

Development of Tourism Industry: Perspectives and Advantages for Growth as Example in Kazakhstan

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Abstract

Tourism is relatively new area of business for many countries. For Kazakhstan and many CIS countries, it started since 1991 after receiving its independence. The paper aims to analyze the perspectives and advantages of developing tourism industry. In addition, to show how tourism sector develops economies and stimulate integration, growing the number of new jobs and industries. There is also advantages of tourism that can stimulate cultural exchange, strengthening peaceful and friendly relations between countries. In a macroeconomic context, the analysis leads to recommendations on developing tourism industry based on competitive advantages of countries.

Keywords: Tourism; Tourism industry; Tourism policy; Inbound tourism; Outbound tourism; Domestic tourism

Short Communication

According to Statistics Portal [1], the total contribution of travel and tourism to the global economy was USD 7.17 trillion in 2015, of which, USD 2.23 trillion was a direct contribution.

A number of international tourists arrived reached over 1.2 billion with a volume of receipts USD 1,3trillionin 2015 [2]. Despite the world economic recession, it is around 5% more than in 2014. For less developed countries, the international travel receipts annually have increased by 11% per year since 1995, reaching around USD 20 billion in 2015 [3].

For future, with average growth rate of 5%, a number of international tourist arrivals can reach around 2 billion to the year 2025. At the same time, the receipts from international tourism will reach to US 2 trillion dollar market [4].

It shows that tourism sector has a growing dynamic. In a period of globalization, many factors will stimulated tourism and travelling starting from cultural differences to recreational resorts on one hand. On the other hand, economic growth of countries will increase a number of tourists from developing countries. For example, global expenditure by international Chinese tourists has grown from USD 43,7 billion in 2009 to USD 292 billion in 2015 [1].

This is a key point that countries should prioritize tourism industry, especially developing countries. According to World Tourism Organization [5], 1 out of 11 jobs are created in tourism industry. With direct, indirect and induced impact, tourism industry reaches in average around 9% of GDP of all countries [6].

According to Wikipedia, in Kazakhstan, tourism industry accounts only for 0.3% of GDP with around 1.47 million international tourists visited in 2012 [7]. However, according to information table of Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan [8], the total number of served international tourists in the country were 519,222 people, which is 3 time less than statistics of the Wikipedia. This accounts for weak level of statistical information or inaccurate reports from businesses to avoid taxation. Moreover, according to information of World Tourism Organization [6], international tourist arrivals were around 4.8 million in 2012 and it is around 0.8% market share for European region with more than 540 million international tourist arrivals in 2012. It suggests that there are

still more room for improvement of statistical systems, making them effective, open and friendly for businesses. It will stimulate businesses for more activities in tourism sector and further grow it.

That is the most challenging conclusion that tourism needs growth and for countries it is important to focus and improve their tourism infrastructure, information and marketing channels and make it easy in boarder control, customs, visa regulations, which will stimulate further businesses.

The following Table 1 shows the key components of average value-chain of tourism industry based on analysis of top tourist destinations with developing tourist destinations such as in Kazakhstan.

Table 1 above describes key issues of tourism industry in various types of tourist friendly countries. Comparing a country with more than 30 million of annual tourists and a country such as Kazakhstan, we can see many new areas for development of industry and the economy as whole. The developments will depend on policies, which can motivate local population and international community to contribute in various activities and ventures and gradually create new level of tourism industries.

Developing infrastructures for international tourism will definitely help to increase not only inbound tourism, but also domestic and outbound tourism sectors. For example, development of roads can stimulate also domestic tourists in Kazakhstan for travelling or development of airport infrastructures is necessary for high quality services for outbound tourists and trade. To show the importance of transportation infrastructure for developing tourism, the following Table 2 shows inbound tourism by mode of transport in 2014 [6].

For Kazakhstan, which is one of the landlocked countries of the

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	Top tourism destinations	Developing tourism destinations
Tour Tickets and Packages	Affordable, Options, Online, Offline	Absent or too expensive to buy
Transport Infrastructure and Services to Tourist Destinations (Airport, Stations, Roads, Buses, Trains, Taxi etc.)	Tourist Friendly, High Quality Services, Price Options, Tourist Friendly	Absent, Low or Medium Quality Services, Expensive Pricing, High Quality only in Best Hotels and in main cities
Hotels Services	Options for hotels, motels and hostel with high quality of services	Absent, Low or Medium Quality, High Pricing Policy, High Quality only in Best Hotels and in main cities
Food	Miscellaneous, Multiple Options, High quality	Local and Few Options, Quality is different, High Quality only in best hotels and in main cities
Souvenir Market	Miscellaneous, Options, Handmade, Street Sales, Airport, City and etc.	Airport and Special Shops, Low or Medium Quality
Shopping	Miscellaneous, High Quality in all parts of country, Products from a country	Capital and main cities area, quality of goods varies, mainly imported goods and products
Tourism Areas (Historical Monuments, Beaches, Museums etc.)	Developed, Organized, Options, Affordable Pricing, Tourist Friendly	Localization, Low or Medium Quality Services
Logistics and Connection of Tourism Areas or Destinations	Mapped and Connected	No
Other services	Miscellaneous and High Quality Services	Absent or low quality services
Information and Tourist Center	Available in English and other main languages	Airports or Stations only in local languages

Table 1: Value chain of international tourism industry in top and developing destinations.

Mode of Transportation	Inbound Tourism in 2014
Air	54%
Road	34%
Rail	2%
Water	5%

Table 2: Inbound tourism by mode of transportation in 2014, UNWTO.

Purpose of Visit	Inbound Tourism in 2014
Leisure, recreation and holidays	53%
Visiting friends and relatives, health, religion, other	27%
Business and Professional	14%
Not specified	6%

Table 3: Inbound tourism by purpose of visit, 2014, UNWTO.

	Inbound	Outbound	Domestic
Segments	International	Domestic	Domestic
Revenues	High	High	Medium
Developments	Industries, business, infrastructure	Transport, Insurance, Information Support	Industries, businesses, infrastructure
Core Value	Income, Learning, New Jobs	Learning, Income, New Jobs	Developing, Learning, New Jobs
Value Creation	Integration, Cultural Exchange, Inbound Investment Opportunities	Integration, Cultural Exchange, Outbound Investment Opportunities, Export Opportunities	Intellectual, Learning, Educational, Business Opportunities

Table 4: Value chain of inbound, outbound and domestic tourism.

world, the development of transport infrastructure is of the highest importance for tourism, trade and transit. Kazakhstan actually is the 9th largest country with the vast territories. Hence, it is vital to develop transportation sector as priority for domestic and inbound tourism. At the same time, located between China and Europe, Russia and Central Asia and India, air transportation has a huge potential for transit tourists.

Concerning touristic destinations, they depend on purposes of visit by tourists. As we can see from the Table 3, most tourists take tours for leisure, reaction and holidays, which is more than 50% of the total inbound tourism.

Taking into account Kazakhstan's climate, nature, history and central location between Europe and Asia, businesses in Kazakhstan can focus on all tourist sectors.

Therefore, from policy and targeting goals, it is important to support new sector of economy, developing and mapping tourist destinations in a vast territory of Kazakhstan, based on competitive advantage of

each region, for example, Astana region for recreation and health tourism, Almaty region for business and leisure, and Shymkent region for recreation and cultural purposes.

Generally, approaches for development of tourism industry in any country should scope inbound, outbound and domestic tourism infrastructures. Table 4 shows why it is important to focus policies on three areas of tourism at once.

As Table 4 indicates, the effects of creating value of tourism is enormous. Even though outbound tourism shows fewer developments in industries, but the value chain can provide a huge impact for growing businesses, especially export oriented activities. Value chain also stimulate cultural exchange and integration of nations so that providing and developing more peaceful and friendly relations between various cultures, nationalities and religious groups. Moreover, domestic tourism can stimulate national businesses and population for learning their country advantages, history and peculiarities so that it will for discovering new approaches to demonstrate their country on

international arena. Generally, tourism industry gradually helps any country to build and develop competitive national advantages.

The paper tried to overview statistical information and show key advantages of tourism industry for development, providing preliminary policy recommendations.

Further study is necessary to reveal and provide recommendations to improve data collection and information systems on local and global levels, which provide qualitative information for policymaking and marketing of tourist services. Moreover, surveys are required to build policies on development of entrepreneurship and business sectors of direct, indirect and induced tourism. Those countries, which usually focus on inbound tourism, they ignore outbound and domestic tourism effects. Vice versa, those that focus on outbound and domestic tourism, they ignore regulations and infrastructure for international tourism. Those countries, which do not put priority for tourism, they ignore regulations and necessity for integration, cultural exchange and development. Hence, for policy recommendations, analysis of legal

framework and regulations are demanding. In fact, it is the key point to ease restrictions and open nations for tourism, dialogue and common development.

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