitiveness of the service delivery processes shows how the delivery process meets the requirements and expectations of the customer: reliability, flexibility, speed.

Competitiveness is a relative concept determined by how much the company,

industry or region meets the requirements of the market, customers' requests in comparison with other competitors. Competitiveness is also determined by the following factors: product quality, technical level, consumers' buying behaviour, on the one hand, and price, fashion, sales, after-sales service, advertising, company image, market situation, demand fluctuations, on the other hand. (Jafari, 2000).

Competitiveness is the materialization of competitive advantages and it influences the enterprise's activity efficiency in the market, which can be achieved in several ways, one of which is low cost, including cost reduction, increasing the efficient use of the labour resources.

Logistic approach operates with processes flows and regarding this, another author (Pizam, 2005) notes that competitiveness is created by effective enterprise management by tangible and intangible resource flows management that becomes a bundle to unique product or capabilities. A logistic-based view to competitiveness is more closely related to the service nature of hotel companies. Within this view, managing resource flows from a competition perspective, answers the question "how" to maximize the value of the service to the customer and maintain a strong competitive position relative to industry or segment competitors.

The issue of the hotel company's competitiveness improving leads to the current industry trends review and, the analysis of reality factors that encourage hotel companies to think about increasing competitiveness in the Latvian market.

By analysing the statistical data of the hospitality industry in Latvia, we can conclude that the Latvian hotel and similar short-term stay accommodation industry is growing at present time. According to the Central Statistical Bureau of Latvia (CSB), there is a steady growth in the industry turnover since 2009, EUR 101 million in 2009 (see Table 1) and constant growth year by year up to EUR 190 million in 2015. The average industry annual growth rate is +11% per year for the period from 2009 to 2015, but as shown in the graph (see Fig. 1), starting from 2012, the growth rate is constantly slowing down from + 16% in 2012 to +4% in 2015.

The statistical data provided in Table 1, illustrate the stable growth of the hotel industry in Latvia, i.e. the researched object operates in a growing market, stable growth is visible also on the chart (see Fig. 1), therefore, it can be concluded that it is likely to increase competition in the market.

Noting the growth of the industry, it should also be noted the growth in the number of hotel companies in the industry, as well as the growth in the number of visitors served by Latvian hotel industry, according to statistical data (Eurostat), there has been a sharp increase in the total number of hotel

companies in Latvia from 393 in 2006 up to 677 in 2015 (see Fig. 2), that as well certainly increases competition in the Latvian hotel market. According to statistical data, the total number of visitors served increased from 1.32 million guests in 2006 up to 2.29 million guests in 2015 (Eurostat), that at the same time correlates with the growth in the number of industry enterprises.

Table 1. Latvian hospitality enterprise statistics (NACE I55). Hotels and other accommodations annual turnover. (CSB, 2017)

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Annual turnover, mln. EUR	141.7	169.6	151.6	101.5	118.3	134.9	156.1	172.6	182.7	190.8
Growth rate, %	-	▲ +20%	▼ -11%	▼ -33%	▲ +17%	▲ +14%	▲ +16%	▲ +11%	▲ +6%	▲ +4%
Average growth rate, 2009 to 2015, %	-	-	-	-	-	-	-	-	-	▲ +11%

Undoubtedly, it is impossible to disagree with another author (Hudson, 2008) in the fact that as the number of market participants increases, competition increases and in this case the ability to "win" in competition becomes the crucial skill of the company's management, which must be based on satisfying the needs of the buyer and relies on the customer-oriented business processes.

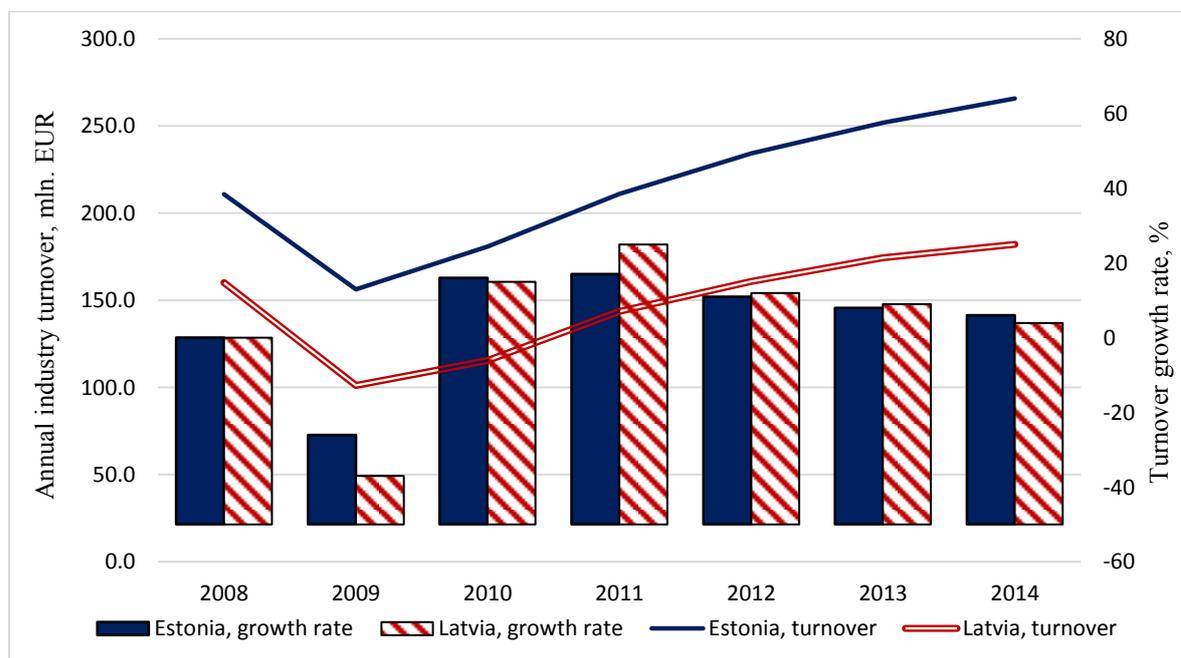


Fig. 1. Latvia and Estonia annual accommodation enterprise (hotels) statistics (NACE I55). Annual industry turnover. Turnover growth rate (%). (Eurostat, 2017)

An important factor for understanding the need to increase the company competitiveness in the industry by increasing the economic efficiency can be analysed by the average annual net occupancy rate of the hotels in the industry.

According to statistical data (Eurostat), in 2015 the average annual net occupancy rate in Latvia was 42.4%, with decreasing dynamics (see Fig. 2), that is an average level index and is a good estimate by itself, but the magnitude and dynamics of the indicator shows that there is a need for an economic efficiency increase of industry enterprises in Latvia, by increasing capacity utilization of enterprises and as a result increasing net occupancy rate.

Summarizing analysis of the average annual occupancy rate of Latvian hotel enterprises and the regional competitiveness, it is necessary to consider this statistical index in comparison with the main competitive markets, according to net occupancy rate statistical data of hotel companies in Estonia in 2015 is 52% (see Fig. 2), that is almost 10% more efficient capacity loading of hotel enterprises in Estonia comparing to Latvia.

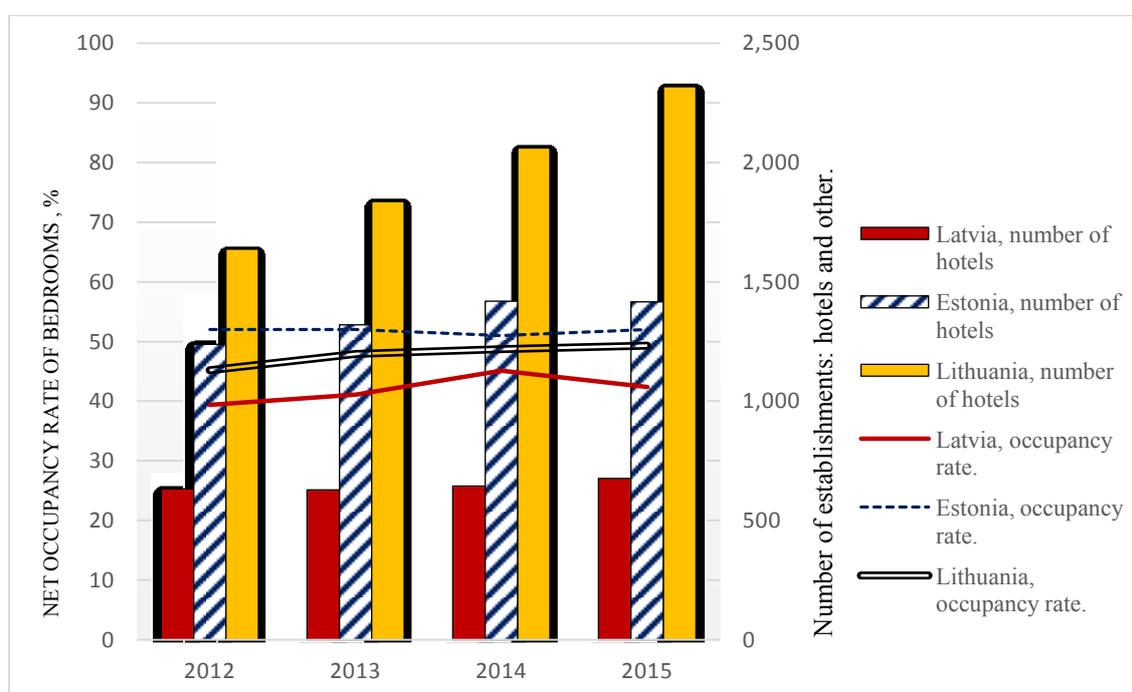


Fig. 2. Latvia, Estonia and Lithuania hotels statistics. Net occupancy rate of bedrooms, %. Number of establishments: hotels and other. (Eurostat, 2017)

The net occupancy rate indicator of hotel enterprises is a keynote factor that proves the necessity to improve the efficiency of economic activities of Latvian hospitality industry enterprises, and by improving the net occupancy rate will naturally lead to an increase in the competitiveness of enterprises and the region as a whole.

Analysing the statistical data at the present stage, we can conclude that Latvia loses in the competitiveness to Lithuania and Estonia. Latvian hotel companies lose in the competitive position, and this conclusion can be made on comparing several statistical data indicators: average annual occupancy rate of

hotel enterprises, annual industry turnover (see Fig. 1) and total number of enterprises in the industry.

Summarizing the above-mentioned statements about competitiveness, firstly, it is important to note the presence of factors which makes us think about increasing the competitiveness in the Latvian and regional hospitality industry. Secondly, as confirmed by other authors (Kotler, et al., 2014), an enterprise can increase the overall customer value for successful competition by improving the product or service, and reducing the overall costs for the consumer by optimizing the production costs of the product or service. Therefore, to increase the competitiveness of an enterprise, it is necessary to think about increasing the economic efficiency, reducing costs, and improving the services and products quality, as well services delivery quality.

1.2. The enterprise's economic efficiency increase: logistic approach

The logistics management system application in the hotel enterprise is a complex adoption of the concepts, principles and functions. The created logistic system will contribute to optimal management of the company's resources, improve the quality of provided services, and increase the company's economic efficiency. Regarding the logistics processes, for instance in the hotel business; it is about optimal management of tangible and intangible resource flows, for example, information, financial and service flows.

The logistic approach in management allows reducing the level of inventory, material resources and product circulation, improve the company's financial performance, accelerate the turnover of the company's current assets, reduce production costs and other costs, ensure the fullest satisfaction of customers' needs, and improve quality of products and services. According to some authors (Burakov, 2011), the implementation of company's hidden reserves by applying the logistics approach allows increasing profits by more than 40%. It should be noted that the results of a survey of 1,450 companies in the United States demonstrates that application of the logistic approach leads to a 30-70% reduction in inventories, a 20-50% increase in productivity, a 30% cost reduction and 20% reduction in logistics costs.

Traditional approach optimizes individual elements of the enterprise system, in this case, a negative impact on the final product and its demand for the consumer can occur. However, the logistic approach perceives optimization as a single integrated tool, with all improvements being client-oriented.

A logistic approach to the economic efficiency is determined by minimizing the amount of all optimized costs for supply, service production, distribution, based on adding also organizational, transaction and maintenance costs. Economic

activities effectiveness, beside reducing the "inputs", i.e. costs, as well as increasing the "outputs" of sales, it is also the ratio of "outputs" and "inputs", as well as the ratio of the derivatives of "inputs" and "outputs" in relation to the use of the enterprise capital, both assets and equity. Capital performance indicators formalize the competitiveness of an enterprise as an economic entity. Thus, we can say that the logistic approach indicators of the company's economy, costs and revenues, the "inputs" and "outputs" of the logistic system, affect profit, and are reflected in the financial analysis of the company's performance using return on investments (ROI), profitability of its equity by return on equity (ROE) or return on assets (ROA).

In addition, the benchmarking tool can be applied to the assessment of the effectiveness of management and, accordingly, the competitiveness of an enterprise in the category of "costs" by comparing the results of a certain enterprise with the average in the hospitality industry, or with the best in the industry.

1.3. Information technologies for optimization of flow processes as a tool to increase the enterprise's competitiveness

At present stage, the influence of the information society development produce drastic changes of the industry environment factors, the competitive environment is undergoing rapid changes, becoming more aggressive, dynamic and oriented towards the processes of globalization (Chang, 2007). The usage of information technology and e-commerce plays an important role in the management of suppliers, buyers and internal operations, which as a result has the objective of increasing the enterprise competitiveness. In this regard, information systems play an important role in reengineering business processes and automating routine processes in a hotel enterprise: order processing, reservation systems, office and administrative systems. Information technologies increase the interrelations in the creation of the product value chain, allow significant reduce in costs, including logistics costs, improve the quality of interconnections within the electronic commerce systems in communication with corporate clients (B2B) and directly to consumers (B2C).

Information technologies allows to manage, accumulate and process the information efficiently at the operational, tactical and strategic level, and help in making management decisions, fully automate the work with the client, and effectively use the capacity of the hotel. According to industry researchers (Artemova, et al., 2010), the listed advantages of applying information technology to the management of the hotel enterprise allow quick response to the changing situation in the hotel and industry, improve the quality of customer

service and staff work, forecast demand, improve marketing policy, analyse and develop perspective areas of service.

Certainly, at the same time, it should be remarked that changes in consumer behaviour cause the use of information technology in the order to manage the hotel. Information technologies allow adapting all business processes of the enterprise to consumer behaviour changes, and correlates with the development of E-commerce platforms in the industry.

Information technologies application for the management of enterprise logistics flows can be an implementation of ERP (Enterprise Resource Planning) systems, to solve the above-mentioned problems of algorithmizing and optimizing management processes.

ERP systems implementation in the hotel will allow:

- increase of the economic efficiency at the enterprise;
- optimization of the hotel resources use;
- increase in the competitiveness of an enterprise in a current market.

In summary, we can conclude that the optimization of expenses improves company profitability and preserves the client-oriented business processes in the company, and this allows increasing the enterprise competitiveness in the hotel services market in the long run.

Conclusion

The task of management in the development of logistic management strategy is to create a configuration that supports the achievement and retention of target values in the enterprise long-term competitiveness factors. For this purpose, in the strategic decision making areas the enterprise makes decisions on the composition of the necessary tangible and intangible resources, as well as the composition and properties of the operational processes, which together form the operational capabilities of the enterprise.

The implementation of information technologies, ERP systems in conjunction with the principles of the logistic approach, regarding to the management of the hotel enterprise, allows algorithmize and optimize the flow processes, permits to automate processes, reduces costs, which in return allows increasing the economic efficiency and as a consequence, an increase in the competitiveness of the enterprise.

As a result, the hypothesis that the problem of an enterprise competitiveness increasing in the hospitality industry can be solved by applying a logistic approach to the company flow processes managing is confirmed.

Eventually, the application of the logistic approach to the management of operational processes leads to an increase in the enterprise economic efficiency

and adaptation to drastic consumers' behaviour changes, as a result improving the enterprise competitiveness.

References

- Artemova, E., Vladimirova, O. & Glebova, N., 2010. Hospitality and hotel service. (in Russian). Orel: OrelSTU [ОрелГТУ].
- Burakov, V. I., 2011. Logistic approach to increasing enterprise competitiveness in industrial and commercial activity. (in Russian). *Baikal Research Journal*, Том 5, p. 39.
- Chang, P. R., 2007. *Tourism Management in the 21st Century*. New York: Nova Science Publishers, Inc..
- CSB, C. S. B. o. L., 2017. Latvian accommodation enterprise annual statistics (NACE I55). [Online]. URL: <http://www.csb.gov.lv/> (accessed: 16.03.2017)., Riga: CSB, Cental Statistics Bureau of Latvia.
- Eurostat, 2017. Hotels and other short-stay accommodation statistics. Industry annual turnover. Number of establishments. Number of visitors. [Online]. URL: <http://ec.europa.eu/eurostat/> (accessed: 20.03.2017)., s.l.: Eurostat.
- Eurostat, 2017. Net occupancy rate of bed-places and bedrooms in hotels and similar accommodation (NACE Rev. 2, I, 55.1). [Online]. URL: <http://ec.europa.eu/eurostat/> (accessed: 20.03.2017)., s.l.: Eurostat.
- Hudson, S., 2008. *Tourism and Hospitality Marketing. A Global Perspective*. London: SAGE Publications.
- Jafari, J., 2000. *Encyclopedia of Tourism*. London: Routledge.
- Kotler, F., Bowen, J. T. & Makens, J., 2014. *Marketing for Hospitality and Tourism*. 6th Edition ed. Harlow, Essex: Pearson Education Limited.
- Pizam, A., 2005. *International Encyclopedia of hospitality management*. Oxford: Elsevier Butterworth-Heinemann.



Journal
Cultural Heritage
&
Tourist Territory



Role of Regional Brands in Forming Competitive Advantages and Export Potential in Export-Oriented Brands

Larisa A. Danchenok^a, Elena S. Shtof^b

^a Plekhanov Russian University of Economics, Moscow, 117997, Russia

^b Plekhanov Russian University of Economics, Moscow, 117997, Russia
of Economics, Moscow, 117997, Russia

Abstract

Development of a country's brand is one of the ways to improve export opportunities for local companies, as well as to add to attractiveness of their products and services. In its turn, the attractiveness of a country's brand influences such country's tourist inflow. This paper addresses the issue of evaluation of a country's brand, as well as its impact on the value of corporate local brands as one of the major tasks in economic analysis and strategic management. This paper also describes the ways a country's brand may influence corporate export-oriented brands, dwelling on their interaction.

Keywords: brand, regional brands, brand value

In light of today's decline in globalization tendencies as well as trends to nationalize economies demonstrated by a number of countries, market stagnation and turbulent environment, matters of corporate and country-of-origin brands interaction obtain ever-growing importance. Corporate brands entering new markets are faced with the necessity to take into consideration the national "country of origin effect" as a possible part of their positioning on the market. And this factor may be a great advantage in export market for export-oriented

brands. A country's brand may influence consumer behaviour via the so-called "country-of-origin effect" - a psychological effect which reflects the sum total of a buyer's expectations, his/her experience and ideas about the country from which a brand originates.

There are many studies in this field, where authors research carefully consumer behaviour under the influence of the country of origin effect. It is interesting, that many of them came to opposite conclusions. Some authors believe that country of origin effect is strong (Laroche et al., 2002; Agrawal and Kamakura, 1999; d'Astous and Ahmed, 1999, 2008,) and has a great power over decision making process, while the others conclude, that it is weak (Lim and Darley, 1997, Lim et al., 1994; Liefeld, 1993, 2004; Ettenson et al., 1988). Also, there is a growing number of articles considering the issues of place branding (Anholt S, 2005, 2008, Hospers G. ,2009, Kavaratzis, M., 2005). The main focus is made on the process of building a positive image of the place through the creating of strong differentiating associations. Today it is especially interesting to understand how deep these two dimensions are linked, how local brands influence creating "country of origin" effect.

A number of factors can reinforce the "country-of-origin" effect, which export-oriented brands should take into account in their positioning:

- Level of a country's economic development: better developed countries create more positive consumer expectations from products taking origin on their territories, thus increasing the added value of such products.
- Level of technological development. This is a bi-directional factor: on the one hand, innovative regions attract better human resources, while on the other hand, introduction and development of new technologies by specific companies increase the share of local products with higher added value, thus improving regional economic indicators.
- Level of governmental regulation of economy and entrepreneurial activity. Low level of regulatory intervention helps forming better expectations from interaction with a specific country. The largest share of effective demand is concentrated in countries with relative freedom of business as they demonstrate better efficiency and flexibility.
- Objective characteristics of a country, its geography, history and culture. Thus stereotypes about a country's ecology and natural resources positively affect food brands, while historical and cultural connotations play major role in forming services, especially tourism.

Customer educational level is also of major importance. For example, the "country-of-origin" effect has lesser influence on customers operating objective information than on those relying on superficial data. Exporting companies may

use it in their marketing communications manoeuvring between creativity and ratio in their key brand messages. In their turn corporate, product and service brands lay basis for a multilayer effect on formation of a country's brand. On the one hand it is defined by a composition of positive experiences from using products or services, producing a synergetic effect. If enhanced by local governmental or municipal authorities (i.e. offering protection for key local products, organizing special events and business conferences, eliminating administrative barriers) such experience may result in establishing an effective tourist brand with its promises of unique gastronomic, emotional and cognitive experience. There is a great example of ongoing place branding in U.S.-Austin was able to become a city of music and musicians. The government is supporting music festivals: SXSW, Austin City Limits and is focusing on the music industry (Salzman M., 2016). Holistic approach to place brand management allows to get the focused image and clear memorable advantage for attracting tourists and best staff . And local music brands of course have a great advantage on U.S. market.

When refining their products and services brands help to establish a country's innovative environment, increase chances to produce genuinely unique technologies and products which may further on become one of the differentiating features of the entire country and its brand. Being social agents in their nature brands largely form the social environment. Developed HR brands attract best human resources; improve effectiveness and competitiveness of a country. This conclusion fully corresponds with the research by British scientists Andy Pike Andr?s Rodr?guez-Pose and John Tomaney (Pike, Rodriguez-Pose, Tomaney, 2007), who established a direct interrelation between existence of the so-called creative class in the region and the improvement of urban environment, and, consequently, improvement of a county's brand-related opinions and expectations. Indeed, brands are forming our day-to-day life, creating various communities, life styles, experiences. In fact, local brands are the touchpoints of general place branding strategy, where customer gets confirmation of brand's promises. To resume, it may be noted that brands form their export advantages helping country brands be strong.

When putting in conscious efforts into the process of a country's brand management it is important to measure the effectiveness of such regional brand establishment in key performance indicators (KPI). Brands, which made in countries with strong brand have more reasons to build their market positioning using "country of origin" effect". These KPIs will also allow to analyse possible ways to optimize strategy, evaluate the effectiveness of resources and correspondence to expectations of all parties involved. Brand valuation in this case may be subdivided into the following:

1. The monetary value – quantitative assessment of a brand,
2. Brand equity – qualitative assessment of the brand communication effectiveness,
3. Mixing various elements from concepts 1 and 2.

We suppose that the monetary value is most comparable while brand equity gives a deeper understanding about the brand drivers and can help to make right marketing decisions. The question here is whether it is actually necessary to calculate the value of a country's brand at all. This is normal practice for corporations where brands are sold and bought, but it is of little practical use for regional brands. Nevertheless, monetary value provides for a comparable and universal indicator of the effectiveness of efforts related to regional branding.

World's largest consulting agencies such as BrandFinance and GfK regularly publish their ratings of regional brands monetary values. This evaluation is in high demand among major investors and commercial companies to analyse the prospects of doing business in the region. The rating is also a universal indicator for local authorities when making decisions on budgeting territorial branding events. It can be noted that local brands play significant role in the monetary valuation of the country brands, their success and value is the basis for such a valuation. While export-oriented brands make their decision about market positioning with "country of origin" effect, they may analyze country regional brands as following:

- Indexes showing the run of the country brands communicative process and its effectiveness. This part is an additional one, but allows to indicate the achievement of the main communication's goals: understanding, memorizing, accepting. This part of analysis is very close to the analysis of the local brands' images, because in fact they create experience of the place visiting or other interaction.
- Dynamic analysis of the strength of a country's brand. The brand strength is a qualitative characteristic, consisting of a number of relevant indicators: level of corruption, attractiveness of the region for tourists, its attractiveness to receive education and other high-end intellectual services, and many others. It would seem prudent to analyse these factors in dynamics, as the rate of growth or decline may say much more than the index itself and affect the strength of the territorial brand.

On the whole, we can conclude that regional brand is an integral part of an export-oriented company's brand if its communication stresses the connection with its country of origin. Even if a company chooses to ignore this factor, its

product will still be subject to the country-of-origin effect; in this case however the company will not control the degree of impact. Corporate and product brands also influence a country's brand in more than one way, since they are in fact points of contact with the consumer, and they form comprehensive experience in the use of regional products and services. Evaluation of this cross influence is an important task from both management and economic points of view, as it allows to evaluate the effectiveness of resource use.

References

- Anholt, S. (2008) Place branding: Is it marketing, or isn't it? *Place Branding and Public Diplomacy* 4 (1). pp. 1-6.
- Hospers, G. (2009) Lynch, Urry and city marketing: Taking advantage of the city as a built and graphic image. *Place Branding and Public Diplomacy* 5 (3). pp. 226-233.
- Kavaratzis, M. (2005) Place branding: A review of trends and conceptual models. *The Marketing Review* 5 (4). pp. 329-342.
- Pike, A., Rodríguez-Pose, A., Tomaney, J. (2007) What kind of local and regional development and for whom? *Regional Studies*, 41 (9). pp. 1253-1269.
- Salzman, M Why Place Branding Is Becoming Place Doing (Consider Austin)
<https://www.forbes.com/sites/mariansalzman/2016/05/24/why-place-branding-is-becoming-place-doing-consider-austin/#26945e1161bf> (01.07.2017)
- <http://brandfinance.com/knowledge-centre/reports/brand-finance-nation-brands-2016/>
<http://nation-brands.gfk.com/>



Journal
Cultural Heritage
&
Tourist Territory



Social networks in museum practice

Daria Dziuba

Postgraduate student, Mikela street 1-22, Riga, Latvia

Abstract

Museums in the 21st century have many opportunities to participate in a person's life, his learning process and thoughtful reflection. Because of the Internet, people have adapted to digital culture, which is dominated by the brevity and speed of the transition process from one information to another. For example, in the media industry business models are eagerly being developed, aiming to support publication of qualitative "digital" full version stories, such as the New York Times' "Snow Fall".

The following article will summarize practicalities of social networks in museum technologies in order to study acute problems facing cultural institutions. The practical use of social networks in the information age and practical ideas in the museum sphere will be considered.

Keywords: Internet, information technologies, virtual reality, social networks

Generally accepted definition of the term "sustainable development" was provided in the Brundtland report for the World Commission on Environment and Development in 1987 (WCED, 1987).

Sustainable development is development that meets the needs of the present without the limiting opportunities for future generations that will have their own needs.

The article tells about the problems faced by museums, which can be solved with the help of social technologies. More details are given on the main purposes of the presence on the Internet. A survey of social networks is done and some of the most vivid examples of their use in the museum sphere are being analyzed.

The brochure "Sustainability and Museums", published by the British Museums Association in 2008, discusses how "sustainability concepts have the potential to help museums improve their work for the benefit of society, make decisions on managing collections, ensure long-term financial stability and serve future generations" (MA, 2008).

Thanks to all the new unique opportunities that social networks provide, they grew quickly and became extremely popular. The number of network users is increasing every year with a huge pace. Moreover, not only the number of users grows, but so does the time spent by an average user in social networks. (Baranov V., 2010)

Monitoring and analysis of social networks includes the acquisition, structuring and analysis of primary data, which will allow museums to reach a new level of communication with the reader.

The weak representation of cultural agents in the Internet space allows us to state the insufficient effectiveness of cultural policy in general in the museum sphere. Analysis of major social networks and the experience of some museums, can provide a clear solution to the situation.

Although museum workers make only the first steps in the process of creating effective mechanisms for museum environment popularization on the Internet, competition for dominance in the "information services market" in the museum field (including its content part) is in full swing. Against this background, significant progress is made on the implementation of completely new functions for supporting the museum space (for example, video lecture broadcasting).

Museums, like all cultural institutions, have three main goals of their Internet presence:

- to provide access to cultural heritage (connecting museum to society);
- to promote culture in society (connecting culture/educational information to society);
- to use information technologies for preserving cultural heritage (connecting technology to museum).

However, can these three goals be held responsible for the actual status of museums in society? In general, museum develops its information policy aimed at the third goal. However, in post-Soviet times position of museums in society has changed significantly, as well as state budget support has been significantly reduced. Museums are faced with problems that American museums already encountered back in the 1970s. In these circumstances, the importance of the first two tasks - ensuring access to the cultural heritage and the development of culture in society - has increased dramatically. In order to survive in the 21st century, museums had to reconsider their mission and position in society and do their utmost to act as an important element of the overall economic structure.

The emergence of Internet has become a powerful impulse for museums to realize all three goals. The role of the Internet in the world is growing and it is becoming one of the main media channels along with the traditional media (television, radio, press). The interdisciplinary nature of the problem of integrating those three goals requires new approaches and new human resources in the museum environment - specialists in marketing, PR, fundraising, and even system administrators.

The task of museum management is to simplify the adoption and facilitate implementation of decisions that lead to the pursuit of museum's mission, as well as achieving goals and objectives corresponding to the various functions of the museum (Lord B., 2002).

Small museums arise on the initiative of local lore specialists, public organizations and businessmen. Historically, young national entities are also trying to fit into the world cultural space with help of the Internet and in particular through social networks. However, the understanding and maintenance of the museum in a new cultural environment is not easy to achieve.

For museums, this means an intense competition not only with each other, but also with a rapidly developing entertainment industry. The problem is exacerbated by the changing status of museums in society. (Soboleva E., Epstein M., 2011).

Social networks provide a comfortable environment with a simple interface, which any museum can use for popularization of its content. On the experience of the existence of several large museums, Based on the experience of several existing big museums it is possible to single out successful concepts used for the formation of museum's audience in social networks.

Technologies continue to develop and, with them, new opportunities and tools for attracting new audiences emerge.

"The idea of the Internet as a big garbage dump does not exist for no reason, but since Internet still exists, museums should use all possible resources in the most optimal way," says Tatyana Lenyashina, an Internet project specialist in the State Russian Museum (Mikhailova A. 2016)

Social networks have become one of such new technologies. Social network strategy can be a useful tool that will help to effectively use available resources to achieve tasks at hand. Development of social network strategy is a time-consuming process, connected to all museum's activities. Ideally, strategy should be directly related to the concept of museum's development, its charter and other founding documents.

Analysis of social networks is rapidly gaining popularity around the world due

to the emergence of online social networking services. This is connected with the phenomenon of availability of personal data: the facts of biography, correspondence, diaries, photo, video, audio materials, travel notes, etc. became publicly available. Thus, social networks are a unique source of data on the personal life and interests of real people. (Korshunov A., Beloborodov I., 2014).

This opens up great opportunities for solving the problems of the modern museum (many of which could not be solved effectively before due to lack of data).

A social network is understood in this context as a social structure, consisting of a multitude of agents (users, groups and communities) and a set of relations between them (information interaction, relationships, participation in groups and communities). Within the framework of these relations, various information processes take place in the network. (Gubanov D., Chkhartishvili A., 2013)

To solve this problem, it is necessary to develop an analysis method that takes into account user notes, attachments, as well as links to other network resources, a method for identifying user groups based on social network analysis. (Chaly S., Cherednichenko A., 2013)

Museums face challenges that need to be addressed with the help of new social technologies:

- creation and sustainability of knowledge (to inform the audience about museum and its activities in accessible and understandable language);
- creation and sustainability of public image (forming the “right” image of the museum through posted content (modern, unique collection, many activities for children);
- increase in attendance (informing potential visitors about excursions, new expositions and exhibitions, invitations for upcoming events, openings, celebrations);
- forming loyalty (creating and encouraging the circle of regular readers who are interested in the content of the museum; motivation and discussion);
- information support (information about the structure, features and schedule of the museum; information about changes);
- audience research (conducting interviews, initiating discussions, receiving feedback (gratitudes\complaints\proposals)).

For effective work it is necessary not only to define the tasks that museums should resolve with the help of social networks, but also to take into account the needs of the audience (Yakubovitch N., 2014):

- to have a good time, be entertained
- to learn something new and interesting
- to communicate
- to demonstrate one's knowledge and erudition

- to find like-minded people for socializing
- to receive benefit (useful information, recognition, prize, etc.)

The effectiveness of work in the field of culture is difficult to change and measure, because it is not defined within the framework of economic rationality. Assessment of the effectiveness of the museum should be based on the ability of institution to attract audience.

“A small voluntary poll conducted in the official group of the Museum (the State Museum of the History of Religion) in the social network VKontakte in 2014 showed that more than 70% of respondents admitted that they receive information about museum events (not only the Museum of the History of Religion but also other museums) from social networks and microblogs: social networks - 70.42%, mass media - 8.33%, Internet (news feeds, information portals) - 19.58%, other - 1, 67%”, - says Ekaterina Volkova, Public Relations department head of the State Museum of the History of Religion (Volkova E.V., 2014).

If you take a content sample on the sites of museums, then it turns out that the most popular type of content is announcements or reports of past events. Periodically you can find content about specific items from the collection. However, these publications are often presented not in the form of fascinating essays, but rather as copied articles from encyclopedias or catalogue descriptions. Given that such content fills social networks already for several years, it is not surprising that the number of responses to such museum publications is extremely low and meaningful comments are rare.

Examples of successful posts can be identified not only by the number of likes: such posts are easy to read, they show creativity, there is a place for humor and at the same time such post aims to demonstrate a genuine museum item or reveal some features of museum work.

Museums are represented in social networks for more than 20 years already. Among different Russian museums, employees of Russia's Tretyakov Gallery, the Kunstkamera, the State Russian Museum, the State Historical Museum, the State Museum of the History of Religion were pioneers, having created pages of these museums on Facebook and Twitter in 2008-2010 (Mikhailova A. 2016). In 2017, we can say that dozens of Russian museums make hundreds of publications every day in various social networks.

In general, museum field actively uses social networks: most museums have Facebook pages; more advanced museums also create out of the box accounts on Twitter and Instsgram (Lekuh R.? 2013).

There is no exact information about how many museums, in particular Russian ones, use social networks. Most museums that use social networks, have pages on VKontakte, Facebook, Twitter, YouTube and Instagram.

It is worth to have a more detailed review of these social networks and provide some of the most vivid examples of their use in the museum field.

Vkontakte – the largest social network in CIS countries – 52 million users every month. The most active audience is young people from large Russian cities. The focus of this social network is entertainment and communication.

For example, on March 17 of 2017, the State Russian Museum published the news that today is an international day of sleep and inserted a painting of Kuzma Petrov-Vodkin "The Dream". It is an interesting and entertaining fact, which also provides useful information.

Facebook – 1, 35 billion monthly users, an increase of 14% compared to 2014. Focus on getting new, up-to-date information.

For example, on March 24 of 2017, there was a post with a link to an interview with the Director of the State Hermitage Museum Mikhail Piotrovsky, which he gave to radio station Ekho Moskv. This post does not focus on the Hermitage collection, but rather on its people.

Twitter – a service for public exchange of short (up to 140 characters) messages. You can post photos and videos, but the main focus is on the text announcement of an activity with a link to another site or up-to-date information from a particular event. The site has more than 400 million monthly visits. Males are most active on twitter, as they tend to choose textual information over visual.

The annual museum week took place from 28 to 3 April 2016 on Twitter — it is an international art project #MuseumWeek, with a record number of museums participating this year — more than 2800 cultural institutions from 77 countries including the State Hermitage Museum, the Museum of Modern Art in New York, the Louvre of Paris and many other famous museums.

As part of the #MuseumWeek 2016, millions of art fans could virtually visit thousands of museums, cultural institutions and galleries around the world, using seven hashtags and track all discussions on this topic in real time.

As a result, more than 600 thousand tweets were posted devoted to cultural themes and art events, which collected more than 237 million views. This social platform helps not only large museums, but also small narrowly focused museums, to popularize their content through participation in large international projects.

Instagram – is a site focused on visual and situational content. Its daily audience is 12.3 million people. The most active audience is young people from large cities with an average income. It centers around "live" beautiful photos with the minimum amount of text.

Museums invite "instagramers" more and more often to participate in exhibitions, create are-like images of the exposition, and, thereby, create a new

interpretation and additional advertising for it.

For example, the famous french Louvre Museum has a peculiar strategy: museum encourages users to upload photos with a hashtag #museedulouvre and often reposts the most interesting visitor photos.

Youtube – the largest videohosting in the world, with an attendance of more than 1 billion. Oriented exclusively on video content, website offers structured videos (thematic playlists with descriptions); usually used to initiate discussions and comments related to the video.

This service is very competently used by the "Jewish Museum and Tolerance Center", which sorts all lectures, seminars, conferences and interviews by individual playlists on specific topics, supplementing them with other videos that can be found on the Internet, thereby creating a certain pool of information on a particular topic.

In today's world, where everyone wants to use all means available for development, museums must go beyond their traditional tasks and functions: identification, preservation and education, and move to implementing broader programs that will enable them to participate more actively in the life of society and better integrate into the environment (Noll.Y., 2000).

According to domestic and foreign scientists Volkova E., Lekuh R., Yakubovitch N., Lord B., Mikhailova A., Komlev Y. modern communication policy requires from Museums to have continuous dialogue with society, with parent structures in organizational hierarchy, partners on Social projects, mass media. Communications, involved in the development of the museum and with the help of the museum as a partner, are becoming more and more popular and substantial. (Comlev Yuri., 2011)

Changes in the social, political, cultural and economic spheres occur all over the world and, naturally, they also affect museum sphere. Over the past three decades, the issues that museums face, have changed markedly, and now museums have to respond much more quickly to challenges and be more flexible in their relations with society. Museum brands, in order to remain relevant in a changing world, have to consider the influence of trends, for example, use of social networks, which are increasingly used in modern museums.

Increasing the efficiency and effectiveness of organizational social structures responsible for communications inside museums on the Internet is impossible without reconsidering the traditional approaches to the organization and management of the museum of the 21st century. Effective management of museum communication is possible through an integrated approach based on a combination of social technologies, methods and tools. The synergetic effect from their use provides effective results in the activities of the modern museum. Managing the museum through a social network is a dedicated commitment to

ensure the reliable functioning of the museum's communication processes, as well as a system-forming mechanism for the operation of the whole museum, both on the Internet, and in the reality.

References

- Barry Lord, Gail Dexter Lord, Management in museum business. - M.: Logos, 2002
- Lekuh R. Digital strategy of the modern museum: a site or social networks? // MART. Technologies and marketing for a museum. 2013. URL: <http://mart-museum.ru/2013/11/05/tsifrovaya-strategiya-sovremennogo-muzeya-sajt-ili-sotsial-ny-e-seti/>
- Mikhailova A. Russian museums in social networks from inside and outside // MART. Technologies and marketing for the museum. 2016. URL: http://mart-museum.ru/mart_articles/smm-in-russia/
- Noll.Y. Program of the course "Information Technologies in Museum Activity", course program for specialty №021000 - Museology. Moscow: Russian State Humanitarian University, 2000.
- The Museums Association, "Disposal toolkit to help museums manage collections," Jan. 30, 2008, URL: <http://museumsassociation.org/15716&search=1.1>, Accessed May 23, 2008.
- Volkova E.V. Museum groups in social networks as a means of communication with the youth audience // Do I need a museum of youth? Do young people need a museum?: Materials of an international conference, November 18-19, 2013 / comp. S. V. Kudryavtseva, E. D. Rusakova, V. V. Karpovich; The State Hermitage, the French Institute in St. Petersburg. - St. Petersburg. : State Publishing House. The Hermitage, 2014.- 154 pp. ISBN 978-5-93572-555-6
- World Commission on Environment and Development (WCED), 1987, Our Common Future, New York: New York: Oxford University Press
- Yakubovitch N. Museum and social networks // Intermuseum 2014. Jun 11, 2014, URL: <https://www.slideshare.net/nikayakubovitch/ss-35750337>
- Korshunov A., Beloborodov I., Buzun N., Avanesov V., Pastukhov R., Chikhradze K., Kozlov I., Gomzin A., Andrianov I., Sysoev A., Ipatov S., Filonenko I., Chuprina K., Turdakov D., Kuznetsov S. Analysis of social networks: methods and Applications // Proceedings of ISP RAS. 2014. №1. P.439-456
- Gubanov D., Chkhartishvili A. Conceptual approach to the analysis of online social networks // UBS. 2013. №45. C.222-236
- Chaly S., Cherednichenko A. Research of methods of the analysis of social networks for definition of groups of users of a software product // ACS and devices of automatics. 2013. № 165. P.107-111
- Comlev Yuri. Methodology of the study of management of museum communications // Theory and practice of social development. 2011. № 5. P.113-118
- Baranov V. Social Networks // TDR. 2010. № 12. P.232-234
- Soboleva E., Epstein M. Evolution of the concept of museums in a changing world // VM. 2011. №1. C.8-19



Journal
Cultural Heritage
&
Tourist Territory



Analyzing National Identity and Otherness in Print Advertisements

Ludmila Gorelkina

Baltic International Academy, Riga, Latvia
milagor1@gmail.com

Abstract

The present study aims at developing a methodology for the analysis of visual and verbal representations of national identity and otherness in the contemporary Latvian advertising discourse. The research provides an approach to an analytical framework for the further longitudinal empirical content studies of national and foreign portrayal in Latvian print advertisements. To reach the goal, three methods that have contributed to the author's understanding of the problems under study, were examined: Barthian visual semiotics, visual social semiotic analysis, developed by Kress and van Leeuwen, critical discourse analysis (CDA) and its cognitive approach developed by Fairclough. The obtained approach allows to uncover and to analyze the constructions of national identity and otherness and to reveal the hidden messages and meanings.

Keywords: advertising discourse, national identity, otherness, critical discourse analysis, visual semiotic analysis, visual social semiotic analysis

Recent major changes in Europe's political landscape, such as the enlargement of the European Union due to the transformation of the former Soviet-bloc countries of Central and Eastern Europe, the constant debates on immigration and integration, have renewed attention to these issues.

As Wodak, de Cilia and Reisigl argue: 'In the countries of the EU, the propagation of a new European identity has been accompanied by the emergence

or reemergence of seemingly old, fragmented and unstable national and ethnic identities. Apparently firmly established national and cultural identities have become contested political terrain and have been at the heart of new political struggles' (Wodak et al., 1999:150).

On the other hand, in conditions of cultural and demographic globalization, the issue of cultural and national identities becomes more and more pertinent.

But why advertising was chosen to analyze the cultural representations? According to Jonathan Bignell, the author of *Media Semiotics*, advertisements serve, not only to entice us to buy products, but that they also ask the reader to 'participate in ideological ways of seeing ourselves and the world' (Bignell 1997:33).

Indeed, the dominance of advertising in everyday life carries huge cultural meaning. Advertising today is part of the cultural environment; it presents a view of the world using a variety of symbolic means and supplies us with a value system that is reinforced repeatedly through a wide variety of advertising media.

Moreover, advertising influences our lives by spreading messages and images that not only reflect the culture but have the power to shape it. As Fern L. Johnson (2008:1) points out: 'Advertising as ever-present in the cultural environment circulates images of cultural importance by contributing to socialization and honing attitudes and behavior'. To put it another way: we learn from the models of behavior presented in ads. Needless to say, that the main role of advertising is to inform us about products and to persuade to buy them, but advertising also informs us about society and social values and even about ourselves and others. Williamson (1978:13) discusses the self-reflectiveness of advertising: 'Advertisements are selling us something else besides consumer goods: in providing us with a structure in which we, and those goods, are interchangeable, they are selling us ourselves'. Further she argues: 'Advertising, in effect, sells us ourselves, or at least what we would like ourselves to be' (ibid:13).

The present paper aims at developing a methodology for the analysis of visual and verbal representations of national identity and otherness in advertising discourse. The study will provide an approach to an analytical framework for the further longitudinal empirical content studies of national and foreign portrayals in Latvian print and TV advertisements.

To reach the goal, we will examine methods that have contributed to our understanding of how the study of visual and discursive representations of national identity and otherness can be approached. At the same time, the attention will be focused on the interplay of the verbal and visual and on the ways in which words and pictures collaborate to convey the meaning of advertisement on the discourse level.

The work that contributed to our understanding of the problems under study is one of Roland Barthes *Rhetoric of the Image. Image, Music, Text.* (1977: 32-51). In this essay, Barthes provides a model of what the visual semiotic analysis of the advertisement can be. He submits the advertising image to a “spectral analysis of the messages it may contain” (ibid:33). In order to understand how the image produces meaning, Barthes turns to a particular advertisement showing a mesh grocery bag on the table with vegetables and a box of pasta showing a brand name (Fig. 1)



Fig. 1. The advertisement for Panzani pasta

This ad is designed to persuade us to buy the pasta by signifying on several levels of information that will provoke desire. Barthes identifies three parts: the linguistic message, the coded iconic message, and the noncoded iconic message. The linguistic message - the Italian name that appears on the package of pasta which in its turn operates on two levels: denotational, or pointing directly to the name of the company, and connotational, by signifying what Barthes refers to as "Italianicity." The coded iconic message is the totality of all messages that are connoted by the image itself: freshness, plenty, and Italianicity (in the colours of red, green, yellow and white).

The noncoded iconic message is what we see when we look at the ad: the bag, the vegetables, and pasta. Then Barthes asks another question: ‘What are the functions of the linguistic message with regard to the iconic message?’ (ibid: 38); and he answers this question indicating two important functions: anchorage and relay. With anchorage, ‘the text directs the reader through the signifieds of the image...remote-control[ing] him towards a meaning chosen in advance’ (ibid: 39-40). With relay, ‘text...and image stand in a complementary relationship...and the unity of the message is realized at [the] level of the story, the anecdote, the diegesis’ (ibid.:41).

Although Roland Barthes remains a strong inspiration for the author of this paper, we see our work as going beyond his seminal writing on visual semiotics in several ways. Yet, in the analysis of the discursive constructions of Latvianness, it seems highly important to turn to Barthian seminal analysis in combination with the approach elaborated by Kress and van Leeuwen (1996, 2008). Their study is situated within the framework of visual social semiotics and provides a useful methodology for the analysis of discursive constructions of Otherness and Latvianness.

Kress and van Leeuwen's (1996) model of analyzing images is based on Halliday's (1985) grammar. Having adopted theoretical notion of 'metafunctions' from Halliday, they defined and explained each of them. The ideational metafunction the scholars defined as 'the ability of semiotic systems to represent objects and their relations in a world outside the representational system or in the semiotic systems of a culture (Kress and van Leeuwen, 2008:42). Explaining the interpersonal metafunction they state that: 'Any semiotic mode has to project the relations between the producer of a sign, and the receiver/reproducer of that sign' (ibid.). In other words, any mode can represent a particular social relation between the product, the viewer and the represented object or person.

A represented person may be shown as addressing viewers directly, by looking at the camera. 'This conveys a sense of interaction between the depicted person and a viewer' (ibid:43). Thus, the authors highlight the importance of the gaze of a depicted person in an image. Explaining the interpersonal metafunction they argue that there are two distinct connections that the reader can have with an advertisement. The first, is when the model is looking directly at the viewer - establishing direct eye contact. 'This conveys a sense of interaction between the depicted person and a viewer' (ibid:43). As an example, let us turn to the advertising spot of the perfume La DIVA by Emanuel Ungaro found in the Ieva magazine, the most popular magazine in Latvia (Fig. 2).

In fact, if the ad of Panzani pasta suggests the Italianicity, this advertising spot refers to Frenchness. First of all, because of its linguistic message, the name of the perfume itself, as it in French - La DIVA; second: the name of the famous French fashion designer - Emanuel Ungaro; third: "Emanuel Ungaro" is a luxury fashion house founded by the designer in Paris; and forth: the advertisement's noncoded iconic message is the Eiffel Tower in the background of the image.

The second example, provided by Kress and van Leeuwen, is an approach, conveying the absence of a sense of interaction, where the depicted people are shown as turned away from the viewer. They do not establish any kind of contact. To illustrate this approach, we have chosen The LYSI Omega-3 IMMUNITY FORTE advertisement from Patiesa dzīve magazine, 2015 №19 (Fig. 3).

Within the area of critical discourse studies, we have chosen Language and Power (1989, 1991), a groundbreaking research conducted by Norman Fairclough, that started a new school of thought known as critical discourse analysis.



Fig. 2. The advertisement for the perfume La DIVA (Ieva, 2016, №16)



Fig. 3. The advertisement for LYSI Omega-3 IMMUNITY FORTE (Patiesa dzīve, 2015 №19)

Our work is focused on the socio-political dimensions of discourse. Therefore, it is in this respect that the approach by Fairclough turns particularly fruitful in comparison with other approaches within the CDA studies.

Language and Power contains a detailed description of mental networks. Fairclough (1991) argues that people base their thinking in ‘members resources’, which he abbreviates as MR. MR appear to correspond to what mental symmetry calls mental networks. This type of analysis provides evidence that underlying cognitive mechanisms are involved. Fairclough defines an MR in a quotation:

‘You do not simply ‘decode’ an utterance, you arrive at an interpretation

through an active process of matching features of the utterance at various levels with representations you have stored in your long-term memory. These representations are prototypes for a very diverse collection of things - the shapes of words, the grammatical forms of sentences, the typical structure of a narrative, the properties of types of object and person, the expected sequence of events in a particular situation type, and so forth. Some of these are linguistic, and some of them are not. Anticipating later discussion, let us refer to these prototypes collectively as 'members' resources', or MR for short. The main point is that comprehension is the outcome of interactions between the utterance being interpreted, and MR. [...] [A]ttention to the processes of production and comprehension is essential to an understanding of the interrelations of language, power and ideology, and that this is so because MR are socially determined and ideologically shaped, [...]' (1991:11).

Summarizing the essential points from this quotation, an MR is not just an individual memory but rather a network of memories. This network may involve experiences, people, sequences, or words. Speech will trigger MRs and these triggered MRs will help to decode what is said. Moreover, MRs are fundamentally related to language, power, and ideology.

Fairclough states that MR are cognitive structures that are both based in social interaction and influence social interaction:

'The MR which people draw upon to produce and interpret texts are cognitive in the sense that they are in people's heads, but they are social in the sense that they have social origins - they are socially generated, and their nature is dependent on the social relations [...]' (ibid.:24).

Going further, mental symmetry suggests that culture is based upon mental networks. People with similar mental networks are attracted to each other because they are driven by their similar mental networks to think and act in ways that are similar. When people from different cultures interact, then people from one culture will be driven by their mental networks to act in ways that are inconsistent with the mental networks of the other culture. This consideration seems important for our purposes to uncover the constructions of Latvianness and otherness in the discourse of advertising.

Conclusion

Having examined ways in which advertising images charged with such cultural concepts as national identity and otherness can be interpreted, it may be concluded that, considering advertising as discourse (method developed by Fairclough) is more efficient than many other approaches, as it draws the verbal and visual together on a discursive level and, in addition, it examines the context

of communication. CDA with its cognitive approach allows to uncover and to explain the constructions of Latvianness and otherness by revealing effectively the hidden messages and meanings which are not apparent in the advertisement. However, CDA is primarily concerned with verbal texts and discourses. Furthermore, to analyze visual representations of Latvianness and otherness, the combination of Barthian (1977) visual semiotic analysis with the grammar of visual design of Kress and van Leeuwen's visual social semiotics (1996, 2008) and the Fairclough's CDA (1991) with its cognitive approach will be used.

References

- Barthes, R., (1977). *Rhetoric of the Image.*" Image, Music, Text. Ed. and trans. Stephen Heath. New York: Hill and Wang, pp. 32-51.
- Bignell, J. (1997). *Media Semiotics: an Introduction.* Manchester: Manchester University Press. pp. 31-78.
- Fairclough, N. (1991). *Language and Power.* London: Longman.
- Halliday, M. A. K. (1985). *An introduction to functional grammar.* London: Arnold
- Johnson F.L., (2008). *Imaging in advertising: verbal and visual codes of commerce.* - New York; London: Routledge, 2008.
- Kress, G. and van Leeuwen, T., (1996). *Reading Images – The Grammar of Visual Design.* London and New York: Routledge.
- Kress, G. and Van Leeuwen, T., (2006, 2008). *Reading Images – The Grammar of Visual Design.* London: Routledge.
- Williamson, J. (1978). *Decoding advertisements. Ideology and meaning in Advertising,* London, New York: Marion Boyars.
- Wodak, R; de Cilia, R; Reisigl, M., (1999). *The discursive construction of national identities,* London: Sage Publications.



Journal
Cultural Heritage
&
Tourist Territory



National Identity as a Product Attribute in the Contemporary Advertising, Marketing, and Tourism Discourses in Latvia

Ludmila Gorelkina

Baltic International Academy, Riga, Latvia
milagor1@gmail.com

Abstract

This study intends to develop the inquiry of how national identity becomes a product attribute, the core of the advertising message or even a unique selling proposition. The paper starts by examining current thinking on national identity in advertising, before moving on to review the country-of-origin literature and to examine the notions of the country-of-origin effect and the country-specific competence in relation to multilingual practice in advertising, marketing, and tourism discourses of contemporary Latvia. In addition, the study provides the analysis of several magazine and TV advertisements using different ways of interpretations.

Keywords: national identity, country-of-origin effect, country-specific competence, advertising discourse

1. Introduction

Despite the rise of interest to national identity, few studies have attempted to examine ways in which nation is understood through advertising. The existing body of literature on national identity has been dominated by a focus on the historical origins of the nation and its political aspects. Still, the nation has been subject to very little critical analysis in terms of how it is represented through

advertising. Therefore, it could be argued that, the present research may be regarded as timely and useful, as national identity remains under-explored in advertising, marketing, and tourism discourses. On the other hand, more and more foreign products across borders become available due to increasing economic globalization. As a result, many products and services highlight their 'nationality' as an important competitive differentiator.

2. Sources of data and their advertising value

Data for this study come from two different sources: TV and magazines advertising. The corpus consists of two comparable sub-corpora. The first consists of 460 TV commercials collected over 2016 and 2017. Recordings were made from the Latvian TV channel LNT. LNT (in Latvian: *Latvijas Neatkarīgā Televīzija*, Latvian Independent Television) is a major private television company in Latvia, that features TV series, news and entertainment programmes, airing 24 hours a day in Latvian. Among Latvian language channels LNT ranked 3rd.

The second sub-corpus consists of 878 print advertisements of commercial consumer advertising from four different sources: national magazines *Ieva*, *Privāta dzīve*, *Santa*, *Patiesā dzīve* collected over the years 2014, 2015 and 2016.

The content focus of the magazines involves a wide range of topics including people, cars, computers, cosmetics, lifestyles, gadgets and health. As such, the magazines make certain assumptions about the target readers. Being diverse in topics, the source magazines include a wide variety of different types of advertisements appealing Latvians with a multiplicity of needs. The types of products advertised in these magazines are: beauty products, food and drinks, education and exhibitions, household products, tourism and travelling, sports and leisure, technology, jewellery.

In regard to advertising value of the source, two magazines out of the four, namely, *Ieva*, *Privāta dzīve*, were listed among the top ten Latvia's print media, according to the report of the survey conducted by TNS Latvia market and social research company in 2015.

It is important to point out that the product categories cover a surprisingly wide range of product types, which affirms the richness and diversity of the data appropriate for the present purpose.

3. Overview of the data

A careful look at the advertisements from the different Latvia's magazines allows the author to present the list of examples below. It is just a very small

selection of the abundance of references to countries of origin of products found in them:

Scavolini: The Italian sense of beauty (Pastaiga 2015, August)

BOURJOIS PARIS Volume reveal tuša. Skaistums ar franču akcentu (Volume reveal mascara. Beauty with the French accent) (Ieva 2016, №20)

Opel Mokka: Izcilas Vācu KVALITĀTES PARASUGS (Excellent example of German quality) (Santa 2014, №12)

Tallink Hotel Riga: Seho Brasileiro. Nāc un izjūti Brazīlijas pieskārienu Rīgas centrā. (Be Brazilian. Come and feel the Brazilian touch) (Ieva 2014, №13)

Hair Vollume: Zviedru atklājums (Swedish discovery) (Patiesā dzīve 2015, №3)

Iittala: Home of Scandinavian design (Santa 2015, №4)

Ulisse Nardin: Swiss watch manufacturer since 1846 (Pastaiga 2015, August)

FIPROtec: Pirmo reizi Latvijā! No Eiropas tirgus līdera (For the first time in Latvia! From the European market leader) (Ieva 2015, №16)

Nikal Travel Latvija: Kvalitāte, serviss un zema cena... tipisks Nikal Travel! Vairāk kā 15 gadu pieredze visā Eiropā (Quality, service and the cheap price... typical Nikal Travel! More than 15 years of experience in the whole Europe) (Ieva 2015, №20)

Abrau Durso: Russian sparkling wine. Lielākais zīmols Krievijā (The biggest brand in Russia) (Privāta dzīve 2014, №28)

DERMOSIL: Somijas kvalitāte kopš 1988. gada (Finnish quality since 1988) (Ieva 2016, №20)

In all these examples, a nationality is used as 'a product attribute or even, to use marketing jargon, a unique selling proposition, the key variable that differentiates the product from its competitors and that becomes a core of the advertising message.' (Kelly-Holmes 2005:27; italics added).

4. Country-of-origin effect

Through advertising messages and their use of nationalities and different languages, the concepts of the country-of-origin effect and the country-specific competence have been recognized as a tool of great significance.

A vast body of research on the country-of-origin effect has shown that products from countries that are considered to manufacture high-quality goods for a particular product category (e.g., cosmetics and fragrance from France) are better appreciated than products from countries that are believed to produce low-quality products (e.g., cosmetics and fragrance from Germany) (e.g., Usunier, 2006; Peterson & Jolibert, 1995; Usunier & Cestre, 2007).

As Joe Cox (2015), Head of Content for Bristol based digital marketing agency

‘Bespoke Digital’, puts it:

Think Germany and you think of reliability. Think Japan and you think of technical innovation in electronics. Think France and, let’s be frank, you think of good wine.

Cox goes on with the suggestion to consider a popular joke:

Heaven is where the cooks are French, the police are British, the mechanics are German, the lovers are Italian and everything is organized by the Swiss. Hell is where the cooks are British, the police are German, the mechanics are French, the lovers are Swiss, and everything is organized by the Italians (ibid.)

Indeed, gaining an understanding of how others view your country and its culture and people is an incredibly powerful asset if you’re marketing your products to consumers in foreign countries. From this perspective, advertising becomes the practice of attaching desirable associations (Keller, 1993) to products and services, i.e. what is generally referred to as ‘branding’.

The academic interest in country-of-origin effects is generally believed to have initiated in 1965 with the publication of Schooler’s (1965) seminal paper on product preferences among Guatemalan students. Since then, academic interest in this topic has grown to the point of becoming one of the most studied aspects of the international marketing field (Peterson and Jolibert, 1995).

In their research into country-of-origin effect scholars have focused on various issues, including consumer nationalism, brand effects, product quality, consumer perceptions, technology sophistication, product features, advertising images, and country images and purchasing behavior (Usunier, 2006; Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999; Dinnie, 2004; Zeugner-Roth and Diamantopoulos, 2009; Ahmed et al., 2004; Badri, Davis, & Davis, 1995; Hamzaoui & Merunka, 2006). Of particular interest is the issue of country-of-origin, and particularly the effect a country in question has on the overall brand-image of a product.

Research suggests that country-of-origin serves as a cue from which consumers make inferences about product and product attributes. Country-of-origin, in terms of market discourse, can be defined as ‘the country which a consumer associates with certain product or brand as being its source, regardless of where the product is actually produced’ (Jaffe and Nebenzahl, 2001: 27). The country-of-origin cue triggers a global evaluation of quality or specific product attributes. The prior knowledge, reinforced by experience with the brand, associates a given country with a certain brand and ensures that ‘exposure to the brand name triggers recall of the country and its attributes’ (ibid.:61).

Consumers infer attributes to the product based on country stereotype and experiences with products from that country.

As Jaffe and Nebenzahl argue, the country-of-origin effect:

is generally understood to stand for the impact that generalizations and perceptions about a country have on a person's evaluations of the country's products and/or brands (ibid:41).

It seems that another definition of the country-of-origin effect should be added:

'...the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country.' (Nagashima, 1970). The latter definition of how a country-image comes into play in the context of country-of-origin effects still remains relevant to this day.

The exploitation of the country-of-origin effect is exceptionally common among successful global consumer brands (Anholt :1998; Holt et al: 2004). The integration of nation cues into the brand image takes many different forms such as: using the national flag in the company logo, as in the case of Swatch (whose brand name resembles the word of 'Switzerland'), or evoking an origin-effect by using imagery related to a country image. Alongside the flagged images, this may be a picture of the Alps to lead the mind to an association to Switzerland as in the commercial for Decatylen Lozenges by the Swiss-based pharmaceutical company Mepha Pharma AG, shown on Latvian TV channel LNT in October 2017 (Fig. 1).



Fig. 1. Commercial for Decatylen Lozenges. LNT channel, October 2017

Or as in the case of IKEA: using a national culture as the very core of the company's brand, selling furniture marketed as designed in Sweden, featuring the colors of the Swedish flag in the logo, serving Swedish food and promoting Swedish culture.

However, it may be relevant to add that the “made in” label is losing some of

its relevance in product evaluation situations due to the hybridization of origin – a result of outsourcing practices. However, the country-of-origin effect still remains important today, as cues of national origin are being incorporated in the brand image of firms (Josiassen and Harzing, 2008). As an example: Mercedes-Benz M-Class and GL-Class crossovers are manufactured in the United States. Nevertheless, they are still considered unmistakably German by the majority of consumers around the world. Just as Smirnoff vodka, the largest vodka brand in the world, is considered by most consumers to be Russian. Indeed, the Smirnoff brand began with a vodka distillery founded in Moscow by Pyotr Smirnov in 1864 but now the brand is owned the British company Diageo and the actual beverage is produced in several countries including the United States of America, Italy, the United Kingdom, Brazil, India, Albania, Mongolia, the Philippines, and even Latvia.

5. Place-specific competence

Kelly-Holmes (2005:30) argues that one consequence of the country-of-origin approach would appear to be a widespread consensus, among those who formulate and those who receive market discourses about the particular competences a country or a region does or does not have. To put it another way: products can be seen as the result of a country's specific competence.

Furthermore, there are also a number of close parallels here. Just as national identity, regional and local identities use their specific competences to promote goods.

A brief survey of magazine and TV advertising in Latvia shows how competences have been assigned not only to countries but also to regions. To illustrate the example of the region-specific competence, let us turn to a particular advertisement spotted in *Ieva* magazine (2016, №30), the weekly women's magazine, which is the top periodical in Latvia. It shows a cute hare holding a bottle of water on which the brand name is displayed. It is the advertisement for the natural mineral water Venden that comes from the source in one of the highest and cleanest places in Latvia - Vidzeme Heights in the Gauja National Park (Fig. 2).

On the one hand, this place is renowned for its specific health care competence with a particular medical and wellness focus, as earlier there was located the health resort Cirulisi.

On the other hand, the Gauja National Park is known for its rich tradition in environmental protection and tourism. Established in 1973, it was Latvia's first national park and now it is one of the most popular tourist destinations in Latvia.

What is also significant about this region is that the territory has a great diversity of plants and wild animals' species, therefore, it has a highly favourable ecological image.



Fig. 2. The advertisement for Venden mineral water (Ieva, 2016, №30)

The headline "VENDEN. DABAS VĒRTĪBA NO GAUJAS NACIONĀLĀ PARKA" (Natural value from the Gauja National Park) frames the idea of ecological cleanliness and incites the reader not only to buy the water but also to visit this symbol of national pride, containing natural landscape of great beauty.

6. Country-of-origin effect as fetish

Country-of-origin is very often fetishized and has the symbolic meaning rather than real. As Kelly-Holmes (2005:35) argues 'the nationality' of a brand -together with the language associated with that nationality- is part of that fetish.

A shared language is seen as one of the key defining aspects of identity in many countries and cultures (Smith, 1991; Wright, 2000; Kelly-Holmes, 2005). A foreign language is a crucial marker of another national group. Haarmann (1984, 1989) was the first who noticed the connection between a foreign language in advertising and a product advertised. Kelly-Holmes (2005:36) argues that the presence of a word or phrase from the language associated with the country of origin reinforces the message. To put it another way: the use of foreign language helps to achieve a specific market-oriented goal. Therefore, companies wishing to make the best use of the country-of-origin effect use language for this purpose. In the contemporary advertising, marketing, and tourism discourses language is increasingly used for its symbolic purposes rather than for communicative or instrumental functions.

A relevant example of exploiting the product's 'nationality' and the country-specific competence, along with the use of a foreign language, is the TV commercial for pasta Reggia, aired on the LNT channel in August 2017. The advertisement situates the viewer in a rural environment showing the wheat field in the summer sunny day and the beautiful girl eating pasta (Fig. 3).



Fig. 3. The advertisement for Pasta Reggia. LNT channel, August 2017

The voice-over says in English with a strong Italian accent: 'Pasta Reggia from Italia' showing the final shot with packages of pasta in the field displaying the company's logo (Fig. 4).



Fig. 4. The advertisement for Pasta Reggia. LNT channel, August 2017

On the one hand, the advertisement does make explicit use of the country-of-origin. Even though it contains only one Italian word, the name of the country, the use of the Italian language reinforces the authenticity of the product by signifying what Barthes (1977) refers to as 'Italianicity'. On the other hand, the picture adds greater credibility to the pasta as a traditional Italian product.

It is also important to point out that the advertisement in question is aimed at

the Latvian audience and the use of English in it does not point to an ethno-cultural stereotype or nationality but is used for its symbolic function connoting international appreciation of the product.

Conclusion

Having examined ways in which advertisements charged with such cultural meaning as national identity can be interpreted employing the notions of the country-of-origin effect and the country-specific competence in relation to multilingual practice in advertising, marketing, and tourism discourses of contemporary Latvia, illustrated by several examples from the Latvian TV and magazine advertising media, it may be concluded that, national identity is increasingly used an important product attribute. It also appears that exploiting brand's or product's nationality is an attempt to extend existing positive stereotypes associated with a particular country to the brand or product in question. The research has also resulted in a conclusion that a country-image in the interplay with the country-of-origin effects and with the language associated with the country of origin reinforce the message and help to achieve a specific market-oriented goal.

References

- Ahmed, Z. U., Johnson, J. P., Yang, X., Fatt, C. K., Teng, H. S., & Boon, L. C. (2004). Does country of origin matter for low-involvement products? *International Marketing Review*, 21, 102–120.
- Anholt, S. (1998). Nation-Brands of the twenty-first century. *Journal of Brand Management*. Vol. 5 No. 6, pp. 396-406.
- Badri, M. A., Davis, D. L., & Davis, D. F. (1995). Decision support for global marketing strategies: The effect of country of origin on product evaluation. *Journal of Product & Brand Management*, 4(5), 49–64.
- Barthes, R., (1977). *Rhetoric of the Image. Image, Music, Text*. Ed. and trans. Stephen Heath. New York: Hill and Wang, 1977, pp. 32-51.
- Cox, J., *Small business.co.uk*, retrieved 19.09.2016, from: <http://smallbusiness.co.uk/small-business-video-advice-from-content-marketers-2483531/>.
- Dinnie, K., (2004). Country-of-Origin 1965-2004: A Literature Review. *Journal of Consumer Behavior*. Vol. 3, pp. 165-213.
- Jaffe, E.D. and Nebenzahl, I.D., (2001). *National Image and Competitive Advantage: The Theory and Practice of Country-of-Origin Effect* (Copenhagen: Copenhagen Business School Press).
- Hamzaoui, L., & Merunka, D., (2006). The impact of country of design and country of manufacture on consumer perceptions of bi-national products' quality: An empirical model based on the concept of fit. *Journal of Consumer Marketing*, 23(3), 145–155.
- Haarmann, H., (1989). *Symbolic Values of Foreign Language Use, From the Japanese Case to a General Sociolinguistic Perspective*. Berlin/New York: Mouton de Gruyter.
- Josiassen, A., Anne-Wil Harzing, A-W., *Descending from the ivory tower: Reflections on the*
- Gorelkina L. *National Identity as a Product Attribute in the Contemporary Advertising, Marketing, and Tourism Discourses in Latvia*

- relevance and future of Country-of-Origin Research. *European Management Review*, Winter 2008, Vol.5(4), pp.264-270.
- Keller, K.L., (1993). Conceptualizing, measuring and managing customer-based brand equity. *Journal of Marketing*. Vol 57 No. January, pp. 1-22.
- Kelly- Holmes, H., (2005). Advertising as Multilingual Communication, Palgrave Macmillan
- Nagashima, A., (1970). A Comparison of Japanese and U.S. Attitudes Towards Foreign Products. *Journal of Marketing*. Vol. 34 No. January, pp. 68-74. 13.
- Peterson, R.A. and Jolibert, A.J.P., (1995). A Meta-Analysis of Country-of-Origin Effects. *Journal of International Business Studies*. Vol. 26 No. 4, pp. 883-900.
- Schooler, R.D., (1965). Product Bias in the Central American Common Market. *Journal of Marketing Research*. Vol. 2 No. November, pp. 394-397.
- Usunier, J-C., (2006). Relevance in business research: the case of country-of-origin research in marketing. *European Management Review*. Vol. 3 No. 2006, pp. 60-73.
- Usunier, J-C and Cestre, G., (2007). Product Ethnicity: Revisiting the Match between Products and Countries. *Journal of International Marketing*. Vol. 15 No. 3, pp. 32-72.
- Verlegh, P.W.J. and Steenkamp, J-B. E.M., (1999). A review and meta-analysis of country-of-origin research. *Journal of Economic Psychology*, vol. 20, issue 5, pp. 521-546
- Zeugner-Roth, K.P. and Diamantopoulos, A., (2009). Advancing the country image construct. *Journal of Business Research*. Vol. 62 No. 2009, pp. 726-740.



Journal
Cultural Heritage
&
Tourist Territory



Personnel Motivation System Perfection in Baltic Beach SPA department in Baltic Beach Hotel and SPA

Jekaterina Korjuhina^a, Svetlana Kostenko^b

^a ISMA University, 1 Lomonosova Str., build. 6. Riga, LV-1019, Latvia,
jekaterina.korjuhina@gmail.com

^b Hotel School Riga, 3 Smilshu Street, 4th floor, Riga, LV-1050, Latvia,
skostenko8@gmail.com

Abstract

The article gives the analysis of personnel motivation system perfection in Baltic Beach SPA department in Baltic Beach Hotel and SPA, highlighting the importance of personnel motivation concept and formulates the ways of improving the situation with the implementation of new personnel motivation system using theories of motivation. Personnel motivation theories are used as the theoretical basis. Besides, Latvian hospitality market statistics is analysed, SWOT analysis, PEST(-EL) analysis and other methods are used. The aim of this research paper is to suggest ways of improvement of personnel motivation system at hospitality related enterprise (Baltic Beach SPA) in order to decrease employees' turnover in it.

Keywords: hospitality, personnel motivations, statistics, employees' turnover

1. Introduction

Baltic Beach SPA (BBS) department in a 5-star Baltic Beach Hotel and SPA (BBH) in Jurmala, Latvia, has been chosen to illustrate the importance of motivation systems within the company and the way it can affect employees' turnover.

Research task of this paper is to suggest ways of improvement of personnel motivation system in a hospitality related enterprise.

Object of the research is Baltic Beach SPA department in a 5-star Baltic Beach Hotel and SPA. Subject of the research is motivation systems at BBS.

The following research methods will be used: literature reviews, sending mailed questionnaires to the employees, making critical social research (to expose problems, to evaluate problems and to find their root causes), ethical inquiry (method used in philosophy to answer ethical questions), doing field research and autoethnography (one of the authors of this paper worked as a pool attendant in Baltic Beach SPA The Garden in January 2016), as well as collecting and observing secondary data.

The research theme is relevant as motivated and happy employees stay within the company and do their best in order to attract more customers. Low employees' turnover in a company leads to getting more profit and having a good reputation on a market.

2. Overview of the Study Area

2.1. Description of Hospitality Industry in Latvia

Currently there are 13 5-star hotels in Latvia: Grand Palace Hotel, Hotel Bergs Riga, Dome Hotel and SPA, Promenade Hotel, Gallery Park Hotel and SPA, Royal Square Hotel and Suites Riga, Radisson Blu Ridzene Hotel Riga, Royal Casino Spa and Hotel Resort, Club Village Old Captain, TB Palace Hotel and SPA, Pullman Riga Old Town, Baltic Beach Hotel and SPA, Lielupe Manor, Wooden Villa and Light House Jurmala. The most popular hotel according to booking.com is Hotel Bergs (9.4 rate). Below there is a SWOT analysis of 5-star hotels in Latvia.

After reviewing strengths, weaknesses, opportunities and threats(see Table 1), it is possible to say that despite economic slowdown, Latvian hotel industry experiences stable growth.

The best advertising methods for 5-star hotels would be printed advertisements in fashion and lifestyle magazines and social media (Instagram, Facebook, Twitter). The number of visitors to Latvian hotel and other accommodation establishments has been growing for the fifth year in a row. Reduced number of Russian tourists were compensated from visitors from other countries. Continuous development of tourist attractions and big public events positively influenced the hospitality market. International hotel chains which are already represented in Latvia continued their development as well as appearance of new hotel chains in the market (Colliers International, 2016).

According to City Cost Barometer, Latvia is considered to be the cheapest

destination among Europe in terms of overnight stay cost (Colliers International, 2016a). But according to Booking.com website, it was seen that price ranges for 5-star hotels in Tallinn and Vilnius are approximately the same but it is also crucial to mention that some hotels in Riga (Royal Square Hotel and Suites) are much more expensive than hotels in other Baltic capitals (prices go up to 1400 euros per night) which makes Riga the most expensive capital city in Baltic Region. Vilnius would be the cheapest capital in Baltics (prices for 5-star hotels there lower than in Tallinn) (Kostenko, 2016).

Table 1. SWOT Analysis of 5-star Hotels in Latvia

Strength	Weaknesses
Great choice of location	For Latvian people prices are still high
Wide price range	Most of the hotels are located in Old Town
SPA zones available	Lack of big international hotel chains
Offered VIP transfer	Small choice of high class hotels in Jurmala
Some hotels offer organization of excursions	Some hotels have very small SPA or gym areas
	Lack of promotion, absence of Government initiative to create awareness about Latvia beyond Europe.
Opportunities	Threats
Globalization	High taxes in Latvia
Latvia has several landmarks and touristic attractions	World economic slowdown
Both domestic and international tourism development	Terrorism
Technological development	Low income of Latvian citizens
New big international hotel chains with good reputation are entering the market	Exchange rate fluctuation
Number of visitors to Latvia is growing from year to year	Lack of governmental programs of development of tourism industry in Latvia
Schengen zone	

There is expected a further hospitality market development in Riga, and in Latvia in general, both in terms of visits and hotel performance. Since Latvia and Riga in particular is becoming more and more recognizable among foreigners, hospitality industry is expected to grow further as well (Colliers International, 2016b).

2.2. Analysis of SPA Services in Latvia

The sauna or bathhouse tradition in Latvia is deeply seated – already in the 19th century there was a bathhouse on every farmstead. Although nowadays sauna is no longer the only place to wash oneself, as every household has hot running water, the bathhouse traditions still remain (Latvia Travel, no date).

In USSR, recreation facilities involved numerous sanatoriums and resorts.

The most famous sanatoriums were located in Jurmala, Kemeris and in Vaivari on the shore of Baltic Sea (Sanatoriums of Latvia, no date). Baltic Sea water is used for rehabilitation procedures, which is a natural revitalizer by itself with all its minerals, such as sulphur, bromine and sodium chloride. Mineral waters and energy of the sea that's what makes it special (SPA & rehabilitation, no date).

Nowadays, SPA industry in Latvia is rapidly changing, keeping up with international standards and trends. In Latvia the most popular facilities in SPAs are saunas of any kind: infrared sauna, Finnish sauna, Moorish Sauna (Rasul in Baltic Beach SPA), Salt Steam sauna etc. Unfortunately to the region, Latvia is not using its whole potential on 100%. To compare, Estonia is famous for its SPAs and it is getting a lot of money out of this industry. So Latvia can use them as an example.

As currently, more and more prestigious hotels are going to be opened in Riga and almost all of them would have SPA facilities, Latvia should definitely pay closest attention to developing SPA services according to high European standards.

2.3. Motives and Motivation

To understand motivation it is necessary first to analyse the theory of motives. All actions start with a motive and/or influenced by external stimuli. Motive is a special impulse that causes a person to act (SparkNotes Editors, 2005). Motives can be biological, social and personal (see Fig. 1).

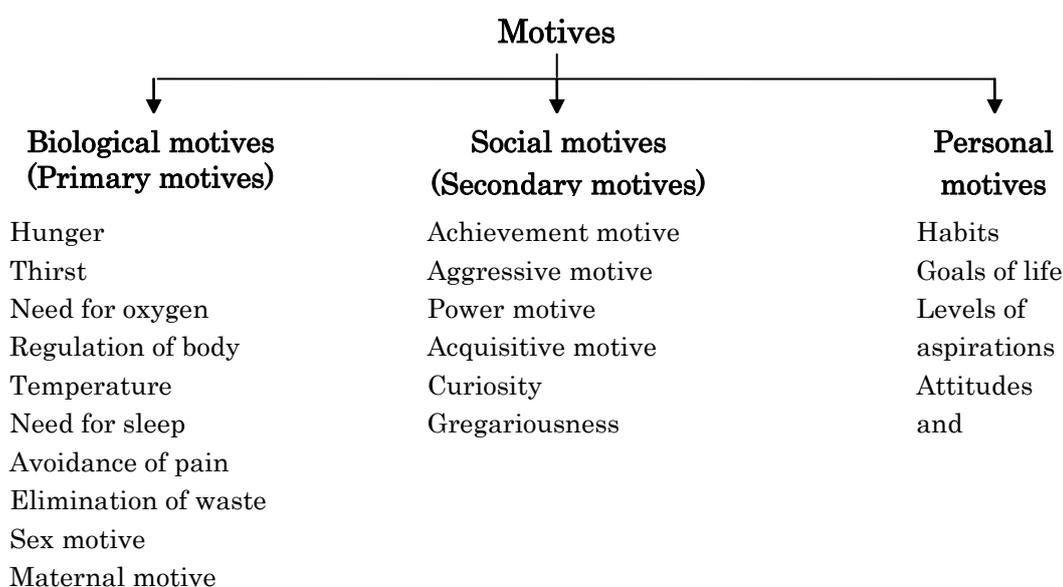


Fig. 1. Types of Motives

Motives make up the motivation. Motivation is an internal process that makes a person move toward a goal (SparkNotes Editors, 2005a). Motivation may be

extrinsic, intrinsic, or unconscious. The best combination of controlled motivation is a sum of external and internal. According to Cherry(2016), motivation is defined as the process that initiates, guides, and maintains goal-oriented behaviors. Motivation involves the biological, emotional, social and cognitive forces that activate behavior.

Motivation is about the ways a business can encourage staff to give their best. Motivated staff care about the success of the business and work better. A motivated workforce results in: increased output caused by extra effort from workers, improved quality as staff take a greater pride in their work, and a higher level of staff retention. Workers are keen to stay with the firm and also reluctant to take unnecessary days off work (Business Studies: Motivation, no date). "Motivation is the art of getting people to do what you want them to do because they want to do it" (Eisenhower, no date).

Collins English dictionary (2014) states motivation as the process that arouses, sustains and regulates human and animal behavior. According to Benjamin Ball (no date), motivation, in its broadest sense, can be defined as forces acting either on or within a person to initiate behavior. It is what gets a person going. It is what potentially makes one truly enjoy his/her job. Motivation, like intelligence, can't be directly observed. Instead, motivation can only be inferred by noting a person's behavior (SparkNotes Editors, 2005b). Motivation consists of internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal (Brown, 2007). Business Dictionary defines motivation as a result from the interaction of both conscious and unconscious factors such as the intensity of desire or need, incentive or reward value of the goal, and expectations of the individual and of his/her or her peers.(Collins English Dictionary, 2014). These factors are the reasons one has for behaving a certain way.

Nevertheless, there are three main categories of motivation, stated by business managers: external, internal and unconscious. They consist of some factors that influence humans' will to do or not to do something. The last category (unconscious motivation) is not always covered in business books, but this type of motivation also should be taken into account since it directly affects employees' (and actually everyone's) behavior on the level of consciousness.

External (extrinsic) motivation refers to people's tendency to perform activities for known external rewards, whether they be tangible (e.g., money) or psychological (e.g., praise) in nature (Brown, 2007a). External motivation is affected by different incentives. An incentive is an environmental stimulus that pulls people to act in a particular way (SparkNotes Editors, 2005c). Despite the fact that external motivation can be quite strong, in some cases it is not enough

to make a person do something. In fact, offering excessive rewards can actually lead to a decrease in intrinsic motivation (Cherry, 2016a).

Internal (intrinsic) motivation, according to Coon and Mitterer (2010), occurs when people act without any obvious external rewards. They simply enjoy an activity or see it as an opportunity to explore, learn, and actualize their potentials. Cherry (2016b) suggests that people are more creative when they are intrinsically motivated.

In work settings, productivity can be increased by using extrinsic rewards such as bonuses, but the actual quality of the work performed is influenced by intrinsic factors (Cherry, 2016c). what is more, Malone and Lepper (1987) discovered several factors that will increase internal motivation: challenge, curiosity, control, cooperation and competition, recognition.

Finally, Sigmund Freud claimed there are certain motives of which people are unaware, because they operate from their unconscious (Sharma, 2016).

There are many other theories explaining human motivation, the reasons why they act: Maslow's Hierarchy of Human Needs, Alderfer's ERG Model, McClelland's Theory of Motivation, Adams' Equity Theory, Herzberg's Two-Factor Theory, Vroom's Expectancy Theory and Locke's Goal Theory, etc.

3. Description of Current Personnel Motivation System in the Enterprise

3.1. BBH and BBS

SIA "BBH Investments" (Reg. number is 40103005735; PVN reg. number LV40103005735) is located in Juras street 23/25 in Majori, Jurmala, Latvia, LV-2015.

It has a certificated SPA center, a 25-meter swimming pool with natural sea water, four high-end restaurants, modern-equipped gym, beauty salon, many luxurious boutiques, 24-hour guarded parking lot, eleven conference halls, kids club (including a playground), Jurmala medical center and even a dentist. Company size is 201-500 employees (Baltic Beach Hotel, 2017). The Hotel features 165 contemporary rooms and suites, some of them have private balconies (Baltic Beach Hotel, 2017a).

Baltic Beach Hotel and SPA has a tall organizational structure. It consists of several layers of management. The lowest layer includes employees with no managerial authority.

Baltic Beach SPA(BBS) offers a whole range of SPA programs: cosmetic treatments, The Banja treatments, hydrotherapy, mud therapy, body massages, aesthetics treatments, physical therapy and The Garden treatments (Baltic Beach SPA, 2017b).

3.2. PEST(-EL) Analysis of BBH

To analyse the macro-environmental factors that have an impact on an organization PESTEL analysis has been carried out(see Table 2).

Table 2. PESTEL analysis of Baltic Beach Hotel(BBH) (Jurevicius, 2013).

Political	Economic	Social
Political situation in Latvia can be considered stable; International politics against Russia; Unstable political situation in the world; Bureaucracy; Corruption; High taxes; Freedom of press; Trade control; Import restrictions (may affect SPA products); Government involvement; Trade unions	Stable currency (euro); Growing number of visitors to Latvian hotel (Colliers International, 2016); Unstable economic growth rate; Inflation; High interest rate; Exchange rates; Unemployment increase; Labour costs; Decrease of consumers' disposable income; Price fluctuations	Health consciousness; Educational level; Positive attitude towards imported goods or services; Attitudes towards work, leisure, career and retirement; High demanding attitudes towards customer services and quality of products; Positive attitudes towards savings; Lifestyles; Changes in buying habits; Positive attitudes towards "eco" "green" products; Positive attitudes towards support of renewable energy; Population growth rate decline; Immigration (declines) and emigration (increases) rates; Age distribution and life expectancy rates; Average disposable income level; Social classes; Family size and structure; Interest in cultural events (can be used by BBH in order to attract new customers); Trend to write and read customer reviews on TripAdvisor and Booking.com
Technological:	Environmental:	Legal:
Introduction of contactless pay systems (new credit and debit cards); IT development; Positive impact of social networks on business; Development of transportation technologies (low-cost flights); Popularity of online travel agencies; Access to newest technology; E-commerce	Sustainability; Seasonality; Effects of natural disasters; Laws regulating environmental pollution; Waste management; Attitudes towards "green" "eco" products; Attitudes towards support of renewable energy; Climate change; Weather (affects in winter time)	All workers must know Latvian on B2 level; Migration policy (receptionist must take a copy of guest's passport and register him/her in a migration centre; guests must be at least 18 years old in order to make a reservation; Guests from outside the EU must have a Latvian visa (or Schengen) (EAP Migration Panel, 2010)); Changes in Employment Law; Environmental law; Consumer rights and protection programs; Employment law; Health and safety law; Data protection law; Laws regulating environmental pollution; Licences

According to PESTEL analysis, the situation in Latvia and in BBH can be mainly considered as stable.

3.3. SWOT analysis of BBS

To further analyse the organization and namely SPA department in it a SWOT Analysis has been performed.

Table 3. SWOT Analysis of Baltic Beach SPA(BBS)

Strengths	Weaknesses
The hotel is independent (so it has a unique design, not a standardised design of all chained hotels)	High prices
Location on the shore of Baltic Sea, close to Jurmala's main street Jomas	Location far from Riga
Exclusive design of SPA areas	Location in a boring town, Jurmala (from the end of autumn until the middle of spring the town "dies out")
Two swimming pools (one more for professional swimmers and the other, small one, for relaxation)	Limited market segment
Well-known brand in Post-Soviet countries	Low awareness of the hotel and its services among guests from other countries (apart from Post-Soviet ones)
SPA cosmetics and limited perfumes boutiques on the first and on the second floors	Difficult to find well-educated personnel
Personalized approach to every guest	Lack of innovations (in techniques and treatments)
One of the best sauna complexes in Latvia The Banja	Massage specialists are only on-call
Gift cards	High employees turnover
Special seasonal offers	Short official working hours (until 19:30)
Rasul sauna (the only one in the whole country)	Very slippery floor covering in SPA area
Salt Cave (the only one in Latvia)	Employees have to buy their uniform from the company
Citrus water and green apples free of charge	Limited time of staying in SPA zone
Loyal customers	Staff is not diversified
24-hour guarded parking lot	Employees' working hours are not fixed
Good employee team	Small SPA area
Very good employees canteen (restaurant food with low prices)	The air in SPA area is too humid so for employees (who stay there for the whole day) it is quite hard to breathe
	Not answering to all customer reviews on websites such as TripAdvisor
Opportunities	Threats
Schengen zone (easy for European citizens to come to Latvia)	High taxes in Latvia
Stable political situation in Latvia	New soon-to-be-opened big competitors (Radisson Red, Kempinski)
Stable financial support	Complicated political situation in the world
Guests' preference of the independent hotels	Terrorism
Guests' interest in SPA	Low income of Latvian citizens
Sponsorship of movie premiers and other cultural events	Lack of governmental programs of development of tourism industry in Latvia
Partnership with international airways	World economic slowdown
SPA treatments regular update	Exchange rate fluctuation
	Lower prices of competitors
	Closing of famous international music competitions in Jurmala (such as New Wave)

To sum up, after reviewing both internal (strengths and weaknesses) and external (opportunities and threats) factors (see Table 3), it is clearly seen that Baltic Beach SPA (and BBH in general) can become a more successful 5-star enterprise, bring more income and become a favorite place not only for external customers but for internal (employees) as well. To do so, it is necessary to implement the following actions.

During winter, it is possible to arrange some special winter activities, for example "Ski by the Sea" (when it is snowing). Also, in order to attract visitors in low season, BBH can organize live music evenings and, for example, to every person, attending these events, give a 15% discount on SPA services. As one of the authors of this paper worked as a pool attendant in Baltic Beach SPA The Garden in January 2016, based on the personal observation and experience, the following can be suggested.

Working hours of SPA can be prolonged until 21:00. Floor covering should be renovated and substituted with unslippery materials (because in this case rubber carpets that are used in BBS are not very convenient: being too narrow they are not laying down still; when they get too wet, even after cleaning by the personnel, it still becomes quite dangerous to walk on them. Uniform should be provided to employees free of charge. Visiting time can be prolonged to 2.5 hours but, because of lack of space, but it should not be limitless as in ESPA enterprise, for example.

Management should hire people of different nationalities in order to show and respect diversity. Employees working hours should be fixed. And if they have to stay overnight because of famous guests, who booked SPA, they (employees) should be given (paid) bonuses for these additional hours, because this is an inconvenience harmful for humans' health (since working hours start from 8:30 a.m.). Unfortunately, SPA area is impossible to be enlarged, so this weakness is to be tolerated. As to humidity, temperature of SPA area can be regulated. Employees also should have small breaks to go out of the zone to get fresh air. All customer reviews should be answered in a professional and personalized manner to show respect for the clients and to implement some necessary improvements in order to raise the quality.

In order to expand market segment, additional advertising can be made and bigger discounts can be provided. BBH can pay for additional advertising in all airline and railroad magazines in order to let more people from abroad know about this hotel. Good personnel can be found through hospitality job network and in some well-known hotel schools within Latvia and abroad. BBS can be renovated and enlarged (for example, infrared saunas can be installed, etc.). In order to decrease employees turnover, management team should increase personnel motivation.

In general, with good PR and advertising, making seasonal discount and renovating SPA treatments, a positive perspective of future development of the SPA and of the hotel in general arises.

3.4. Motivation System in BBS

According to Klauss Kobjol (2011)“there are no tasks that no one wants to do”. All tasks can be done if employees are motivated enough to do it.

In fact, Baltic Beach SPA does not have a particular motivation system. That is why they have such a huge employees' turnover. The director of SPA believes that 5-10 minute meeting before the workday starts is a very motivational and inspiring instrument. During these meetings employees are told about future earnings and perspectives but at the same time, instead of discussing any problems personally, very unpleasant things are mentioned about the particular members of the staff in front of everyone. So, in real life, motivational power of such meetings is questionable. As a result during one month up to 12 people may resign from their jobs. In order to understand better, what makes people want to work in Baltic Beach SPA and why they leave in the end, a small research has been conducted.

3.5. Analysis of Employee Questionnaire

To obtain information about employees' motivation techniques in Baltic Beach SPA department of Baltic Beach Hotel and SPA enterprise a questionnaire, comprising 27 questions, was prepared, tested and then used in a mailed form with current employees of BBS departments The Garden and The Banja (see Appendix). 19 respondents have been interviewed. Each questionnaire took approximately 30 minutes to complete. After analysis of the information provided it was possible to draw the following conclusions.

The vast majority of respondents (70 %) are people aged from 25 to 32. All of them are from different social backgrounds. 55 % of respondents are married and have children. 100 % are from Latvia. 50 % live in Jurmala. A minority (20 %) use BBS treatments themselves in their days off. The response showed that the majority of respondents (98 %) have a desire to do their job very well. 70 % put customers' satisfaction as a priority. Almost a third of respondents (35 %) are willing to go extra mile and stay at work longer than officially required.

A small minority (15 %) feel motivated to keep working in this company in the future. A bigger number of respondents (37 %) enjoyed professional trainings and consider it to be a good motivator (the last training was in December, 2016). They also mentioned that they love getting professional certificates after

completing these trainings. The vast majority of people (95 %) think that 5-10 minute meeting with the director of the SPA in the beginning of the working day is “useless” and is “a waste of time”. A big number of employees (80 %) were irritated by the fact they had to buy company’s T-shirts (which is an official uniform in BBS). The majority (98 %) of respondents were properly explained their duties and responsibilities. But, at the same time, quite a big number (90 %) of people do not feel motivated to continue working for this company in a longer perspective. The same number of people proclaim that the money factor (their salaries) is the only motivation for them to keep working there. Only 10 % of employees argue that a perspective career growth is a bigger motivator if not the main one. 3 % of employees mentioned that a bonus is paid after 5 and after 10 years of working for the company. But they also added that no one from the front line employees has ever stayed working in this company for 10 years. A bigger number (85 %) of respondents confessed that they might leave their jobs soon due to lack of motivation.

3.6. Competitors Analysis

To understand a situation with employees’ motivation in hotels better, Baltic Beach Hotel and SPA has been compared with two more 5-star hotels, located in Riga: Gallery Park Hotel and SPA and Dome Hotel and SPA. The main focus was on employees of SPA departments in these hotels who were questioned, but, at the same time, if any information from them was unavailable, front office employees were asked the same questions as well. The results of this comparison can be seen below (see Table 4).

Table 4. Comparison of BBH with its competitors

Category	Baltic Beach Hotel and SPA	Gallery Park Hotel and SPA, a Chateaux & Hotels Collection	Dome Hotel and SPA – Relais & Chateaux
Working Hours	8:30 – 21:00 (2 days at work, 2 days off)	All SPA specialists are On-Call; Front Office employees are working from 8:00 till 20:00	8:00 – 20:00
Salary	420 euro / month	Approximately 2 euro/ hour	Not stated
Bonus System	“Good” bonus after 5 and after 10 years of working in a company; Employee discount system for all SPA treatments within the company	No bonuses for SPA employees; If a Front Office worker sells 6 SPA treatments, he/she gets a free massage	Discounts on SPA treatments for all employees
Teambuilding Activities	Once a year in The Banja complex (celebrating withing the company)	Once a year	Once a year

Category	Baltic Beach Hotel and SPA	Gallery Park Hotel and SPA, a Chateaux & Hotels Collection	Dome Hotel and SPA – Relais & Chateaux
Professional Trainings	Once – twice a year with a possibility to get a certificate	Different kinds of professional trainings are provided (not for SPA employees)	Different professional trainings with a possibility to get a certificate are provided
Uniform	Green t-shirt with BBS logo and black leggings (T-shirts must be bought from the company)	SPA employees wear white robe and white pants (to be bought by the employees themselves outside of the company); For Front Office employees: black jacket, white blouse and black skirt	SPA employees wear white robe and white pants (to be bought by the employees themselves); Black and White uniform for the Front Office employees
Name Tag	Is given by the company to all employees, including trainees	It is given to all employees but not to trainees	It is given to all employees including trainees
Communication Style	Downward and lateral	Downward and lateral, but upward communication is encouraged	Downward and lateral, upward communication is encouraged
Communication with The Management (Appraisals, Punishments, etc.)	No personal meetings. All problems are discussed in front of all employees on a 5-10 minute meeting before the workday. Appraisals are also done in front of everybody	Personal meetings happen almost every day. Appraisal is in front of everybody, problem discussion is always personal	Personal meetings happen from time to time. Appraisal is in front of everybody, problem discussion is in person
Relationship with Colleagues	Within The Garden and The Banja – very good. With girls from other SPA departments – not so good, almost no communication at all	Employees have good relationships with their colleagues from different departments	Employees have good relationships with their colleagues from different departments
Employee Satisfaction	50 / 50. All employees enjoy the atmosphere of working with their colleagues but for the majority of employees, good salary is the only motivator	Employees like working there but think that salaries there are quite small	Employees feel satisfied with their workplace
Willingness to “Go Extra Mile”	Only 35 % of workers are motivated enough to do so	All employees are willing to go extra mile	All employees are willing to go extra mile
Perspective Career Growth	Promised when starting the job, in real life achieved by very few	Career growth is promised only to the Front Line employees, not to SPA workers	Career growth is promised to all employees
Future Plans within The Company	85 % confessed that they are going the leave this company	Approximately 75 % want to leave because of small salaries	The majority of respondents (80 %) want to stay working within the company

After reviewing the results, it is possible to say that the situation with employees' motivation in BBS is not an extraordinary one but in some aspects (

e.g. communication with the management / the director) it is worse than in other enterprises.

In order to raise employees' motivation and to decrease employees' turnover, BBS management team and the director should implement new employee motivation system.

4. Suggestions for Improvement of Personnel Motivation System in BBS

First of all, employer should understand why there is such a big employees' turnover. It can be done by using 5 Why technique (Semler, 2004) :

- Why employees leave the company? - Because they do not like working there.
- Why? - Because there is a bad attitude from the management.
- Why? - Because the management thinks that employees do not do their job good enough.
- Why? - Because employees do not feel motivated.
- Why? - Because management does not care about their inner motivation, thinking that money factor is enough.

As it is seen the root of a problem is in the management team and its poor employees' motivation system. This corresponds to W.E.Deming's idea that placing blame on workforces, who are only responsible for 15% of mistakes, whereas management is responsible for 85% of all problems, becomes an obstacle for successful management. "The worker is not the problem. The problem is at the top! Management!"(Deming, 1993)

Management team of Baltic Beach SPA believes that investing a lot of money in the design and furniture, investing so to say "in the luxury facade" is enough. Luxury look would attract rich guests willing to pay a lot of money. But in reality, a beautiful picture creates only a small percentage of customer satisfaction. The vast majority of it consists of employees' attitude. "Employees are the ones who make the difference, not a crystal palace that would be just a facade without them" (Kobjol, 2011a). And personnel attitude primarily depends on their motivation. No just external, but on internal. They should want to serve the guests on a high level, they should love what they are doing. Happy employees ensure happy customers. As R. Branson put it: "Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients (Physician Practices, 2015).

Secondly, after understanding the problem, the management team of BBS should try to understand what current motivation their employees have, what motives it is made of.

Thirdly, after defining their employees' motives, management team of BBS should find and implement a new motivation system for its employees.

The management team should increase employees' internal motivation. New motivation techniques can be based on Theories of Needs and other Theories of Motivation.

Thus, following Maslow's Pyramid of Human Needs it is seen that currently in BBS there are some problems with esteem needs (first two, basic and safety needs, are covered with good salary and the third factor, love and belonging, usually exists outside of the workplace, even though, as it was shown in a questionnaire, at work employees have good relationship with their colleagues). Management should let people be proud of their work. Acknowledgment and appraisal together with positive and respective attitude of the director would give inner motivation of employees a huge boost. For self-actualization, management team can give employees creative tasks from time to time. In this case a job design technique can be useful. For example, front line employees sometimes can work on company's profiles in social networks, instead of marketing department. Or they can share with the marketing department their ideas and the best ones would be posted online. This practice also would give employees a feeling of being valued.

According to McClelland Theory of Needs, BBS employees' needs for achievement and for affiliation (desire to have good relationship with the boss in this case) are not fulfilled. Job design technique, development of bonus system and friendly positive attitude of the employer can satisfy it. Based on all needs of employees, the HR manager can see, if the person is suitable for the job or not.

Adams' Equity Theory can also be taken into consideration. It states that people seek to maintain a balance between their inputs and the outcomes they receive, also in relation to the outputs of others. Fair treatment creates motivation. In BBS, employees have the following inputs and outputs: inputs include time, effort, loyalty, hard work, commitment, tolerance, determination, enthusiasm and support from co-workers; outputs are salary, employee benefits, responsibility, sense of achievement and praise. Obviously, BBS employees have much more inputs than outputs. This can be a cause of problem with their motivation. Only a fair combination of inputs and outputs would affect employees' motivation in a positive way.

Herzberg's Two-Factor Theory based on satisfiers and dissatisfiers imply that satisfiers are all intrinsic motivators that are directly related to rewards attainable from work performance and even the nature of the work itself. Dissatisfiers are extrinsic motivators based on the work environment, and include a company's policies and administration such as supervision, peers, working conditions, and salary (Skemp-Arlt and Toupenca, 2007).

Improving dissatisfiers (changing work-environment to more friendly one, revising and keeping up with company's policies, changing the supervision style, etc.) would influence satisfiers, so employees would feel more motivated to do their job properly. In BBS management team does not encourage internal communication between different SPA departments. Instead, the focus is on the individual performance of the employees. Almost after each 5-10 minute meeting with the director before the workday, if somebody was shamed there, employees would go to their work places laughing and gossiping about this unfortunate person.

Besides, more teambuilding events (provided more often, not once a year) can be recommended in order to create informal corporate culture and to connect employees from different departments with each other, in the result of which the focus would move from individual success/misfortune to the teamwork. It would create a friendly atmosphere within the whole company and its performance would be significantly improved. Klauss Kobjol (2011b) noted that "people - like rocks, and we should not hew them by any meanings. Our organization - is a building mixture that is going to connect the rocks, not vice versa".

Vroom's Expectancy Theory is another tool that can be used. Vroom thought that people are motivated to work toward a goal if they believe the goal is worthwhile and if they perceive that their efforts will contribute to the achievement of that goal (Moran, 2013). In BBS the goal stated by the management was company's prosperity and earning money. The majority of employees found this goal satisfying, while others did not, in the result of which the quality of service suffered. Alternatively, the management team could state that customer satisfaction is a number one priority and educate its employees by explaining this goal together with mission and vision of the company to all employees, making sure everyone understands. This can be discussed during these ten-minute meetings before the workday. Company's prosperity goal would not suffer. Vice versa, happy clients bring more money.

Edwin A. Locke's Goal Theory that implies setting more specific goals to elicit higher performance and setting more difficult goals to increase effort can also be applied. As it was mentioned previously, management team should set up clear goals and make sure all employees understand them and know what they will lead to. Customer satisfaction, of course, should be a priority.

It is evident that the management team should start changing their management style to become leaders. A true leader would never humiliate on the workers, instead, he/she would solve all the problems privately face-to-face. A true leader is a generous and a fair person, that sees his/her employees not as tools, but as real people. A true leader is a good psychologists and always knows how to approach his/her workers, how to understand whether they feel valued or

appreciated in the company. Of course, there are times when a leader should be strict. However, a balance is necessary. Dealing with problems should occur without hurting employees feelings. Appraisal, positive attitude, encouraged upward communication, all these seem to be small things that create unique trust between employer and the employees and this trust would make employees really want to do their job well. True leadership is very inspiring. Moreover, it is a huge motivator, affecting not only external motivation but internal as well. When people see a true leader, they want to be like him/her, which motivates them to work harder.

Finally, the management team should follow the idea of continuous improvement and Kaizen method. Appraisal, positive attitude, encouraged upward communication, all these seem to be small things that create that unique trust between employer and the employees and this trust would make employees really want to do their job well. True leadership is very inspiring. Moreover, it is a huge motivator, affecting not only external motivation but internal as well. When people see a true leader, they want to be like him/her, it motivates them to work harder.

Conclusion

Baltic Beach SPA (BBS) department in a 5-star Baltic Beach Hotel and SPA (BBH) in Jurmala, Latvia has been chosen in order to suggest ways of improvement of personnel motivation system in a hospitality related enterprise.

Hospitality Industry in Latvia in general and in wellness sphere in particular has been analyzed, theories of motives and motivation have been used to discuss the current personnel motivation system in the enterprise, PEST(-EL) and SWOT analyses of the enterprise, that showed that BBH has to implement a few necessary corrections in order to be successful in the future, have been done. To see a bigger picture, BBH has been compared with two other 5-star hotels located in Riga: Gallery Park Hotel and SPA and Dome Hotel and SPA on a basis of employees' motivation. The comparison has shown that situation in BBS is not an extraordinary one, but in some aspects in BBS the problem with employees' motivation and high employees' turnover is bigger. All this has helped to provide some suggestions on hotel improvement in general and on personnel motivation system perfection in Baltic Beach SPA department in Baltic Beach Hotel and SPA in particular. The authors of this research believe that hotel improvement in general will make for better motivation of the staff. Following these recommendations management will be able to take certain measures on improving the situation with employees' job satisfaction, which in its turn will lead to less employees' turnover. The aim of this research paper has been

achieved. To the limitations of research relatively small number of participants(interviewed focus group), as well as validity of self-reported data can be referred.

References

- Ball, B., no date. A Summary of Motivation Theories. Your Coach. Available at: <http://www.yourcoach.be/blog/wp-content/uploads/2012/03/A-summary-of-motivation-theories1.pdf> (Accessed: 22 April 2017)
- Baltic Beach Hotel, 2017. LinkedIn. Available at: <http://www.linkedin.com/> (Accessed: 23 April 2017)
- Brown, L. V., 2007. Psychology of Motivation. New York: Nova Publishers.
- Business Studies: Motivation, no date. BBC UK. Available at: <http://www.bbc.co.uk/schools/gcsebitesize/business/people/motivationrev3.shtml> (Accessed: 17 April 2017)
- Cherry, K., 2016. What is Extrinsic Motivation. Very Well. Available at: <https://www.verywell.com/what-is-extrinsic-motivation-2795164> (Accessed: 14.04.2017)
- Coon, D., Mitterer, J. O., 2010. Introduction to Psychology: Gateways to Mind and Behavior with Concept Maps. Belmont, CA: Wadsworth
- Colliers International, 2016. Latvia Hotel Market Overview. LIAA. Available at: http://www.liaa.gov.lv/files/liaa/attachments/8_colliers_latvia_hotel_market_overview_2016.pdf (Accessed: 19 April 2017)
- Collins English Dictionary: Complete and Unabridged, 12th Edition (2014). United Kingdom: HarperCollins Publishers
- Deming, W.E., 1993. Cited in: Melanie M., 2008. Building Knowledge Through Sensemaking. p.13 Available at: <http://quotes.yourdictionary.com/author/quote/584882#gFPrxKsrLkxvUKp3.99> (Accessed: 26 May 2017)
- EAP Migration Panel, 2010. Available at: http://migration.commission.ge/index.php?article_id=51&clang=1 (Accessed: 29 May 2017)
- Eisenhower, D., no date. Motivation. Brainy Quotes. Available at: <https://www.brainyquote.com/quotes/keywords/motivation.html> (Accessed: 19 April 2017)
- Jurevicius, O., 2013. PEST & PESTEL Analysis. Strategic Management. Available at: <https://www.strategicmanagementinsight.com/tools/pest-pestel-analysis.html>(Accessed: 26 April 2017)
- Kobjol, K., 2011. Motivation in ACTION style. Moscow, Russia: Alpina Publisher
- Kostenko, S., 2017. Research Proposal (Word Document). Riga: HOTEL SCHOOL, 68p
- Latvia Travel, no date. Sauna Culture in Latvia. Available at: <http://www.latvia.travel/en/article/sauna-culture-latvia> (Accessed: 19 April 2017)
- Malone, T. W., Lepper, M. R., 1987. Making Learning Fun: A Taxonomy of Intrinsic Motivations for Learning. In R. E. Snow & M. J. Farr (Eds.), Aptitude, Learning, and Instruction: III. Conative and Affective Process Analysis. Hillsdale, NJ: Erlbaum
- Sharma, A., 2016. Types of Motives: Biological, Social and Personal Motives. Psychology Discussion. Available at: <http://www.psychologydiscussion.net/motive/types-of-motives-biological-social-and-personal-motives-psychology/694> (Accessed: 14 April 2017)
- Physician Practices, 2015. Which is more valuable? Happy clients or happy employees? 5 Nov, Available at: <https://medlanding.com/which-is-more-valuable-happy-clients-or-happy->
- Korjuhina J., Kostenko S. Personnel Motivation System Perfection in Baltic Beach SPA department in Baltic Beach Hotel and SPA

- employees/ (Accessed: 28 April)
- Sanatoriums of Latvia, no date. Meeting. Available at:
<http://www.meeting.lv/wheretogo/sanatorii-latvii.php> (Accessed: 19 April 2017)
- Semler, R., 2004. Ask why. Ask it all the time, ask it any day, and always ask it three times in a row. The Seven-Day Weekend. Penguin.
- Skemp-Arlt, K.M, Toupenca, R., 2007. The Administrator's Role in Employee Motivation. Coach & Athletic Director. pp. 28-34
- SPA & Rehabilitation, no date. Health Tourism. Available at: <http://healthtourism.lv/medical-tourism-services/spa-rehabilitation/> (Accessed: 19.04.2017)
- SparkNotes Editors, 2005. SparkNote on Motivation. Spark Notes. Available at:
<http://www.sparknotes.com/psychology/psych101/motivation/> (Accessed: 14 April 2017)

Appendix

"BBS Employee Questionnaire" (Kostenko, 2017)

Dear Employees of Baltic Beach SPA,

You are kindly asked to participate in the analysis of the employees' motivation techniques in Baltic Beach SPA (BBS). Please, read all the questions attentively and provide an honest answer. The information received in this questionnaire will be used only for the research purposes. Anonymity is guaranteed to all participants so, when answering the questions, do not write your name, surname and the exact department (BBS, The Garden, The Banja) where you are working. Thank you in advance for your cooperation!

1. How old are you?
4. Do you have a family (husband/ wife/ children)?
5. Were you born in Latvia?
6. Do you live in Jurmala? (If no, provide a city, where you live below)
7. Do you use BBS treatments yourself?
8. What are the working hours in your department?
9. What is your commitment to your job? Do you have a natural desire to do your best?
10. Do you put customer satisfaction as a priority?
11. Are you willing to go "Extra Mile" at work?
12. Did you have to buy the uniform from the company? What is your personal opinion of this practice?
13. Were you properly explained all duties and responsibilities when you first came to work in BBS?
14. How would you describe motivation system in your company?
15. Will you have a career growth opportunities within BBS if you work hard?
16. Is the salary satisfactory for you?

17. Do you have a bonus system in your company?
18. Do you have any teambuilding activities in your company? How often?
19. Does your company provide you with professional trainings? Do you enjoy it?
20. How do you communicate with the management team and with the BBS director?
21. What is your personal opinion of 5-10 minutes meetings with the BBS director before the workday?
22. If a problem arises, do you feel free to go to your manager or to the director in order to discuss it?
23. If you have done anything wrong, how does your manager deal with this problem?
24. Do you consider your manager to be a good leader?
25. Do you feel satisfied on your work place? Why?
26. What is your personal motivation to work in BBS?
27. What you do not like about the company where you are working?
28. What are you future plans within the company?
29. If you have any comments or suggestions about the current situation in the company where you are working, please, provide it below.



Journal
Cultural Heritage
&
Tourist Territory



Tourism in the system of economic relations of the society

Marina Kozhevnikova

Transport and Telecommunication Institute
Lomonosov str.1, LV-1019, Latvia
e-mail: martsis@inbox.lv

Abstract

Tourism in the XXI century has become a social and political phenomenon significantly influencing the world order and the economy of many countries and entire regions. The world tourism has achieved particular success in the last 30 years, when the number of international tourists has increased by 3.8 times, and the foreign currency incomes have increased by 25 times. The tourism sector takes for about 6% of the world gross national product, 7% of global investment, every 16th job vacancy, and 12% of global consumer spending.

Keywords: Tourism, tourists, the country's economy, tourism product, process, tourism product, costs, profits, factors.

World experience and practice of economic, social and political stability of the developed countries confirm the fact that the geographical position of the state, its natural and climatic resources and attractions become a universal benefit due to tourism.

Tourism is one of the sectors of the economy of the country. As a part of the whole, tourism experiences its impact, while influencing the economy of the country as a whole, Consequently, the economy and tourism closely interact with each other.

Moreover, interaction has the systemic nature; this fact is expressed in the interdependence, mutual influence and inter-conditionality of the economy and tourism. (Azar, V. 2006)

Therefore, it should be kept in mind that tourism is an economic category; this category reflects the aggregate of economic relations of social production. These relations are conditioned by the production and consumption of the tourist product. The tourist product is represented by a set of goods and services of a predominantly recreational nature in the tourist market; these goods and services have a quantitative and qualitative certainty and are prepared for selling to tourists - consumers of this product. Many enterprises and organisations are involved in the production of these tourist products, and they are related to each other in the process of creating these products. When the product comes to the tourist market, it is experiencing the influence of tourist demand. These are the needs of people who are willing and able to purchase a tourist product in the form of a travel or a trip to the places of interest, and their willingness is supported by their solvent assets. Buying a tourist travel and thereby paying for the cost of a tourist product, the consumer enters into an economic relationship with the product producer. It is the place where the result of tourism production finds the public recognition, and the production itself receives a new impetus, since the supply of the tourist product is reproduced. Therefore, tourism is viewed as a single process of production and consumption, behind which there is a complex set of economic relations of a tripartite nature: first, between the participants in the production of the tourist product, secondly, between the producer and the consumer concerning the purchase of the product and, thirdly, between the consumer and the manufacturer of the tourist product about its consumption. After all, if tourists who have paid for the tour do not receive anything that was promised to them, they impose sanctions on the seller/manufacturer. (Chudnovsky, A., Zhukova, M. 2012)

In any cases, it is possible first of all to speak about the implementation of economic relations, in which producers (sellers) of the tourist product and its consumers (tourists) enter. Moreover, there should be added one more type of economic relations dealing with the distribution of the product created in the tourist industry. It is the situation when the state becomes the part of the process, claiming to receive a part of the profit from the activity of producers in the form of taxes. Moreover, the state in the person of the state authority regulating the tourism activities in the country is called upon to promote its development, which implies its participation in investment, insurance, legal and other activities in order to strengthen the economic basis of tourism. (Chudnovsky, A., Zhukova, M. 2012)

Therefore, tourism appears in the system of economic relations of society on

the rights of other branches of the economy. Tourism management presupposes the first of all implementation, of economic relations; without economic relations it is impossible to discuss the relations developed in management, which are secondary, derived and conditioned by the tourism economy.

The economic nature of tourism is manifested not only in the fact that the product of economic activity is created in this sector, but also in the fact that its creation requires certain resources. Tourist costs are the amount of expenditures which are necessary for creation of a tourist product and its promotion to the consumer.

The difference between the value of the product purchased by tourists and the cost of its production and sales is the profit of tourist enterprises. (Marinin, M., Senin, V., Horoshilov, A.2012)

As it is known, the profit is an economic category. It reflects the interdependence of the costs and results of tourist activity, i.e., the costs of creating a tourist product and its consumption, and cash inflows from the sale in the end of this process. Tourism product, tourism expenditures and earnings from the tourism activities are the main economic phenomena, determining the priorities in tourism management. Creation of an effective in economic way and qualitatively attractive tourist product is the main thing in tourism management. This is its starting point. It reflects the totality of economic relations and forms their special kind, namely, the relations of tourism management. In turn, they include a complex set of relationships between people involved in governance - organizational, social, and psychological, information, and others, whose unity also appears as a system of management relations. It is reflected in the system of management of tourism. In the whole world tourism has turned into one of the most important branches of the national economy. Revenues from tourism are steadily increasing, replenishing the national budget. Tourism is supposed to be one of the most profitable and most dynamically developing sectors of the economy. So, in South Africa, the ecological tourism is on the second place in terms of revenues to the budget after diamond mining. In Alaska, tourism is the second largest economy sector after oil production. The tourism sector accounts for about 6% of the world's gross national product, 7% of global investment, 5% of all tax revenues, every 16th job places, 11% of global consumer spending. These figures characterize the direct economic effect of the tourism industry functioning.

According to the unanimous assessment given by the UN General Assembly, the UN Economic and Social Council and the WTO, "tourism ... will become the leading branch of the world economy. Being an extremely important instrument for improving the economic and social situation of many countries, in particular developing countries, it has become an important factor in the development of

national economies of the states. "

As in any economic process, there are extensive and intensive growth factors interacting in tourism. Extensive factors include the following phenomena: an increase in the number of employees, an increase in the amount of material resources involved in an economic circulation, the construction of new tourism facilities with the technical level of the existing ones.

Intensive factors are the development of the personnel competences, the development of the professional and qualification structure, the technical improvement of the material base on the basis of the introduction of achievements and results of scientific and technological progress, including the implementation of programmes of improving the culture and quality of tourism service, industrialisation and computerisation of tourism, rational use of available material resources, facilities and routes, etc.(European Commission: Tourism in Europe. 2014)

The deterrent factors affecting the development of tourism in a negative way, can be referred to the following factors: crises, militarization of the economy, growth of external debt, political instability, rising prices for consumer goods, unemployment, strikes, unfavourable criminal situation, financial instability, reduction in personal consumption, environmental problems, bankruptcy of the tourist companies, toughening of tourist formalities, non-fulfilment of the obligations by tour agencies etc.(Kobyak, M. 2014)

According to the data for 2014, the following changes in the world tourism had occurred: Europe firmly holds the first place, and Asia-Pacific region came out on the second line of the rating; its share in the world tourism market rose from 15.5%. At the same time, the Asia-Pacific region pushed out the US market: the share of this market for this period declined from 19.7 to 16.8%.

The share of European countries in 2014 accounted for 67.7% of the world tourist flow. The region of the Southern Mediterranean (Spain, Italy and Greece) occupies leading positions, the share of which is more than 20% of the world market.(European Commission: Tourism in Europe. 2014)

More than 130 million of international tourist arrivals have been registered in the Asia-Pacific region; many experts regard this region as a tourist destination for the nearest future. North-East Asia has become the leader among the sub-regions, where the growth of arrivals was almost 12%; North-East Asia is followed by South-East Asia (growth of about 4%) and South Asia (an increase of 2%). There should be mentioned such areas as Maldives and Sri Lanka among other states in the region; these districts have maintained the same growth rates of the tourist flow.

The specialists are optimistic about the long-term prospects for tourism development. According to the forecast of the World Tourism Organization, by

the year 2020 around 1.5 billion people will travel the world annually, and tourism revenues may come to about 2 trillion dollars . The results of the forecasting research for 10 countries - leaders of outbound and inbound tourism by year 2020 are presented in Tables 1 and 2.

Table 1. Leading countries of the outbound tourism by 2020(European Commission: Tourism in Europe. 2014)

Country - supplier of tourists	Projected number of international trips, mln.	Projected market share, %
Germany	163,5	10,2
Japan	141,5	8,8
the U.S.A	123,5	7,7
China	100,0	6,2
United Kingdom	96,1	6,0
France	37,6	2,3
the Netherlands	35,4	2,2
Canada	31,3	2,0
Russia	30,5	1,9
Italy	29,7	1,9
Total	789,1	

Table 2. Leading countries of inbound tourism by 2020(European Commission: Tourism in Europe 2014)

State	Projected number of arrivals, million	Projected market share, %
China	137,1	8,6
the U.S.A	102,4	6,4
France	93,3	5,8
Spain	71,0	4,4
Hong Kong	58,3	3,7
Italy	52,9	3,3
United Kingdom	52,8	3,3
Mexico	48,9	3,1
Russia	47,1	2,9
Czech Republic	44,0	2,7
Total	707,8	

The development of tourism is significantly influenced by foreign economic activities of states, the processes of integration and globalisation occurring in all sectors of the world economy. This contributes to the growth of business activity of the world population and the emergence of various new types of business

tourism. However, such phenomena in the economy, as the tightening the custom formalities, financial instability (inflation, stagnation), can significantly restrain the activities of tourism industry organizations.

References

- Azar, V.(2006) *Economics and Organization of International Tourism*. Moscow: Economics.
- Marinin, M., Senin, V., Horoshilov, A.(2012) *Tourist formalities: Proc. Allowance*. -M.
- Chudnovsky, A., Zhukova, M. (2012) *Tourism Management*. - Moscow: Finance and Statistics
- European Commission: *Tourism in Europe*. (2014) Eurostat - L6 - XXIII. *Tourism: problems, practice, prospects*. Issue 45
- Kobyak, M. (2014) *World market of hotel and tourist services // Tourism: practice, problems, prospects*.



Journal
Cultural Heritage
&
Tourist Territory



How Intercultural Communication Competence Can Facilitate Relations and Enhance Customer Satisfaction in the Tourism Business

Svetla Nedeva

Lecturer in English and Intercultural Communication, College of Tourism – University of Economics, Varna, 9000, Bulgaria, e-mail: svetla.nedeva@abv.bg

Abstract

The paper aims to look at language as a main culture-forming factor and outline the difficulties in overcoming cultural stereotypes when communication and interaction of different nationalities take place. The prominent role of language as an element of culture is examined. A society's culture also affects the ways businesses operate and that is invariably reflected in the dynamic and competitive tourism business.

The paper discusses issues and major errors in Bulgarian translations of tourism-related concepts due to language incompetence or unwillingness to accept other cultural perceptions. Intercultural communication skills in the tourism business are about overcoming these constraints and being able to respect other nationalities' culture while still keeping to your cultural identity.

Key words: intercultural communication, language competence, tourism business, customer satisfaction, cultural stereotypes

1. Introduction

By its very nature, foreign language teaching is predicated on the conviction that because we are all humans we can easily understand each other provided

we share the same code; all we have to do is learn that code and use it accurately and appropriately. On this shared experimental basis it is believed that one language is essentially translatable into another. The difficulty comes when we have to teach culture, for culture is difference, variability and always a potential source of conflict when one culture comes into contact with another.

Scientists share the opinion that culture is the collection of values, beliefs, behaviors, customs, and attitudes that distinguish one society from another. (Hofstede, 2001). Culture is the collective programming of the mind that distinguishes the members of one category of people from another, a 'software of the mind' (Hofstede, 2010). It is deeply rooted inside us, consists of a hidden and a visible part, it directs our actions and our perceptions. Culture is a system of values and norms that are shared among a group of people and when taken together constitute a design for living (Hill C., 2009). Culture must be considered as the context within which all transactions take place. Cultural orientations, however, are neither right nor wrong - they are simply different.

Language is seen by theorists as a major culture-forming factor. When a person decides to learn English, they are not merely absorbing the linguistics of the language, but also everything to do with the nations speaking it. They may not want to sample the food, or get to know the night-life, or visit places outside their work environment, or read about the history of the country, or chat with shopkeepers in a store. They might never have travelled outside their own country, and yet they are already immersed in another culture.

"Every language carries the weight of a civilization. The decision to use a certain language means to support the existence of a given cultural matrix." (Pennycook, 1994)

2. The Role of Language as a Main Culture-forming Factor

Language has a prominent role as an element of culture. A linguist and anthropologist, Benjamin Lee Whorf maintains the idea that the language we learn in the community where we are born and raised shapes and structures our world-view and our social behavior (Carroll, J. 1956). It influences the way in which we address issues, select those we consider relevant, solve problems and finally act (Usunier, J. 1996). And if social theories of identity formation are to be believed a person's identity is a social construct, and is (in part or in whole) the product of societal perception (Brooke, 1991). People rarely articulate explicitly what a native speaker of a language is already assumed to know. So to acquire the stereotypical knowledge that underpins much of what is said in a given culture, one must look to what is implied by language rather than what is overtly stated (Veale et al, 2008).

The words people utter refer to common experience. They express facts, ideas or events that are communicable because they refer to a stock of knowledge about the world that other people share, words reflect their authors' attitudes and beliefs, their point of view, and those of others. In both cases language expresses cultural reality. Members of a community or social group do not only express experience, they also create experience through language.

Theorists emphasize the idea that through all its verbal and non-verbal aspects language embodies cultural reality. Sometimes nonverbal communication may account for 50-70 percent of all information transmitted among members of a culture by means other than language (Collins, 2003).

A society's culture also determines the rules that govern how businesses operate in the society and that is invariably reflected in the tourism business with its essential 'broadening the mind' role. Tourism, so dynamic and competitive, adapting constantly to customers' changing needs and desires is a global industry where cultures are meant to intermingle while avoiding major communication clashes and successful interaction finally leads to a complete holiday experience.

3. Communication Skills and Customer Satisfaction in the Tourism Business

Considering the fact that the tourism business presents constant instances of interaction of nationalities and social groups, we should also admit this interaction is not always smooth. The fear is that language and intercultural competence could not only be facilitators of communication, but they could also hamper it when it comes to overcoming differences in cultural stereotypes.

The difference in thinking and resulting culture clash is clearly reflected in the English translations of advertising notices and roadside signs directing to tourist attractions or translations of menus in restaurants, or even more often in the everyday communication between holidaymakers and service providers. The question is could language help in achieving better customer satisfaction?

Customer satisfaction and loyalty in the tourism business is highly dependent upon the behaviour of front-line service providers. Service is about people, how they relate to one another, fulfill each other's needs and ultimately care for each other. Marketing theorists conduct numerous surveys to evaluate the factors determining customer satisfaction with the quality of service. Among those most often referred to are the Criteria to Assess the Quality of Service Interaction, developed by Zeithaml et al, (1990), who refined their model to five factors that enable the acronym RATER:

1. Reliability: The ability to perform the promised service dependably and accurately.

2. Assurance: The knowledge and courtesy of employees and their ability to convey trust and confidence.
3. Tangibles: The appearance of physical facilities, equipment, personnel and communication materials such as brochures or letters.
4. Empathy: The provision of caring, individualized attention to customers.
5. Responsiveness: The willingness to help customers and to provide prompt service.

Zeithaml's survey found that customers place more value on the 'human dimensions', such as empathy, responsiveness and communication skills. Customer satisfaction is higher when tourists feel reassured and understood. Respectively, they feel dissatisfied and not taken good care of when members of staff are unable or unwilling to communicate. In most cases the problem seems to be simply their poor language skills, which make them look shy or even unfriendly.

In another survey from the service provider perspective, Price et al (1995) identified five key dimensions of service provider performance, namely;

- mutual understanding,
- authenticity,
- extra attention,
- competence,
- meeting minimum standards.

The functional quality focuses on "how" the service is provided, and considers issues such as the behaviour of customer-contact staff and the speed of service. Key skills concerning competence are those related to culture. Poor foreign language skills and low culture competence of service staff leads to the customer's perception of receiving unfriendly, inattentive service. It creates a lot of confusion among tourists but also a lot of amusement sometimes.

4. Understanding Cultural Stereotypes

Being able to understand customer preferences has a lot to do with understanding the nationality traits. In order to understand national culture, we need to dive below the surface. Very often there is a great difference between the 'way we say we get things done' and 'the way we really get things done' (Herman S., 1970). The formal (overt) aspects of culture are more understandable through language, however, the informal (covert) aspects need careful observation and experience in intercultural interaction. Several examples can be outlined to

illustrate this:

British tourists staying in Bulgarian hotels will always expect to find a stopper for the bathroom washbasin, for they would like to wash their face in the morning splashing water from the washbasin with both their palms. The tradition of having separate taps for cold and hot water, still very much observed in UK, has led to that typically British habit. Or successful service at dinner will always include soup served piping hot, with a bun of bread and butter on a side plate, a habit related to the often cold and unfriendly weather in the country throughout the year.

Then, British families can be easily recognized on the beach. They arrive totally weighed down with their personal possessions, towels, air beds, underwater swimming gear, all this equipment merely lugged to the beach to mark out the territorial boundaries of this family group. It forms a fence through which strangers cannot pass without having been invited. While on holiday they manage to transfer their concept for security and safety 'The Englishman's home is his castle' to the foreign land.

And finally, there is the question of spacing. The goal seems to be to find a spot equidistant from those already occupying the beach. Similar is the case in restaurant dining rooms, which seem to get quite crowded in high season. You can almost see some people doing the various calculations in their head to work out the right spot, on equal distance from those already there. Personal space is a very sensitive issue for the British, a very important consideration to be made by front-line staff, especially in face to face talk.

5. Language Competence and the Willingness to Accept Other Cultural Perceptions

There have been a number of scientific studies on errors in translations by Bulgarian learners of English and the term inter-language usually explains that native language interference, whether it be lexical or syntactical. Learners from every nation exhibit specific mistakes in lexical transfer and word order due to particularities of their own mother tongue, but also due to the ethnocentric belief that their attitude to the world is perfectly well understood by other nations. The following examples illustrate that point:

Holidaymakers on sightseeing tours smile awkwardly when beautiful-looking young lady guides address them with the most tender tone of their voice saying 'Follow me!', creating associations with call girls on the street. Using the more formal and obviously more appropriate 'This way, please!' could clear that misunderstanding.

Restaurant Hostesses at lunchtime usually greet tourists with the French

'Bon Appetit' or translate it to 'Enjoy your lunch', however tourists are not happy, saying 'I haven't been seated at the table yet', since these are the words they expect to hear by the waiter who serves them at the table. In another case they would smile reassured and relaxed when the waiter serves the main course with the friendly words 'There you go' instead of making a blunder by directly translating the Bulgarian expression in this case to 'Please', as it happens in many establishments.

Now that Spa Tourism is getting more and more popular, marketing specialists put a lot of effort in training their staff to sell 'health' and 'wellness' instead of stressing on the medical conditions that can be cured. It is a marketing rule to be able to perceive holidaymakers' expectations and that should be reflected in the advertisement messages - notices in the hotel should read: Health or Spa Centre, instead of Medical Centre or even Medical Ward, as is the case with many luxury establishments. Then you find luxurious spa centers which offer various spa programs translated to 'procedures', instead of 'therapies'.

Concerning direct translations of Bulgarian expressions, the most outrageous are those with hotel road signs or notices like 'House for Guests', or the even funnier 'House Guest', copying the Bulgarian word order, when there is the world-known term 'guesthouse', or 'for sell', using the verb instead of the noun 'for sale' might evoke a condescending smirk among native speakers of English. The term 'Family Hotel' instead of a simple B&B could also cause misunderstanding for foreigners wondering whether the establishment is for families only, or it might mean 'family-run'. Newly built guesthouses with perfect interior design and accommodation facilities have hotel-signs revealing strikingly incompetent use of English. The commonly used 'free rooms', instead of 'vacant rooms' might cause misunderstanding again, the fear being that it might clash with the British idea of 'free' as 'free of charge'. A struggling attempt is when randomly picking from the dictionary one of many words denoting the idea of 'free' or 'at the disposal of', which leads to the ridiculous twist of meaning resulting in hotel-signs reading: 'available rooms'. Good professionals in the tourism business seem not to have noticed B&B signs in UK reading 'vacant rooms'. All it needs is the will to get to know the culture of the people whose language we use with such freedom.

If we consider the concept of accommodation, we'll be astonished to see that the different versions traced in Varna region range from the closest equivalent - 'accommodations', through 'rooms for rent' to the remotest and almost illogical 'sleeping rooms'. 'Accommodation' is uncountable in British English but perfectly acceptable in American English, being spoken by so many people not necessarily of British origin. When something is 'for rent', in English the term implies

renting the property for a longer period e.g. on a weekly, monthly or yearly basis. The most common English expression 'rooms to let' is not used by the majority of English users in Bulgaria, though. They do not accept it as a familiar notion as it is an idea hard to be assimilated and foreign to the Bulgarian language.

So hard is the task to convince people working in tourism, having used English for most of their professional career that no inverted commas are used in English names of tourist complexes or resorts. They persist in using inverted commas, since this is the accepted rule in Bulgarian.

As to the usual cause of amusement when reading Restaurant menus with names of Bulgarian specialties translated in English, funny examples abound: There are the strikingly exuberant versions of 'eggs on eyes' to mean 'poached eggs', 'long coffee or even 'extended coffee' which is equally foreign to native British, as they use the terms 'small' and 'large'. Then the absolutely disarming 'complicated garnish', a term explained by restaurateurs as a mix of cooked and uncooked vegetables served with a pork chop or chicken leg. However, when on your plate, you are relieved to find assorted vegetables. The use of 'garnish' for the English 'vegetables to go with the main course' is another matter. Nobody in the catering business seems to bother that in UK 'garnish' means decoration and the main course is usually served with a choice of vegetables, or they could be served as a side dish.

However, if our culture is to be better integrated in the wider scope of European perspective we should learn to respect and comply with the differences in the culture of nations whose language we are using. Failure to do so might lead to dissatisfaction with services or even condescending attitude on behalf of those English speakers whose language we so lavishly integrate into our culture. Such was the case with a notice at the entrance to one of our Seaside Holiday Complexes a few years ago reading; 'You are being watched by highly technical devices', instead of the simple 'Camera Surveillance'. It is actually a matter of professional attitude and the will to use the expertise of qualified translators when official advertisements, roadside notices and hotel-signs are translated into English.

6. Intercultural Interaction

Cultural stereotypes are so strong that they interfere in our everyday communication with English speakers. The reverse process is also observed. Once in Bulgaria foreign tourists immerse themselves in a whole new world of perceptions and culture of the Balkans.

So as to be better understood British tourists in Bulgaria start using a simpler, 'global version' of English or even its Bulgarian twist of English and

start asking for a 'Cola', instead of a 'Coke', or they'd better order 'one Zagorka beer', instead of a 'lager', and they certainly love to say 'Opa' instead of 'oops'. Slowly but surely tourists get overwhelmed by the relaxed holiday atmosphere, eager to get to know the locals, who are also English users but with different mentality, strange customs and leisurely attitude to life. They get used to the sometimes gross incompetence of language in grammatically wrong notices like, 'for young and olds', (trying to create a plural adjective), 'Sandwiches - whole the day / the all day', or 'daily bar' and laugh at the remark of the street seller "My son, who studies English at school, said it's OK".

Now they are able to tolerate our sometimes superficial treatment of serious matters. Eventually, they end up sipping their rakia, instead of taking shots. They then get used to taking time over salad and 'meze'(appetiser), while chatting with friends in a Bulgarian folk style restaurant and are happy to say 'nazdrave' instead of 'cheers' with a glass of robust red Bulgarian wine.

Conclusion

It seems to be true that clash of cultures is something yet to be overcome and language should act as a facilitator not an inhibitor. By speaking the language one automatically (to a greater or lesser extent) aligns oneself with the culture of the nation whose language is used. That is the power and the essence of a language as the soul of the country and people who speak it (Tang, 2009).

Finally, language is a system of signs that is seen as having in itself a cultural value. Speakers identify themselves and others through their use of language. They view language as a symbol of their social identity. Therefore, it is essential for any foreign language learner to make use of this tool so that they can transfer their ideas, perceptions of the surrounding world and way of thinking in the best possible way so that other nationality members could better understand and get to know them. Deeper knowledge of a foreign culture and its language can contribute to a more congenial atmosphere for cross-cultural integration and better human understanding.

References

- Brooke, 1991, Robert E. Writing and Sense of Self, USA, National Council of Teachers of English
Carroll, John, B., 1956, Language, Thought and Reality: Selected Writings of Benjamin Lee Whorf, USA, Cambridge, MA
Collins, A.,2003, Gestures, Body Language and Behavior. New York, NY: DKC Publishers.
Herman, Stanley, 1970, TRW Systems Group, in French, Wendell L. and Cecil H Bell, Jr. Organisational Development: Behavioural Science Interventions for Organisational Improvement, 2nd Ed, 1978

Nedeva S. How Intercultural Communication Competence Can Facilitate Relations and Enhance Customer Satisfaction in the Tourism Business

- Hill, Charles W.L., 2009, *International Business Presentations*, USA, The McGraw-Hill Companies, Inc.
- Hofstede, Geert, 2001, *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations Across Nations.*, USA, Thousand Oaks CA: Sage Publications,
- Hofstede, Geert, Hofstede Gert J., Minkov, M. 2010, *Cultures and Organizations: Software of the Mind*, USA, 3rd Edition, McGraw-Hill
- Pennycook, Alastair, 1994, *The Cultural Politics of English as an International Language*, UK, Longman
- Price, Linda, Arnould, E., & Tierney, P., 2011, *Going to Extremes: Managing Service Encounters and Assessing Provider Performance*, 1995, *Journal of Marketing*, 59, (2), 83-97, ScholarWorks@UMass Amherst
- Tang, Ramona, 2009, *The Place of "Culture" in the Foreign Language Classroom: A Reflection*, Available at: <http://www.homestead.com/ramonatang/home.html>
- Usunier, Jean-Claude, 1996, *Marketing Across Cultures*, UK, Prentice Hall
- Veale, Tony. Hao, Y. Li, G., 2008, *Multilingual Harvesting of Cross-Cultural Stereotypes*, UK, Cambridge University Press
- Zeithaml, Valerie et al., 1990, *Delivering Quality Service: Balancing Customer Perceptions and Expectations*, London UK, Collier Macmillan



Journal
Cultural Heritage
&
Tourist Territory



Use of Gamification Elements for Focus Group Implementation

Jaroslavna Nikanorova^a, Natalija Sotikova^b

^aBaltic International Academy, Riga, Latvia
Hotel and Catering Services, Tourism and Leisure Organization, Master's Degree Study Program
yaroslavna.nikanorova@gmail.com

^bBaltic International Academy, Riga, Latvia
nsotikova@inbox.lv

Key words: gamification, practice, focus-group, motivation, game, gamification experience.

The article discusses the use of gamification techniques in the context of student practices. There are many companies and individual entrepreneurs who provide places of practice not only in Latvia, but also all over the world. There are numerous contemporary firms which communicate with educational institutions, advertise their services and offer the activities corresponding to students' professional profile. The most popular companies for employment of Latvian students for summer practices are Animafest Experience (Spain), Job Trust (Greece), Nikostravel (Greece), Headhunter (Worldwide), Work and Travel (Worldwide), etc.

Despite the increased number of these offers, the researches which have been conducted on these topics show the low students' interest in the internships and practices (Dyrnes I., 2011). The availability of wide range of offers and the possibility of receiving the Erasmus+ scholarship as an additional earning do not contribute to attracting the students of tourism specialties as trainees to these practices opportunities.

Such artificially created instrument like gamification is considered and offered by the authors of the article as a method of increasing the students' motivation in acquiring the practical skills.

In order to answer the following questions: What does the practice give to students? Do students need practice? Why do not students go to practice and under whatever conditions they would go? - the technique of gamification was used for the implementation of focus group. Due to employment of this method and in the process of playing game there were revealed the motives of students' interest and disinterest in choosing the options of practices.

Goal of the research: To identify the reasons of students' low interest and motivation in choosing practices with employment gamification elements for focus group implementation.

The contemporary labour market puts forward significantly grown requirements to the university graduates; as a result the creation of a consistent scientifically grounded system of personnel training becomes of primary importance, and the practical form of training has an important role in this process (Avramova E.M. et al., 2006). Effectively organized students practice reduces the gap between theoretical learning and practical, necessary skills (Stoyanova E.S., 2010). The professional competencies of future specialists are developed in the process of practice.

The training practice can include several stages: the practice of acquiring primary professional skills, familiarization and others.

Nevertheless, there are four positions which are supposed to be the most important functions of practice in the system of professional students' training (see Fig. 1):

1. Teaching function is actualization, improving and expansion of theoretical knowledge, their application to solution of specific situational tasks, formation of skills and abilities;
2. Developing function is development of cognitive, creative activity of future specialists, development of thinking, communicative and psychological abilities;
3. Educating function is formation of a socially active personality of future specialist, his steady interest and love to future profession;
4. Diagnostic function is examining the level of professional comprehension of future specialists, the degree of professional suitability and readiness for professional activity.

The insufficient elaboration of practice process organization in the real professional spheres becomes the reason of situation when the students of higher and secondary professional institutions deal with numerous of problems; it

affects negatively the level of mastering their professional competencies.

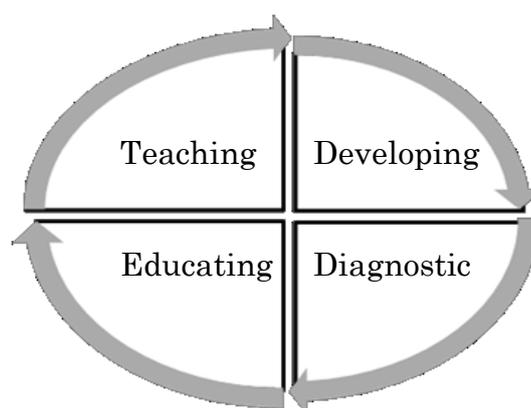


Fig.1. The main functions of practice (Rouse K. E., 2013)

In order to find out the reasons of students' low motivation and interest in practice gamification technologies were used; these technologies allow determining the future leaders and permit to increase their involvement in work, to show personal qualities and the will to achieve common goals, emotions.

Gamification is considered as a systemic, artificially created tool capable of affecting the desire to act (Kamasheva A. V. et al., 2015). In other words, gamification is an application of gaming principles, practices, and elements for ordinary situations to personnel management and other fields of business in order to get the maximum involvement of all participants and total high result.

Gamification has a huge role in the educational process. Its goal is to involve students, stimulate their interest, preserve their attention to the study process and maintain a positive atmosphere in the educational process. This method is well applicable in the process of preparing students for practice choosing and also during the practical training. Nevertheless, it is necessary to introduce gamification qualitatively, otherwise the result would be disappointing.

Gamification methods like any other games offer a certain cycle (Fig. 2). Moreover, the participant is not afraid of "losing his face", he gets high chances to reveal all aspects of his temper, ambitions and potential opportunities. Basing on all the above mentioned features, it was decided to use the gamification elements for implementing the focus group. The study was conducted at the Baltic International Academy, in December 2017. It was aimed at identifying the young people's interest and disinterest in students' practices.

The method of gamification was employed in focus groups in the process of research.

As a qualitative research method, focus-group allows simulating the group processes. It also allows evaluating the overall impression of the situation, permits to gather information in the form of opinions and real facts from the

focus-group participants, and also discuss the information, received from the participants of the research.

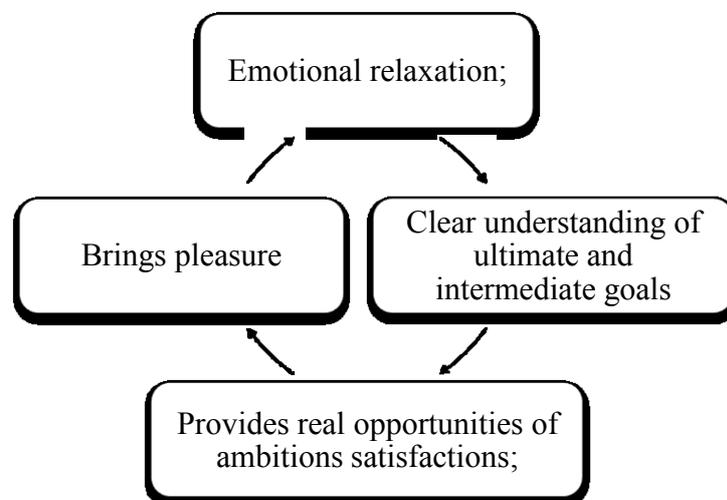


Fig. 2. Features of gaming methods (Toriev A. Sh., 2013)

The target group of the research were the 1st, 2nd, 3rd and 4th year students of the Baltic International Academy, programme “Tourism and Hospitality Management”. They were chosen for the research because every year the students of this programme are demonstrating the decreasing activity in using the opportunity of taking the internship and of having practical training.

Number of focus-groups: 5

Average duration of focus-groups: 90 minutes.

The total number of focus group participants is 40 people. Each group had eight members.

The task was as follows: there were five large round tables in the classroom. Each table was divided into two sides and students correspondently were divided. The task was given in the form of a role-play, where it was necessary to act an interview of a student by the representative of a company, offering practical training opportunities. Students had to demonstrate their discontent to this proposal in any possible way as well as to express their negative opinions and show the disadvantages of the offer. Representatives of the company had to persuade students in any way to take the offer of their firm by giving bonuses, advertising and expressing only positive aspects and benefits of practice. Later, the parties changed. All proposals, benefits and disadvantages were fixed in writing way.

The results of the completed role play:

Benefits of practice:

- Improvement of knowledge in the professional field

- New friends
- Experience
- Change of settings
- Payment
- Combining the work and learning
- New impressions
- Social status improvement
- New culture
- Communication skills training
- Free accommodation and meals
- Favorable climate
- Scholarship ERASMUS +
- Prospect of employment
- Advancement and self-fulfillment
- Independence
- Foreign languages skills improvement
- Team work
- Opportunity to travel
- Overcoming some personal barriers
- Opportunity to make personal relationship
- Motivation for career-building

Disadvantages of practice:

- Low salary, troubles with payment
- Uncomfortable living conditions
- Malnutrition
- Lack of security and protection of employee's rights
- Different mentality
- Non-compliance with contract
- Changes of all types
- Non-compliance with social standards
- Awful relation (with other employees, native habitants etc.)
- Working beyond a shift
- Ignorance of languages
- Different climate
- Absence of feedback
- Probability of falling ill with local diseases
- Discrimination
- Floating schedule

- Expensive medical service
- Absence of moral support
- Lack of the free time
- Lack of sleep
- Interpersonal relationship
- Absence of perspectives
- Different/alien traditions
- Visa bureaucracy
- Troubles with documents processing
- Lack of advance payment
- Work is far from home
- Uncertainty in firm reliability
- Long absence from home
- Fear to travel alone
- Disinformation
- Lack of experience
- Fines

Thus, as the analysis of the opinions of participants in focus groups showed, the problem of low interest is relevant and requires a multifaceted solution. The students were divided into two categories: students who had been in practice (with some experience) and students who had never gone to practice (without experience); this division resulted in different opinions (see Table 1).

Table 1. Causes of students' low interest in choosing and having practice

The main reasons of low interest in practice:	
Students with practice experience	Students without practice experience
Troubles with the documents processing	Long absence from home
Non-compliance with contract	Uncomfortable living conditions
Disinformation	Different mentality
Absence of perspectives	Troubles with processing and preparation of all necessary documents for practice

The conducted method of focus group helped to examine the emotional reaction within a strictly limited period of time and to reveal the diversity of opinions among the target audience. The use of game elements (gamification) caused special experiences of the participants, contributed to the behaviour change, involved students in the process, helped to acquire information quickly. Involvement in the game happened so naturally that the students did not notice how they achieved personal success in a team result.

The study showed that the use of gaming techniques allowed the students to indicate many factors and reasons of low interest in taking the practical training; the ordinary interpersonal relations do not permit to distinct these reasons; moreover, students do not realise these reasons in their everyday life.

The obtained factors and reasons presented above make it possible to compile two questionnaires in the future:

a) For students who have already been in practice. Purpose: to examine the interest and degree of students' motivation in practice.

b) For students who have never been in practice. Purpose: to examine students' interest in choosing a place of practice and the reasons which stop them to take part in practical training.

In the future the authors will propose the gaming techniques for employing in educational process in order to improve the interest and motivation of students in practical training.

References

- Avramova E.M., Gurkov I.B., Karpochina G.J., Levinson A.G., Mihayljuk M.B., Polushkina E.A., Stuchevskaya O.I. Requirements of employers for vocational education system. – M.: Max Press, – 2006.
- Dyrnes I. Interns revealed. A survey on internship quality in Europe //European Youth Forum. Abrufbar unter: http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---ilo-brussels/documents/genericdocument/wcms_175791.pdf (Letzter Zugriff: 18.06. 2013). – 2011.
- Kamasheva A. V., Valeev E.R., Yagudin R.Kh., Maksimova K.R. Usage of gamification theory for increase motivation of employees //Mediterranean Journal of Social Sciences. – 2015. – T. 6. – №. 1 S3. – C. 77.
- Rouse K. E. Gamification in science education: The relationship of educational games to motivation and achievement. – The University of Southern Mississippi, 2013.
- Stoyanova E.S. Financial management: theory and practice. – M.: Perspective, – 2010.
- Toriev A. Sh. Game methods in physical education [Text] // Pedagogy: traditions and innovations: materials III Intern. sci. Conf. (Chelyabinsk, April 2013). - Chelyabinsk: Two Komsomol members, 2013. - P. 102-103.



Journal
Cultural Heritage
&
Tourist Territory



Protected Areas as the Main Strategy of Natural Areas Management

Yelena Popova^a, Sergejs Popovs^b

^aTransport and Telecommunication Institute, 1 Lomonosov Str., Riga, LV 1019, Latvia,
yelenagp@gmail.com

^bLaboratory of Genetics and Biotechnologies, 1a Parades Str., Daugavpils, LV-5401, Latvia,
sergey.p@email.com

Abstract

The goal of the paper is to observe the strategies for protection of natural areas. Nature is one of the most powerful drivers of tourism development, and simultaneously one of the most suffering areas when tourist destination is already developed. The necessity to combine the growing rate of tourism development and nature protection require the coordination of activities of many institutions. It is very important to employ the common strategy and to implement the deliberately and thoroughly chosen management tools including adequate planning, knowledge-based technologies, proper implementation, and situation monitoring (Cole, 1993).

Keywords: Protected areas, tourism development, eco-tourism, nature protection, natural areas management

1. Introduction

The United Nations 70th General Assembly has designated 2017 as the International Year of Sustainable Tourism Development (Anon., 2015), and the whole year there were held the events and discussions designed to highlight the transformational power of tourism to help the Globe reach a better future (Anon., 2016). This date is also important due to the fact that it is 15-year anniversary of

International Year of Ecotourism; there were discussed the resource efficiency, environmental protection and climate change; this is a great date to take stock and to discuss once again the strategy of tourism management from the point of view of environmental protection and ecology.

Natural areas have always attracted people. Nature inspires people and gives opportunities to invigorate travelers. Certainly, tourists interested in natural attractions, in most cases demonstrate the responsible approach to the conservation of the environment and the animals living in the region (Harold Goodwin, Justin Francis, 2003; Spenceley, 2012). However, the number of tourists is growing every year, and just during two decades rose from 2% in late 1980s (Weaver, D. and Oppermann, M., 2000) to 20% in 2009 (Buckley, 2009). The growth in the recent years is even more impressive. According to The United Nations World Tourism Organization (UNWTO), international tourist arrivals reached to 1.23 million in 2016 (for comparison, in 1980 this number was 277 million). Moreover, the steady and sustainable industry growth of 4% is mentioned for 7 consecutive years. The strongest growth was recorded in the Africa and Asia and the Pacific regions and these developing regions are invariably focus the "green" tourism. Using this information, it is possible to conclude that the tourism industry is not only growing at a high pace, but also changes the orientation towards ecological and natural tourism. Undoubtedly, the explosive growth in the number of tourists has an impact on the ecology of the regions. The debates over the relationship between the tourism and the environment have been continuing since the 1970-ies, and the name of the first published article on this topic very accurately notices the essence of the issue: "Tourism and environmental conservation: conflict, coexistence, or symbiosis?" (Budowski, 1976). It is used to believe that any point of view finds its confirmation; nevertheless, the authors of this paper believe that knowledge and understanding of environmental concepts, careful planning and management of tourism can reduce the intensity of the debate and will contribute to sustainable development of tourism.

The contemporary eco-tourism follows the principles of long-term use of resources established by the World Conservation Strategy Prepared by the International Union for Conservation of Nature and Natural Resources (Anon., 1980) and many of the recommendations of such organizations and programmes as:

- United Nations Environment Programme (UNEP)
- World Wildlife Fund (WWF)
- Food and Agriculture Organization of the United Nations (FAO)
- United Nations Educational, Scientific and Cultural Organization (Unesco)

- World Commission on Environment and Development (WCED, 1987).

Tourism is an important component in the chain of ecology and sustainable development. Undoubtedly, the main task of this cooperation is the tight integration of tourism and the processes of tourism management (Newsome, D., Moore, S., Dowling, R. , 2013).

This study starts from the point of view which is fully compliant with the vision of the General Assembly of the United Nations: a well-planned and responsibly managed tourism can have a beneficial impact not only on individuals but also on entire regions and countries (Anon., 2017; Anon., 2016).

2. Justification of the Need to Manage Tourism in Natural Areas

Worldwide governments and private organizations provide the researches aimed at protection of natural areas, biodiversity, and supporting other types of environmental, social, economic wealth (Ehrlich, P. R.; Pringle, R. M. , 2008; Newsome, D., Moore, S., Dowling, R. , 2013; Anon., 2015). The reason for these actions in most cases is human civilisation. People is one of the strongest transforming forces of the natural environment for thousands of years. Even prehistoric human activity consisted of the first use of fire, domestication of livestock, crop production has contributed to the extinction of many species of animals, plants and insects; even in that far away times the activities of human being changed fundamentally the face of the entire ecosystem and even landscapes (Zalasiewicz, J. et al., 2008; Wake, D. B.; Vredenburg, V. T., 2008; May, 2010). However, it remained within the natural distribution and adaptations of Homo Sapiens species. Nevertheless, the industrial age changed the vector of development of mankind, contributing to the intense proliferation of man and the incredible level of consumption of natural resources (Moran, D.; Kitzes, J.; et al., 2008; Rockström, W.; Noone, K.; Persson, A.; Chapin, S.; Lambin, E. F.; Lenton, T. M.; Scheffer, M; Folke, C; et al., 2009; Anon., 2008). Nowadays under the influence of human being the natural environment is changing so quickly that a large proportion of species and ecosystems have no time to adapt to these changes and therefore they are under the threat of extinction (McCallum, 2007; Jackson, 2008).

It should be emphasized that the protective measures require certain management activity in almost all cases. It is not enough just to assign the status of a protected area to the territory and to hope that the protected values will remain intact. One of the major current threats, which is climate change, even more urgently requires the competent management (Mooney, H.; et al. , 2009; Chapin, F. S.; Eviner, Valerie T.; et al., 2000).

Tourism focuses its attention on natural areas and it is quite obvious that the absence of proper management of the tourist flows will lead to environmental degradation of these territories. It should be also mentioned that the developing countries consider such tourism as a means of obtaining incoming cash flows which they need. If this tourism is not destructive for the environment, it gets unequivocal support from environmental organizations; moreover, these organisations believe that attracting the attention to such areas can also result in increased support from the state and greater government investments in environmental protection (Newsome, D., Moore, S., Dowling, R. , 2013).

3. Creation of Protected Territories as the Main Management Strategy

There are many methods employed by tourism management in open and protected natural areas. Quite often, the main problem is the choice of an appropriate strategy. Assigning the status of a protected area is usually the first and the most critical step for effective tourism management. According to the classification (Anon., 2017), protected area is a "clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values".

The oldest national parks in the world were founded in the United States (Yellowstone, 1872 and Yosemite, 1890) and in Canada (Banff Hot Springs, 1885). The basis of all three parks was originally based on the idea of creating the places of recreation for the population of these countries and for domestic tourism only. In accordance with these objectives, the both states carried out the management and administration of these areas.

The competent management provided in these parks allowed preserving the unique nature well and to popularize these unique natural objects throughout the world practically developing the international tourists' flows. However, in most countries the establishment of the protected areas is a fairly new phenomenon.

In North Africa, China and South-East Asia, Central America and the countries of the ex-Soviet Union, more than 50% of protected areas were designated after 1982 (McNeely, J.A., Harrison, J. and Dingwall, P. , 1994). It is worth noting that the countries of Sub-Saharan Africa had already turned over half of the current protected areas in natural zones by 1962. This progressiveness in the protection of the environment is mostly explained by the need of controlling the river basins and soil erosion (Burnett, G.W. and Butler Harrington, L.M. , 1994). Nevertheless, in accordance with the annual reports of UNWTO (Anon., 2013; Anon., 2014; Anon., 2015; Anon., 2016), the popularity of

these places among tourists is growing with great rate.

Protected areas were often established on land which was considered as unsuitable for crops, forestry or fisheries for any reasons. This casual approach has recently changed for selective and based on accumulated scientific knowledge. The foundation for the scientific approach was the development of Ecology as a science; the especial importance should be given to the theory of biogeography of the islands (MacArthur, Robert H.; Edward O. Wilson, 1967). The modern researches say about the relationships between population and habitat (Williams, J.C., ReVelle, C.S. and Levin, S.A. , 2005) and about the number of individuals for reliable existence of the species (Primack, 1998).

An important issue is also the size of the allocated territories. This debate is better known as the SLOSS debate (single large or several small). Large areas provide possibilities for the existence of large predators, which are low-density species. They are less susceptible to boundary effects and the rate of extinction of animals in such areas is lower. On the other hand, creation of a large number of small areas reduces the probability of their destruction as a result of disasters like fires or floods. In addition, it limits the spread of diseases that can destroy the entire species. There is also the fact that several small protected areas usually contain more species and types of the inhabitants and help to preserve the diversity of small species such as insects, invertebrates, algae, fungi and bacteria (Jordon, 1995).

Therefore, the comprehension of environmental concepts and interdisciplinary collaboration provides the opportunity for accurate and effective management of the territories. Due to this fact the vast majority of the protected areas have great biodiversity, clean water and unspoiled nature, which, as noted by (Agardy, 1993), is a crucial factor for eco-tourists.

4. Types and Prevalence of Protected Territories

According to the data of year 2010, there are more than 161000 protected areas, covering about 12.2% of the planet (Anon., 2016; Soutullo, 2010; Mora C, Sale P, 2011). However, about half of the world biomes remain under-represented, even if to consider only on the target of 10%, first set by International Union for Conservation of Nature and Natural Resources (Jenkins, C.N. and Joppa, L. , 2009), and then increased to 17% as a part of the Aichi Biodiversity Targets (Anon., 2012). The global map with protected areas is presented in Fig. 1.

Certainly, as soon as the territory falls under the control of the state, the issue of management is stated and becomes urgent. A key concern is the management of human disturbance, part of which is tourism. World Commission on Protected

Areas (WCPA), the International Union for Conservation of Nature (IUCN) have determined the following Protected Area Management Categories (see Table 1).

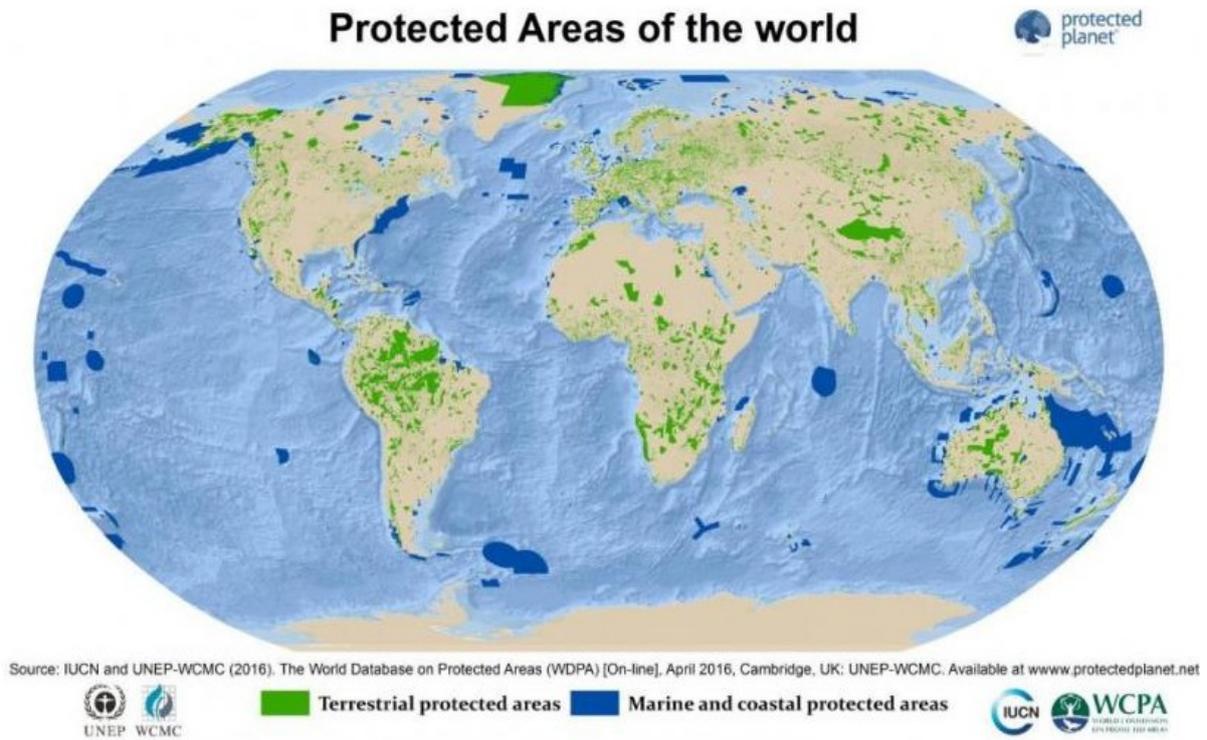


Fig.1. Protected Areas of the world; Photo: IUCN and WCMC



Fig.2. Terrestrial protected areas (% of total land area) (Anon., n.d.)

Table 1. Protected Area Management Categories (Derived from IUCN) (Anon., 2017)

Category	Description
Ia: Strict Nature Reserve	Protected areas that are strictly set aside to protect biodiversity and also possibly geological/geomorphological features, where human visitation, use and impacts are strictly controlled and limited to ensure protection of the conservation values. Such protected areas can serve as indispensable reference areas for scientific research and monitoring.
Ib: Wilderness Area	Protected areas that are usually large unmodified or slightly modified areas, retaining their natural character and influence, without permanent or significant human habitation, which are protected and managed so as to preserve their natural condition.
II: National Park	Large natural or near natural areas set aside to protect large-scale ecological processes, along with the complement of species and ecosystems characteristic of the area, which also provide a foundation for environmentally and culturally compatible spiritual, scientific, educational, recreational and visitor opportunities.
III: Natural Monument or Feature	Protected areas set aside to protect a specific natural monument, which can be a landform, sea mount, submarine cavern, geological feature such as a cave or even a living feature such as an ancient grove. They are generally quite small protected areas and often have high visitor value.
IV: Habitat/Species Management Area	Protected areas aiming to protect particular species or habitats and management reflects this priority. Many category IV protected areas will need regular, active interventions to address the requirements of particular species or to maintain habitats, but this is not a requirement of the category.
V: Protected Landscape/Seascape	A protected area where the interaction of people and nature over time has produced an area of distinct character with significant ecological, biological, cultural and scenic value: and where safeguarding the integrity of this interaction is vital to protecting and sustaining the area and its associated nature conservation and other values.
VI: Protected area with sustainable use of natural resources	Protected areas that conserve ecosystems and habitats, together with associated cultural values and traditional natural resource management systems. They are generally large, with most of the area in a natural condition, where a proportion is under sustainable natural resource management and where low-level non-industrial use of natural resources compatible with nature conservation is seen as one of the main aims of the area.

5. Other Forms of Protection of Territories

In addition to reservations, there are other forms of protection of territories, most important of which are international designations such as Ramsar Sites and World Heritage sites.

5.1. Ramsar Convention on Wetlands of International Importance

The Convention on Wetlands, signed in 1971 in Ramsar, represents the first International Agreement devoted entirely to one type of ecosystems and habitats (natural habitats of a particular species). For the 23rd of January 2017, the participants of Convention are 169 States, comprising in total 2289 wetlands of international importance (Anon., 23 November 2017)). This Convention protects also 6 territories situated in Latvia (see Table 2).

Table 2. List of Ramsar Wetlands of international importance located in Latvia (Anon., 23 November 2017))

Site	Date of designation	Area (ha)
Lake Engure	25/07/1995	19,700
Lake Kanieris	25/07/1995	1,995
Lubana wetland complex	31/10/2002	48,020
Northern Bogs	31/10/2002	5,318
Pape Wetland Complex	31/10/2002	51,725
Teici and Pelecare bogs	25/07/1995	23,560

57% of freshwater habitats in Latvia have an inadequate conservation status, 28% are in an unknown conservation status, and only 14% have a favourable conservation status. Freshwater habitats are threatened mainly by hydrological modifications, pollution from agricultural lands and increased surface run-off from forest clear-cuts, arable lands and point sources, eutrophication, expansion of built-up areas and urbanization, tourism, leisure, hunting and fishing pressures (Anon., 2015).

5.2. World Heritage Convention

The World Heritage Convention was created in 1972. Its target, as it was specified, was first identification and then protection of the world natural and cultural heritage. Certainly, the Convention concerned only the objects identified and specified as of Outstanding Universal Value. Therefore, the World Heritage sites were established. They are natural areas and culturally significant structures, settlements and places with outstanding universal value (Anon., 2017; Anon., 1997; Anon., 2016).

The main criteria for selection of natural areas (VI-X) (Anon., 2017):

- to contain superlative natural phenomena or areas of exceptional natural beauty and aesthetic importance;
- to be outstanding examples representing major stages of earth's history, including the record of life, significant on-going geological processes in the development of landforms, or significant geomorphic or physiographic features;
- to be outstanding examples representing significant on-going ecological and biological processes in the evolution and development of terrestrial, fresh water, coastal and marine ecosystems and communities of plants and animals;
- to contain the most important and significant natural habitats for in-situ conservation of biological diversity, including those containing threatened species of outstanding universal value from the point of view of science or

conservation.

There are no natural areas in Latvia which are included in the list of the World Heritage Convention; this fact evidences that all of the unique natural areas are safe and that the process of their protection is successful and the management and administration of these zones are satisfactory.

Conclusions

The paper under consideration observes some approaches to the management of natural areas from the point of view of Ecology and tourism development. The authors want to emphasize the importance of protecting the natural areas; these actions are the most effective step to start an effective tourism management, which is important, for instance, for rural or eco-tourism. It should also be noted that the existence of the protected territories does not immediately turn these areas into the tourist attraction; sustainable development and preservation of these territories requires the joint work of the government, people living in the protected areas and the scientists representing different fields of study. Only the attention to fundamental theoretical research and practical use of recommendations of environmental agencies are of key importance for the management of tourism in natural areas.

The tourist industry and destinations can have a positive impact not only on the experience of tourists, but on the environment of the regions, if the management is provided at the sufficient level. The fundamental objective of the tourism management of many natural areas is the protection and maintenance of the natural environment, as well as the satisfaction of visitors. Therefore, the management tools in such areas must be deliberately and thoroughly chosen taking into consideration the adequate planning, knowledge-based technologies, proper implementation and monitoring of all processes. Strategies based on sufficient knowledge and understanding of key concepts will be efficient and effective.

References

- Moran, D.; Kitzes, J.; et al. (2008). Measuring sustainable development — Nation by nation. *Ecological Economics*, 64(3), 470-474.
- Newsome, D., Moore, S., Dowling, R. . (2013). *Natural Area Tourism: Ecology, Impacts and Management* (2nd edition ed.). Bristol: Channel View Publications.
- The list of Wetlands of International Importance (The Ramsar List). (23 November 2017)). Retrieved December 9, 2017, from <https://www.ramsar.org/document/the-list-of-wetlands-of-international-importance-the-ramsar-list>

- (2013). UNWTO Annual Report 2012. Madrid: World Tourism Organization (2013), UNWTO Annual Report 2012, UNWTO, Madrid.
- (2016). UNWTO Annual Report 2015. Madrid: World Tourism Organization.
- Agardy, M. (1993). Accommodating ecotourism in multiple use planning of coastal and marine protected areas. *Ocean and Coastal Ocean & Coastal Management*, 20(3), 219-239.
- (2012). Aichi biodiversity targets, based on data from national authorities, national legislation and international agreement. United Nations Environmental Program and the World Conservation Monitoring Centre, as compiled by the World Resources Institute.
- Bailey, J., Dangerfield, B. (2000). Applying the distinction between market-oriented and customer-led. *Journal of Education for Business*, 75(3), 77-87.
- Briksin, V. (2011). Clip Thinking. Retrieved April 27, 2017, from virtualmind.ru/2011/12/01/chunk-mentality/
- Burnett, G.W. and Butler Harrington, L.M. . (1994). Early national park adoption in sub-Saharan Africa. *Society and Natural Resources* , 7(2), 155-168.
- Burnett, K. (2014). What makes a university great? Trends in Higher Education Marketing, Recruitment, and Technology(Hanover Research). Retrieved April 27, 2017
- Chapin, F. S.; Eviner, Valerie T.; et al. (2000). Consequences of changing biodiversity. *Nature*, 405, 234-242.
- Cua, F. (2017). Are students our customers? Or are students the products of teaching and learning activities? Retrieved April 27, 2017, from www.researchgate.net/post/Are_students_our_customers_Or_are_students_the_products_of_teaching_and_learning_activities10
- Ehrlich, P. R.; Pringle, R. M. . (2008). Where does biodiversity go from here? A grim business-as-usual forecast and a hopeful portfolio of partial solutions. *Proc. Natl. Acad. Sci. U.S.A.* 105 (S1): 11579–86.
- Frantz, R. (1998). Whatever you do, don't treat your students like customers. *Journal of Management Education*, 22(1), 63-69.
- Gordon, B. (1998). Students as customer. Creating a learning college (St. Louis Community College ed.). Cincinnati, Ohio: South-Western College Publishing.
- IUCN Global Protected Areas Programme and IUCN World Commission on Protected Areas. (2017). Retrieved December 9, 2017, from <https://www.iucn.org/theme/protected-areas/about/protected-area-categories>
- Jackson, J. (2008). Colloquium paper: ecological extinction and evolution in the brave new ocean. *Proc. Natl. Acad. Sci. U.S.A.* 105 (Suppl 1): 11458–65.
- Jenkins, C.N. and Joppa, L. . (2009). Expansion of the global terrestrial protected area system. *Biological Conservation*, 142, 2166-2174.
- Jordon, C. (1995). Conservation: Replacing Quantity with Quality as a Goal for Global Management. New York: Wiley.
- (2008). Living Planet Report . Worldwide Wildlife Fund.
- MacArthur, Robert H.; Edward O. Wilson. (1967). *The Theory of Island Biogeography*. Princeton, N.J.: Princeton University Press. .
- May, R. M. (2010). Ecological science and tomorrow's world. *Philosophical Transactions of the Royal Society* , 365, 41-47.
- McCallum, M. L. (2007). Amphibian Decline or Extinction? Current Declines Dwarf Background Extinction Rate. *Journal of Herpetology*, 41(3), 483-491.
- McNeely, J.A., Harrison, J. and Dingwall, P. . (1994). Protected areas in the world. *Protecting Nature: Regional Reviews of Protected Areas* . Gland, Switzerland: International Union for Conservation of Nature and Natural Resources.

- Mooney, H.; et al. . (2009). Current Opinion in Environmental Sustainability. Biodiversity, climate change, and ecosystem services , 1, 46-54.
- Mora C, Sale P. (2011). Ongoing global biodiversity loss and the need to move beyond protected areas: A review of the technical and practical shortcoming of protected areas on land and sea. Marine Ecology Progress Series, 434, 251-266.
- (2015). National Report on the Implementation of the Ramsar Convention on Wetlands. Latvia, Riga: COP12 National Reports.
- Popova, Y. (2011). Contemporary Higher Education Establishment: Product-Oriented vs. Customer-Oriented. Actual Problems of Education, 26-32.
- Primack, R. (1998). Essentials of Conservation Biology. Sunderland, MA: Sinauer Associates.
- Rockström, W.; Noone, K.; Persson, A.; Chapin, S.; Lambin, E. F.; Lenton, T. M.; Scheffer, M.; Folke, C; et al. (2009). A safe operating space for humanity. Nature, 461, 472-475.
- Semenovskikh, T. (2014). Phenomenon of ClipThinking in Educational and Higher-Educational Environment. Retrieved April 27, 2017, from publishing@naukovedenie.ru
- Soutullo, A. 2. (2010). Extent of the Global Network of Terrestrial Protected Areas. Conservation Biology , 24(2), 362-363.
- United nation. Resolution adopted by the General Assembly on 22 December 2015. (2015). Retrieved December 9, 2017, from http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/70/193&referer=/english/&Lang=E
- United Nations Environmental Program and the World Conservation Monitoring Centre. (n.d.). Retrieved December 9, 2017, from <https://data.worldbank.org/indicat>
- United Nations Heritage Convention. (2016). Retrieved December 9, 2017, from <https://www.iucn.org/theme/world-heritage/about/world-heritage-convention>
- (2014). UNWTO Annual Report 2013. Madrid: World Tourism Organization .
- (2015). UNWTO Annual Report 2014. Madrid: World Tourism Organization .
- Wake, D. B.; Vredenburg, V. T. (2008). Are we in the midst of the sixth mass extinction? A view from the world of amphibians. Proc. Natl. Acad. Sci. U.S.A. 105: 11466–73.
- (1997). What is the world heritage? UNESCO Courier .
- Williams, J.C., ReVelle, C.S. and Levin, S.A. . (2005). Spatial attributes and reserve design models: A review. . Environmental Modeling and Assessment , 10, 163-181.
- World Database on Protected Areas: Statistics. (2016). Retrieved December 9, 2017
- World Heritage Centre of UNESCO. (2017). Retrieved December 9, 2017, from <http://whc.unesco.org/en/criteria/>
- Zalasiewicz, J. et al. (2008). Are we now living in the Anthropocene. GSA Today, 18(2), 4-8.



Journal
Cultural Heritage
&
Tourist Territory



Can Tourism Save Latvian Regions

Alona Rogale-Homika

Student of the PhD program “Regional Economics and Economic policy” at Baltic
International Academy
Lomonosova str. 4, Riga, LV-1003, Latvia

Abstract

Tourism is considered as an important source of income for less developed countries, specifically for the regions and rural areas. Latvia is formed by 5 planning regions with a distinctive leader – Riga planning region. In order to stimulate economic growth of the country a balanced regional development, strategic planning and administration must be carried out. The development of Latgale planning region is slowed by the inefficient economic policy and use of its resources.

Keywords: tourism, regional development, Latgale

1. Introduction

A balanced regional development is important for the development of the country as a unified system. It shows whether the regional policy and development planning implemented by the government was successful.

Historically the territory of Latvia was formed by 5 counties: Kurzeme, Zemgale, Latgale, Liv land and Selia, which in 2003 were transformed into: Riga, Kurzeme, Vidzeme, Zemgale and Latgale planning regions (www.latvia.travel).

As a distinguishing planning region continues to be Riga planning region. Significant socio-economic differences between the planning regions continue to grow. This shows that the implementation of current regional policy has not been effective and has not been able to achieve socio-economic indicator convergence between planning regions. If the processes of development are left without

intervention and coordination of the state administration, they are fully exposed to the free market and competition effects (Vesperis, 2010).



Fig. 1. Latvia planning regions (www.varam.gov.lv)

A particular interest has been brought to Latgale planning region, as according to the statistical data, Latgale is lagging behind in development region, which requires a more detailed approach in order to provide efficient strategies for its economic growth. The current issue remains topical for several years, as much of the discussion has been brought both in regional and state level.

The aim of this research is to analyse the current situation in ‘the depressive’ planning region of Latvia – Latgale and to identify possible ways for its economic growth. In order to achieve this goal, it is necessary to:

- understand what is the role of the planning region in the development of the country
- analyse the current situation in regional development in Latvia
- analyse the statistical data (the time period used for the analysis doesn’t match due to the lack of availability of statistical data):
- for the key indicators of regional development
- for GDP, population and employment

2. The specifics of regional development in Latvia

Every country has areas with high concentration of economic growth that are densely populated. At the same time, there are areas with lower development indicators. However, socio-economic disparities of Latvian regions and

municipalities show that the economic development potential and resources of many areas are poorly used and require additional incentives for their development. The existing disproportions of territorial development indicators in Latvia can be also seen in the EU level – according to Eurostat data in 2011 Latvia showed the 5th worst result between the EU-28 Member States at the regional GDP per capita dispersion NUTS 3 statistical region group (Ministru kabinets, 2015).

Looking at the territory of Latvia at the regional aspect, it is particularly important to promote economic activity and reduce the depopulation in Latgale planning region which has been long characterised by lowest socio-economic development indicators in the country. Latgale planning region municipality occupies 22,5% of total Latvian territory, however, in the beginning of 2014 it was inhabited only by 14.3 %. Latgale planning region's GDP per capita by the level of paying capacity in 2011 was only 33.9% of EU (EU-28) average indicator (Ministru kabinets, 2015).

In order to solve region's long standing socio-economic problems an Action Plan for the growth of Latgale region for 2012-2013 was developed and approved. According to the Plan activities for job place creation, business development and attraction of investors in Latgale have been implemented. Moreover, the Ministry of Environmental Protection and Regional Development of the Republic of Latvia (VARAM) has attracted funding of 98.8 million EUR to implement the plan. An Action Plan for the growth of Latgale region has contributed significantly in strengthening the conditions for development of the region, however didn't bring any tangible benefits. The experience of its implementation was continued by developing Action Plan for 2015-2017.

According to the National development plan 2014-2020 and Regional policy guidelines 2013-2019 of 2014-2020 planning period in the EU funds operational programme "Growth and employment" a support is scheduled for Latgale planning region municipalities with the aim of "The area revitalisation and regeneration of degraded areas under municipally integrated development programs" within 52 247 026 EUR (European regional development Fund).

Action Plan for Latgale region development 2015-2017 ensures the continuity of the previously implemented Action Plan 2013-2014, which was developed to respond to the persistent negative socio-economic factors in the Latgale region. However, there are several indicators that show that the progress of the Plan was low – the negative tendency in the population change, emigration, the high unemployment rate, small number of new businesses, significant share of the shadow economy, as well as the negative image of the region among local population and country population as unfavourable for living and job (Valsts reģionālās attīstības aģentūra, 2012).

3. Characteristics of regional economics

Being a territorial entity in the common economic area, region is essentially performing a mediating role between the macro and microeconomics, providing optimal functioning of all systems: economic, social, political and national (Добрынин и Тарасевич, 2001).

According to Добрынин and Тарасевич (2001) the basic contrariety of preventing dynamic development of the regions - is the contrariety between the centre and the region. The basic problem of regional development in Latvia is the misallocation of funding, which is mainly concentrated in the Riga region and Kurzeme. It is obvious that the economic policy of the centre and region shouldn't oppose each other. Contrary, interests of the centre and region may not match. However, there should exist a unified system of cooperation between the centre and a region, which would provide an effective use of the current resources and funds (Садыкова, 2012).

4. Evaluating the territorial development in Latvia. Tourism as an economic development opportunity. The case study of Latgale region

For more than a decade to assess the development of various territorial units the territory development level index is used, which reflects the relative areas level of development during the year. The territory development level index is a synthetic indicator which enables to describe and compare the development of the territory in accordance with the number of demographic and socio-economic indicators. The territory development level index and the index of changes in the level of the development of the territory is determined by the rules of Cabinet of Ministers (2010).

The basis of the calculation methods of territory development level index is the standardisation of most important development key indicators. Standardised indicators are calculated from the initial indicators that describe areas in different aspects and that are shown in real units (the number of people, money, interest, or other measurable).

The index for planning regions is calculated based on the eight indicators and their importance weight, that are: GDP per capita, the rate of unemployment; personal income tax revenue per capita and municipal budgets; non-financial investments per capita; demographic load; economically active individual merchants and commercial companies per 1000 inhabitants; population density, pers. /km²; population change in the last 5 years.

The aim of this index is financial support of the EU funds: the lower is the level of territory development index, the higher is the proportion of national

budget allocations and the less is the municipal share of financing (Valsts reģionālās attīstības aģentūra, 2010).

Table 1. The territory development level index of planning regions according to 2010 data and expected data for 2017- 2020-year (Cabinet of Ministers, 2012)

Planning region	2010 year data		2014 year data		2017 year data		2020 year data	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank
Riga region	0,786	1	0,720	1	0,65	1	0,55	1
Vidzeme region	-0,724	4	-0,70	4	-0,60	4	-0,50	4
Kurzeme region	-0,577	3	-0,52	3	-0,48	3	-0,40	3
Zemgale region	-0,454	2	-0,42	2	-0,38	2	-0,28	2
Latgale region	-0,838	5	-0,73	5	-0,62	5	-0,55	5

According to the Table 1 among all planning regions in Latvia, the positive value has been showing only the Riga region. The rest of the regions are showing the permanent negative index.

According to the statistical data Latgale remains one of the poorest and economically backward region in Latvia. European funds don't change the situation. The level of unemployment remains one of the highest in the country - 17.6 (2016-year data). The GDP per capita is only 6159 (2013-year data). The author suggests tourism, as one of the economic development strategies for the Latgale planning region. However, according to (Dapkus and Dapkute 2015) a "strategic planning" and careful administration have to be implemented in order to achieve a maximum operation of "tourist resources available in the region". It is a fact, that tourism in Latvia is considered as a perspective form of economic development (OECD, 2016). Tourism export in 2015 increased by 9.3% comparing to the previous year and reached 1023,4 mill EUR. The expenditures of foreign travellers in Latvia for leisure and other personal purposes of travel, as well as business trips increased for 12.2% (CSB, 2016).

Having a strategic location and multiple natural and cultural resources, Latgale has all potential for the development of tourism, which can lead to:

- Creation of new work places
- An increase in welfare of local population
- The growth of GDP per capita

However, unfavourable economic policy of the state and the lack of infrastructure are the main obstacles in development of the tourism in Latgale region.

According to Latgale region tourism development plan (Valsts reģionālās

attīstības aģentūra, 2012) the region in cooperation with Pskov region is implementing a number of programmes and projects of the joint cross-border cooperation in different areas, including tourism. The joint cross-border project "Tour de Latgale and Pskov" has been carried out as a result of a successful cooperation in implementation of some projects. However, domestic tourists make up a significant part of the total tourism and "are expected to influence local economic performance" (Paci and Marrocu, 2013).

Tourism in Latgale planning region 'has been identified as one of the priority sectors both in the regional planning documents, and in the planning documents of local self-governments.' Different parties, including development agencies and local municipalities, are involved in development of tourism in the region.

In addition, the available financing of the European Union funds and other financial instruments are also purposefully involved in order not only to improve the tourist infrastructure, but also to provide the implementation of other measures necessary for support of tourism (e.g. marketing activities, organisation of cooperation, etc.) (Valsts reģionālās attīstības aģentūra, 2012).

According to the development plan for the regions of Latvia for 2014-2020

(Muciņš, 2015) rural areas, development centres, metropolitan area of Riga, Baltic Sea coast, the Eastern border are main focus areas. Planned investments of EU funds for regional development are 353 014 496 EUR.

Marketing plan for 2013-2020 for the development of tourism in Latgale planning region has been implemented. However, the level of tourism development in Latgale remains low. The factors that keep down the development of tourism in the region are as follows:

- Even though the infrastructure of tourist accommodation in Latgale is considered relatively developed - there are 150 tourist accommodation places, however, the limited access to the online booking, as well the low quality of the offered services can be considered as one of the main constraints in development of tourism in the region.
- The region lags behind other Latvian regions, as the level of technology and innovation remains relatively low: there is limited information in the Internet regarding the services offered.
- Tourism infrastructure isn't well-developed: there is a lack of road signs. Information provided by local tourist information centers doesn't meet the standards.
- Unfavorable tourism politics in terms of visa issue for Russian tourists, who are considered as one of the priority target markets. According to the data obtained from the Marketing plan for tourism development in Latgale region only 15% of total tourists are foreign tourists.
- Local travel agencies don't meet the standard of providing a sufficient

service for incoming tourists, as they are mainly focusing on the outgoing tourism.

The analysis of the data regarding the planning region is incomplete due to the inaccurate statistical data provided by CSB (Central Statistical Bureau of Latvia), as the data provided differs from the data obtained from the local tourist information centres. This creates threat for the implementing of the right strategy for the development of the region (Valsts reģionālās attīstības aģentūra, 2012).

Conclusions

The latest available data on regional indicators show that Latvia, in the context of European Union, stands out with the greatest GDP regional disparities at NUTS 3 area level. There is a persistent gap between the central part of the country, which is Riga region and the rest of the Latvian regions, especially Latgale planning region (Muciņš, 2015).

In order to reduce these disparities, it is necessary to:

- Increase the role of municipalities in the facilitation of entrepreneurship
- Review the current regional economic policy
- Improve interregional communication
- Review the allocation of EU funds and to target priority areas of investments

The development of tourism should be considered, as one of the methods or strategies of the improvement of socio-economic situation in less developed region of Latvia - Latgale. In order to achieve good results in this area the following actions should be considered:

- to improve the tourism infrastructure (tourism signs and advertising boards)
- to increase the level of knowledge of local entrepreneurs (implementation of new technologies)
- to review the local tourism policy (visa obtainment procedures for priority target markets)
- to improve the system of statistical data collection (the development of the unified system of reports, etc.)

References

Cabinet of Ministers. (2012) National Development Plan of Latvia for 2014-2020. Riga. <http://www.pkc.gov.lv/sites/default/files/images->

legacy/NAP2020%20dokumenti/NDP2020_English_Final.pdf. Accessed 10.03.17

CSB. (2016) Tūrisma statistikas aktualitātes. http://www.csb.gov.lv/sites/default/files/nr_31_turisma_statistikas_aktualitates_16_00_lv_0.pdf Accessed 31/05/2017

Dapkus, R., Dapkute, K. (2015) Evaluation of the regional tourism attractiveness. Research for rural development. Volume 2

Ministru kabineta noteikumi Nr. 482. (2010) Noteikumi par teritorijas attīstības indeksa aprēķināšanas kārtību un tā vērtībām. Rīga. <http://m.likumi.lv/doc.php?id=211208>. Accessed 14.12.2016,

Ministru kabineta rīkojums. (2015) Par Rīcības plānu Latgales reģiona izaugsmei 2015.-2017.gadam. Rīga. <http://likumi.lv/ta/id/273813-par-ricibas-planu-latgales-regiona-izaugsmei-2015-2017-gadam>. Accessed 14.12.2016

Ministry of Environmental Protection and Regional Development of the Republic of Latvia. www.varam.gov.lv/images/text/PlanRegioni.jpg. Accessed 31.05.2017

Muciņš, R. (2015) Atbalsta pasākumi saskaņotai reģionu attīstībai Latvijā. Valsts reģionālās attīstības aģentūra. Rīga. <http://www.eesc.europa.eu/resources/docs/04-mucins.pdf>. Accessed 12.12.2016

OECD. (2016) Latvia, in OECD Tourism Trends and Policies 2016. OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/tour-2016-50-en>. <http://www.oecd.org/latvia/>. Accessed 05.05.2017

Paci, R., Marrocu, E. (2013) Tourism and regional growth in Europe, University of Cagliari: Sardinia

Valsts reģionālās attīstības aģentūra. (2010) Pārskats „Reģionu attīstība Latvijā 2010”. <http://www.vraa.gov.lv/lv/parskats/2010/>. Accessed 14.12.16

Valsts reģionālās attīstības aģentūra. (2012) Latgales reģiona tūrisma attīstības mārketinga plāns. Daugavpils. <http://www.latgale.lv/lv/files/download?id=2084>. Accessed 14.12.16

Vesperis, V. (2010) Reģionālās attīstības novertēšana: Promocijas darba kopsavilkums Ekonomikas doktora (Dr.oec.) zinātniskā grāda iegūšana (23.03.2012), Jelgava: Latvijas Lauksaimniecības Universitāte Ekonomikas fakultāte. 114 lpp. http://llufb.llu.lv/dissertation-summary/regional-development/V_Vesperis_promoc_darba_kopsavilkums_2012_LLU_EF.pdf. Accessed 12.12.2016

www.latvia.travel/lv. Accessed 14.12.16

Добрынин, А.И., Тарасевич, Л.С. (2001) Экономическая теория. Серия «Учебник для вузов», 3-е издание. Санкт-Петербург: Изд. СПбГУЭФ, Изд. «Питер». 544 с.

Садыкова, Е. (2012) Исследование формирования структуры региональной экономической системы, Bulletin of the East Siberian State University of Technology / Vestnik VSGTU. Apr-Jun2012, Vol. 37 Issue 2, p147-150. 4p. <http://web.a.ebscohost.com>. Accessed 13.12.2016



Journal
Cultural Heritage
&
Tourist Territory



The Impact of Investments in Country's Transport Infrastructure on the Territory Brand

Oksana Skorobogatova

Transport and Telecommunication Institute
Lomonosova street 1, Riga, LV-1019, Latvia
skorobogatova.o@tsi.lv

Abstract

In today's world, competition unfolds not only between companies, but also between territories. Moreover, this struggle can occur both between states and between regions within one country. Territory branding is a topic that interests both scientists and politicians in order to attract tourists, investments and talents, and to achieve other goals, this is the competition of cities on a global scale. That is why the principles of brand strategies are increasingly borrowed from the business world and are used for urban development, redevelopment (a way of reassignment of unclaimed real estate objects) and improving the quality of life. A lot of researchers conduct a parallel between the branding of cities and the branding of corporations (Truman, Parmar, Kavaradzis, Hankinson). They note the similarity in the complexity of development and a wide range of influence parties.

Keywords: territory brand, transport infrastructure, investments, railway, project

1. Introduction

Transport is vital to the well-functioning of economic activities and a key to ensuring social well-being and cohesion of populations. Transport ensures everyday mobility of people and is crucial to the production and distribution of goods (UNECE, 2017).

The relevance of the research topic lies in the fact that the brand of the territory, its reputation in the socio-political and business circles become the basic factors for the promotion of innovative projects both at the regional and national levels. Today this is the most important competitive resource for establishing partnership relations.

The purpose of the research: to study investment projects implemented in Latvia, related to the development of transport infrastructure that influenced the development of the brand of the territory.

To achieve this goal, should find answers to the following questions:

1. What is understood today under the "brand of territory" and how is it formed?
2. What is the state of the transport infrastructure in Latvia?
3. What is designated as a priority for the development of Latvia's transport infrastructure?
4. What projects related to investing in transport infrastructure have been implemented in recent years in Latvia?

The study is based on the works of such authors as Keith Dinnie and Andrea Insch, Simon Anholt, Milica Topalovic and other researchers who have associated their scientific interest with the development of the territorial brand.

2. Definition, essence and features of the brand territory

Cities have always been hubs of activity and change. And now urbanization is truly universal: in 1925, only 25% of the global population lived in cities, but by 2025, it is estimated that this figure will rise to 75% (Middleton, 2011).

In recent years, for creation and strengthening the image of their territories regions are using territorial branding, that received a serious systemic development. Many countries and cities are developing the second generation of their own brands (Атаева, 2015).

The question about brand of the territory and its definition is still open. Many recognized experts in the field of marketing have overlooked this aspect, having limited their research only to issues of territorial image (F.Kotler, G.Armstrong, J.Saunders, V.Wong, A.Pankrukhin). Table 1 presents the most popular definitions found in modern literature.

Territory branding is a strategy to increase the competitiveness of cities, regions, geographic zones and states with the goal to conquer foreign markets, attract investors, tourists, new residents and skilled migrants. Branding of places is aimed at overcoming the shortage of material and intangible resources

in the region; it is based on the idea of presenting to the public a comprehension of the uniqueness of the territory (Marketing, 2017).

Table 1. City brand definitions (Визгалов, 2011)

Author and source	Definition
Moilanen T., Rainisto S. How to Brand Nations, Cities and Destination. - L: Palgrave Macmillan, 2009	...It is the impression that the city makes on the target audience, the sum of all the material and symbolic elements that makes the city unique.
Anholt S. Competitive Identity: The New Brand Management for Nations. Cities and Regions. - Basingstock: Palgrave Macmillan, 2007	...This is the competitive identity of the city.
Kavaratzis M. From City Marketing to City Branding. An Interdisciplinary Analysis with Reference to Amsterdam, Budapest and Athens. - PhD Thesis, University of Gronongen, 2008	...This is more than just revealing the uniqueness of the city based on positive associations; it is the formation of the associations themselves.
Kavaratzis M., Ashworth G. City Branding: an Effective Assertion of Identity or a Transitory Marketing Trick?//Tijdschrift voor Economische en Sociale Geografi e. - 2005. - Vol. 96.	...It is a multidimensional constructor, emotional and material elements that create together a unique set of associations with a place in the public consciousness.

Branded, stellar cities attract not only tourists, but also business representatives from various countries and industries who want to live interestingly, in an interesting place and have access to modern goods, unique objects and impressions. The brand promises and in the future creates the effect of involvement in something special. The aspect allows moving forward in the competitive struggle among the territories of the world and allows you to attract the most qualified personnel, because apart from material income very important things are job status guarantees and enjoyment of the job. Thus, the brand of the territory, in fact, is one of the important elements of ensuring social stability.

Today, formation of the brand of territory can be presented in the sequence of actions (Fig. 1).

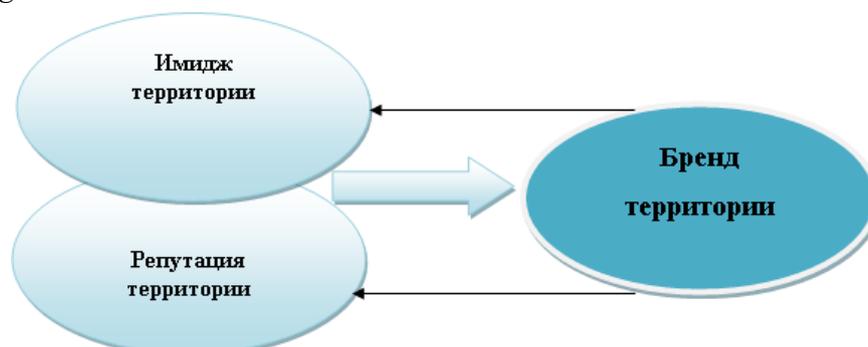


Fig.1. Image, reputation and brand of territory

Anholt (2004), Clark (2007), Dinnie (2008), Temporal (2001), and others have

emphasized the value of building a positive brand for a nation. Adaptation of this thinking works for cities and includes:

- attraction of inbound investment
- attraction of inbound tourism
- credibility and confidence by investors
- increase of political influence internally (national) and externally (multinational)
- better and more productive global partnerships with other cities, public or private research and university institutions, and private sector organizations
- 'city of origin' effect on products or services
- civic pride: ability to focus local harmony, confidence, and resolve

To this list, Alan C. Middleton (2011) add two additional benefits that derive from building a powerful place brand: first, planning process advantage, and second, execution advantage. Planning process advantage refers to the clarity of what the city brand is and what it stands for. This clarity is helpful in focusing strategy. Brands exclude associations and activity as much as they include them. As strategy is the allocation of scarce resources to areas with the highest likelihood of return, so too is a city's brand an expression of its strategy (Middleton, 2011).

3. Modern City Branding and Inward Investment

In many aspects, the difficulties in managing city brands are related to the need timely take into account and respond to the needs of completely different target audiences.

As a sense of urgency grips many city authorities to create a brand for their urban place, the needs, interests and values of important stakeholders might be overlooked. One group is often neglected in the process of building city brands. Undervaluing the stake that residents have in shaping and enhancing a city's brand could undermine the aims and intentions of a city's original brand strategy. While it might be unrealistic to satisfy the demands and desires of all residents, they are instrumental in building the city brand, as they 'live and breathe' the city's brand identity. Residents' attitudes and attachment to the city where they live, work and play can influence the perceptions of tourists and visitors through their recommendations and complaints. Residents' skills, talents and entrepreneurial drive also contribute to the city's and region's growth and prosperity. In these and other ways, residents can add value to the brand equity of the city in which they live (Insch, 2011).

There is aggressive global and national competition between cities for investment. Clark (2007) suggests that the role of cities is to be investable and investment-ready. Investment creates jobs, expands the tax base, helps manage budgets and credit ratings, and funds education, infrastructure, and services. Regions and cities are active promoters of their benefits (Middleton, 2011).

In modern reality, competition for investments reaches extraordinary heights. Nowadays, the largest national and transnational corporations are puzzled by the search of suitable places to expand entrepreneurial activity. Undoubtedly, when making such decisions, the most thorough analysis is always carried out. In addition, the impression of the brand will necessarily affect the formation of a list of alternatives and the final choice.

In the modern business world, the rating that became known as Anholt-GfK Roper Nation Brands Index (NBI) becomes the decisive factor in choosing a territory for starting a business, expanding an already existing business or even transferring basic capacities to the world investors.

The study measures global perceptions of 50 developed and developing countries - and is unmatched in the level of detail on which the nation ranking is judged.

2016 year, the UK and USA suffered the largest decreases of over one point each, with Germany, Japan and France seeing the next largest drops. The fact that all of the top ten countries saw falls in global perception marks a stark departure from 2015, when eight of the top ten countries actually improved their overall (table 2).

Table 2. Reputation drops for top ten countries in 2016 (GfK, 2016)

2016 Index overall ranking	Nation	2015 Index overall ranking	Score difference 2016 - 2105
1	United States	1	-1.04
2	Germany	2	-0.96
3	United Kingdom	3	-1.31
4	Canada	5	-0.33
5	France	4	-0.81
6	Italy	7	-0.54
7	Japan	6	-0.88
8	Switzerland	8	-0.64
9	Australia	9	-0.25
10	Sweden	10	-0.64

Professor Simon Anholt, the independent policy advisor who created the NBI study in 2005, comments, “Usually, global perception of individual countries is incredibly stable – but changes can and do take place. It is a country’s perceived impact on the world that affects its global reputation, far more than its assets or achievements - and this is what we are seeing here. Those countries that are

perceived as being world influencers are suffering following a year of ongoing international conflict and humanitarian issues.” (GFK, 2016)

4. Analysis of the situation in the Latvian transport infrastructure

Due to Latvia's modest natural resource base and its strategic location between the EU and large markets to the East, the transportation sector is one of the most important in the country. Transportation services in Latvia have experienced high growth in added value in recent years (Export, 2017). Historically, Latvia has been one of the main transit points for both north-south and east-west trade flows. Its geographical location remains central to strategically relevant transportation flows connecting major world economies like the USA, European Union, Russia, the CIS and the Far East. The transit sector is one of the strongest industrial sectors in Latvia. Nearly 90 % of turnover in Latvian ports, more than 80 % of rail cargo, and the major proportion of oil and oil products transported via trunk pipeline systems is transit. More than 8 % of Latvia's employees are engaged in the transportation and servicing of transit cargo (LIAA, 2017). Latvia is also within the Schengen area. As a result, this sector contributes more to the country's GDP than the manufacturing industry as a whole (Export, 2017).

Efficient and competitive services are offered in Latvia by operators of ports, railway, road transport, warehousing and customs brokerage, logistics centers, as well as shipping agents, forwarding agents and transporters of oil and oil product pipelines. One third of service export in the economy of Latvia is provided by transit and logistics sector (Transport a, 2017).

Latvia has three major ice-free sea ports: Riga, Liepaja, and Ventspils. Each is actively working to expand and improve services. All three ports offer support mechanisms for potential investors. The best prospects are in developing different cargo terminals in the specified sea ports. In addition, the Rezekne Special Economic Zone provides for excellent business opportunities as a railway hub close to Russia (Export, 2017). In 2016 the ports handled more than 63.1 million tons of cargo in total (Transport a, 2017).

Riga and Ventspils ports act as free economic zones. The Port of Liepaja is a part of the Liepaja Special Economic Zone (SEZ). Taking into account the fact that there are large free land plots available in Latvian Free Ports and SEZ, they are actively working on various investment projects such as construction and development of industrial and distribution parks, attracting investments, creating higher added value through the development of production and increasing the range of offered services (Transport b, 2017).

Rail transport is one of the most perspective means of land transport both

considering security and ecology aspects. Railroad already plays a significant role in Latvian economy. The rail freight volumes constitute around 52% of the country's total land transport volume. 85% of rail freight is transit traffic mainly from Russia and Belarus to Latvian ports (East-West Transit Corridor) with domestic transport reaching only 5% which can be explained with relatively short transportation distances.

Public railway infrastructure is developed according to the needs of the economy and is managed by a Joint Stock Company "Latvian Railway" founded by the State. A number of projects financed by European Union funds, as well as with the state budget co-financing are being implemented to increase the level of infrastructure security and to ensure infrastructure development (Transport c, 2017).

The total length of roads and streets Latvia is 73 2059 km, including national highways - 20,131 km. In Latvia national roads are administered by the SJSC "Latvian State Roads".

From the North to the South Latvia is crossed by the European corridor E67 "Via Baltica", (Helsinki – Tallin – Riga – Kaunas – Warsaw), which is connected to the E77 (Riga – Kalliningrad – Gdansk).

From the East to the West Latvia crosses the motorway E22 with the European importance, which starts in the UK and reaches the central part of Russia. The E22 is crossing Latvia in the route Ventspils - Riga - Rezekne - Russian border. All major road connections are included in the Trans-European Transport Network TEN-T and most significant investments are made directly to these routes. This ensures qualitative traffic from Latvian ports to neighbouring Russia and Belarus.

62.2. million tons of cargo was transported by road transport in 2015. International shipments increased by 2.3 million tonnes or 19.5%. The main road transport market has always focused on Russia, the CIS and Central Asian countries. Under the global influence in 2015 the most of Latvian registered road transport carried freight to the Scandinavian countries and Germany (Transport d, 2017).

Aviation is one of the most growing area in the transport sector of Latvia. During the past seven years the amount of passengers used JSC "International Airport "Riga"" has increased almost four times and it has become a evident leader among the Baltic airports, as well as one of the fastest developing airports in the European Union.

Besides Riga airport in Latvia there are two smaller airports: in Liepaja and Ventspils.

In 2015 the market share of the International Airport "Riga" in the Baltic countries was 45%, the number of served passengers has exceeded 5 million

passengers per year. In turn, the cargo turnover was 39% of the Baltic airport cargo turnover, or almost 33 thousand tons. Air transport services exports are raised from 79 million euros in 2004 to 254 million euros in 2015 (Transport e, 2017).

Latvia recognises the development of an effective, secure, multi-modal, balanced, environmentally-friendly and competitive transport system to be a priority. The main goal for the sustainable development of Latvia's transport system is to fully integrate Latvia's transport infrastructure with the Trans-European multi-modal transport system. Special attention is being paid to developing coastal shipping and combined transportation. Promotion of ferry traffic in the Baltic Sea is being, and will be emphasised further by involving Latvia's port authorities. A key priority is to construct and develop industrial, logistics and distribution parks. In developing the transport and energy infrastructure of the European Union, essential conditions are: the effective use of the transport and energy network; the planning of development from an economic point of view, taking into account established goods and passenger transport corridors; and the development potential of economic relations between the European Union and neighbouring countries (LIAA, 2017).

5. Case Study: Assessment of existing investment projects in the railway infrastructure of Latvia

In determining the ways to ensure the sustainable development of any territory, the investment attractiveness of this territory plays a leading role.

Transport infrastructure is one of the most important factors for a country's progress today.

Adequate infrastructure is a fundamental precondition for transport systems. In their endeavour to facilitate transport, however, decision-makers in governments and international organizations face difficult challenges. These include the existence of physical barriers or hindrances, such as insufficient or inadequate transport infrastructures, bottlenecks and missing links, as well as lack of funds to remove them. Solving these problems is not an easy task. It requires action on the part of the governments concerned, actions that are coordinated with other governments at international level (UNECE, 2017).

From the point of view of realized investment projects, the first place in the entire transport infrastructure of Latvia is the railway.

The year 2015 was the year with the focus on investment projects for "Latvijas dzelzceļš" (Fig. 2) – the largest amount of investments in company history ever, has been uptaken during this year (Latvijas dzelzceļš, 2016).

2015 was technologically difficult yet successful for the Latvian railway –

“Latvijas dzelzceļš” has managed to not only maintain significant transport volumes but also ensured the implementation and completion of technologically sophisticated infrastructure projects on time in the light of global economic events when the freight volumes started to decline because of mutual economic sanctions between the European Union and Russia.



Fig. 2. Completed projects (Latvijas dzelzceļš, 2016)

The year 2015 is remarkable for SJSC “Latvijas dzelzceļš” operations because of a number of significant projects implemented that increase the competitiveness of the Latvian transport and logistics industry. Among them, major capital investments ever have been made that lead to a significant increase in the total amount of fixed assets (Fig. 3).

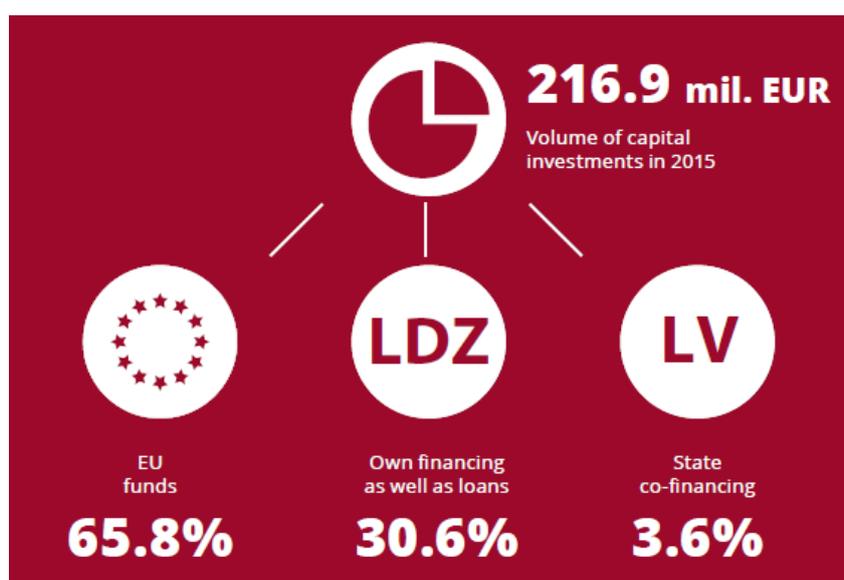


Fig. 3. Volume of capital investments in year 2015 (Latvijas dzelzceļš, 2016)

Total amount of fixed assets has increased by 116 million EUR within a year thanks to capital investments made.

SJSC “Latvijas dzelzceļš” long-term liabilities are 161.5 million EUR, but the short-term liabilities are 24.8 million EUR.

The major projects implemented 2015 year were – modernisation of the Šķirotava Station (Riga Marshalling Yard) and the main data transmission network, construction of Bolderāja 2 Station along with a railway track providing a link to Krievu island, as well as other projects.

In the analyzed period, one of the most significant projects was completed aiming to improve the quality and efficiency of the railway passenger service within Riga and the suburban area by integrated modernisation of the public railway infrastructure at 16 stations, ensuring the sustainability of the railway operations in the public transport system of Riga City and the suburban area while reducing environmental pollution (Fig. 4).

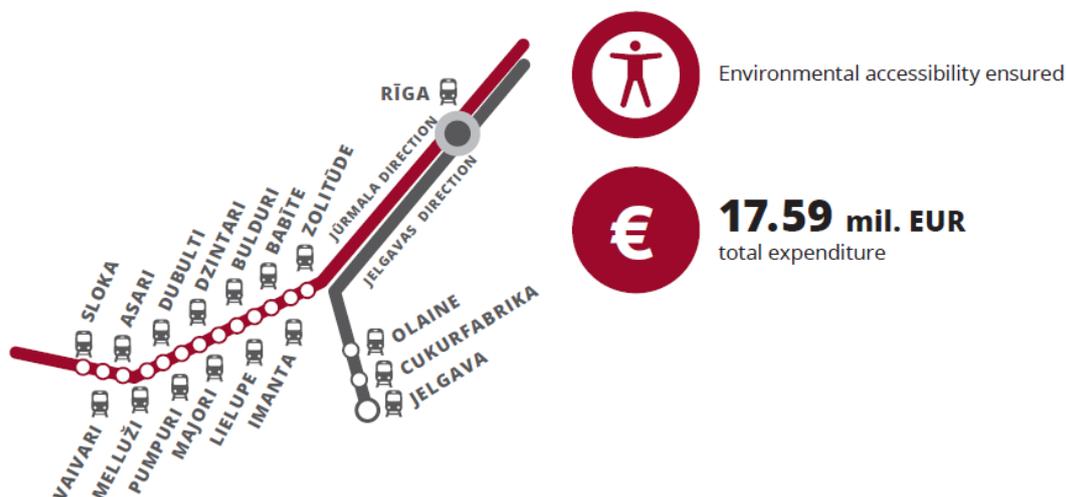


Fig. 4. Modernisation of the railway passenger infrastructure (Latvijas dzelzceļš, 2016)

Modernisation of the railway passenger infrastructure will provide a safe and convenient service to all categories of passengers, including disabled persons, on passenger platforms and station buildings, as well as access to the facilities of the passenger infrastructure and safe train traffic within the stations.

Subject to the strategy 2016-2020 of “Latvijas dzelzceļš”, the implementation of European Union fund co-financed investment projects for more than 500 million euros are planned in the nearest future, thereby further improving the railway infrastructure for both freight and passenger transportation.

That will have a positive impact on the development of the territorial brand of Latvia also in the future. This is explained by the fact that transport has influence on the big number of spheres of life of modern man (Latvijas dzelzceļš, 2016).

Conclusion

Development is related at improving the welfare of a society through appropriate social, political and economic conditions (Rodrigue & Notteboom, 2017). Today, cities of all sizes find themselves competing against places and organizations on the other side of the world. The global search for talented workers, advantageous conditions and access to markets has brought even small cities onto the radar of global corporations. At the same time, international tourists are becoming more discerning and show an increasing inclination to go beyond the traditional gateway cities to lesser known, emerging cities and regions. This new paradigm means that ambitious cities must proactively shape and influence what the world thinks of them and position and market themselves with strategic intent (Baker, 2011).

Because of its intensive use of infrastructures, the transport sector is an important component of the economy and a common tool used for development. This is even more so in a global economy where economic opportunities have been increasingly related to the mobility of people, goods and information. A relation between the quantity and quality of transport infrastructure and the level of economic development is apparent. High density transport infrastructure and highly connected networks are commonly associated with high levels of development. When transport systems are efficient, they provide economic and social opportunities and benefits that result in positive multipliers effects such as better accessibility to markets, employment and additional investments. When transport systems are deficient in terms of capacity or reliability, they can have an economic cost such as reduced or missed opportunities and lower quality of life (Rodrigue & Notteboom, 2017).

Making the rail sector more efficient is a top priority for the EU, which has spearheaded efforts to encourage greater competitiveness of rail (European Communities, 2008).

High-quality railway infrastructure is significant for economic development, as it allows traders to transport goods by rail, and it generates income for the State both by means of direct income and by taxes and the economy as a whole, as well as, of course, contributes to many dozens of thousands of jobs. Whereas, high-quality rail infrastructure provides passengers with convenient and quick access to the chosen destination (Latvijas dzelzceļš, 2016).

References

- Insch, A (2011) *Branding the City as an Attractive Place to Live*. City Branding. Palgrave Macmillan. 270 p.
- Middleton, A.C. (2011) *City Branding and Inward Investment*. City Branding. Palgrave
- Skorobogatova O. *The Impact of Investments in Country's Transport Infrastructure on the Territory Brand*

- Macmillan. 270 p.
- Rodrigue J.-P., and Notteboom T. (2017) *Transport System*. 4ed. New York: Routledge, 440 p.
- Latvijas dzelzce?? (2016) *Annual report 2015*. 79 p.
- Визгалов, Д. (2011) *Брендинг города. М. : Институт экономики города*. 82 с.
- Ataeva, T.A. (2015) *Issues of territory branding. Теория и практика общественного развития*. Nr.7 p. 78-80
- European Communities (2008) *Modern rail modern Europe*. Available at: <https://ec.europa.eu/transport/sites/transport/files/media/publications/doc/modern_rail_en.pdf> [Accessed 13 April 2017]
- Export (2016) *Latvia - Transportation Services*. Available at: <<https://www.export.gov/article?id=Latvia-Transportation-and-Services>> [Accessed 04 April 2017]
- GfK (2016) *Reputation drops for top ten countries in 2016*. Available at: <<http://www.gfk.com/insights/press-release/nation-brands-index-2016-reputation-drops-for-all-top-ten-countries/>> [Accessed 03 April 2017]
- LIAA (2017) *Transit and Logistics*. Available at: <<http://www.liaa.gov.lv/en/trade/industry-profiles/transit-and-logistics>> [Accessed 04 April 2017]
- Marketing (2017) *Национальный брендинг и брендинг территорий*. Available at: <http://www.marketing.spb.ru/lib-special/regions/nation_branding.htm> [Accessed 03 April 2017]
- Transport (2017) *Welcome to Latvian transport and logistics portal!* Available at: <<http://www.transport.lv/index.php?lang=en>> [Accessed 12 April 2017]
- Transport (2017) *Ports*. Available at: <http://www.transport.lv/index.php?option=com_content&view=article&id=103&Itemid=167&lang=en> [Accessed 12 April 2017]
- Transport (2017) *Railway*. Available at: <http://www.transport.lv/index.php?option=com_content&view=article&id=102&Itemid=168&lang=en> [Accessed 12 April 2017]
- Transport (2017) *Road transport*. Available at: <http://www.transport.lv/index.php?option=com_content&view=article&id=128&Itemid=169&lang=en> [Accessed 12 April 2017]
- Transport (2017) *Aviation*. Available at: <http://www.transport.lv/index.php?option=com_content&view=article&id=115&Itemid=292&lang=en> [Accessed 12 April 2017]
- UNECE (2017) *Transport Infrastructure Development*. Available at: <https://www.unece.org/trans/theme_infrastructure.html> [Accessed 30 March 2017]



Journal
Cultural Heritage
&
Tourist Territory



Features of insurance of tourist risks in Latvia

Alla Seregina

Transport and Telecommunication Institute,
Riga, Latvia, vik2906@inbox.lv

Abstract

The article deals with the classification and evaluation of tourist risks in insurance, the methods of their recording in the activities of travel companies and the development of travel insurance programs offered by Latvian insurance companies. The conditions of travel insurance in various insurance companies are compared. Based on the analysis of the financial statements of insurance companies in Latvia, proposals are formulated on the need for special reflection of travel insurance in financial documents, since the absence of this article by most insurance companies does not allow determining the level of insurance compensation, assessing the validity of tariffs and overall performance of the insurance company in this direction of the insurance.

Keywords: tourism, travel insurance, risks, insurance companies.

1. Introduction

Insurance and the sphere of tourism are of great importance for the development of the country's economy. Services, which include these activities, are important components of the economy. The sphere of tourism has wide enough distribution and on statistical indicators occupies an important place in the economy of Latvia in terms of the volume of services provided. So, in 2015, in the structure of export of services, the share of travel accounted for 20%, and the structure of imports 24% of their total volume (Ziņojums par Latvijas tautsaimniecības attīstību, 2016).

Insurance – the most important element of economic relations and an effective way of compensation for damage. Each of the considered types of activities has its own external economic orientation, and in the interconnection "insurance and tourism" today have a clearly expressed international character. Expansion of foreign economic relations requires the compliance of all segments of the market with international standards, since in the implementation of tourist operations, the interests of more than one state are affected.

The external economic character of the objects of tourist insurance is manifested in the location of the property interests of tourists and tourist firms. Since the most important condition for the existence of an insurance interest is that it does not exist by itself but is associated with a particular person, it is obvious that the property interests of tourists during their trips are not in their place of residence but in the country of their temporary stay.

Insurance is a way of reducing the risks that arise in the sphere of tourism, in particular such subjects as tourist organizations and tourists. In addition to the fact that there are common risks typical for most economic entities, there are specific risks in the field of tourism, especially those accompanying tourists, as subjects of tourist activity.

The necessity of insurance in the sphere of tourism is also conditioned by international norms on the provision of financial guarantees, which, in turn, contributes to the development of insurance by the travel agencies themselves.

Tourist insurance promotes the development of both insurance and tourism as separate areas of activity. The increase in the number of traveling citizens, with the normal development of insurance relations, leads to an increase in the number of concluded insurance contracts, and, accordingly, to an increase in the amount of insurance premiums collected and the volume of the insurance market as a whole. Changing the qualitative component of insurance products allows to fulfill obligations to insurers under insurance contracts at a proper level, and to tourist organizations for ensuring the safety of tourists. Such mutual influence and expansion of areas of cooperation contribute to the development of these sectors of the economy. The purpose of this article is to identify the features of the systematization of tourist risks in insurance and their impact on the assessment of the activities of insurance companies in the field of tourism insurance.

The methodological basis for the study of the theory and practice of insurance in tourism is the work of German and Austrian insurance specialists, where this line of activity of insurance companies has been developing for many decades (H. W. Van Bühren / Irmtraud Nies (2010), Klaus D. Schmidt (2009), Ingrid Bläumauer (2000), Ernst Führich (2005), Günter Hässel, Jörg Rummel (2007). Interest in the insurance of tourism professionals in these countries is also due to the fact that Ergo (the main shareholder of the ERGO insurance group is the

world's leading reinsurance company Munich Re) and Vienna Insurance Group quite successfully operate in the insurance market of Latvia.

Informational and analytical basis of the article is made up of data from annual reports of Latvian insurance companies. In the process of analyzing tourism risks, grouping methods, comparisons, a system approach, and methods for system analysis of theoretical and practical material were used.

2. Classification of tourist risks

The development of tourism is carried out in a certain natural and social environment, which influences its results. This influence is not always favorable. The physical and social hazards should be taken into account by the subjects of the tourism industry, which should minimize and prevent a variety of threats to the safety of tourism activities. The safety of a tourist trip includes the personal safety of tourists, the safety of their property, as well as not causing damage to third parties during the journey. Insurance risks for tourists are quite numerous. It can be: acute sudden illness; accident; loss of luggage and other property - inability to travel to a paid tour; the delay of an airplane or other transport when leaving - entry; non-issuance of a visa; failure to provide or incomplete provision of services; Damage that was unintentionally caused to the health, life or property of third parties; the need for legal assistance. One of the main features of insurance in tourism is a wide range of risks. Insurance in tourism actually affects all areas of insurance: personal insurance, property insurance and liability insurance. Accordingly, the spread of risks will also affect the significant differentiation of tariffs in voluntary insurance of tourists.

In addition, in insurance of tourism, it is necessary to take into account the insurance risks inherent in travel agencies, including: financial, property and civil liability under a contract with a tourist. Insurance is a relationship to protect the interests of individuals and legal entities of Latvia, entities and municipal entities when certain insured events occur at the expense of monetary funds generated by insurers from insurance premiums (contributions) paid, as well as at the expense of other means of insurers.

The main parties of such relations are the insurers (insurance companies) and the insured. In this case, the insured can act as travel companies and travel agencies, as well as tourists traveling abroad. Accordingly, for insurance entities, it is necessary to classify the risks of tourist organizations as legal entities and the risks of tourists as individuals.

In the structure of the risks of tourism organizations, it is necessary to identify the economic risks associated with ensuring the solvency and financial stability of travel agencies, as well as the risks associated with ensuring the

safety of the tourists themselves. In Latvia, the provision of tourism security is regulated by the Tourism Act. (Turisma likums, www.gov.lv).

The terms of insurance against insolvency and bankruptcy risk are specified in the Cabinet of Ministers Regulation Regarding the Rights and Duties of Tourism Operators, Tourism Agents and Clients, the Procedures for the Preparation and Implementation of the Package of Tourism Service, the Information to be Provided to a Client and the Procedures for

Deposition of Security Guarantee of Money (Regulation No. 353, 2010). . In accordance with this decree, a database of the Travel agents and tour operators database (TATO;tato.em.gov.lv) was created in the submission of the Ministry of Economy, which accumulates and updates information on travel agencies and tour operators operating on the market, as well as on the money guarantees that the tour operator must provide. TATO can also be used by potential travelers to ensure that a particular merchant has registered their activities as a travel agent or tour operator, and also to make sure that the selected tour operator provided a guarantee of money paid by customers. It's about guaranteeing money paid by tourists who ordered a tour from a particular tour operator. This mechanism is designed to protect the interests of tourists to insure them against cases when the tour operator is not able to fulfill its obligations to the client. In conditions of insolvency, a guarantee is required to compensate for damage caused by the failure of the tour operator to fulfill its obligations, and also to return the tourist to the country in which he began his journey.

In order for the tour operator to register in the TATO, he must arrange, through the insurer, insurance for the fulfillment of the obligations of the tour operator. This is a specific type of insurance policy, designed specifically for tour operators, which is issued every year. In the event that the tour operator is not able to fulfill its obligations to its client, the insurance company compensates the client for damage instead of an inconsistent tour operator, and then appeals to the tour operator with a recourse claim.

The rules of the Cabinet of Ministers set the amount of the monetary guarantee - the amount must be at least 28457.44 EUR. In turn, the amount of insurance premium that a tour operator must pay to an insurance company can be from 300 to 1000 EUR per year.

For new travel agencies that do not have the necessary funds in full, insurance companies offer several possible options for obtaining insurance:

Firstly, the founder of the company can offer his real estate in Latvia as collateral. In this case, the real estate will be mortgaged and, in the event that the tour operator does not fulfill its obligations, the property can be sold to meet the insurer's requirements.

Secondly, an entrepreneur can himself act as guarantor by signing an

agreement with an insurer on a personal guarantee. In this case, the entrepreneur is responsible to the insurer with all his property.

Thirdly, an entrepreneur can pay half of the required amount to the account of the insurance company, where this money remains frozen for the entire duration of the insurance policy. The amount of insurance premium that an entrepreneur must pay to an insurer depends on the option chosen. The greater the risk for the insurer - the correspondingly higher the premium. In addition, the insurance company, before entering into an insurance contract with new travel agencies, requires information on the planned number of tourists, the estimated cost of one tour and the magnitude of the forecasted annual turnover. The insurance contract is concluded every year, and if new travel agencies achieve good results, then the terms of insurance are relaxed, and the insurance premium is reduced.

The provision of tourist safety is regulated in Latvia by Articles 17 and 18 of the Tourism Law.

According to Article 17. "Safety of Tourists" a merchant which provides tourism services has a duty to:

1. based on information provided by State authorities, inform the tourist regarding the security situation in the place to which the tourist desires to travel;
2. when selling package tourism services, offer the tourist medical or another type of insurance related to travel;
3. provide parents, guardians or trustees with information that would allow them to maintain contact with persons, who are travelling or for whom they are responsible; and
4. In active tourism and sports tourism events, organisers of the relevant event shall be responsible for the security of the tourists and the fulfilment of special technical requirements.

According to Article 18. "International Co-operation in the Field of Protection of Rights and Security of Tourists", the state insurance of tourist risks is provided in the following cases:

1. the fast delivery of the tourist to the country of residence, if he or she has suffered trauma in an accident or illegal activity has been committed against him or her;
2. the delivery of property stolen and later found to the country of residence;
3. the provision of emergency medical treatment;
4. that, all necessary information on the condition of health of the victim and the circumstances, in which illegal activity has been committed against the tourist, is rapidly placed at the disposal of the country of permanent residence; and

5. the delivery of his or her mortal remains to the country of permanent residence in the event of the tourist's death.

Thus, the necessity of insurance of tourists by travel agencies is fixed in the law, however the variety of insurance risks in tourism predetermines the specificity of travel insurance. On the one hand, since travel agencies are obliged to insure tourists and the price of the insurance premium influences the cost of a voucher, travel agencies are usually limited to medical insurance, which, as a rule, corresponds to insurance programs of the first level. In fact, in this part, tourist insurance is mandatory. As for the remaining risks, their insurance is voluntary.

3. Travel insurance by Latvian insurance companies.

Currently, there are 5 insurance companies for the insurance of risks (Balta, Baltijas Apdrošināšanas Nams, Balcia, Baltikums un BTA Baltic) and 5 branches of foreign insurance companies for the insurance of risks (Compensa, ERGO, Gjensidige, If Apdrošināšana, Seesam, Swedbank P & C).

Insurance is carried out on the basis of certain rules, which give the procedure for concluding, changing, terminating and expiring the insurance contract; identified insurance risks and incidents, as well as the insurance amount, insurance premium and insurance coverage, rights and obligations of the parties. These rules are specified in the insurance contract. When concluding an insurance contract, the policyholder (the insured) receives an appropriate insurance policy. Insurance of tourists is a special kind of insurance, providing insurance protection of property interests of citizens during their stay in tourist trips, cruises. Personal insurance of tourists refers to risky types of insurance, the most characteristic feature, which is their short-term, as well as a greater degree of uncertainty of possible damage in the event of an insured event. A tourist, as a client of an insurance organization, is interested in providing assistance as soon as possible and at the proper level, if necessary. Not the least role in this is played by what insurance or service organizations abroad the insurer cooperates with.

Currently, there are two forms of insurance services for tourists: compensation and service (assistance). Compensation insurance provides for the traveler to pay for all medical expenses and reimburse them only upon return to his homeland, which, as a rule, is inconvenient, forcing the tourist to carry a significant cash reserve for this case.

In the case of service tourist insurance, as agreed with the partner, the Latvian insurer determines the volume of insurance services, and the assistance

is provided by the assistance company in the host country. Tourists, having concluded a contract with an insurance company, it is enough to call one of the said dispatch services, to provide the number of their policy, the name and the victim will be provided with the necessary assistance.

Insurance companies in Latvia generally offer insurance for more than 30 tourist risks. Each company offers from three to five programs depending on the number of insured risks. These programs differ in the size of insurance coverage and, accordingly, in the amount of insurance tariffs.

Table 1. Insurance rates for one tourist per day depending on choosing program (EUR)

Insurance companies	Main rate	Standard rate	Extra1	Extra 2	Extra 3
Balta	0.5	0.92	1.98		
Baltijas apdrošināšanas nams	0.4	0.67	1.2	1.40	1.70
BTA Baltic Insurance Company	0.76	1.1	1.5	2.4	3.0
Baltikums	0.3	0.9	1.7	4.2	
If Latvia	0.6	0.85	1.62	1.74	
Seesam Latvia	0.51	0.93	1.87	5.10	
Swedbank P&C Latvijas filiāle	1.1	4.22	6.12	8.57	9.79
Compensa Vienna Insurance Group	0.5	1.25	2.25		

The data presented in the table characterize the considerable dispersion of tariffs between insurance companies, therefore, when choosing an insurance company, these differences must be taken into account, comparing them with the risks included in each program and the insurance coverage of these risks. As you can see, there are no uniform standards for risk classification, and accordingly, insurance programs. Of the eight companies represented in the table, Swedbank P & C, BTA “Baltic Insurance Company” and “Baltijas apdrošināšanas nams” offer five insurance programs, “Baltikums” “If Latvia” and “Seesam Latvia”, four programs and “Balta” and “Compensa Vienna Insurance Group”- three programs.

The basis of each program is insurance of medical expenses and medical transportation costs, which may become necessary in case of a sudden illness or accident. As for the insurance of other risks, the proposed programs may have significant differences, especially in terms of the amount of risk coverage. The choice of the program will largely depend on the nature of the trip. If it is a question of traveling by bus or train, it is advisable to choose the main program. If it is necessary to fly by plane, in addition to the main one, the program should include such risks as luggage insurance, inability to travel, civil liability to third parties, as well as accident insurance. When traveling by car, the program includes risks that involve the organization of assistance in the territory of a

foreign country in a road traffic accident.

In addition to choosing an insurance program for clients, the financial stability of the insurance company and the conditions for obtaining insurance compensation are of no small importance. Information about the financial condition of insurance companies is open and available on the Internet to any user. However, in terms of travel insurance, reporting is not sufficiently systematized. Travel insurance as a separate type of insurance in the financial statements of the year 2015 was allocated only to the company BTA and "Balta." BTA" sold 71587 policies in the amount of 833963 EUR, that is, the average price of the policy was 11.65 EUR, and the average insurance amount - 49000 EUR, which means that the travel insurance was carried out according to the main program, while in general the insurance of travel in the amount of gross premiums was less than one percent. (BTA Finsnšu pārskats, 2015). In "Balta", the volume of gross-premiums received in travel insurance in 2015 was 146211 4 EUR or 2.18% of the total (Balta, Finsnšu pārskats, 2015) According to the Latvian Insurers Association in 2016, the gross premiums in travel insurance amounted to 9,524,646 EUR or 2.4% of the insurance market, and the amount of compensation paid was 2,775,144 EUR or 1.1% of all reimbursements(www.laa.lv). The lack of more detailed information on travel insurance in the financial statements of most companies does not allow us to assess how effectively insurance companies work with clients.

Conclusion

The variety of tourist risks predetermines the uncertainty of the field of travel insurance, both in theory and in practice.

Insurance of tourists as a separate type of insurance in the scientific literature is allocated in the structure of personal insurance as a type of insurance against accidents and diseases. At the same time, it is necessary to take into account not only material interests related to the life and work capacity of insured citizens, but also with the property and responsibility of tourists and travel companies.

In practice, information on insurance in tourism provided by insurance companies, FKTK and Latvian Insurers Association does not fully reflect the activities of insurance companies in this area of insurance. Choosing an insurance company, a tourist should be able to assess the stability of its financial condition. Particular attention should be paid to the choice of an insurance company with serious partners and the terms of the insurance contract in order to purchase an insurance policy with the maximum insurance coverage at an affordable price.

References

- Balta [cited 20.03. 2017] Available from internet < <https://www.balta.lv/>>
- Baltijas apdrošināšanas nams [cited 02.04. 2017] Available from internet [https:// www.ban.lv](https://www.ban.lv/)>
- Baltikums , [cited 02.04. 2017] Available from internet: < https://www.interrisk.lv>
- Bläumauer I., (2000) Reiserecht: Verhältnis Reiseveranstalter – Kunde. Orac Verlag, Wien
- BTA Baltic Insurance Company [cited 02.04. 2017] https://www.bta.lv>
- Compensa Vienna Insurance Group , [cited 10.04 2017] Available from internet: < <https://www.compensa.lv> >
- Dorfman, M., Cather, D., (2012) Introduction to Risk Management and Insurance. (10th Edition), United States Edition.
- Ekonomikas ministrija. Ziņojums par Latvijas tautsaimniecības attīstību 2016 gada], [cited 10 April 2017] Available from internet: [https://www.em.gov.lv/...attistiba/zinojums par latvijas taut.](https://www.em.gov.lv/...attistiba/zinojums%20par%20latvijas%20taut)
- Ekonomikas ministrija. Tūrisma aģentu un tūrisma operatoru datubāze [cited 10.04. 2017] Available from internet: <<http://tato.em.gov.lv/site/about>>
- Führich E.,(2005) Reiserecht: Handbuch des Reisevertrags-, Reiseversicherungs- und Individualreiserechts. 5. Auflage. C. F. Müller, Heidelberg.
- Hässel G., Rummel J.,(2007) Besteuerung, Buchführung und Vertragsrecht der Reisebüros. Mit CD. 4. Auflage. C. H. Beck, München .
- If Latvia , [cited 10.03. 2017] Available from internet: <https://www.if.lv>
- Latvijas apdrošinātāju asociācija. Apdrošināšanas tirgus 2016. gada 4. ceturksnī, [cited 10.04. 2017] Available from internet: < [https:// www.laa.lv](https://www.laa.lv)>
- Likumi LV. Turisma likums, [cited 10.03. 2017] Available from internet < [https:// www.gov.lv](https://www.gov.lv)>
- Ministru kabineta noteikumi Nr.353.(2010.gada 13.aprīlī,prot. Nr.13 22.§). Noteikumi par tūrisma operatora, tūrisma aģenta un klienta tiesībām , [cited 02.04. 2017] Available from internet: < <https://likumi.lv/doc.php?id=208158>
- Nies I., Hubert W. van Bühren: Reiseversicherung. Rücktritt – Abbruch – Kranken – Gepäck. Kommentar,(2010) 3.Aufl., München, Verlag C.H. Beck.
- Schmidt K.: Versicherungsmathematik.(2009) Springer (3. Auflage).
- Seesam Latvia , [cited 10.04. 2017] Available from internet: <https://www.seesam.lv/>
- Swedbank P&C Latvijas filiāle, [cited 10.04. 2017] Available from internet: <https://ib.swedbank.lv/private/insurance>>



Journal
Cultural Heritage
&
Tourist Territory



The Influence of Mergers and Acquisitions on the Latvian Insurance Market

Alla Seregina

Transport and Telecommunication Institute,
Riga, Latvia, vik2906@inbox.lv

Abstract

Based on the analysis of the main performance indicators of Latvian insurance companies, the article examines the impact of merges and acquisitions transactions on the development of the insurance market. The study of quantitative and qualitative characteristics of the work of Latvian insurance companies reveals the internal and external factors that contributed to the activation of investment transactions in the insurance market of Latvia in recent years. Evaluation of the effect of mergers and acquisitions transactions on the state of the Latvian insurance market was made on the basis of the financial statements of Latvian insurance companies, the availability and reliability of insurance services for the population of Latvia, as well as changes in the structure of the Latvian insurance market. The results of the research revealed the contradictory impact of M & A transactions on the state of the Latvian insurance market.

Keywords: insurance market, mergers, acquisitions, insurance premiums, insurance indemnities.

In the last decades, the insurance services markets of industrially developed countries began to develop actively in the direction of creating a single international insurance space. In Latvia, this trend of uniting all spheres of the insurance business was most clearly manifested after accession to the EU.

One of the main reasons for the development of the trend towards integration of insurance markets is the expansion of contacts between national markets and

the creation of a single cultural, information and economic space. The effect of the erasure of economic and cultural borders between countries, leading to the expansion of the circle of partners and foreign representative offices of companies, the growing influence of international corporations, and the international tourism industry push the insurance business beyond national borders.

An important factor contributing to the integration of the insurance business is the unification of insurance conditions, carried out both by direct borrowing of insurance technology by less advanced insurance countries from more developed countries, and by introducing the divisions of major international insurers into the national markets of these countries. A special role in the unification of the insurance business is played by the participation of various partners of insurers: reinsurers, assistant services.

In addition, along with the integration processes within the insurance market, there is an interpenetration of the insurance and banking business. Such associations allow more efficient use of the servicing infrastructure of consolidating companies and diversify activities.

Finally, the formation of global communication and information systems creates technical prerequisites for expanding insurance business beyond national borders. The trend towards consolidation of the insurance business covered all its segments and all national markets.

The purpose of this article is to assess the impact of these objective factors of the integration of insurance space on the structure of the insurance market in Latvia. Realization of this goal implies: 1) analysis of the legal framework for regulating the mechanism of mergers and acquisitions; 2) a study of trends in the structure of the Latvian insurance market and their impact on the efficiency of insurance companies.

The information-analytic basis of the article is the data of the FKTK annual reports.

During the analysis, grouping, comparison, system approach, and methods of system analysis of theoretical and practical material were used.

1. Regulation of the insurance market in Latvia.

With the accession of Latvia to the EU, the development of the insurance market is determined by EU directives, according to which amendments are made to the Latvian laws regulating insurance activities. The formation of a single insurance market, which is the EU's main task in the field of insurance, includes two areas: ensuring freedom of activity of insurers in all EU countries

and harmonization of insurance legislation. The head and coordinator of this activity is the European Insurance Committee, in which all national unions and associations of insurers are represented.

The basic principles of creating a common insurance market within the European Union are:

1. Freedom to create affiliates within the member countries of the community for any of its members;
2. Freedom to distribute the insurance product within the community for any of its members without mandatory opening of branches;
3. Fair competition on bona fide and equal terms;
4. The impossibility of using prohibited elements of competition.

The foundation of insurance regulation in the EU countries is made up of three directives of the European Community.

The first directive refers to personal and non-personal insurance (73/239 / EEC and 79/267 / EEC). All subsequent directives are based on it. This document provides for groups of rules recommended to all EU member states, namely:

1. Uniform rules on financial guarantees - on solvency and on the guarantee fund of the insurer;
2. A single grouping of insurance classes, which ensures the unification of the insurance product. Insurance regulation and supervision apply to all classes of insurance, the allocation of classes is made in accordance with the nature of the risks covered.
3. Uniform rules of insurance, which provide unified requirements for licensing of insurance activities in the territory of all EU member states. The license is issued for the insurers of the EU member states in accordance with the accepted classification of the types of insurance.

The second directive on personal and non-personal insurance (88/357 / EEC, 90/619 / EEC) provides for the introduction of freedom to promote insurance services in the territory of other EU member states. This directive speaks about the need to monitor the progress of large risks - this control should be carried out by the country promoting the insurance service.

The rules governing the responsibility of national supervisory bodies for the regulation of insurance activities provide for the division of responsibilities between the two groups of countries - the countries where the insurance product is manufactured and the countries promoting the product. For countries in whose territory the parent insurance organization is located, the responsibility of the supervisory authorities for the solvency of the parent company is provided for all

its activities, including branches. For countries engaged in the promotion of services, the responsibility of supervisory bodies for the regulation of technical reserves and assets covering these technical reserves is provided for only in relation to the portfolio of insurance risks in the country.

The third directive on personal and non-personal insurance (92/49 / EEC and 92/96 / EEC) provides for the following rules: 1) The rule on the transfer, distribution of insurance product and portfolio; 2) Single license rule; 3) The rule of prohibiting petty custody; 4) The rule of following the principle of good quality of the service; 5) Rule on coordination of technical reserves; 6) Rule on the quality and content of information.

The rule on the transfer, distribution of the insurance portfolio and certain insurance risks presupposes the division and some overlap of duties between the supervisory authorities of countries that manufacture and promote the insurance product.

The single license rule means that a license issued by one of the EU member states is valid for all EU countries. This rule assumes that any subsidiary insurance company independently obtains a license, while a branch and representative office uses a license obtained by their parent organization.

The rule of prohibiting petty custody concerns the preliminary and systematic coordination of policy conditions, tariffs and the mathematical base by regulators.

The rule of following the principle of good quality of the service provided means that national rules should not be discriminatory, they must be sufficient, i.e. Do not repeat common rules for the community or change what has already been adopted by the European Community. In this case, the goals and means of achieving them must be proportional, i.e. Must correspond to each other.

The rule on the coordination of technical reserves implies compliance with the following requirements: for obligations (determining the list of technical reserves and the calculation of reserves should be in accordance with the directive on the annual accounting report and the consolidated report of insurance companies), on assets (the choice of directions and volumes of assets that cover technical Reserves should be implemented in accordance with the proposed recommendations).

The rule on the quality and content of information provided to the policyholder on personal insurance includes a requirement that the information provided to the consumer should be sufficient, understandable and comparable for different EU member states.

The EU insurance directives pay special attention to the organization of insurance supervision. Among the minimum requirements for national supervisory bodies for insurance activities are:

Supervision of the financial activities of insurance companies and, first of all, supervision over the solvency and placement of assets of insurance companies.

Development of reliable administrative and accounting procedures for controlling the activities of insurance organizations, as well as internal control mechanisms appropriate to the type of insurance company. The focus of the body of insurance supervision should be an analysis of the solvency of the insurance company. All requirements of the EU on regulating the Latvian insurance market are assigned in the Law "On Insurance and Reinsurance", adopted in June 2015 (www.likumi.lv.) Accordingly, the previous laws "On Preinsurance" and "On Insurance Companies and their Supervision" have lost force. The new law reflects the changes that occurred in insurance after Latvia's accession to the EU.

2. Analysis of the structure of the insurance market in Latvia.

In comparison with the branches of material production, the processes of mergers and acquisitions in insurance have significant differences. A higher level of concentration of capital in the insurance business on the one hand, due to high requirements for minimum capital adequacy. On the other hand, the freedom to promote insurance services on world markets contributes to the further strengthening of concentration processes. Mergers and acquisitions specialists (Lucks K., Meckl R. 2012, Gerds K., Schewe G. 2014, Theuerkorn K. 2013, Straub T. 2017, Grundl H. 2016) pay attention to the following processes that reflect the scale of mergers and acquisitions in insurance markets:

1. concentration of insurance and reinsurance capitals, which is manifested in mass mergers and acquisitions of insurance and reinsurance companies in the world insurance market;
2. merging of insurance and bank capital, leading to the formation of transnational financial groups;
3. concentration in the market of insurance intermediaries, manifested in the formation of the largest international insurance brokers through the merger and acquisition of small and medium-sized companies;
4. the concentration of consumers of insurance services, manifested in the growth of capitalization of transnational corporations and transnational banks and changing their demand for traditional insurance services;
5. the change in traditional forms and types of insurance services leading to the integration of insurance and financial services, and the emergence of alternative insurance and reinsurance on this basis, securitization as a new way of organizing insurance coverage, based on the management of assets of insureds and insurers;

6. change in demand for "mass" insurance services, in particular, activation of insurers' participation in pension insurance against the background of population aging in economically developed countries and reduction of state participation in the payment of old-age and disability pensions, etc.

In order to assess the manifestation of these trends in the development of the insurance market in Latvia, we will consider those changes which occurred in the insurance system of Latvia after accession to the EU.

Among the EU countries, Latvian insurance market is one of the smallest and does not represent a serious significance for the largest insurance companies in Europe. For comparison, the turnover of the largest German insurance company "Allianz" only in Germany is almost a hundred times higher than the turnover of the entire Latvian market. The amount of insurance premiums per inhabitant of Latvia is about 200 euro per year. This amount has doubled over the past ten years, but, for example, in countries such as Finland, France or the United Kingdom, the insurance premium per person is more than 4000 thousand euro. However, this does not mean a lack of interest on the part of foreign insurance companies to the Latvian market, as evidenced by changes that have occurred with the structure of the insurance market after Latvian accession to the EU. According to the FKTK (Financial and Capital Market Commission) at the end of 2016, 5 insurance companies for risk insurance (Balta, Baltijas Apdrošināšanas Nams, Balcia, Baltikums un BTA Baltic) and 6 branches of foreign insurance companies for risk insurance (Compensa, ERGO, Gjensidige, If Apdrošināšana, Seesam, Swedbank P & C). 2 life insurance companies (CBL Life un SEB dzīvības apdrošināšana) and 4 branches of foreign life insurance companies (Compensa Life, ERGO life, Mandatum Life un Swedbank Life) are engaged in life insurance. That is, in general, 17 companies-11 in insurance of risks and 6 in life insurance are represented on the Latvian insurance market. The most significant changes in the insurance market occurred before Latvia joined the EU: in 2000, 25 companies worked in the insurance market, in 2002 20 companies, in 2005 -17 companies. Since then, the number of participants has not changed significantly. However, changes in the structure of the insurance market make it possible to judge that the processes of mergers and acquisitions are quite active.

So, compared to 2002 in the segment of life insurance in 2016, only two companies remained on the market - ERGO life and "Sampo Dzīvība" (since 2009 "Mandatum Life"). The insurance companies with the Latvian capital could not continue the activity owing to increase of requirements to sufficiency of own capital. In turn, with the increase in capital adequacy requirements, expansion of banks' activities in the life insurance segment is associated. This trend

towards the merger of insurance and bank capital, especially in life insurance, has been quite clearly manifested in recent years in most countries. In Latvia, out of six life insurance companies - three are formed with the participation of banks (CBL Life, SEB dzīvības apdrošināšana, Swedbank Life).

Table 1. The structure of Latvian insurance market in 2002 and in 2016

Baltikums Dzīvība (Latvia)	CBL Life (Latvia)
ERGO Latvija dzīvība (Germany)	SEB dzīvības apdrošināšana(Sweden)
BALTA Dzīvība (Latvia)	Compensa Life Vienna Insurance (Estonia)
Salamandra Baltik (Germany)	ERGO life (Lietuva)
Sampo Dzīvība (Finland)	Mandatum Life (Igaunija)
Seesam Life Latvia (Finland)	Swedbank Life (Igaunija)
Risks insurance (2002)	Risks insurance(2016)
Balta(Latvia)	Balta (Polija)
Baltijas apdrošināšanas nams (Latvia)	Baltijas apdrošināšanas nams (Latvia)
BTA (Latvia)	BTA Baltic Insurance Company (Austrija)
Baltikums (Latvia)	Baltikums(Austrija)

1. Introduction

Life insurance (2002)	Life insurance (2016)
Balva (Latvia)	Balcia (Latvia)
ERGO Latvija (Germany)	ERGO Latvijas filiāle (Igaunija)
If Latvia (Finland)	If P&C Latvijas filiāle (Igaunija)
Seesam Latvia (Finland)	Seesam Latvijas filiāle (Igaunija)
Parekss Apdrošināšanas kompānija (Latvia)	ADB "Gjensidige" Latvijas filiāle (Lietuva)
Nordens AS (Denmark)	Swedbank P&CLatvijas filiāle (Igaunija)
Rīgas Apdrošināšanas sabiedrība	Compensa Vienna Insurance (Lietuva)
Rīgas Slimokase (Latvia)	
Lauto klubs (Latvia)	
Zurich Latvia Limited(Switzerland)	

The insurance company “Parekss Apdrošināšanas kompānija” was transferred to the Norwegian company “Gjensidige” in 2006, and ADB “Gjensidige” was registered in Lithuania in 2016, and the Latvian company has the status of a branch of this company. Established in 2006, Swedbank P & C Insurance is a subsidiary of Swedbank, registered in Estonia. Thus, at the end of 2016 only three insurance companies are Latvian. Latvian companies "Baltikums", "BTA" and "Balta" have changed owners and their country identity corresponds to that of the parent company. As for the branches, their place of registration changed many times during the period under review and they do not correspond to the country of the parent company. This procedure does not contradict the above Directives of the EU, but the Latvian consumers, choosing an insurance company, it is not always easy to understand with whom they enter into an insurance contract and who should make claims in the case.

There are no such problems, judging by the responses on the Internet, it is not so rare. So, in 2014, one of the resonant cases was the refusal of the company

"Gjensidige" to pay in full the insurance indemnity in connection with the unfortunate case when the driver of the trolley made a run at the pedestrian crossing to the woman with the child. The company "Rīgas Satiksme" was insured in the company "Gjensidige", which agreed to pay the husband of the deceased wife and daughter only 450 euros. It took the intervention of the court, which awarded to the widower 100 thousand euros. Probably, if such a case occurred in Norway, where the parent company was registered, the required compensation would have been paid without court intervention.

In the insurance of risks, there have also been significant changes. Only three branches of foreign insurance companies continue their activities: "ERGO", "Apdrošināšana and Seesam", as well as the Latvian company "Baltijas apdrošināšanas nams", although the financial performance of the latter does not inspire optimism about the prospects for its sustainable development in the future due to inadequate resources. One of the largest insurance companies in Latvia, "Balta" since 2014, became the property of the Polish insurance company PZU. The Latvian insurance company "Baltijas Transporta apdrošināšana" in 2016 was divided into two parts. As a result, the company BTA Baltic was established, the main shareholder of which was the Austrian company Vienna Insurance Group, Balcia remained in the ownership of the former owners. The company "Baltikums" also in 2015 became the property of Vienna Insurance, the same company belongs to the formerly formed company Compensa.

This conclusion confirms the comparison of rating estimates of insurance companies by residents of Latvia and other countries.

Table 2. Rating of Latvian insurance companies according rating company dataICAT in 2014 (icat.lv/category/strahovki/)

Insurance companies	Rate
Baltijas apdrošināšanas nams	6.0/10
BTA Baltic Insurance Company	5.7/10
Baltikums	7.2/10
Balta	6.9/10
ERGO Latvijas filiāle	5.4/10
If P&C Latvijas filiāle	7.3/10
Seesam Latvijas filiāle	6.3/10
ADB "Gjensidige" Latvijas filiāle	4.0/10
Swedbank P&CLatvijas filiāle	.2/10
Compensa Vienna Insurance	5.8/10
Mandatium	6.3/10
SEB dzīvības apdrošināšana	4.8/10

As the data show, the lowest score in Latvia for the company "Gjensidige" - 4 points; However, the rating of this company in Germany according to the German site is 7.6 points (<https://de.trustpilot.com/review/www.gjensidige.dk>);

The rating of ERGO is 5.4 in Latvia, whereas in Germany, where the parent company is registered, its score is 4.1 points out of 5 points (<https://www.check24.de/kfz-versicherung/kundenbewertung/ergo-direct>); The rating of Compensa in Latvia is 5.8 points, while in Austria, according to the Austrian website, it is 4.12 out of 5 points (Austrian website, kununu.com). These differences in estimates indicate that when Latvia fulfills all the above-mentioned EU directives on the freedom to promote insurance services and create a single insurance market, branches of large foreign companies do not always ensure the same quality of services provided.

Conclusion

Changes that occurred in the structure of the insurance market of Latvia after Latvian accession to the EU, in general, reflect those processes of mergers and acquisitions that occur on the insurance markets of industrialized countries.

The reduction in the number of participants in the insurance market and the growing role of foreign companies in the insurance market in Latvia indicate an increase in the concentration of insurance capital. On the one hand, these processes have a positive impact on the development of the Latvian insurance market because they contribute to the financial stabilization of insurance companies. Concentration of reinsurance capital and mutual participation of reinsurance companies in the activities of large insurance companies (for example, the largest reinsurance company Munich Re is a shareholder of the insurance company Ergo) leads to a reduction in reinsurance payments, which allows reducing insurance tariffs for consumers. In addition, the factor of reducing insurance tariffs is the expansion of the insurance field as a result of the expansion of the activities of large European companies. At the same time, the activities of foreign insurance companies in the territory of Latvia are not transparent enough, especially for branches that do not fully present their financial statements for public use.

It is quite clear in the development of the segment of life insurance that the tendency of merging insurance and bank capital has manifested itself. Three out of six life insurance companies are established by banks. As a result, traditional forms and types of insurance services are changing, leading to the splicing of insurance and financial services. Due to such splicing, the structure of demand for insurance services changes, in particular, the activation of insurers' participation in pension insurance.

Referenses

- Austrian website <https://www.kununu.com/at/sparkassen-versicherung-vienna-insurance-group>
Balta [cited 20.03. 2017] Available from internet < <https://www.balta.lv/>>
Baltijas apdrošināšanas nams [cited 02.04. 2017] Available from internet [https:// www.ban.lv](https://www.ban.lv)>
Baltikums , [cited 02.04. 2017] Available from internet: < <https://www.interrisk.lv>>
BTA Baltic Insurance Company [cited 02.04. 2017] <https://www.bta.lv>>
Compensa Vienna Insurance Group , [cited 10.04 2017] Available from internet: < <https://www.compensa.lv> >
Ergo Direkt Kfz-Versicherung: Erfahrungen und Bewertungen - Check24. [cited 10.03. 2017]
Available from internet: < <https://www.check24.de/kfz-versicherung/kundenbewertung/ergo-direkt/>>
FKTK. Apdrošināšanas tirgus Latvijā skaitļos 1998. - 2002. Gadā [cited 15.04. 2017] Available
from internet: < [https:// www.fktk.lv](https://www.fktk.lv)>
Gjensidige Bewertungen | Kundenbewertungen von ... – Trustpilot. [cited 10.04 2017] Available
from internet: < <https://de.trustpilot.com/review/www.gjensidige.dk>>
Gerds K., Schewe G. (2014). Post Merger Integration. Springer, 201 S.
Grundl H. (2016). Solvency II - Eine Einführung: Grundlagen der neuen Versicherungsaufsicht.
If Latvia , [cited 10.03. 2017] Available from internet: < <https://www.if.lv>>
iCAT [cited 10.03. 2017] Available from internet: < <https://www.icat.lv/category/strahovki/>>
Latvijas apdrošinātāju asociācija. Apdrošināšanas tirgus 2016. gada 4. ceturksnī, [cited 15.04.
2017] Available from internet: < [https:// www.laa.lv](https://www.laa.lv)>
Likumi LV. Apdrošināšanas un parpdrošināšanas likums. , [cited 10.03. 2017] Available from
internet < [https:// www.gov.lv](https://www.gov.lv)>
Lucks K., Meckl R. (2012). Internationale Mergers & Acquisitions. Springer, 327 S.
Seesam Latvia , [cited 10.04. 2017] Available from internet: < <https://www.seesam.lv/>>
Sparkassen Versicherung - Vienna Insurance Group als ... – Kununu [cited 05.04. 2017]
Available from internet <https://www.kununu.com/at/sparkassen-versicherung-vienna-insurance-group>>
Straub T. (2017). Mergers & Acquisitions. Haufe-Lexware, 256 S.
Swedbank P&C Latvijas filiāle, [cited 05.04. 2017] Available from internet: <
<https://ib.swedbank.lv/private/insurance>>
Theuerkorn K. (2013). Unternehmenserfolg durch Integration Excellence. Josef Eul, 330 S.



Journal
Cultural Heritage
&
Tourist Territory



Theoretical and practical aspects of educational
tourism

Tatyana Shamshina ^a, Vladimir Labeev ^b, Jekaterina Koryuhina ^c

^a Transport and Telecommunication Institute, Lomonosova Str.1, Riga, LV-1019, Latvia,
samsina.t@tsi.lv

^b Transport and Telecommunication Institute, Lomonosova Str.1, Riga, LV-1019, Latvia,
labeev.v@tsi.lv

^c ISMA University of Applied Sciences, Lomonosova Str.1, Riga, LV-1019, Latvia,
jekaterina.korjuhina@gmail.com

Abstract

Educational tourism is considered as highly effective technology of training and at the same time a form of the organization of educational process. Designing a tourist-educational type of activity it is necessary to reveal the tourist and resource potential and degree of attractiveness of the territory for the purposes of educational tourism. The most important characteristics of resources are capacity, stability, reliability, availability, contrast, exoticism, uniqueness or typicalness, historical or artistic value, aesthetic appeal, and informational contents. Educational tours allow the teacher to perform teaching and educational, scientific and methodical, social and pedagogical, educational, cultural and educational types of professional activity. Creation of the centers of scientific and educational tourism on the basis of higher education institutions allows to coordinate efforts of various educational, tourist and administrative structures on implementation of new educational technologies.

Keywords: educational tourism, educational tour, individual educational trajectories, target classification, target audience, educational- tourist- administrative structures

2. Introduction

Already in 2004 the World Tourism Organization noted the need for the development of the educational tourism industry, using "the benefits of a wide range of education and using available methods" (World Tourism Organization, 2004). In this connection it is necessary to evaluate and effectively to use the possibility of educational tourism backbone elements - teachers, students and educational programs.

So, educational tourism can be considered as an effective technology of training and as a form of organizing an educational process. Designing tourist educational kind activities requires identifying the potential of tourists resources. The major characteristics of resources are their capacity, stability, reliability, availability, contrast, uniqueness, historical or art value, aesthetic appeal. Educational trips allow the teacher to carry out teaching and educational, scientific, methodological, social, pedagogical, cultural kinds of professional activities. The creation of scientific and educational tourisms centers in high schools allows to coordinate efforts of various educational, tourist and administrative structures for introducing new educational technologies.

The modern concept of educational tourism can be characterized as rather effective technology of training methods on the one hand, and as one of forms of the organization of educational process on the other hand. For a long time the term educational tourism has not been openly used and the very process has been a part of the program of advanced training. For teachers it was, as a rule, the training or the corresponding courses, sometimes rather extensive, for trainees – mostly, exchange programmes based on the relevant agreements between educational structures. Such approach used to be very effective as to communicative purposes, but, unfortunately, rather formalized for educational process.

In the given article the educational type of tourism is understood as the informative tours made both for the purpose of accomplishment of the specific objectives determined by training programs of educational institutions and for the purpose of expansion of educational space of trainees as component of their educational trajectories.

3. Educational tourism as pedagogical definition

It is possible to allocate the following types of educational tourism depending on target audience (participants): tours of secondary school, vocational, and also high school, postgraduate and special school education. Trips undertaken by

persons or groups for the purpose of self-education can also be referred to informative type of educational tourism.

Basis of the choice of the direction of educational tourism and type of its activities is determination of the corresponding resource potential. The major characteristics of resources are their capacity, stability, reliability, availability, contrast, uniqueness, historical or art value, aesthetic appeal and informatinal contents (Ponomareva, 2015).

Educational tours as part of educational tourism, provide possibilities of the teacher (or tour organizers) to carry out educational, scientific and methodical, social and pedagogical, and also educational activities for the purpose of improvement of quality of education and integration into single educational space. Thus, prerequisites for forming of the centers of scientific and educational tourism on the basis of higher education institutions and their structural divisions are created. Moreover, based on cooperation of various educational structures there are prospects of coordinating of joint activities, involvement of tourist, administrative and other structures for implementation of new educational technologies, implementations of joint projects (up to international) various educational organizations, coordination of branches of the educational trajectories offered by these organizations. A successful emblem of the concept of educational tourism, reflecting the foregoing, in our opinion, is the following figure (Fig. 1)



Fig. 1. Emblem of the concept of educational tourism.

Modern educational tourism in fact combines social and economic activities in the global scale. From the economic point of view tourism is a special type of consumption by tourists of material goods, services and commodities which is allocated in a separate industry of economy. It provides tourists with all the necessary: transport vehicles, accomodation, food, cultural and community services, entertainment. For many countries tourism has become a serious source of state revenue and is among the most perspective industries of national

economy (Vavilova, 2005).

Ponomareva provides classification of activities of educational tourism (Ponomareva, 2015a). Travel is characterized by a certain multi-purpose nature.

Let's allocate the informative component in target classification of types of tourism. The concept "educational tourism" is derivative of such concepts as "informative", "cultural", "cultural-informative", "excursion-informative" tourism. Many researchers rather narrowly look at definition of educational tourism, taking the specific, isolated from a general dominant activities as a basis. Below there are the examples, systematized in chronological order.

Educational tourism is:

- trips of certain individuals or their groups to certain regions and the countries for the purpose of receipt of educational services in certain programs (Chebotar, 1997)
- type of rest which main or minor objective is studying of foreign languages, cookeries or other disciplines (economics, management, marketing, etc.), and also satisfaction of inquisitiveness, advanced training and acquisition of new experience in this or that profession or a field of activity (Glushko, 2002).
- activities of overnight visitors and tourists, for which education and training are the main or minor purpose of visit (Ritche, 2003).
- tourist trips, excursions for the purpose of education, satisfaction of inquisitiveness and other cognitive interests (Zorin and Kvartalnov, 2003).
- trips for the purpose of education abroad (for the purpose of enhancement of language, receipt of a business education, studying of special disciplines) (Voskresensky, 2008).
- trips from 24 hours to 6 months for education (general, special, additional), for advanced training (Lunin, 2009).
- the informative tours made for the purpose of accomplishment of the tasks determined by training programs of educational institutions (Pogodina and Solomin, 2011).
- tours lasting from 15 days up to 3 months for the purpose of advanced training or increasing knowledge on these or those disciplines (Sanginov, 2014).

In other words, there is a certain segment for which a main objective of a trip is education. To this segment researchers refer school excursions, study at language schools and universities. For another segment tourism is primary, and education or training is a minor purpose of visit. To this segment authors refer ecological and cultural tourism, as well as educational tourism for adults.

According to the International recommendations on tourism statistics, developed by the World Tourism Organization, a trip with the purpose "education and professional training" is connected with such core activities as short-term courses, certain training programs (formal or informal) or acquisition of certain skills by means of formal courses. At the same time the concept "tourism" refers to activities of the travelers making a trip to any destination outside their regular environment for the term of less than a year with any main goal except for the employment purpose. A. R. Lebedev in the article "Educational Tourism as Economic Category" notes that the term "educational tourism" is treated by all authors of definitions unilaterally, from the point of view of activities of consumers, without reflecting a production stage of a tourist product.

Lebedev formulates definition of educational tourism as economic category: system of the relations connected with production, distribution, exchange and consumption of an educational tourist product within the national and world economy. At the same time Lebedev understands the material and non-material benefits necessary for satisfaction of travelers' requirements in mastering knowledge, skills as an educational tourist product during irregular movement between the permanent residence and the place of study with a main goal "education (formal or informal)" within less than one year (Sanginov, 2014a).

4. Target classification of types of modern educational tourism

The systematized approach to definition of the concept "educational tourism" taking into account its target orientation is given below.

Definition 1. (Economic approach) Educational tourism is a system of the relations connected with production, distribution, exchange and consumption of an educational tourist product within the national and world economy (Lebedev, 2012)

Definition 2. (Activity approach) Educational tourism are trips on purpose of "education and professional training" connected with such core activities as short-term courses, certain training programs (formal or informal) or acquisition of certain skills by means of formal courses. (World Tourism Organization, 2004)

Definition 3. (The program-oriented approach) Educational tourism is the informative tours made for the purpose of accomplishment of the tasks determined by training programs of educational institutions (Pogodina and Solomin, 2011a).

Definition 4. (The program-oriented approach) Educational tourism are tourist trips, excursions for the purpose of education, satisfaction of inquisitiveness and other cognitive interests (Zorin and Kvartalnov, 2003)

Definition 5. (The combined=activity +purpose-oriented approach). Educational tourism is a type of rest which main or minor objective is studying of foreign languages, cookeries or other disciplines (economics, management, marketing, etc.), as well as satisfaction of inquisitiveness, advanced training and acquisition of new experience in this or that profession or a field of activity (Shcherbinina, 2013)

Definition 6. (Combined = activity + temporary approaches) Educational tourism are tours lasting from 15 days up to 3 months for the purpose of advanced training or knowledge increase on these or those disciplines (Sanginov, 2014b)

Definition 7. (Combined = activity + territorial approaches) Educational tourism are trips for the purpose of education abroad (for the purpose of enhancement of language, receipt of a business education, studying of special disciplines) (Voskresensky, 2008a)

Definition 8. (Combined = activity + territorial approaches) Educational tourism is combined (program oriented + approaches with allocation of a territorial sign and consumer segment). These are trips of certain individuals or their groups to certain regions and the countries for the purpose of receiving of educational services in certain programs (Chebotar, 1997a)

Definition 9. (Combined = program oriented + territorial + consumer approaches) Educational tourism are trips from 24 hours to 6 months for education (general, special, additional), for advanced training - in the form of courses, training, without employment in the country (place) of temporary stay (Lunin, 2009a)

5. Optimization of target classification of types of educational tourism

Generalizing the stated above interpretations of various authors, it is possible to say that "educational tourism" is a trip or a tour with the educational purpose, however all authors agree that this purpose is not the only one, though some of them claim that the educational purpose can be not main one in such trip. In our

opinion, the last statement in its essence isn't right as the main goal of a trip shall determine a tourism type. If it isn't educational, then a type of tourism which it shall be referred to, should be another.

It is also wrong to allocate in educational tourism the purpose of satisfaction of inquisitiveness and other cognitive interests, as "tourism" is inseparable from knowledge process, and any of its kind will imply obtaining of any knowledge.

Besides, the time interval for an educational purpose of visit is excessively mentioned by authors of some definitions, as the tourist or the traveler is considered to be the person who stays in the visited place (country) not more than one year. Thus, if the term of a trip exceeds one year, then from the point of view of tourism the person will be considered as the migrant or the permanent resident, but not the tourist. Establishing the period "from 24 hours to 6 months" or "from 15 days to 3 months", authors only focus attention on urgency of education that, in effect, has no special value for the concept "educational tourism".

One more drawback, in our opinion, is absence in the provided definitions of mentioning of consumers of this type of tourism, that is a target segment for which educational tours are intended. Only Yu. M. Chebotar mentions "trips of certain individuals or their groups" what, in fact, specifies only the possible number of consumers of one tourist product and doesn't answer a question who, from the point of view of the social status or age gradation, is a tourist in educational tours.

6. Retrospectives and prospects of development of types of educational tourism

According to statistical data, the vast majority of young people in the world incline towards so-called "useful rest" and a b?ggy style of a travel. More than 85% of travelers refuse to call themselves tourists and look in rtheir trips not for standard tourist entertainment and excursion routes offered by tour operator, but rather for an opportunity to see the country from within communicating with the locals, to feel new social and cultural conditions, and also to combine rest with studying or practising a foreign language. At the same time the age of 57% of such travelers is 20-25 years, but for the last five years a travel "without borders" has become more and more popular and amount of people in age category from 25 to 35 years, from 2005 to 2007 increased from 23% up to 31%.

The following types of educational tourism have become the most popular:

- educational trips for the purpose of a learning of foreign language or these or those general education or special subjects;
- study tours to organizations, educational institutions and business

enterprises;

- participation in seminars, conferences, congresses, creative workshops and master classes which aim is experience exchange and receipt of new professionally important information;
- excursion and fact-finding travel to various cities, natural reserves and countries.

Tours with a learning of foreign languages are popular among clients of various age - from children and their parents buying tours for the purpose of simplification of studying of language, to the adult entrepreneurs who are interested in colloquial business language for carrying out various negotiations. Language programs are meant for children from 5-year age. But offers for such small children at the moment have no great demand, though parents send pupils of 10-17 years to study much more willingly. Gradation of language tours on age is the following: school pupils, students, adults (the latter constitute 10% of all flow). Language tours are organized generally to the countries where national languages are languages widespread in the world: England, the USA, France, Spain, Germany, Italy, Portugal. Interest in studying foreign languages is the main motivation for choosing and building educational trajectories through language tours (Fig.2).



Fig. 2. Interest in studying foreign languages as the main instrument for choosing and building educational trajectories.

Language course can be:

- intensive and general;
- business courses, preparation for the international examinations;
- courses on vacation (combination of rest and studying of language);

- training "in private" and in group;
- the academic courses aimed at entering a university.

The demand for language tours continuously grows. Thus, since the beginning of this year demand for educational tours to Great Britain has grown twice. Specialists of "BSI group" tour operator came to such conclusion, having analysed the number of requests for educational tours for January, 2017 and the same period of 2016. "In January of this year we received 100% more applications for educational programs in Great Britain in comparison with the same period of last year. I think that one of the reasons of positive dynamics of demand for training abroad is stabilization of rates of foreign currencies owing to what many Russian families began to plan the expenses in advance, including, for educational travel", said Irina Naumova, the director of the department of education abroad of tour operator ("ТУПИПОМ", 2017).

The main programs of the training tours are educational and excursion-informative. In some cases also sports programs are met (generally in tours for children and young people). Group tours with accomodation in camps, campings, colleges allow to learn language among the peers. Here the training programs are combined with sporting and leisure events. These are so-called entertaining and educational tours. Quite popular is the organization of language tours for businesspeople. For an adult clientele a basic reason of training is necessity to know at least one foreign language. The adult audience goes to similar trips at the expense of the firms and the enterprises, individually or with a family. Favourite tours of this category are the tours combining courses according to the intensive program with a big cultural program.

Based on the results of a survey of tourism in Latvia conducted in 2007, the Latvian Agency for Tourism Development published a matrix of satisfaction of foreign tourists with its tours (Fig. 3). As can be seen from the presented schedule (Latvian agency of tourism development, 2007), educational tourism occupied a strong position in the segment of tourism services in Latvia and received a rating of 3.7-higher than the average from respondents. This indicator indicates that in Latvia there are objective conditions for the organization and development of quality educational services in the tourism sector.

According to the latest research of main types of tourism of Latvia on indicators of long-term development, the most significant of them turned out to be: improving tourism (especially medical), MICE tourism and educational tourism (Latvian agency of tourism development).

On 20.May.2015, in Riga in the framework of a round table seminar on "SEZ and development of regions: lessons and prospects" taking place in Baltic International Academy which organizers are the Baltic International Academy,

1. Organizational-economic component of ET dominates over educational and pedagogical. In fact, sums of money which are spent today by youth and students in the sphere of educational tourism for the last 5 years have increased by 40% - to 1900 euros for a trip. Therefore, experts of World Youth, Student and Educational Travel Confederation (WYSE) and the World Tourist Organization (UNWTO) advise professionals of tourist industry to pay special attention to this type of tourist service and this category of tourists (TRAVEL.RU, 2008).
2. Content-tourist component of ET dominates over educational. Thus, composing a program tourist and informative aspects of a tour are emphasised, because the educational component is applied as some pack of training programs often rather formal or optional (for example, optional programs or for additional payment).
3. Ideological-humanitarian component of ET dominates over the national. Statistical polls of WYSE and UNWTO demonstrate it: 80% of the traveling youth come back home more tolerant to foreign culture and other nationalities.
4. Pragmatic - multi-purpose component of ET from the point of view of a set of the various combined approaches prevails over a set of one-target. So, according to WYSE and UNWTO 70% of tourists travel for clear purposes of study and tourism: for studying "a foreign language + adoptive states" or, in general, for "training abroad in the specific country for particular term", etc.
5. Socially target audience of ET are "young tourists" in whose category experts include people up to 35-year old age and a little older, as now the majority of the active population often prefer educational tourism to beach. Moreover, according to data of joint survey, now youth travel constitutes 20% of the total number of travel in the world. It is the most dynamically developing tourist sector.
6. Informatively ET technologies have much bigger potential, than classical forms of education. It is enough to give an example of a training or a trip to a conference for the purpose of experience exchange.
7. The availability and appeal of ET are the main competing components in relation to other types of the training activities. Indeed, the variety of educational tours allows people with the different level of income to realize the individual educational trajectories within the concept of life-long education today and to satisfy the individual informative, communicative, cultural and esthetic requirements. For example, the Czech Republic, Ireland, Spain and Cyprus became the most available countries for education abroad in 2017, according to "BSI group". The highest cost of educational programs is in Canada and the USA with the added air flight cost (BSI group, 2017).

In conclusion authors suggest to complement an educational and pedagogical component of ET with the common strategic concept at the heart of which there will be creation of a continuous educational trajectory. For example, for pupils of secondary schools it can be the program for profound studying of a specific subject, carrying out a series of joint occupations, seminars, approved by the host party program about a network cooperation and so forth.

Proceeding from this theoretical concept, emphasising first of all an educational component of ET and avoiding the stated above shortcomings of target classification of types of educational tourism, it is necessary to actualize a definition of ET as follows: educational tourism is a special type of educational service in the sphere of the educational and tourist activities providing implementation of the principle of continuity of education through creation of the multi-purpose (combined) educational trajectories for a certain target audience (social, age, professional, religious and so on)

Thus, the market of educational tourism in Latvia and many other Post-Soviet republics owing to the objective reasons at present is at a forming stage though this type of tourism has already become quite popular among consumers.

References

- BSI group. (2015). Available at: http://www.tourprom.ru/news/Educational_trips/
- Chebotar, Yu. M. (1997). Travel business. Practical textbook for travel agencies and their customers. Moscow: Business Book World, 80 pages.
- Glushko, A. A. (2002). Geography of tourism. Vladivostok: Publishing house of the Far East university, 265 pages.
- Labeev, V. I., Fedchuk E. A. (2014). Designing of educational trajectories of students in higher education institution. International scientific and methodical conference. May 29-30, 2014. Kislovodsk-Stavropol. pp.124-127.
- Labeev V., Shamshina T. (2015). Examples of Individual Educational Trajectories in Mathematical Disciplines. Inter-higher school scientific and educational conference „Actual Problems of Education”, 26-27 February 2015, Riga, Latvia. Riga: TTI, pp.82-83.
- Latvian agency of tourism development.(2007). Available at: <http://www.latviatours.lv/lv/par-specialistu/index.html>
- Lebedev, A. R. (2012). Educational tourism as economic category. Modern economy: problems, tendencies, prospects, No. 6. Page 5.
- Lunin, E. A. (2009). Perfection of the management of educational tourism in the Russian Federation.: the author's abstract, St. Petersburg. State Un., St. Petersburg, 156 pages.
- Muyzhniyek, A. (2015). On the necessity of Latvian resort development. Available at: http://www.baltic-course.com/rus/kruglij_stol/?doc=106506
- Pogodina V.L., Solomin V.P. (2011). Methodological and methodical bases of preparation of masters of natural-science education under the program "Educational tourism", Izvestia of RSPU named after. A.I. Herzen. 2011. № 138.
- Ponomareva T. V. (2015). Educational tourism: essence, purposes and main segments of

- consumers. Problems of modern economy: materials of IV International scientific conference, Chelyabinsk, February, 2015. Chelyabinsk: Два комсомольца, pp.139-143.
- Ritche B. W. (2003). *Managing Educational Tourism (Aspects of Tourism)*. Bristol: Channel View Publications, p. 18.
- Sanginov, D. Sh. On a question of tourism types. Available at: <http://portalus.ru>
- TRAVEL.RU(2008). Available at: <http://www.travel.ru/news/2008/05/22/123537.html>
- Vavilova, E. V. (2005). *Bases of the international tourism: study book*. Moscow: "Gardariki", 160 pages.
- Voskresensky, V.YU.(2008). *International tourism*. Moscow: Unity Dana, 464 pages.
- World Tourism Organization TedQual certification system. (2014). Vol. 1.: Executive introduction. Retrieved on August 5, 2004. Available at: <http://www.themis.ad/>
- Zorin I.V., Kvartalnov V.A. (2003). *Encyclopedia of tourism*. Moscow: Finance and Statistics, 267 pages.



Journal
Cultural Heritage
&
Tourist Territory



Changes in marketing communications and the use of ICT in the tourism and hospitality industry

Zhanna Shtrausa^a, Diana Zagulova^b

^a Baltic International Academy, Riga, Latvia.

Management of communication in the leisure and entertainment industry., Master's Degree
Study Program
jane.shtraus@gmail.com

^b Baltic International Academy, Riga, Latvia
zdv@inbox.lv

Abstract

Today we live in an era of e-Society in which the use of information and communication technologies and software in the tourism sector is an integral part of the development and operation of the entire tourism business. Since information is the vital force of tourism, IT provides both opportunities and challenges for the industry. If the current tourism industry does not increase its competitiveness, using new IT and innovative management methods, there is a danger that exogenous players will enter the market, jeopardizing the situation of existing ones. This article examines the transformation of marketing communications under the influence of ICT, as well as changes in the tourism industry in the last two decades under the influence of these transformations.

Keywords: tourism, marketing, marketing communications, information, Information and communications technology

1. Introduction

The tourism industry is a highly contact environment in which communications and information play a central role. Today, information is like a

commodity, and the sphere of tourism is defined as an information-rich service. Since the mid-1990s, the Internet has become widely available to a wide audience of users. As the network develops from the information store (Web 1.0) to the Semantic Web (Web version 3.0), which can provide accessible content, the Internet becomes the new distribution channel (B2C) or e-commerce (H. Werthner, F. Ricci., 2004). In place of the traditional marketing concept that defines marketing as a product promotion technology, new marketing concepts that treat marketing as a technology for forming long-term relationships with the consumer and consumer consciousness which consequently leads to the development of new standards and consumption systems (Tretyakova TS, 2011).

2. Changes in communications between the consumer and the travel company

In connection with the rapid informatization of society, the development of information technology and the reduction in the size of mobile devices, the portrait of the consumer also changes: the style of consumption, the level of its interaction and expectations. Consumption of media has moved to the Internet and mobile environment. As of August 2017, there are 3.819 billion Internet users in the world (51% of the total population of the world), while 3.507 billion are actively using mobile Internet (92% of all Internet users) (Desjardins J., 2017). With the advent of self-service technologies, the consumer can independently plan and organize his journey. Passing the travel agency, the consumer is now directly connected to hotels, transport companies (Stockdale, 2007), guides and other service providers or does it through a virtual reseller, such as booking.com, scyscanner and many others. In 2016, the author carried out a survey, in which 379 respondents were interviewed. According to the results of the survey, it was revealed that 50% - plan their trip mainly independently, 29% - independently and with the help of specialists, depending on the type of the trip, 13% - use the services of travel companies or consultants, but checking the information provided, 8% - in mostly use the services of travel companies or consultants (See Figure 1.1.).

At the same time, 76.5% of respondents noted that the Internet is used to search for information. In turn, 49.5% have enough hours to search for necessary information, 34.4% of respondents need a lot of time, 12% do not spend much time for this because they use information from specialists (See Figure 1.2.) .

The majority of respondents spend little time searching for the necessary information, which indicates the availability of convenient information resources at least for planning the trip.

All of the above changes have affected the transformation of the means of communication used. Not advertising is looking for its consumer now, but the

consumer himself goes for goods and services due to the abundance of information and channels for its search. The key factor is exactly what information-channels are used and how the organization provides information about the product or service, whether this information meets all information and communication needs of consumers.

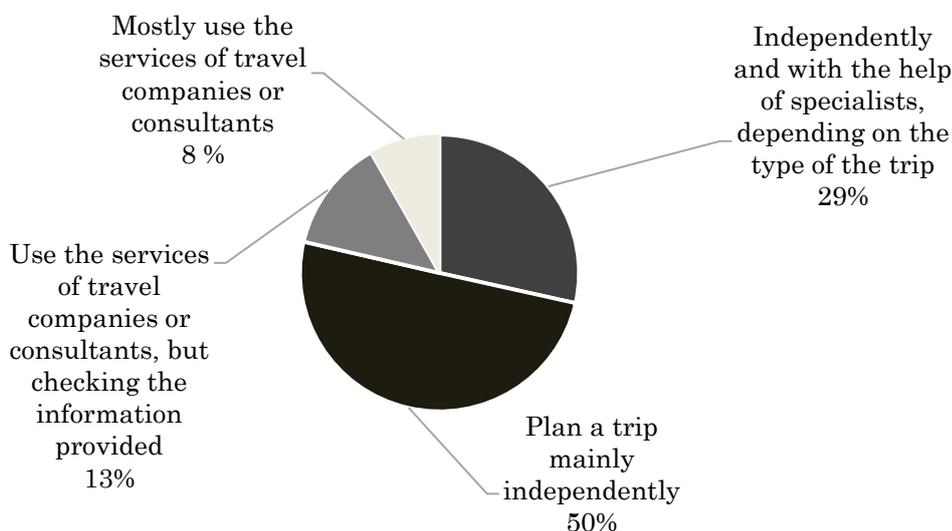


Fig. 1. Methods of travel planning by respondents

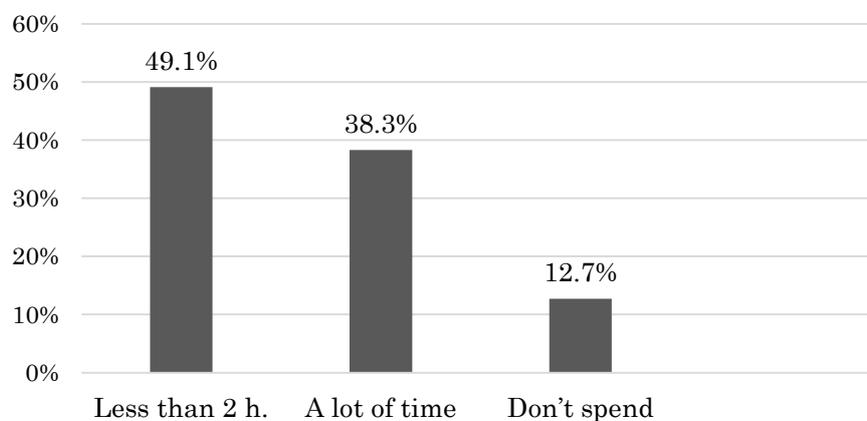
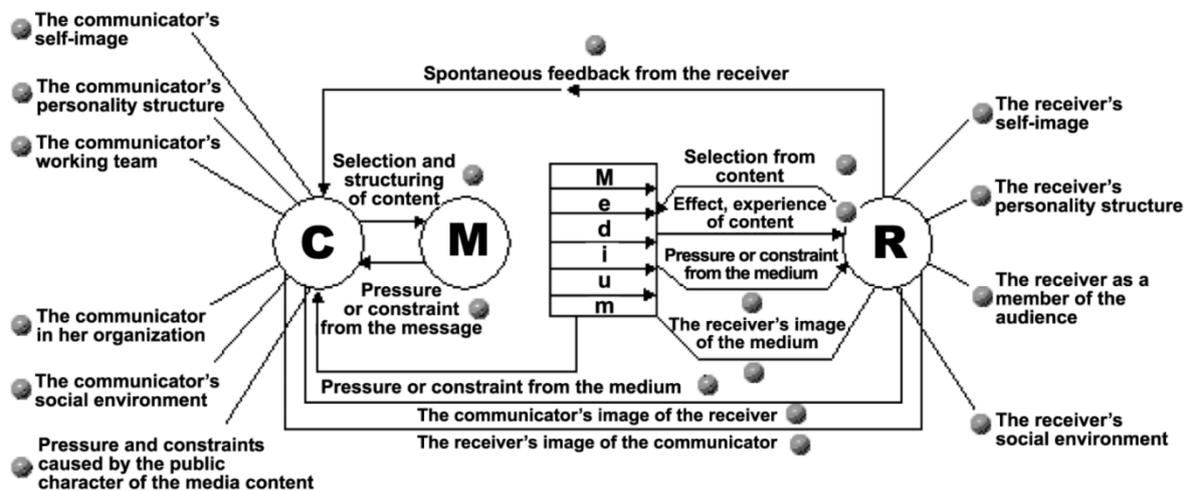


Fig. 2. Methods of travel planning by respondents

A great scientific interest in the study of communication begins in the 1920s, after the appearance of radio. At different times, various communication models were developed and proposed. In the context of this article, we should highlight the communication model proposed in 1963 by the German researcher of mass communication G. Malecke (Figure 1.1.). The model was created to bring together many social and psychological factors that influence the communicative process. In mass communication (MC), the message reaches the recipient (R) always only with the help of one of the means of mass communication, and any of these means, by virtue of its technical originality, affects the perceptions and

experiences of (R) and thereby modifies the impact. The media offer (R) an extremely large selection of messages, from which, when entering the MC field, he selects only a few and is falling under them.



C - communicator, M - message, R - the recipient

Fig. 2. . The G.Maletzke (1963) model of the psychology communication (cited by Fawkes J., 2007)

The Maletske model shows that the communicator (C) experiences the "coercion" and "pressure" of the mass communication channel (MC), which, by virtue of its technical capabilities, offers and prescribes certain topics and forms of messages to it, excluding others. In turn, the message can be sent by its author or an intermediary. What messages (R) choose, how he perceives them and what effect they produce, depends on the structure of the person, development and experience, intelligence and interests, views and outlook, but first of all, according to Maletzke, from that instant situation and state, in which is (R).

Today we can talk about the omniscience of consumers, for which the possibility of obtaining information and interaction in different channels is important: social networks, mobile applications, Internet portals, phone calls, personal meetings, etc. (Kliatchko, 2005). In turn, it is in the interests of business representatives to provide users (customers) with this information. As the main marketing strategy since the 1990s, Professor D. Schulz and S. Tonenbaum offer integrated marketing, which involves the use of marketing strategies for the strategically coordinated promotion of one consecutive message through several channels (Schultz D. E., 1992). To implement an integrated marketing strategy, there are all technical and technological opportunities. Such marketing allows you to get into the field of interests of recipients (customers or

partners) and is aimed at ensuring maximum credibility of the message.

3. Current trends in Internet marketing

Thanks to the development of modern ICT, companies have a huge platform (channels) for both promoting their products and services, and forming an image of the company and long-term relationships with customers / partners. The above mentioned model of communication by G. Malecke displays these relationships, namely: for the consumer (R) the image of the service provider (C) is important, and for the supplier it is necessary to know who is his target audience (their interests, habits, environment, etc.). In addition, the consumer directly affects the format of the message and the channels through which it interacts with the supplier. Statistics show that 2.46 billion people or 71% of all Internet users are active users of social media, while by 2021 their number is expected to increase to 3.02 billion people. Therefore, given the main trends, marketing moves to:

- Internet;
- Social media;
- The mobile environment.

In addition, new tools for promotion appear. Within the framework of this article, modern trends in Internet marketing were considered. As mentioned earlier, tourists are turning into smaller travel agencies, booking everything themselves. Therefore, travel companies should adapt their business to the current world trends.

Website Optimization

According to statistics, 72.48% of users around the world use Google search (Ratcliff Ch., 2016). Therefore, the company's website should be optimized in such a way that in the search engine results for certain users requests the site was in the first positions (*search engine optimization - SEO and search marketing - SEM*). Currently, more than 60% of users search the Internet using mobile devices: from the use of social media, and ending with online shopping and banking services. If the site is not adapted for mobile platforms, the business is losing more and more potential customers. Google has already begun to apply a new ranking algorithm to some resources - "Mobile First". This means that sites that are adapted for mobile devices, by all other things being equal, will be shown above (Perez S., 2017).

At the same time, the design of the site and its navigation should be simple and intuitive, helping the user to focus on information, rather than distract from it. Therefore, developers use the principles of *UI and UX design* and adapt various auxiliary elements: *chat-bots*, elements with the navigation function, etc.

Another important point is content optimized for voice calls. According to research, 20% of searches in search engines in 2017 were done using voice. According to forecasts, by 2020 their share will be 50%.

Visual assistants

In addition, the form of submission of information is important. Users no longer perceive large arrays of textual information. For greater impact on the public, marketers offer to visualize messages, namely use *infographics, images and video*. In content marketing infographic is simply irreplaceable: according to statistics, the posts in which it is used cause an order of magnitude more interest than those in which visual assistants are absent (Ritchie J., 2017). Content in video format is more convenient for perception.

Surveys show that about 76% of consumers rely more on companies that use video (video instructions, reviews, etc.). It is expected that in 2018 about 75% of Internet traffic will capture video, by 2019 this figure will be about 80% (Li F., Blake T., 2017). It promotes memorability of the brand and increases loyalty among the audience, stimulates purchases, promotes the brand as effectively as possible. In addition, there is growing interest among users on the online broadcast.

Augmented Reality (AR) is a new opportunity for content marketing and customer involvement. At the end of 2017, the well-known Swedish company IKEA debuted with the «Place» application, which demonstrates how different IKEA products will look in the house (Dasey D., 2017).

Personalization

Individual approach helps to save and earn customer loyalty. Information about the user (who he is, what he is doing now and did on the site last time, from which device goes) allows you to recommend the right content (Movchan U., 2017). Some sites of companies and *special landing pages* already offer users to tell about themselves: specify a profession, gender. To collect data about the user and further communication with him, it is convenient to use *widgets*: so the visitor of the site will accurately pay attention and fill in the fields. According to HubSpot research, the call to action, directly addressed to users, is 42% more effective than a general appeal (Shah D., 2016).

Natural advertising

Such advertising should not be perceived as advertising, accordingly it does not cause negative attitude (video, images, articles, audio files, etc.). In other words, such advertising (*native advertising*) (Ksenia Samotkan K., 2016) can be disguised as an interesting article, a video clip, a webinar, blogs, user feedback,

and so on. Potential buyers receive this information through the content they demand (*content marketing*). In addition, users themselves (consumers) of the network can be creators and distributors of natural advertising (*user content - UGC*). This can be posts, reviews, feedbacks, podcasts, videos, photos and even comments.

Consumption of goods or services is often of an emotional nature, so marketers use a fascinating story (not always true) associated with this product or service – *storytelling* (Westenberg J., 2017). For example, the founder of the TOMS shoe company, Blake Maikoski, told the story of his journey through Argentina, during which he faced the poverty of local residents. Now it is enough to buy a pair of shoes in TOMS, after which the company will present the shoes to someone in need. Such a story very quickly falls into the field of view of users of social networks that share this information. Also, in marketing, *brand advocates* are actively used: singers, athletes, actors, bloggers, Internet stars, etc.

One of the most promising innovative sites for sales is the *Internet of Things*, because it allows you to contact with interconnected smart objects connected to the Internet (smart clocks, mobile devices, household appliances, etc.), and thus allows you to avoid negativity, related to the emotional aspect of direct sales (Bernabe JB, 2017). For example, the refrigerator will automatically send a notification to the user's phone that the milk is out, while the mobile phone will confirm the user's contact with the bot of the grocery store and order the necessary products.

Mobile environment

By 2019, investments in mobile marketing will grow by 40%. According to Record, global spending on mobile video advertising will grow by 49% in 2018, reaching \$ 18 billion. Already today, marketers based on the location (*geozoning*) of the user can make the most relevant proposals. For example, special promotional offers from a cafe located within a radius of several kilometers (*bluetooth-marketing*).

Social networks and messengers

The main objectives of marketing in social networks (*SMM*) are to increase brand awareness, create trustful relationships (communication with users), branding and conversion from social networks. For example, on the Facebook brand page, users can directly contact company representatives via Messenger bots, buy a product in one click, schedule a meeting, book tickets or order food at home. The brand page in this social network works not only for loyalty, but also for sales. In addition, Facebook plans to implement a tool that will allow users to request the recommendations of friends. Friends can advise services: so simple reviews will

be converted into leads (buyers) (Burashnikova D., 2017). Another important channel for SMM are messengers. Viber for many brands begins to replace the email-list.

Conclusion

When a company can combine and absorb Internet technologies and other resources in its practices and processes, they can use this opportunity to achieve superior performance (Mathews S., 2016). Reforming your business online and integrating the latest technology solutions will allow you to interact with the customer in a convenient environment. Understanding of new features and application areas, the specifics of the functioning of communications in the conditions of a new media landscape will allow modern companies to develop a set of marketing communications that correspond to the conditions of transformation of communication schemes of corporate activity.

References

- Belch G. E. et al. Advertising: An integrated marketing communication perspective. – McGraw-Hill Education, 2014. p 31.
- Bernabe J. B. et al. SocIoTal—The development and architecture of a social IoT framework //Global Internet of Things Summit (GIoTS), 2017. – IEEE, 2017. – C. 1-6.
- Burashnikova D. Trends in Internet Marketing 2017 [electronic resource] // Internet magazine Witget. 2017. URL: <https://witget.com/blog/trendy-internet-marketinga-2017/> (application date: 23.02.2018).
- Dasey D. Try before you buy [electronic resource] // IKEA. 2017. URL: <https://highlights.ikea.com/2017/ikea-place/> (application date: 23.02.2018).
- Desjardins J. What Happens in an Internet Minute in 2017? [electronic resource] // Digital media brand Visual Capitalist. 2017. 2 August. URL: <http://www.visualcapitalist.com/happens-internet-minute-2017/> (application date: 23.02.2018).
- Fawkes J. Public relations models and persuasion ethics: a new approach //Journal of Communication Management. – 2007. – T. 11. – №. 4. – C. 313-331.
- Kliatchko J. Towards a new definition of integrated marketing communications (IMC) //International Journal of Advertising. – 2005. – T. 24. – №. 1. – C. 7-34.
- Li F., Blake T. Future of Video [electronic resource] // Cass Business School Journal. 2016. 31 March. URL: <https://www.cass.city.ac.uk/news-and-events/news/2016/march/future-of-video> (application date: 23.02.2018).
- Mathews S. et al. Internet marketing capabilities and international market growth //International Business Review. – 2016. – T. 25. – №. 4. – C. 820-830.
- Movchan U. Trends in Internet Marketing 2017 [electronic resource] // Web platform Ukrainky.biz. 2017. 3 February. URL:<http://ukrainky.biz/blog/Marketing/921.html> (application date: 23.02.2018).
- Perez S. Google's mobile-first search index has rolled out to a handful of sites [electronic resource] // Tech Crunch. 2017. 20 December. URL: Google's mobile-first search index has rolled out to a handful of sites (application date: 23.02.2018)
- Shtrausa Z., Zagulova D. Changes in marketing communications and the use of ICT in the tourism and hospitality industry

- Ratcliff C. What are the top 10 most popular search engines? [electronic resource] // Search Engine Watch. 2016. 8 August. URL: <https://searchenginewatch.com/2016/08/08/what-are-the-top-10-most-popular-search-engines/> (application date: 23.02.2018).
- Ritchie J. What Is an Infographic? We Break It Down [electronic resource] // Column Five Media. 2017. 1 February. URL: <https://www.columnfivemedia.com/infographic> (application date: 23.02.2018).
- Samotkan K. What is native advertising: theory, examples, application features [electronic resource] // Texterra. 2016. 2 September. URL: <https://texterra.ru/blog/chto-takoe-nativnaya-reklama-teoriya-primery-osobennosti-primeneniya.html> (application date: 23.02.2018).
- Schultz D. E. Integrated marketing communications // *Journal of Promotion Management*. – 1992. – T. 1. – №. 1. – C. 99-104.
- Shah D. Content Personalization, And How Hubspot COS/CMS Is Leading From The Front [electronic resource] // Hub Monks., 2016. 27 Une. URL: <https://www.hubmonks.com/blog/content-optimization-system/content-personalization-hubspot-cos?hsFormKey=12825113f83b87dad8ca447d17b24ff9> (application date: 23.02.2018).
- Stockdale R. Managing customer relationships in the self-service environment of e-tourism // *Journal of Vacation Marketing*. – 2007. – T. 13. – №. 3. – C. 205-219.
- Tretyakova TS. New range of development of marketing communications // *Vestnik TIUE*. - 2011. - №1. - P.67-71
- Werthner H., Ricci F. E-commerce and tourism // *Communications of the ACM*. – 2004. – T. 47. – №. 12. – C. 101-105.
- Westenberg J. Storytelling Should Be the Number One Skill You Want to Improve [electronic resource] // *The Mission*. 19 May 2017. URL: <https://medium.com/the-mission/storytelling-should-be-the-number-one-skill-you-want-to-improve-746c5e7c8afe> (application date: 23.02.2018).



Journal
Cultural Heritage
&
Tourist Territory



Main Socio-Economic Risks Of Touristic Centers And Resort Regions Development

Evgeniya V. Vidishcheva^a, Andrey S. Kopyrin^b, Galina D. Bryukhanova^c

^a Sochi State University, Sovetskaya, 26a, 354000, Sochi, Russian Federation,
e-mail evgenia-vv@mail.ru

^b Sochi State University, Sovetskaya, 26a, 354000, Sochi, Russian Federation,
e-mail kopyrin_a@mail.ru

^c Sochi State University, Sovetskaya, 26a, 354000, Sochi, Russian Federation,
e-mail bryukhanov2@mail.ru

Abstract

Risk is an integral part of the modern business community, accompanying both enterprises and industry at all stages of development. In a broad sense, risk is the probability of an event resulting in changes, mostly of a negative nature. The nature of this phenomenon is due to the ambiguity of the events that may occur. The risk is related to damage, loss of profit or opportunity. Tourism, in turn, as a complex socio-economic system, is influenced by many factors, the role of which can be different at each moment, in both the strength and the duration of the impact on development of the industry and the region. Therefore, taking into account these factors is an objective necessity for the organization of effective tourism activities.

The aim of the article is to identify and acknowledge sources of socio-economy risk and their possible impact on tourism and recreation regions' development on the example of Krasnodar region.

Keywords: development risk, socio-economic risks, tourist center, resort region

1. Introduction

In a modern world, a great deal of attention is being given to development, concepts, strategies of the development of States, industries and enterprises. Such an complex approach to the seemingly natural process stems from its fragility and the extreme dependence of all kinds of factors, threats and risks. For good planning and long-term development, a preliminary assessment of probabilistic risks is required. The study is targeted at tourism centers and resorts, as elements of the tourism industry. This is one of the most risky areas. A lot of works are devoted to the consideration and classification of risks in the tourism-recreational sphere. The study considers the impact of socio-economic risks on the development of the industry and its elements.

2. Relevance

The tourist sphere is a fairly complex and sensitive part of the economic system, is influenced by the effects of unproductive risks. The "industry of emotions", as tourism is sometimes called, is oriented towards changing consumer preferences, and therefore the role of the socio-economic factor reaches the maximum allowable heights. The relevance of the study is in the following: the need to identify and analyze the socio-economic risks of the development of resort and recreation centers and regions.

3. Materials and methods

The methodological base of the study is a complex of Russian and foreign studies, devoted to the description, analyses and classification. The study also includes materials from official statistical sources (Official site of the Federal State Statistics, Official site of Russian Tourism). The research is based on the works of Croucamp P., Hind C. (2014), Nair G.K (2013), Simanavicius A., Edmundas J., Biruta S. (2015), Slobodchikov N. A. (2015) and others. The paper uses methods of system, factor and comparative analysis, as well as the method of statistical processing of empirical data.

4. Discussion

There are many writers ' interpretations of the concept of risk in the literature. The term is presented in the issues of economists, sociologists, lawyers, doctors, technical representatives and many others. This indicates the comprehensive nature of the phenomenon under study. In technological science,

the risk is defined as "a combination of the probability of damage and the severity of the damage" (Bykov, 2011). In an economy, the risk is often understood as "a danger of unforeseen losses" (Kudina, 2004). In sociology, risk not always have a negative colour (Giddens, 2004). Yanitskiy O.N. describes the risk as "a product that is continually produced by society" (Yanitskiy, 2002). Idrisova A.A., looking at the socio-economic nature of the risk, concluded that the risk combines two completely opposite qualities: the engine of progress and the source of new threats (Idrisova, 2012). Definitely, every single case requires detailed study. Being the engine for the development for one industry, the same risk could destroy another one.

The specificity of the risks for the tourism industry is multifaceted. Both Russian and foreign scientists have devoted their work to the consideration of risks within the industry: Tarasova N.V., Slobodchikov N. A., Telicheva E.G., Sandanova T.S., Kobylanskaya A.V., Ovcharov A.O., Stetic S., Wilks J., Moore S., Nair J.K., Hind C. and many others.

Vyazemskaya L.S. highlights the following characteristics of the risk in tourism: the volatility of supply and demand; the impact of competition; price and profit elasticity; seasonal factor; impact of external unpredictable factors (Vyazemskaya, 2017).

There are different approaches to classification, differ by the object of influence: risks for tourists as consumers of touristic product, and the risks associated with the activities of enterprises and related industries. Table 1 presents some of the author's risk classifications in tourism.

Table. 1. Tourism risk classifications

Author	Criteria	Risks
World Tourism Organization	Source of risk	External human and institutional environment (crime, terrorism); Tourism sector and related commercial sectors (Poor safety standards, non-compliance with contracts, strikes by staff); Personal risks of travelers (conflict and friction with local residents); Physical or environmental risks (natural, climatic, epidemic).
Nair G.K	Object of risk	Tourist Based Factors (Functional risk; Physical risk; Financial risk; Social risk; Psychological risk); Vendor Risk Factors (inefficient management); Contract Risk Factors (poor relationship between contractors, conflicts of interest, lack of standard forms of contract); Relationship Risk Factors (poor relationships between the tourists and service providers, lack of information); General Risk Factors (political risk, lack of infrastructure, terrorism, cultural factors, environmental factors, social factors, language barrier, security risk)
Simanavicius A., Edmundas J., Biruta S.	Object of risk	Tourism service providers (transport, service, inflation, investment risks);

Author	Criteria	Risks
		Tour operators – intermediaries (risk of contract, tour refusal risk, IT-risk, tourist package refund risk); Consumers (risk of financial loss, canceling risk, defective product purchase risk, threat to life and health)
Croucamp P., Hind C.	Location	Domestic (unemployment and labor, inflation, corruption, labor force instability and cost, poverty, health/epidemic, crime, quality of social services, social unrest, environmental risks); International (health, perceptual risks, terrorism, international crime, natural disasters)
Khayrullina A.D., Kondratieva A.A., Krukova M.V.	Source of risk	Transport risks (long-distance and international transport, inland transport); Accommodation risks (number of rooms, non-compliance with declared standards); Emergency situations (catastrophes, epidemics, terrorism); Legal (International, by sending/receiving side); Operational (risk of loss of reputation, risk of inconsistency); Financial (market risk, credit risk)
Kobylyanskaya A.V.	Source of risk	Political, industrial, commercial, financial, technical, sectoral, innovative, natural and environmental, demographic

Based on the variety of classifications, it can be concluded that the risks of tourism activities are unavoidable and very varied. It is worth noting that economic and social risks are most often mentioned. In general it can be highlight key classifications. By the impact objectit can be identified the risks of the industry (tourism-recreational systems) and the risks of the consumer. Some risks are common, regardless of the object. Both groups are closely connected: the tourist environment poses a threat to the consumer, and the consumer itself is a source of risk for the industry. Above mentioned, other classifications may be identified. The most extensive (by the level of impact) risks can be divided into global, industry, regional, enterprise risks, and the risks for the individual consumer - tourist.

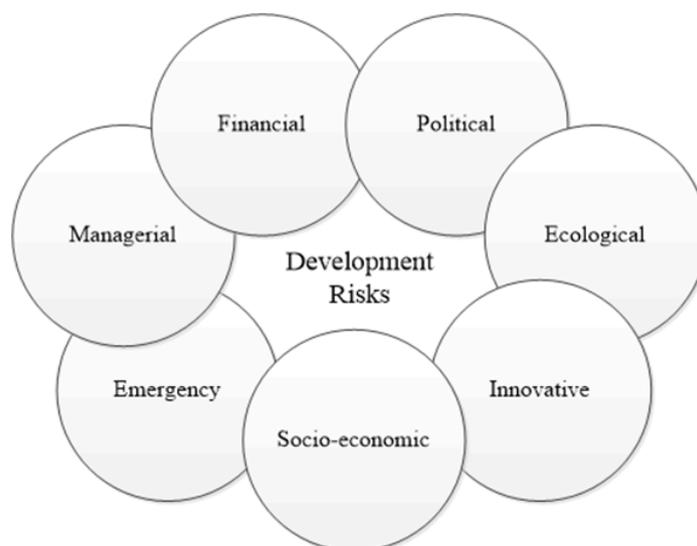


Fig. 1. Key risks of touristic centers and resort regions

The phrase "risk of development" is often found in modern literature. The analysis of literature helps to identify the risk of development, as a threat of a decline in the potential for further positive developments. Based on this characteristic, all of the above risks can be attributed to development risks. Changes in any area of operation of the tourism system can help or hinder development (Fig. 1.).

Socio-economic risks are of greatest interest in this study. These have traditionally been the threats connected with the changes in consumer preferences and opportunities as well as the economic situation in the country. The possible socio-economic risks of tourist centers and resort regions are presented in Fig. 2.

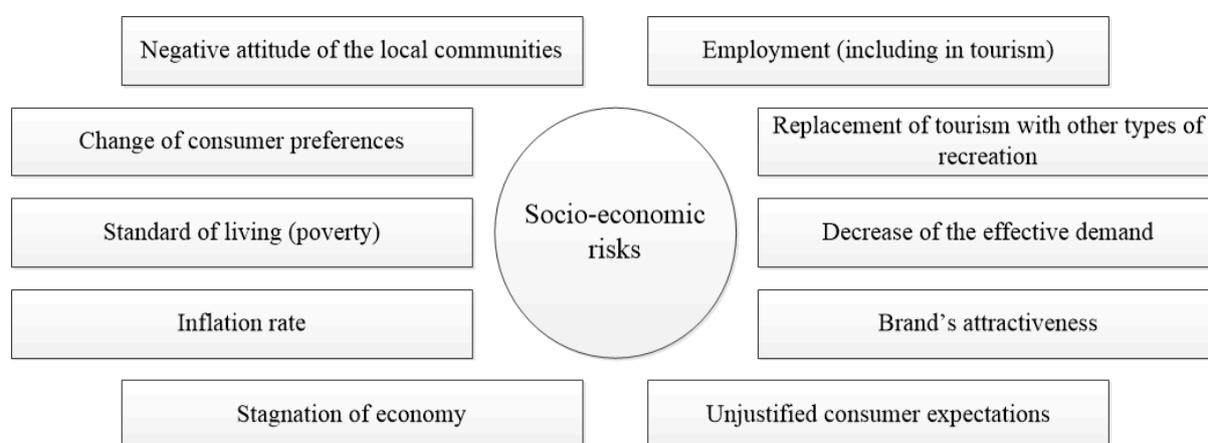


Fig. 2. Socio-economy risks of tourist centers and resort regions development

1. The negative attitude of local communities towards the development of tourism is often due to the unwillingness to change, to the detriment of the rights of local residents to the visitors of the resort. This risk can be demonstrated by the example of the largest resort in Krasnodar region, the city of Sochi. The preparation and holding of the Winter Olympic Games in 2014 was a major step in the development of the city as a tourist center. Before the city was granted the status of the Winter Olympic Capital in 2007, the resort popularity was limited to the territory of the former Soviet Union Republics. The modernization of the infrastructure, the construction of new facilities and the influence of the media have attracted visitors from all over the world. Today, Sochi is a modern world resort. However, in the run-up to the Olympic Games, there has been a problem with the location of the main Olympic sites. At the site of the world's famous Olympic Park in the Imeretinsky Valley until 2007, there were residential buildings. The decision to demolish the residential area and to resettle the people caused a wave of resentment of the part of the local community. The poor organization of the

process and the lack of understanding between authorities and population could seriously impair the development of the city as an Olympic capital and a year-round resort.

2. The risk of changing consumer preferences is related to the inconsistency of tastes, fashion, and seasonality. The ideas of the modern tourist about rest are significantly different from the average vacation 5-10 years ago. The threat to development lies in the difficulty of identifying future preferences and the need for rapid modernization and adjustment to the situation.
3. The standard of living (poverty) in the resort region is a major obstacle for the development of the "industry of impressions". Croucamp P. and Hind C., in their scientific work on the analysis of the risks of tourism development in South Africa, highlight the following consequences of low living standards in a potential resort region: the disintegration of family structures, low levels of education, the prevalence of (exploited) low skilled labor, poor health and high levels of unemployment (Croucamp, Hind, 2014).
4. Inflation rate determines the cost of providing tourism services. Raising the cost of doing business reduces the ability of industry to build capacity for future development. The increase in the cost of tourism-recreational center services leads to another risk-decrease of the effective demand.
5. Stagnation of economy is a threat to the development, and sometimes to the existence of enterprises of any industry. The economic downturn is accompanied by a decline in production, a decline in real incomes, an increase of inflation and unemployment. In such circumstances, the demand for non-essential goods/services, such as tourism, is noticeably declining.
6. The level of employment in the region is an indicator of the efficiency of the entire economic system. Unemployment in the region results in a reduction of potential GRP, an increase in the cost of unemployment benefits, the re-qualification of the unemployed and their employment. Another social impact of rising unemployment is the increase in drug abuse and crime. The totality of these effects is a serious obstacle to the development of the tourist region.
7. Speaking about replacement of tourism with other types of recreation we understand a rapid increase in the number of new directions in the entertainment industry. Modern tourists are less likely to buy travel and to use the services of the tourism industry enterprises. Such new types of recreation as ecotourism, extreme tourism, camping and many others are gaining popularity. Development of international networking enables people from around the world to organize their own itinerary, find a campaign, a place to sleep, transport, and so on.
8. The effective demand is the basis for growth and development of the tourist center. The lack of demand degrades all the region's efforts to develop

industry. Low effective demand is due to falling real incomes of citizens. An example of the impact of this risk factor is the reduction of tourist flow from Russia to foreign countries after the fall of the rouble against the dollar and the euro in 2014. The ratio of the decline in real incomes and the number of trips to tourism is presented in Table 2. To estimate the dependence of presented data it needs to consider the correlation ratio. Value of ratio is 0,95 that means there is a high (deterministic) connection between 2 groups of indicators.

9. Brand's attractiveness, as a socio-economic risk, means the perception of the tourist center or the resort region by the world public - potential consumers. Resorts spend large amounts of money on brand formation, but if brand does not confirm the quality of the service, the brand may be negatively coloured. Modern world of mouth can significantly spoil the reputation of tourist destinations.
10. Unjustified consumer expectations are another risk related to the quality of tourism services offered in the region. A disgruntled consumer will not recommend a resort to his or her acquaintances and will probably not visit it in the future. Therefore, this risk, although it is difficult to estimate by statistical data, is one of the main risks.
11. It is clear that all of the factors presented above are closely connected, so to minimize the risk of each, a comprehensive programme of action is needed to improve the sustainability of the resort region.

Table 2. The dynamic of real incomes and foreign trips of Russians (Official site of the Federal State Statistics)

	2014	2015	2016
Decrease of population' real incomes, %	0,7	3,2	5,9
Quantity of foreign trips of Russians, millions	42,9	34,4	31,7

It is clear that all of the factors presented above are closely connected, so to minimize the risk of each, a comprehensive programme of action is needed to improve the sustainability of the resort region.

Socio-economic risks, taking into account current situation, can be divided into primary and secondary ones. The main risks would be those of the most visible negative effects. For that it is firstly necessary to assess the growth of the tourist center on the example of one of the regions of Russian Federation. In this study the touristic centers and resort regions are understood as regional agglomerations where tourism and recreation are a key activity.

The risk, as a hypothetical, probable event, can be estimated based on an example of a similar situation that occurred in the past under other conditions of

equality. In this way, we try to consider the major socio-economic risks of tourism centers and resorts by assessing the impact of risk events on the Krasnodar region.

Fig. 3 shows the movement of the tourist flow to the Krasnodar region. The data for the year 2017 are provisional.

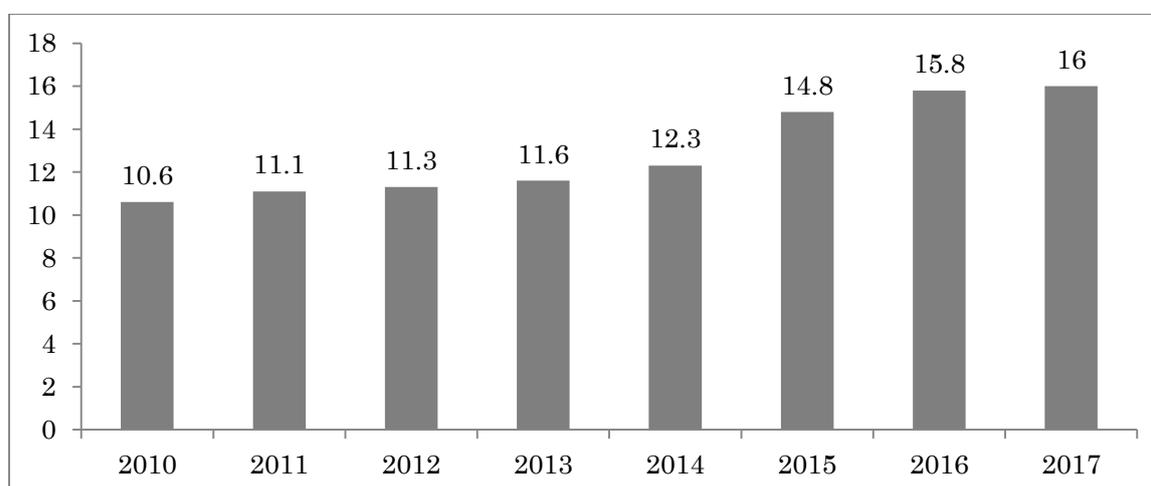


Fig. 3. The dynamic of tourist flow in Krasnodar region, million people (Official website of the Ministry of resorts, tourism and Olympic heritage)

The annual increase ranges from 1% (2017) to 20% (2015). The growing popularity of the resorts of Krasnodar region and the preservation of a positive image is a constant positive trend. In addition, the region has extensive resources and a well-developed infrastructure for a variety of recreational activities, from curative to extreme. It protects the region against the risk of changing tourism preferences.

Next, consider the dynamics of the region's socio-economic indicators (Table 3).

Table 3. The dynamic of income and employment rate in Krasnodar region(Official site of the Federal State Statistics)

	2010	2011	2012	2013	2014	2015	2016
Incomes per capita, rub/month	16 892	18 796	21 686	25 777	28 788	31376	32672
Growth, %	-	11	15	19	12	9	4
Employment rate, %	60	60,4	61,6	60,9	61,1	62,6	64,9
Growth, %	-	0,4	1,2	-0,7	0,2	1,5	2,3

In 2013, the employment rate fell by 0.7 percent, with per capita income rising by 19 percent in the region (the maximum value for the considering period). Thus, in 2013, the risk of rising unemployment was raised, it increased by 5 percentage points and amounted to 6.1 per cent. However, the dynamics of the tourist flow in the region have not been significantly influenced by this risk,

perhaps because of the stimulus factors. In the case of Krasnodar region, the risk of the living standards of the local population will not be as serious as, for example, in the regions of Africa, where the difference in the income of the population and visitors is so high that it can cause resentment between them and the negative attitude of hosting side.

The risks are accessed by converting and complementing methodology used by Caucamp P. and Hind C. in their work on risk analysis in tourism. The methodology is based on the assessment of key risk's indicators and determination of the overall risk value by averaging of received estimates. The evaluation will be on a scale of 1 to 3, where 1 - low, 2 - medium, 3-high level of risk (Table 4).

Table 4. Socio-economic risks assessment of the Krasnodar tourist region (compiled by the author)

Risk	Probability	Consequences	Overall risk value	Level
Negative attitude of the local communities	3	1	2	Medium
Change of consumer preferences	3	1	2	Medium
Standard of living	1	1	1	Low
Inflation rate	2	2	2	Medium
Stagnation of economy	2	3	3	High
Employment	2	2	2	Medium
Replacement of tourism with other types of recreation	1	1	1	Low
Decrease of the effective demand	3	3	3	High
Brand's attractiveness	1	3	2	Medium
Unjustified consumer expectations	1	1	1	Low

Based on the assessment, socio-economic risks such as economy crisis (stagnation) and decrease of the effective demand are the most important for the development of Krasnodar region as a resort. Among the least dangerous risks there are standard of living (due to the high living standards in the region, the high level of education of the residents), replacement of tourism with the other types of recreation (differentiated tourism-recreational system) and unjustified consumer expectations (high level of service). It is worth noting that low-level risks are also worth attention, a slight assessment may be the result of a small probability of such a situation, but it does not mean that it has no consequence.

Conclusion

The study made it possible to identify the socio-economic risks of the development of tourism regions and to assess them on the example of Krasnodar region. The constantly increasing flow of tourists is proof of the successful

development of the region. Preventive measures, namely the identification of potential threats and their neutralization, are needed to ensure the continued growth and sustainable development of the tourist center.

Socio-economic risks combine the consumer sector and the economy. Their significant role stems from the fact that the tourism-related activities are based on consumer orientation and his changing needs. The identification and assessment of these risks is the basis of the prevention process.

References

- Anisimova, Maksimov, Osipov, 2014 - Anisimova S.G., Maksimov A.A., Osipov D.I. (2014). Tourism as sociocultural changes agent: risks and tendencies, *Modern problems of science and education*. 2014. № 5, 724. [Electronic resource]. URL: www.cyberleninka.ru (Accessed: 14.11.17)
- Bykov, 2011 - Bykov A.A. (2011). Interdisciplinary science on the risk of harmonizing concepts. *Risk analysis issues*, Volume 8, 2011, no. 4 [Electronic Resource]. URL: www.cyberleninka.ru (Accessed: 12.11.17)
- Croucamp, Hind, 2014 – Croucamp P., Hind C. (2014). The quantification of risk and tourism, *African Journal of Hospitality, Tourism and Leisure* Vol. 3 (2) - (2014) ISSN: 2223-814X [Electronic resource]. URL: www.ajhtl.com (Accessed: 12.11.17)
- Gavriliy, 2007 – Gavrilov K.A. (2007). About the design of the concept of risk in sociology. *Sociology: methodology, methods, mathematical modelling*. 2007, No. 24, 60-80. [Electronic resource]. URL: www.elibrary.ru (Accessed: 12.11.17)
- Giddens, 2004 - Giddens E. (2004). *Elusive world: how globalization is changing our lives*. SPb.: The whole world, 2004 [Electronic resource]. URL: www.cyberleninka.ru (Accessed: 17.11.17)
- Idrisova, 2012 - Idrisova A.A. (2012). Socio-economical concept of "risk", *Vestnik of Kazan Technological University*, №5, 2013, 324-326 [Electronic resource]. URL: www.cyberleninka.ru (Accessed: 14.11.17)
- Indeeva, 2007 - Indeeva V.V. (2007). To the question of the definition of risk. *Russian Academy of Natural Science. Scientific journal "Modern Knowledge Technology"*, No. 8, 2007 [Electronic Resource]. URL: www.elibrary.ru (Accessed: 11.11.17)
- Khayrullina, Kondratiev, Krukova, 2016 - Khayrullina A.A.D., Kondratiev A.A., Krukova M.V. (2016). Specific to the risks of tourism business in the Russian Federation, *Vestnik RMAT* No. 3, 2016, 55-60 [Electronic resource]. URL: www.elibrary.ru (Accessed: 11.11.17)
- Kobylyanskaya, 2014 - Kobylyanskaya A.V. (2014). The risks of small business in tourism and the problem of minimizing them. *Economy and Social Science* No. 4, 2014 [Electronic Resource]. URL: www.cyberleninka.ru (Accessed: 13.11.17)
- Kudina, 2004 – Kudina M.V. (2004). The bases of economy, *Economy and Finance*, 2004, 352 [Electronic resource]. URL: <http://lib.mexmat.ru/books/152548> (Accessed: 14.11.17)
- Nair, 2013 - Nair G.K (2013). Influence of Risk Assessment Factors on the Tourism Performance in Qatar: An Empirical Study, *American Journal of Tourism Research* Vol. 2, No. 2, 2013, 141-153 [Electronic resource]. URL: <http://wscholars.com/index.php/ajtr/article/view/458> (Accessed: 12.11.17)
- Ovcharov, 2008 - Ovcharov A.O. (2008) Problems of regional tourism development in context of economic risks influence, *Tourist-recreational areas*, 21-78, 2008, 92-99 [Electronic resource].

- URL:www.cyberleninka.ru (Accessed: 14.11.17)
- Simanavicius, Edmundas, Biruta, 2015 - Arturas, Simanavicius; Jasinskas, Edmundas; Svagzdiene, Biruta (2015). Risk assessment models in the tourism sector, *Amfiteatru Economic Journal*, ISSN 2247-9104, Vol. 17, Iss. 39, 836-850 [Electronic resource]. URL: <http://hdl.handle.net/10419/168951> (Accessed: 11.11.17)
- Slobodchikov, 2015 - Slobodchikov N. A. (2015). Host Countries' Risks in Tourism. *Innovation science*, 2015 [Electronic resource]. URL: <http://novainfo.ru> (Accessed: 12.11.17)
- Sosnenko, Matveyev, 2008-Sosnenko L. S., Matveyev B.A.. (2008). Contents of the concepts "risk" and "risky". *The Vestnik of Chelyabinsk State University*. 2008. No. 29, 32-38. [Electronic resource]. URL: www.elibrary.ru (Accessed: 11.11.17)
- ŠTETIĆ, 2012 – ŠTETIĆ S. (2012). Risks in tourism (on the example of events). *Quaestus multidisciplinary research journal*, 68-78 [Electronic resource]. URL: <http://www.quaestus.ro/wp-content/uploads/2012/03/stetic.snezana.pdf> (Accessed: 13.11.17)
- Tarasova, 2015 - Tarasova N.V. (2015). To the issue of risks in tourism and tourism activities. *International scientific journal "Innovation Science" No. 3, 2015* [Electronic Resource]. URL: www.cyberleninka.ru (Accessed: 13.11.17)
- Telicheva, Sandanova, 2017 - Telicheva E.G., Sandanova T.S. (2017). Classification of risks in tourism. *Electronic scientific publication "PNU scientists ' Notes" 2017, Volume 8, No. 2, 500-510* [electronic resource]. URL: www.cyberleninka.ru (Accessed: 12.11.17)
- Tourism and sustainable development, 1999 - Tourism and sustainable development. *Sustainable tourism: a local authority perspective (1999)*. Commission on Sustainable Development Seventh Session 19-30 April 1999, New York [Electronic resource]. URL: <http://www.un.org/esa/sustdev/csd/iclei.pdf> (Accessed: 11.11.17)
- Vyazemskaya, 2017 – Vyazemskaya L.S. (2017). The features of risk management in tourism sphere, *Economical Science №62, 2017* [Electronic resource]. URL:<http://novainfo.ru/article/12001/pdf> (Accessed: 15.11.17)
- Wilks, Moore, 2005 - Wilks J., Moore S. (2005). *Tourism risk management for the Asia Pacific region: an authoritative guide for the managing crises and disasters*, [Electronic resource]. URL:<http://www.apecsec.org.sg/> (Accessed: 15.11.17)
- Yanitskiy, 2003 -Yanitskiy O.N. (2003). *Sociology of risk: key ideas*, *The world of Russia*, 2003, T. 12, No. 1.[Electronic resource]. URL:www.cyberleninka.ru (Accessed: 14.11.17)
- Official site of the Ministry of resorts, tourism and Olympic heritage - Official website of the Ministry of resorts, tourism and Olympic heritage, [Electronic resource]. URL:<http://min.kurortkuban.ru>(Accessed: 18.11.17)
- Official site of the Federal State Statistics - Official site of the Federal State Statistics Service of the Krasnodar Territory and the Republic of Adygea, [Electronic resource]. URL:http://krsdstat.gks.ru/wps/wcm/connect/rosstat_ts/krsdstat/ru/statistics/grp/(Accessed: 15.11.17)



Journal
Cultural Heritage
&
Tourist Territory



Professional standards of training the specialists for new spheres of economy

Elena Vasileva ^a, Marina Gunare^b

^a Saint-Petersburg State University of Economics, Russia
vasselena@mail.ru

^b Baltic International Academy, Riga, Latvia.
marina.gunare@gmail.com

Abstract

This article analyses the existing approaches to the development of professional standards in the US, Europe and Russia. Particular attention is paid to the importance of developing the national and corporate professional standards; this need appears due to the formation of the promising areas of training the specialists for new sectors of economy exemplified by the industry of business meetings.

Keywords: transformation economy, project learning, interdisciplinary approach, cluster, professional standards, MICE

It is the time of new professions formation. There is an active development of project activity in various sectors of the economy; it requires the inclusion of experts from different fields of knowledge, such as technical, economic, humanitarian and others. Spheres of natural, technical and human sciences are deeply interrelated. The progress in the natural and technical sciences and the formation of scientific research methods contributed to the emergence of major achievements in humanitarian fields: in economics, politics, culture. In its turn, the findings in natural sciences and in technical fields have led to the changes in

ideology and to the conversions in the general orientation of thought; they are implemented in the social sphere and have a profound impact on the humanitarian sphere. Human sciences affect the development of technical and natural sciences, enabling people to understand themselves and their creative potential and being a link between the culture of the society and the world of science.

The integration of humane and technical knowledge facilitates the introduction of the fundamental and applied scientific achievements in the sphere of culture. Scientific and technological progress has an impact on the formation of the labour market and on the emergence of new professional directions. So, ten years ago Russian labour market demonstrated the lack of specialists in Law, Psychology, Management, Economics and Translation. The project of Nordic Council of Ministers of 2005-2006 “10 professions of the Future” allowed the following ranking of promising professions: economist, marketing expert, manager, bank clerk, a teacher of foreign languages, interpreter, mathematician (applied Mathematics in the Economics), an engineer in Computer Sciences and Computer Engineering, a lawyer with specialization in Constitutional Law, or Criminal Law, or International Law, the staff of higher education institutions.

Initial demand for the professions mentioned above contributed to the development and implementation of educational programs in higher education institutions for training new professionals. However, a significant surplus of managers and lawyers in Russia was already observed in the period of crisis of 2008; as a result the young professionals were forced to master related specialties, as the private offices, firms and companies closed and the rate of unemployment increased in several times. In years 2011-2014 there was a serious shortage of representatives of technical specialties, secondary and vocational schools teachers, qualified pharmacists, physicians and many other socially valuable professions. [4].

According to the data from the Centre of Testing and Development of Humane Technologies, in the past three years a demand for programmers, system administrators, and specialists in computer applications with the skills of changing software to meet the needs of a particular company is formed; it is due to the a remarkable booming computerization of the society. In 2011 the most necessary professions were engineers and logisticians, marketing specialists and chemists. Programmers became the most highly paid specialists, surpassing even lawyers in this respect. In the beginning of 2012 the average salary of a beginning programmer was about 50-60 thousand rubbles per month. The same trend continued in 2013. [6]

The Agency for Strategic Initiatives (ASI) has been publishing the materials on research of endangering and promising jobs of the future for over the past five years. The ranking of professions which will cease to exist because of technological advance, online broadcasting and communication after 2020 includes the following professions: librarian and archivist, records manager, copywriter, travel agent, stenographer, postman, liftman, call-center operator, ticket collector, seamstress. The experts who prepared the list of endangering professions emphasize that their study is not of a fantastic nature. If to compare the industrial production of the present day and the 60s of the last century, it can be noticed that fifty years ago enterprises used mostly the manual labour, while today automation of some plants reaches 90%; in other words, people are moving away from the complex production [8].

The list of new actual professions today is mainly associated with the project activities joining Humane, Technical and Natural Science areas, including event-management, meetings architecture, fundraising, IT-systems creation, content management, etc. It is difficult to name the activity which is not included in the responsibility of the above mentioned professionals: screenwriter and director, marketing specialist and manager, bookkeeper and logistician, psychologist and communicator [8]. Since the new professions are in fact not taught at universities in Russia, these specialists are replaced on the labour market by the representatives of humanitarian and technical specialties. However, the modernization of education system in the framework of the Bologna process has facilitated the formation of the three-level system of education: undergraduate, graduate, post-graduate courses, which in turn gives a particular freedom to universities to develop the necessary competencies and new skills, and contributes to the development of project economics. In particular, the multi-level system of education permits the accumulation of competences from different areas of knowledge; for example, a Bachelor Degree in Engineering and the Master Degree in the field of Economics, or Bachelor Degree in Social Sciences, Political Science and Regional Studies might be combined with Master Degree in Law or Economics [4]

One of the principal objectives of higher education institutions is training the professionals, who are ready to implement the professional activities at high intellectual and creative level, able not only to solve the set tasks, but also to identify problems and to find new unconventional creative solutions for these problems. Moreover, the Concept of Long-Term Socio-Economic Development of the Russian Federation until 2020, , defines the principle of the project activity among the priority directions of development; it is included in the educational standards of Bachelor and Master Degrees as a principal type of professional activity.

The content characteristics of the project activity presented in the federal educational standards of higher professional education presupposes the development of strategic concepts and business plans and also specifications for their development, management of the design process, the evaluation of projects quality and effectiveness. The ability to perform project works leads to the formation of project competence as a result of professional education [2].

Project activity is one of the priorities of education and training of modern international universities within a framework of the knowledge economy. The project-based learning gradually replaces the traditional methods of education. Method of project activity is the basis of the commercialization of scientific achievements of universities. For example, the results of the higher education reform in Denmark are as follows: the project learning is introduced after the second year of study in all high schools. It is also possible to take a sabbatical leave at the university to participate in the current project activity and to resume studies after the end of the project; it is possible within the framework of practice-oriented bachelor degree, after the second year of study. Modern project training within the services sector of Denmark allows exploring and evaluating the experience of the application of a synergistic approach in higher education system. [10] Project-based learning permits to integrate easily natural, technical and humanitarian knowledge in order to generate the skills and competences for training the specialists in such professional fields as the tourism services, real and virtual recreation designing, matchmaking and business-communications development, congress and exhibition activities, content management and even within the engineering specialties.

As international experience shows, university education based on a multidisciplinary approach and projects methodologies has substantial advantages due to the commercialization of educational and scientific activities.

In 1999 in the US, the newly founded College of Engineering, financed by Franklin W. Olin's fund, initiated the experiment based on the principles of techno-humanistic. One of the conditions of its creation was the development and implementation of brand new teaching programs in the field of engineering technologies. Olin College focuses on preparing qualitatively new specialists possessing completely new skills and knowledge determined in 2005 report.

The engineers of the future, who will be able to implement their potential and work practically in 2020, are taught to such competencies as teamwork competences, communication, critical thinking, creativity, the ability to think and to find solutions at the intersection of different disciplines. Most of the educational processes in Olin College are organized in the form of implementation of group projects, starting from their development and finishing with their practical implementation. All the students should learn the basics of

business and entrepreneurship, as well as perform a special project in arts, social sciences and humanities.

Embodying the concept of learning at the intersection of different disciplines, the college does not have faculties in its structure in the usual academic sense of the word. The absence of the recruitment system hiring the academic staff on the basis of permanent contracts also contributes to an atmosphere of continuous renewal and experimentation. All students receive scholarships directly from the consumer of the academic research and educational projects; the amount of scholarship is sufficient to cover living expenses in campus and fee for studying. [9]

The first college graduation took place in 2006 and College graduates are successful in finding the attractive and prestigious job or continue their studies at Master Courses of the best universities. Similarly, the Limkokwing University of Creative Technology in Malaysia was founded as a private educational institution, the purpose of which was training on the basis of innovation, creativity, and the ability to carry out the projects on the techno-humanistic basis. Its graduates are competent enough to work in a variety of industries and in services. The rapid growth of new campuses in Botswana, Lesotho, and London demonstrates the success of this project-based learning model in training the specialists for new areas of economy. [9]

One of the conditions of formation of new areas of economy is the professional standards that help to bring the specialists training close to the requirements of the employer. The professional standard contains the qualification specifications required to perform the certain professional activity; these standards are presented in the form of description of the requirements towards the content and towards the quality of the work. [7] The professional standards are intended to replace the existing qualifications directories, which have become obsolete because of lack of a number of existing jobs, at least in the economically transforming industries.

Professional standards are widespread. The countries, which adopt the requirements of professional standards as the basis of qualifications, are as follows: Austria, Belgium, Bulgaria, Denmark, Estonia, France, Germany, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Switzerland, Turkey and United Kingdom.

The most striking example is the UK professional standards which have been created within the system of national qualifications frameworks in 14 categories, uniting more than 50 consolidated areas of professional activity [12].

The principal idea of using professional standards is based on the analysis of the situation on the UK labour market. The conducted survey of employers

“Skills for Business” (2003) manifests that the necessity to improve the quality of skills and to increase the labour productivity have been recognized by the employers as a key priority. According to the opinion of employers in England, 11% of employees do not have the required skills and 20% of open positions are not occupied because of the low skills level demonstrated by candidates for these positions.

The lack of skills is especially clearly observed in the sectors requiring high qualifications. More than 20% of the adult population does not have functional literacy (higher percentage can be observed only in Ireland and Poland). Lifelong learning is mainly affected those professionals and employees, who initially had high level of skills. The analysis also revealed a shortage of specialists who had qualification at the level of the technician, craftsman and mid-level personnel. Moreover, a certain number of managers in the country did not have the relevant formal qualifications. [12]

Therefore, due to the employment of professional standards within the UK national framework of qualifications, there are reflected all the accredited qualifications with relevant evidences, diplomas, and certificates. It should be emphasized that the relationships between qualifications within the framework are not static and are constantly becoming more and more complicated. Supporting the links between the components, the frame unites and organizes the existing qualifications (diplomas / certificates) on the one hand and on the other it stimulates the development of new qualifications if there is a need on the labour market.

At present time all developed and emerging economies give great importance to the regulation of the requirements for the quality and the content of work of the employees. The development of professional standards in Russia is coordinated by two parties: first of all, it is the initiator of the implementing the professional standards in Russia – the entrepreneurs represented by the Russian Union of Industrialists and Entrepreneurs, and secondly it is the Ministry of Labour and Social Protection of the Russian Federation.

According to paragraph 1 of the Presidential Decree N 597, dated by 07.05.2012, there must be designed and approved not less than 800 professional standards by year 2015. Professional standards system should replace the system of directories, comprising at the present moment more than 7.5 thousand descriptions of works, professions, positions.

Professional standards should include more aggregated properties of qualification requirements compared to those used in the directories, so they are more universal. Obsolete items should be removed and the existing requirements should be upgraded. [1]

There is a good example of joint activity directed on developing the

professional standards in Russia, Europe and CIS countries. It also refers to the tourism industry. In 2015 due to the operation of professional associations and universities there was prepared an international project “European dimension in qualifications for tourist sector”. The project aims is to harmonize the professional standards in the field of tourism in Russia, Europe and Kyrgyzstan. The project comprises 16 partners from different countries, including the Ministry of Education and Science of Russia and Kyrgyzstan. The above mentioned project has received support from the European Commission Capacity Building Erasmus Plus.

However, the standards are developed not for all new areas of professional activity and this is primarily connected with the fact that the professional community still has not been developed a common idea on the necessity of introducing new professions on the modern Russian market; in particular, it regards the industry of meetings.

Certainly, the development of proposals relating to the professional standards in the field of specific areas of business meetings industry, such as the congress and exhibition activities and business tourism is already in the process of carrying out. Meanwhile, a set of professions existing in the world industry of business meetings is much more versatile: service provider, meetings manager, professional organizer of business meetings and events, congress bureau manager, matchmaker, buyer, meetings designer, Manager of MICE events, etc. [11].

The directory of MPI jobs (Meeting Professionals International) is updated annually. MPI possess the first experience of corporate professional standards development for the business meetings industry. The process of development of professional standards involved the senates of International associations of professionals, public authorities, consumers of meeting industry services.

MPI professional standards contain 12 basic types of professional activities (strategic planning, design, web-site management and others), 33 professional competences (formation of the mission and goals, speakers engagement, the layout of the site design, etc.), which are in turn complemented by sub-competencies. Sub-competencies (knowledge, skills and experience) define in details the direction of professional activity (matchmaker, meetings designer, etc.) [11].

The above mentioned professional standards are available to only the MPI members; they are a tool to control the interaction of the labour market of the meetings industry and the education system, they are the methodological tool assisting the universities – members of MPI to design educational programs in accordance with the requirements of a professional corporation, to develop strategies and assessments of the learning outcomes, as well as to increase

competitiveness in the international market of educational services. Nowadays MPI membership is presented by not only the United States higher schools, but also by the universities of Australian, the UK and other countries. If question arises whether it is possible to use MPI standards in Russia, it is necessary to note the following:

Europe, Russia and the United States have different approaches and methods of the development of professional standards today. The movement from local corporate standards systems to the formation of a national system has intensified in Russia and other countries of Europe, in Japan and in Australia. The US still supposes the corporate professional standards to be preferable compared to the national system; the presence of corporate standards is considered to be one of the indicators of competitiveness of the industry; however, in recent time the attempts to create the national system of qualifications have appeared even in the United States. [10].

MPI professional standards are local corporate standards; considering the development of national professional standards for the business meetings industry, the experience of the US can be assumed as relevant in the case of development of corporate professional standards.

Business meetings industry has already been formed in the US and in some European countries, while the Baltic countries (Latvia, Estonia and Lithuania) and Russia at the present stage have just started the formation of the meetings industry in a few large cities, such as Riga, Tallinn, St. Petersburg, Moscow, Sochi, Yekaterinburg, that is why not all areas of professional activity, presented in the MPI reference, are relevant for the Baltic countries and Russia today.

However, taking into consideration the universal capabilities of the business meetings industry in the procedure of development of economic and cultural potential of depressed regions (the issue has already been discussed in authors' previous papers), the experts of the business meetings industry could be in high demand right now in the Baltic countries and in some regions of Russia [3]. In this regard, it is advisable to develop the corporate professional standards for the industry of business meetings in the Baltic States and in Russia at the regional level, as it was done in St. Petersburg.

In 2014, the congress-exhibition cluster was organized in St. Petersburg; it combined the enterprises of business meetings industry in order to improve the competitiveness of MICE services in the domestic and international market. It is planned to develop a cluster model of professionals training in the process of implementing the cluster development programmes for the 2015-2016 period; this is connected with a deficit of professional staff in the rapidly growing industry of business meetings in St. Petersburg. To create a cluster model of industry specialists training, it is necessary to solve the following problems:

1. to analyse the types of professional activities, to create professional standards (PS) for the business meetings industry
2. to integrate into the cluster the education establishments of various levels for training the specialists of business meetings industry (high school (lyceum), college, university, etc.), as well as recruitment agencies (Agency for personnel selection). To assess the potential capabilities of staff working in the business meeting industry of St. Petersburg, Leningrad region and the North-Western region of Russia.
3. to evaluate the existing educational programs for the new industry.
4. to develop a model of network interaction between universities and employers for creating and implementing the network-based educational program.
5. to prepare the proposals for the formation of human resources policy based on the analysis of problems and prospects for the advancement of the existing human resource capacities of the Russian Federation.
6. to develop the methods of personnel approval and certification on the basis of professional standards.
7. to develop educational programs for all levels of training in business meetings industry on the basis of professional standards and modern methods of project-based learning.
8. to prepare the professionals for the industry of business meetings on the basis of the developed educational programmes in accordance with the proposals on the formation of personnel policy in the Russian Federation.

Professional standards created within the cluster and qualification frames and educational standards developed on the basis of these standards allow the universities to prepare the necessary personnel and create the training plans for the fields and profiles that will be demanded by the labour market after 5-10 years.

Conclusion

The training of specialists which are in a high demand on labour market should be based on a multidisciplinary approach and project techniques, since the new professions involve the integration of humanitarian, technical and scientific knowledge. The frontier between humanitarian and technical specialties remains in fundamental scientific research; nevertheless, the penetration of fundamental knowledge of engineering, sciences and humanities into the economic sphere intensifies in technetronic civilization environment; this process includes the framework of project activities, thus ensuring the

occurrence of a synergistic effect. In this regard, the project learning turns to a priority for higher education establishments, gradually replacing the traditional methods of teaching. Methodology of project activity is also based on the commercialization of scientific achievements of universities. Accordingly, the acquisition of competencies in project management area will enable graduates to be more competitive in the labour market under the conditions of intensive progress of the economy.

The association of universities and employers in the framework of project-based learning in the form of a corporation or a cluster contributes to the solution of urgent problems both for universities and enterprises. These issues include, in particular, preparation of specialists that are highly demanded on the labour market, the introduction of innovations into the production process and as a consequence – increase of the competitiveness of both the universities and enterprises.

The integration of educational institutions of different levels and / or a number of universities and enterprises into the cluster for implementing the new economic activity such as business meetings industry makes it possible to increase its competitiveness not only due to the joint project activities, but also through the development of professional standards on the basis of a cluster. Under the conditions of project economy, professional standards become an indispensable tool for preparing the highly qualified demanded specialists, as well as for universities allowing them to plan new directions and profiles in the long-term period.

References

- The decree of the President of the Russian Federation from May 7, 2012 N 597 “On measures to implement the state social policy”
<http://base.garant.ru/70170950/#help#ixzz3dytfOboCh><http://base.garant.ru/70170950/#help>
(Retrieved on 20.05.2015)
- Future. Fundraiser <http://www.hopesandfears.com/hopesandfears/ideas/newprof/118465-fandrayzer/> (Retrieved on 2015.05.10)
- Vassilyeva, E. V. The creative potential of the business meetings industry: engineering of regional environment under the conditions of cultural transformations in XX – the beginning of XXI centuries//Modern models of development of cultural industries in the regions of Russia. SPb., pp. 91-100
- Vassilyeva, E. V. The report on the project “10 professions of the Future”, grant RU 55 Nordplus Neighbour/2005-2006 (NMR)-C.-16
- Vassilieva, E. V., Gunare, M. L., (2014). Interdisciplinary approaches and design techniques in preparation of demanded specialists for the labour market.//Educational environment under the conditions of modernization of the education system: regional aspect.//St. Petersburg-Smolensk. pp. 29- 36
- In 2012, the most actual professions will be the technical jobs

- [/http://www.proorientator.ru/index.php?option=com_content&view=article&id=977:-2012-&catid=22:2009-11-18-12-54-08](http://www.proorientator.ru/index.php?option=com_content&view=article&id=977:-2012-&catid=22:2009-11-18-12-54-08) (Retrieved on 18.05.2015)
- Muravyova, A. A., Oleynikova, O. N., et al. (2014). Professional standards. Recommendations for the analysis of employment and development of functional maps. –M.: “Virtual Gallery”, p. 2.
- National championship of professions and business ideas. The Agency for strategic initiatives / http://www.youtube.com/watch?v=YsQ-5sWMc_s/ (Retrieved on 28.09.2013)
- Salmi, J., (2009) The Challenge of Establishing the World Class Universities. The International Bank for Reconstruction and Development/The World Bank. – p. 60
- Kristensen, G. (2010). New challenges for professional higher education institutions in Denmark.//Critical learning in Business and Education intercultural Dialog.// Journal Advances in Higher Education, Number1, Volume 3, pp.77-94.
- Meeting and business event competence standards. Curriculum guide//<http://www.mpiweb.org/Portal/MBECS> (Retrieved on 20.05.2015).
- Oleynikova, O. N., Muravyeva, A. A., (2011). The professional standards as a basis for developing qualifications frameworks. Methodical guide. – Moscow : ANO Centre IRPO, pp. 72



Journal
Cultural Heritage
&
Tourist Territory



Integrated Approach to Territory Marketing: the Role of the Inhabitants of the Territory

Diana Zagulova^a, Yelena Popova^b, Natalija Sotikova^c, Marina Gunare^d

^a Baltic International Academy, Riga, Latvia
zdv@inbox.lv

^b Transport and Telecommunication Institute, Baltic International Academy, Riga, Latvia
yelenagp@gmail.com

^c Baltic International Academy, Riga, Latvia.
nsotikova@inbox.lv

^d Baltic International Academy, Riga, Latvia.
marina.gunare@gmail.com

Keywords: territory marketing, optimization, effectiveness, integrated approach, inhabitants of the territory.

1. Introduction

The emphasis on the development of territorial communities in the world civilization makes it relevant to turn to the issues of territorial marketing; this general framework comprises the marketing of the community of states (UN, OPEC, CIS, etc.), the marketing of independent countries, regions, municipal formations, some of local places (Pankrukhin A., 2006).

The territorial marketing is the marketing provided first of all for supporting the interests of the territory, its internal and external agents working for the certain territory. It is implemented in order to create, maintain or change

opinions, intentions and/or behaviour of the entities which are external to the area (Pankrukhin A., 2010).

Territorial marketing is aimed at creating and maintaining the following issues:

- attractiveness and prestige of the territory in general;
- attractiveness of the natural, material, financial, labour, organisational, social and other resources concentrated in this territory, as well as opportunities for the implementation and reproduction of such resources (Tychinskaya & Lobanova, 2014)

According to P. Kotler (Kotler, 2010) the marketing of the area can be determined by four aspects of vision of this territory:

- marketing of housing
- marketing of the areas of economic development,
- marketing of recreation areas,
- marketing of investments in land

2. The choice of place of residence

According to T. Sachuk (Sachuk, 2006) the concept of territorial marketing provides a new quality of territorial management. The main task of the territorial management today is improving the attractiveness of areas as places of residence and activities due to the maximum satisfaction of the area needs in resource and public benefits. The area able to consider and satisfy the needs of residents at maximum will be increasingly competitive.

The conducted studies (Orlova, 2001; Sachuk, 2005; Benson, 2014) allow identifying the main criteria influencing the choice of territory for residence, for business and also for tourism.

The main criteria influencing the choice of place of residence (especially when the person

- has a guaranteed income) are as follows:
- climate
- the level of expenditure in the territory,
- the opportunity to purchase housing,
- the quality of housing,
- level of security (environment, crime level),
- the availability of medical care,
- tolerance of the local community to national and religious position
- etc.

The main criteria influencing the choice of place for implementing the business activities are as follows:

- the availability of work corresponding to training,
- the possibility of retraining with subsequent employment,
- career growth
- wages
- the possibility of obtaining additional revenues
- the level of expenditure
- etc.

The main criteria influencing the choice of location of the business are as follows:

- natural resources, conditions of their use,
- production costs,
- the purchasing power of the population,
- energy resources and communication
- labour resource
- special economic status of the areas,
- forms of business support
- the possibility of purchasing or renting the land and the municipal property objects
- and so on.

The main criteria influencing the choice of location for tourism:

- attractions
- the uniqueness of the territory ("there would be a story to tell about")
- living conditions
- the development of hospitality services
- security of life
- the level of prices for goods and services
- quantity, quality, forms of relaxation and entertainment;
- territorial remoteness
- the amicability of the population
- convenience of inter-territorial transport
- etc.

Therefore, the attractiveness of the territory for various spheres of activity is determined by the resources of the territory. Each territory is characterised by the peculiarities of its natural, geographical, political, social, financial, material, innovation, and other resources, as well as human resources. Special attention

should be placed on the analysis of human resources. The relevance of treatment of this factor can be explained by several problems, the consideration of which should take special attention (Bulgak, 2005; Kotler et al., 2005).

First problem: the growth of mobility, unification and consciousness of the individual.

The mobility in the application of human, financial, intellectual and other resources is increasing;

Despite the desire of many people to preserve the specificity of national culture and national traditions, the common unification of human needs for standard of living takes place;

The person who has realised his importance for the territory puts forward the certain requirements towards the territory, and his position in the selecting the area as a place of residence and of business activities is becoming more active.

Jeremy Moore, the British graduate with MBA Degree looking for work in the countries of the Eastern Europe expressed the essence of the problem: "I don't want to be Czech, I just want to do business".

The second problem: the struggle of territories for human resources.

The history of mankind is largely the history of migration. Driven by hope or despair, people moved with a single purpose - to find the best conditions for life, and therefore for work. There is another modern trend - the areas tend to attract people in which these areas are interested.

Places are not only trying to attract tourists, companies and investors, but also seek to develop policies aimed at attracting and retaining residents as a component of building a viable community. Places are trying to appeal to certain groups of population and to oppose others. The target group usually consists of professionals, investors, rich people, young families, students, pensioners and employees who have a particular training or the required qualifications.

The future of the territory depends on the ability to identify accurately and to attract people who will work at the enterprises and to serve the life needs of the population. A necessary condition for the production of goods and services of the world-class is the availability of skilled professionals. So, the area striving for perfection, should ensure a maximum of attractiveness for this target group.

Professor Charles Morrison of the University of Paris claims that the exodus of talents is the result of such problems as high tax rates, the frustration in politics, rising unemployment and the emergence of the "society of protected privileges from which young people are excluded". The situation is so serious that Morrison compares it with the grand eradication of talents during the French revolution of 1789.

The countries with a high level of socio-economic development have more competitive advantages in this fight.

The factors of territory attractiveness for this group are reasonable tax rates, the opportunity to choose acceptable housing, high quality of education, the availability of kindergartens and schools, competitive conditions and the cost of social insurance, friendly attitude to new residents and services for relocation, including assistance in finding work for family members.

The third problem: the negative effects of the declining number of the territory population.

The decrease in the number of residents not only destroys the tax base, but also leads to a rapid formation of a negative image. Therefore, the maintenance or increase of the existing number of inhabitants must be the priority for the territory (Kotler et al., 2005).

The areas with low or medium population densities could suffer significantly during the periods of economic recession or structural changes. The number of population of small rural areas and small towns considerably decreases during the economic crises. As a result, the viability of the area is under the threat (Kotler et al., 2005).

The papers (Bulgak, 2005; Sachuk, 2005, 2006) identify the most common reasons for changing the place of residence:

- work, higher level of wages,
- career and self-actualisation,
- climate,
- family circumstances,
- the desire to change life conditions,
- quality of life,
- environmental conditions,
- the desire to live closer to relatives,
- study,
- ethnic conflicts,
- development and health of children,
- search more peaceful and quiet place,
- low social security,
- housing search,
- search of prestigious areas,
- low level of economic development.

The problem of outflow of population from the country and the population number decline in some regions is especially urgent for the Baltic countries, particularly Latvia. By some estimates, during two years after joining the European Union, 60-100 thousand of residents of Latvia left the country to the EU. Recently it is hard to find skilled labour in Riga, the capital of Latvia, but at

the same time there is high level of unemployment in rural areas. As a rule, young, active and employed people leave the country (On Migration and the Labour Market in Latvia, 2006; Comparative Regional Development of the Baltic Countries). Entrepreneurs in Latvia are seriously concerned about the outflow of skilled labour and think seriously about inviting skilled labour from the neighbour countries (On Migration and the Labour Market in Latvia, 2006).

Thus there is no doubt the relevance of territorial marketing oriented on the own residents, both the permanent residents, and also people who have left the territory for business. The problem of attracting people who have changed the country of living requires special attention. There is a growing understanding of the fact that the man (human capital) is a key component of the socio-economic development of the territories. There are many examples of successful territory management in European countries. B. Grinchel gives examples of the situation when the city marketing aims at making the city more attractive from the point of view of its inhabitants and local enterprises and organisations (Local Authorities and Market Economy, 186). Ireland was able to stop the brain drain due to serious economic reforms and active campaigns to persuade young talented emigrants to return home. In an effort to attract foreign workers, such countries as Belgium, Denmark, France, Netherlands, Spain, Switzerland and the UK offer a range of the personal tax benefits tied to the certain area (Kotler et al., 2005).

3. A dual role the population of the territory in relation to the area

The population of the territory fulfils a dual role in relation to the area. On the one hand, long-term residents in a certain area are the main consumers, and on the other hand they are the resource of this area and the creators of the resources (Fig.1). The formation of the purpose of territorial marketing depends on the fact what role the area assigns to the residents. However, basing on the existing competitive situation in the world and in Europe in particular, the area which deals with people only from the point of view of the consumer, has fewer competitive opportunities and development potential.

Basing on Fig. 1, two different types of territorial marketing can be distinguished; they are demonstrated in Fig. 2. The first of them is focused on the current status of the territory, there is no need to develop strategic plans, long-term and continuous regular study of the factors significant for the development of the territory. Basing on the analysis of the literature, marketing oriented on the satisfaction of existing demand is the most commonly used type in the post-Soviet countries, since it requires lower costs and lower level of competence. In this case, the population is not considered as a resource of the

territory, and especially as the main factor creating the basic resources of the territory.

This view cannot be attributed to the progressive way of solving problems of the territory development. To improve the competitive potential, marketing should work on developing the human capital, not only on increasing the consumer aspirations of the population. Marketing strategy, based on the current properties can be called passive. Moreover, the result of the territory development in this case is difficult to predict, since the strategy does not provide active aimed impact on the development of the human capital.

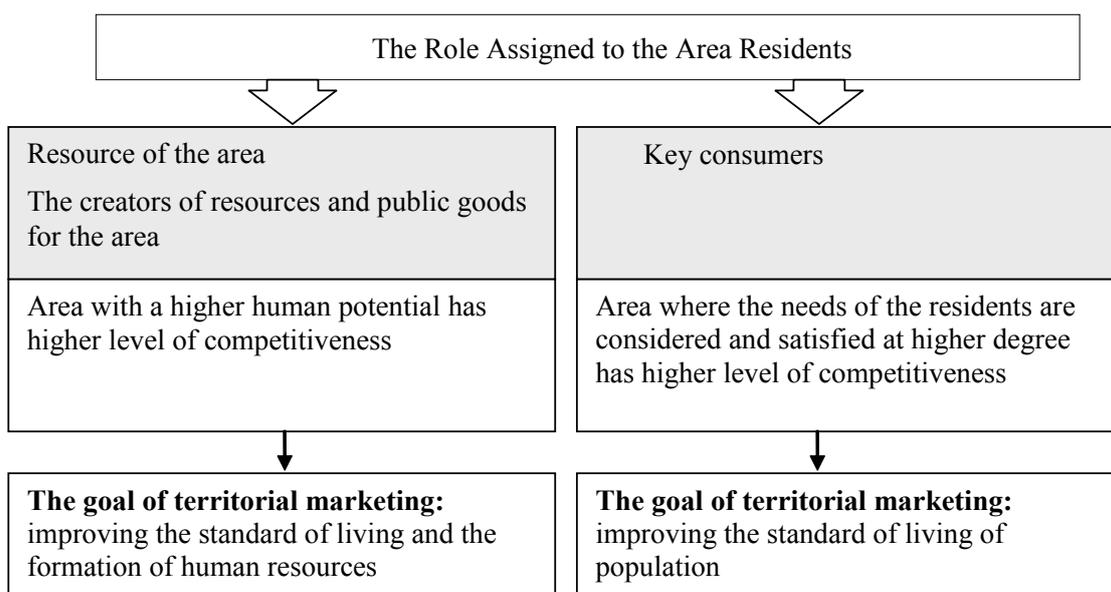


Fig. 1. Targets of territorial marketing depending on the role assigned to the population of the area

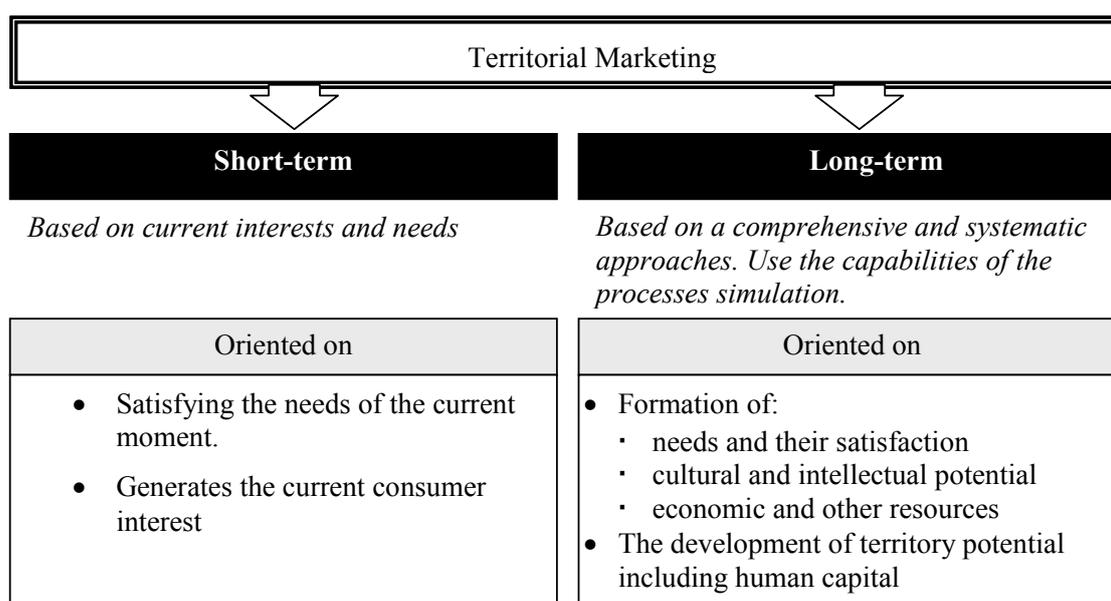


Fig. 2. Peculiarities of the short- and long-term territory marketing

The optimal strategy should be based on predictable results, when the consumers' behaviour can be predicted. This requires the use of more active and long-term-oriented measures which can affect efficiently the development of resources, including the human capital. This will allow predicting the behaviour of the consumers of the area and forecasting the results of the territory development.

4. Integrated Approach to Territory Marketing

Long-term territorial marketing oriented on human allows influencing the formation of human needs. Nowadays such effects are implemented in the marketing of goods, which in some cases negatively affects the formation of human capital, while human, as it has been mentioned above, is not only consumer of resources, but also represents the resources of the territory.

The use of long-term strategic territorial marketing aimed at the human will help to form a human reserve with high potential in all aspects: cultural, intellectual, informational, technological etc. The development of human capital of the territory, in turn, will increase the value and attractiveness of the territory.

These proposals are consistent with the views shown by Sachuk T. (Sachuk, 2005, 2006); the papers of this researcher demonstrate that territorial marketing is facilitates a fresh look at short-term and long-term goals of economic growth. It is necessary to achieve a constant ratio of such tasks as maximizing the revenues from the current use of the area resources and guaranteeing the sustainable development of the territory for the long term and in the interests of all sectors of society. The territorial marketing, in authors' opinion, is the type of marketing, which carries the highest socio-ethical, socially-responsible load.

Along with this it is important to note that the general trend of marketing development is the increasing focus on consumer's problems and social ethics (Dibb, 2014).

The concept of social-ethical marketing (societal marketing) considers the needs, requirements and interests of target markets as the objective; another objective is provision of the desired satisfaction with more efficient and more productive than competitors' ways; simultaneously it is necessary to provide, preserve and strengthen the well-being of consumers and the entire society. This concept has relatively recently emerged. It was facilitated by conclusion on the inadequacy of the concept of pure marketing from the point of view of the protection of the environment, lack of natural resources and other socio-ethical problems. Ultimately, the concept of pure marketing does not consider the

problem of possible conflicts between the needs of the buyer and his long-term prosperity, while the concept of social-ethical marketing requires a balance of three factors: companies profit, the consumers' needs and interests of society (Gopaldas, 2015).

The changing and posing new challenges environment presupposes that each territory needs a strategic marketing plan, allowing receiving benefits from the new conditions. Strategic market planning is not a one-time attempt to resolve the crisis or financial problem, but an ongoing process necessary for meeting the constantly evolving global market requirements and for adapting to them. Territories, strongly guided by the overall marketing plan, can develop a reference model, which should be flexible and allowing avoiding the hasty and ill-considered decisions (Kotler et al., 2005; Kotler & Armstrong, 2010).

Strategic marketing involves the systematic and continuous analysis of the needs and requirements of key customer groups, as well as the development and implementation of the concepts providing the sustainable competitive advantage. Modern scientific trends suggest that the implementation of strategic marketing must appeal to a comprehensive and system approach which have proved their worth in solving tasks in various fields of knowledge.

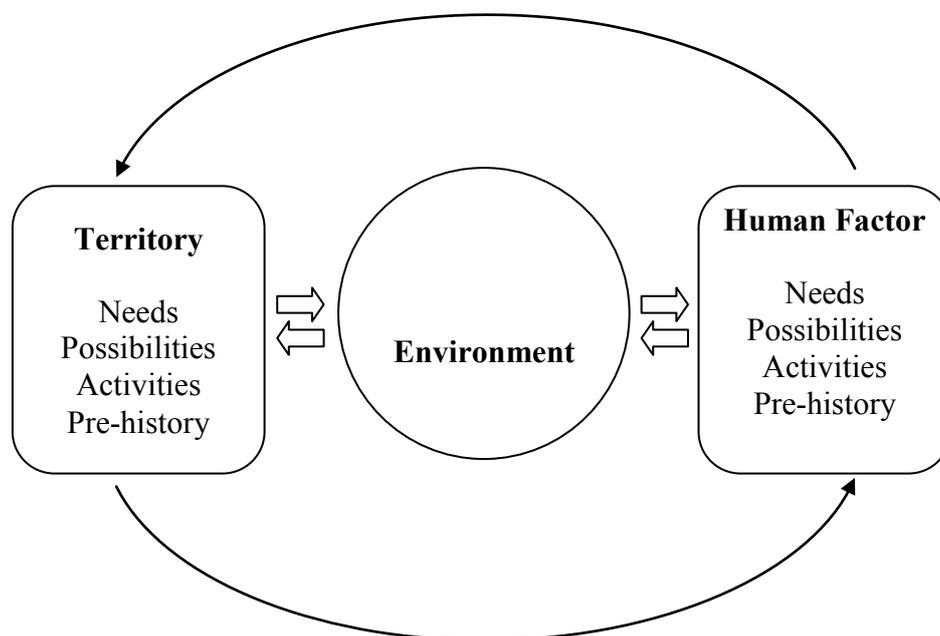


Fig. 3. System of interrelations of the territory, included human factor and the environment

To implement a comprehensive and system approaches, the analysis of the elements, structure and relationships is required. A viable system must have feedback and be able to adjust its actions depending on the received result. According to a comprehensive and system approaches it is impossible to study and forecast the changes of a single component, phenomenon or process in

isolation from the related components, phenomena or processes. That is, the specific area should be considered together with the related and included components. In addition, it is necessary to consider that all the components, processes and their relationships are affected by temporal changes. (Fig. 3).

As it is shown in Fig. 3, territorial marketing cannot be based only on the factors included in the territory. Any area is an open dynamic developing system; its functioning, as well as functioning of its components, also depends on the environment. Therefore, the scientific planning of the development requires constant research of current situation and forecasting not only the isolated system "territory", but also other important factors. A system comprehensive approach involves a phased implementation of the strategy of territory development. As in any cybernetic or functional, viable system, the certain tasks are solved at each stage; the effectiveness of these tasks solution is compared with the expected result and is adjusted in accordance with changing situations and obtained results.

Conclusion

One of the important tasks of the modern territorial marketing is creation of conditions for attraction of the territory residents. The inhabitants of the territory in relation to the area play a dual role: they are the main consumers and simultaneously the territory resource creators. The concepts of the territory development, taking the territory residents as an area resource, are more progressive and have greater opportunities, since they are interested in the formation and development, but not the exhaustion of their potential.

Resources development involves the use of long-term strategic marketing but not obtaining a quick profit causing the detriment to the development of the territory as a whole. Resources, employed by the territorial marketing, among others, include anthropogenic factors, the factors caused by human: culture, politics, economy, trade, etc. The individual acts in 3 positions: resource consumer, resource of the territory and the creator of resources and public goods. The territorial marketing has peculiar features, distinguishing it from other types of marketing. Territorial marketing can be passive, or short-term, and active, or long-term. Passive marketing is based on the current interests and needs; it focuses on meeting the needs of the moment, and generates the current consumer interest. Active marketing focuses on the development of the territory potential including the human capital, i.e. education of cultural and intellectual potential, economic and other resources, as well as the formation of needs and their satisfaction. In this case, the marketing relies on the integrated and system approaches, and employs the opportunities of processes simulation. Strategy of

territorial marketing should consider all the internal and external factors, which are important for the situation; it also should consider the factors' direct and reverse linkages, the peculiarities of their interactions and dynamics of all components.

References

- Benson, M. 2014. Trajectories of middle-class belonging: The dynamics of place attachment and classed identities. *Urban Studies*, 51(14), 3097-3112.
- Bulgak, S. 2005. Forced migration: its content and causes. *Journal of International Law and International Relations*, No. 2
- Comparative Regional Development of the Baltic Countries // Materials of the International Conference, 1-3 February, Riga
- Dibb, S. 2014. Up, up and away: social marketing breaks free. *Journal of Marketing Management*, 30(11-12), 1159-1185.
- Gopaldas, A. 2015. Creating firm, customer, and societal value: Toward a theory of positive marketing. *Journal of Business Research*, 68(12), 2446-2451.
- Kotler P., Asplund C., Rein I., Haider D. 2005. *Marketing Places Europe: How to Attract Investments, Industries, Residents and Visitors to Cities, Communities, Regions, and Nations in Europe*. Publisher: Stockholm school of Economics in Saint-Petersburg, 384 pp.
- Kotler, P., Armstrong, G. 2010. *Principles of Marketing*. Prentice Hall
- Local Authorities and Market Economy. The lessons of West Europe / ed. by B. Grinchel. SPb., 1996.
- On Migration and the Labour Market in Latvia // Hour (Latvia). 23 Jan 2006
- Orlova, T. M. 2001. *Management of Urban Development: Guidelines for Local Authorities to Promote the Cities / M: Holding TEAK*
- Pankrukhin, A. 2006. *Marketing of territories // Moscow, St. Petersburg, Nizhniy Novgorod, Voronezh, Rostov-on-Don, Yekaterinburg, Samara, Novosibirsk, Kiev, Kharkov, Minsk: Peter Publ. 416 pp.*
- Pankrukhin, A. 2010. Territorial marketing: coordination of positions. *Practical marketing*, (4), 4-8.
- Sachuk, T. 2005. *Consumer Behaviour in the Territorial Marketing*. Petrozavodsk: Karelian Research Centre of Russian Academy of Sciences, Institute of Economy. 157 pp.
- Sachuk, T. 2006. Economic problems of Regions and Branch Complexes. To the Issue about the Essence of Territorial Marketing // *Problems of Modern Economy*. No. 1(13)
- Tychinskaya, I.A., & Lobanova, A.V. 2014. The use of marketing technologies for the development of a strategy for the development of the region. *Central Russian Herald of Social Sciences*, (4 (34)).