

Problems in the development of Russian agricultural producers as the rural tourism market participants

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Abstract. The article explores the key aspects of the process of national agricultural enterprises entering the rural tourism market of the Russian Federation, considering industry conditions and legislative novelties. The fundamental problems of the tourist activity of Russian agricultural producers are considered in the context of three approaches – from the point of view of the problems of the rural tourism market as part of the tourism industry, from the standpoint of organizational and legal problems of agricultural enterprises as subjects of the sphere under consideration, as well as within the framework of the problem of defining a tourist product in agribusiness. The analysis of trends is conducted for certain aspects, and the main reasons for changes are identified. The paper formulates promising areas of activity for agricultural producers as participants in the tourism market, and proposes an author's triad of approaches to solving problems of agribusiness in the tourism industry.

1 Introduction

In the modern global tourism industry, the share of rural tourism ranges from 15 to 30%. According to experts, over the past decade the growth of the rural tourism sector has amounted to 25-40%, which indicates a high level of attractiveness of this sector [1]. European countries use the rural tourism potential for the sustainable development of rural areas, increasing their economic security due to diversification of the activities of agricultural producers.

In the Russian Federation, the rural tourism industry is going through an active development phase, accompanied by complicated processes of lawmaking, creation of development concepts along with a system of incentives and support of the industry. The legislative consolidation of the concept of "rural tourism", on the one hand, gave impetus to the development of the sector, on the other hand, in terms of a significant narrowing of the range of subjects of this activity, a number of restrictions imposed on them, formed a number of problematic situations in terms of the implementation of innovations.

Agricultural producers who have the opportunity to act as subjects of the rural tourism market, received a new direction for development through business diversification. They can count on considerable financial support and a surge of interest from new target audiences not only in the final product, but in production processes and business infrastructure, which

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creates conditions for achieving sustainable development of the agricultural industry. However, these companies face a number of problems related to certain legislative conflicts, the lack of a clearly defined strategy in a new market niche, shortage of personnel of necessary qualification, lack of appropriate infrastructure and poor professional skills of the managing staff. In these circumstances, there is a need to clearly define the main directions of the formation and subsequent development of rural tourism in the Russian Federation, the formation of a conceptual approach to ensuring the sustainable development of agricultural enterprises as subjects of the tourist services market.

2 Materials and Methods

Aspects of the functioning of the rural tourism market are considered, in particular, in the works of a number of foreign and domestic authors (L. Evgrafova, A. Ismailova, V. Kalinichev, T. Gvarliany, A. Borodin, A. Poluhina, A. Lezhnin, K. Sidali, E. Kastenholz, R. Bianchi, G. Quaranta, E. Citro, R. Rosanna Salvia and others) [1, 2, 3, 4, 5]. The potential of rural tourism in ensuring sustainable development of rural areas, improving the competitiveness of regions and living standards of rural residents, is analyzed by the following scholars: K. Sumantra, A. Yuesti, A. Sudiana, L. Yanan, M. Email, A. Aminuddin, [6, 7]. Considering issues related to designing the integrated model for the agricultural tourism development, we turned to the papers of the following researchers: I. Susila, D. Dean, K. Harismah, K. Priyono, A. Setyawan, H. Maulana, I. Suardana, N. Gordab, N. Pratiwic, N. Lestari, J. Gao, B. Wu, N. Krasovskaya, L. Zamraeva, E. Danilova, [8, 9, 10, 11]. The analysis of investors' motivation for social investments in rural enterprises was carried out in the research of E. Siskawati, U. Yudinarti, B. Witono, H. Aytuğ, M. Mikaeili, L. Nyurenberger, Z. Shnorrr, N. Shetinina, N. Petrenko, O. Tretiakova [12, 13, 14]. Despite the rather high level of theoretical study of the problems of the functioning of the rural tourism market, the authors consider it necessary to approach the definition of the main obstacles to the formation of domestic farmers in the tourism industry from the standpoint of classification, to identify several areas of research in this area. In addition, it may prove useful to expand the analysis by exploring promising areas of activity of farmers in the tourist sector, especially regarding the development of growth strategies.

3 Results

Currently, in the Russian Federation, special attention is paid to the development of the agricultural sector due to the tensed international situation, sanctions imposed on the Russian economy, attempts to ensure import substitution and food security of the country. The Strategy for Sustainable Development of Rural Territories of the Russian Federation until 2030, adopted by the Ministry of Agriculture of the Russian Federation, is being successfully implemented. According to this document, in regions with a predominantly agricultural specialization of rural areas, favorable natural and social conditions, it is necessary, among other things, to diversify the rural economy, support all kinds of businesses which create jobs, small businesses and all forms of self-employment, especially rural tourism and crafts [15]. This will contribute to the economy development and improvement of the living standards of the population.

Different aspects of rural tourism development receive considerable attention in the Russian Federation. Legislative processes are actively carried out, the definition of this concept is discussed, projects are initiated to support the area in question in the business environment, and non-profit organizations participate in the process. According to the authors, it is necessary to consider the main problems of agricultural producers as subjects of

the rural tourism market in three directions, which will allow us to approach the situation comprehensively. First, we explore the organizational and legal factors directly related to the activities of agricultural enterprises in the tourism sector. Next, we look into the problems faced by rural tourism in the Russian Federation as a sector. Finally, we address the impact of controversies regarding the interpretation of the “rural tourism” concept. The concept of the developed three-level approach is shown in Figure 1, demonstrating the mutual influence of the described groups of factors.

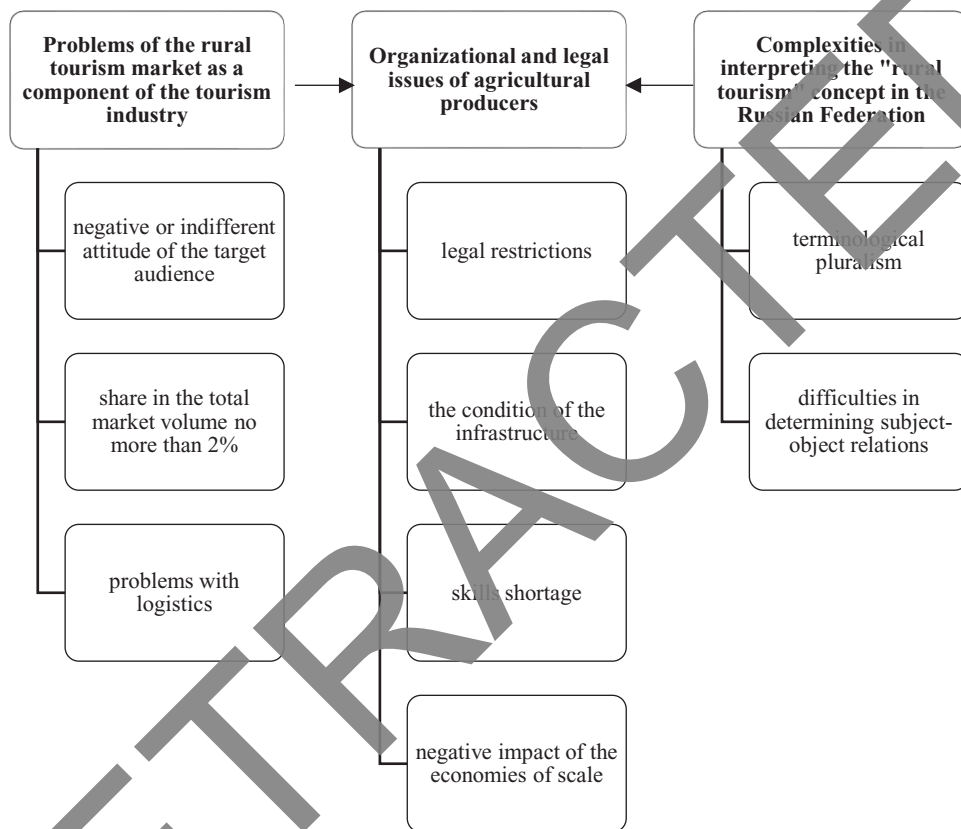


Fig. 1. An integrated approach to identifying the problems of agricultural producers as participants in the rural tourism market. *Source:* own elaboration

According to this concept, the problems of rural tourism can be considered from the perspective of market conditions. Thus, the share of rural tourism in the structure of tourist destinations in the Russian Federation is still very limited. According to Russian Public Opinion Research Center [16], in 2023, among all respondents, the segment of those wishing to spend their holidays in rural areas amounted to only 2 percent. This indicates the lack of behavior patterns among target audiences associated with spending leisure time in rural sites. However, according to analysts from Rosselkhozbank (RSHB), the tourist flow to the Russian countryside will increase by more than 60 percent by 2025 and amount to five million people per year. Income from this type of recreation can reach 100-120 billion rubles per year and amount to 1.7-2.2 percent of the agriculture industry earnings. In the long term, the amount of income may approach 150 billion rubles [17]. According to RSHB analysts [17], the typical agrotourist is a resident of a large city aged 28-45, holds a higher education

degree, is married with one or two children and has an average income about 150-300 thousand rubles per family. He is willing to travel to rural areas for one or two days, mostly on weekends. This description of the target audience, supported by the statistical data shown in Figure 2, suggests that rural tourist destinations have significant growth potential.

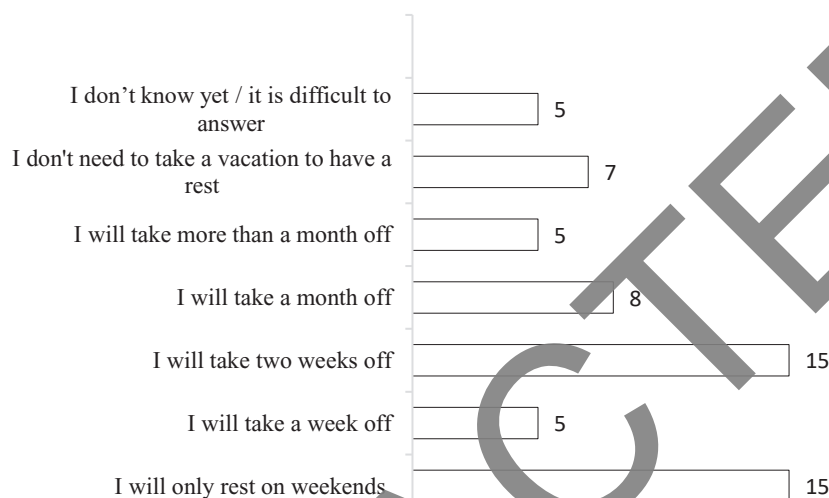


Fig. 2. Preferences of Russians in terms of summer holidays in 2023 (Employed Russians answered the question. It was a closed-ended question with one answer. The percentage of all respondents who provided an answer is calculated. The percentage of those who did not answer this question is 40).
Source: own elaboration based on https://wciom.ru/fileadmin/user_upload/presentations/2023/20230530_K_Rodin_Letnie_plany_rossijan_ITOG.pdf

The majority of respondents indicated a preference for a two-week or two-day vacation format for their upcoming summer holidays [16]. It leads to conclusion that the tourist flow may shift to the rural tourism segment due to the considerable popularity of short-term recreation among Russians. It seems that this potential should be realized through a systematic approach to generating demand and promoting sales among target audiences. In this case, both the subject and the object of the travel service need to stimulate business activity, which, as shown below, is partially carried out within the framework of corresponding programs, but also requires elaboration.

A significant barrier for the rural tourism sector development in the Russian Federation is the condition of rural roads. Target audiences when deciding to purchase a trip to the countryside, most often refuse to make a purchase due to poor logistics. According to the analytical report “Study of consumers of rural tourist services in Russia”, the vast majority of tourists use personal vehicles to visit rural tourist sites. However, they consider the road infrastructure to be largely unsatisfactory [18]. The infrastructural problems of rural settlements, affecting the tourist offer attractiveness, also include limited Internet coverage.

Moving on to the organizational and legal issues hindering the development of agricultural producers as participants in the Russian rural tourism market, it seems that we

should consider the impact of legislative restrictions first. In accordance with the draft law “On amendments to the Art. 19 of the Federal Law “On Peasant (Farm) Household” and Art. 3 of the Federal Law “On the Development of Agriculture” (in terms of regulating the procedure for carrying out the activities in the field of rural tourism), the share of income from agritourism should not exceed 30% of the total enterprise income [19]. The state limits the income of agricultural producers from rural tourism to prevent them from switching from their main activity to the provision of tourist services. On the one hand, the measure is conditional and necessary, on the other, a priori restricts the development of the considered area of activity in the agricultural producer's product portfolio, preventing him from making significant investments in his own tourist infrastructure.

A significant challenge for agricultural producers, willing to enter the rural tourism market, is the infrastructural barrier associated with the limited opportunities of accommodating tourists in residential buildings located on agricultural lands. According to the results of a comprehensive study on consumers of rural tourism services, carried out by the ANO “Agency for the Development of Rural Initiatives” together with the Pro-Research Center, potential consumers prefer budget accommodation options on rural tours [18]. The most popular accommodation facility is a recreation center (chosen by 44% of respondents). 33% of respondents would like to spend their vacation in a country house without owners. Other options included staying with friends, acquaintances, relatives (28%) or in a tent, at the campsite (25%). More expensive accommodation options (hotels) are in much less demand (19%). 17% of respondents are interested in staying in a guest house with the owners. Accommodation options, which include staying in country houses, are suitable for rural tourism development. However, the construction of residential buildings on lands used for agricultural production is quite complicated. Thus, in accordance with the Federal Law “On Amendments to Article 77 of the Land Code of the Russian Federation and certain legislative acts of the Russian Federation”, which came into force in 2021, a number of conditions must be met for the construction of residential houses on agricultural lands. The house area should not exceed 500 sq. m., the building area should occupy no more than 0.25% of the territory, buildings no higher than three floors are allowed, only one house can be built [20]. Thus, providing tourists with comfortable living conditions on a mass scale is not possible.

Another aspect slowing down the development of rural tourism in Russia appears to be the skills shortage and the discrepancy between the available training and internship programs and the current needs of agricultural producers. Farmers who decide to diversify their activities by entering the tourism market are faced with the need to master completely new competencies in the field of creating and promoting tourist products. Apart from significant time and financial costs, this requires specialized training and methodological materials, retraining and advanced training programs, exchange of experience and internships.

Another issue hampering the growth of the number of agricultural producers involved in the rural tourism is the lack of cooperation, which leads to the negative impact of economies of scale. Small agricultural enterprises are mostly engaged in the rural tourism. They find it very difficult and unprofitable to independently solve all the problems associated with providing tourist services. Significant difficulties arise due to the small scale of procurement of necessary resources and the reluctance of large suppliers to work with small orders, which entails an increase in procurement prices and in the cost of tourist services. The lack of cooperation between the tourism market participants makes it difficult to build tourist routes and mini-clusters similar to the famous traditional “rings” of Russian tourist destinations (for example, the “Golden Ring”).

The comprehensive approach we use for defining the problems of rural tourism development in the Russian Federation implies exploring the complexities of interpreting the “rural tourism” concept in Russia, which lead to terminological pluralism and difficulties in

defining subject-object relations. To describe the tourist services provided in rural areas, apart from “rural tourism”, terms such as “agritourism”, “ecotourism”, “ethnotourism” are often used. They have their similarities, but there are also fundamental differences between these terms [2]. Blurring the boundaries of concepts when describing tourism market and services results in the lack of deterministic vision to setting problems when describing the activities of rural tourism companies and inaccuracies in identifying target audiences. Based on the definition given in the Federal Law No. 318-FZ adopted in 2021 [21], we can conclude that a number of rural tourism entities, which do not belong to the category of agricultural producers, for example, owners of guest houses, mini-zoos, individuals and entities that do not fall under the legally established definition of the term “agricultural producers” cannot be considered subjects of rural tourism, although they provide services similar to those of the latter. An example is the above-mentioned restrictions on building houses on agricultural lands, which result in challenges in providing tourists with a high level of service and comfortable accommodation. Livestock enterprises must ensure compliance with strict veterinary biosafety standards when receiving tourists. For example, when visiting production areas, tourists must be separated by a glass partition, contact with equipment, products, and animals is strictly forbidden. If during a tour tourists are allowed to pet a farm animal in a special pen, then later it is prohibited to allow this animal to come into contact with the rest of the livestock until the quarantine period expires. Competitors of agricultural producers in the tourist market, for example, owners of petting zoos, have to comply with much less biosafety restrictions, which allows them to diversify the tourist offer. These difficulties of agricultural producers, in particular, are related to the problem of defining the concept of "rural tourism", since the above-mentioned competitors, in accordance with the legally approved definition, "fall out" from the subject area under consideration, which leads to the veiling of the problem, and, accordingly, the lack of support from regulators in solving it.

4 Discussion

The problems of Russian agricultural producers as participants in the rural tourism market, identified above by using the three-level approach developed by the authors, are likely to remain relevant in the near future with a slight decrease in intensity due to the gradual adaptation of farmers to the new field of activity. In our view, it is necessary to determine the main promising directions for overcoming the current negative trends (Figure 3), which will help farmers, acting as participants in the tourism market, strengthen their position in the sector under consideration. The problems identified can be addressed with the use of the triad of approaches developed by the authors. The intensification approach consists in taking maximum advantage of growth drivers provided by the external environment. It can help solve the problems of the rural tourism market as a component of the tourism industry together with the organizational and legal problems of agricultural producers through the use of grant and acceleration support from the state. In 2024, the Ministry of Agriculture of the Russian Federation increased grant support under the “Agrotourism” program [15], which provides rural tourism entities with the opportunity to intensify activities to consolidate in the market and overcome existing negative trends.

Addressing the problems of the rural tourism market as a component of the tourism industry	Addressing organizational and legal challenges of agricultural producers	Clearing the “rural tourism” concept
INTENSIFICATION APPROACH		DEFINITIONAL APPROACH
Promotion of agricultural products through the provision of travel services		Promotion of necessary legislative novelties
Application for grant and acceleration support		Identification of the functional structure of rural tourism
Introduction of low-budget marketing communications tools		
Obtaining the status of a social enterprise		Adjustment of rural tourism terminology
INTEGRATION APPROACH		
Introduction of intra-industry collaboration		
Integration of elements of rural tourism into national and regional tourist routes		
Positioning rural tourism as a growth point for different types of tourism in the region		
Strong cooperation with tour operators		

Fig. 3. Approaches to addressing the problems of Russian agricultural producers as participants in the rural tourism market. *Source:* own elaboration

Additional opportunities arise due to a synergy effect when agricultural producers carry out two types of activities: the main one, i.e. production of agricultural products, and additional one, i.e. provision of tourist services, with the latter generating no more than 30% of total income in accordance with the law. This provides both business diversification and the opportunity to promote agricultural products through the provision of tourist services. During the tour, visitors purchase products, get the chance to taste them accompanied by professional comments from farmers, examine new products, receive souvenirs, advertising booklets, become loyalty program members. This contributes to the promotion and popularization of the agricultural products and brightens the impression of received tourist services.

Another aspect of the intensification approach is the use of low-budget marketing communications tools for promoting tourist services. Due to their typically small size, rural tourism entities do not have large marketing budgets. Furthermore, due to the above-mentioned skills gap, there is a shortage of marketing competencies. The combination of these factors necessitates the introduction of low-budget marketing communications at such enterprises. These include, for example, viral marketing, low-budget advertising, PR, direct marketing, joint marketing, sales promotion.

In our opinion, obtaining the status of a social enterprise can be an important driver for solving the problems of agricultural producers operating in the rural tourism market. In accordance with the law [22], significant support is provided to small and medium-sized businesses (SMEs) in the Russian Federation. A large share of agricultural producers operating in the tourism sector belong to the category of SMEs [23], which allows them to be included in the list of social entrepreneurs, since the latter can be engaged in organizing recreation and health improvement for people with disabilities, retirees and children. Thus, rural tourism entities can receive financial, infrastructural, informational, methodological and

other types of support, stipulated by the legislation, in order to strengthen their market position.

The integration approach developed by the authors for addressing the organizational and legal problems of agricultural producers, operating in the tourism market, suggests the use of the synergy effect from combining the efforts of the enterprises in terms of cooperative interaction. Another area involves the integration of rural tourism offers into national and regional tourist routes, which can be carried out when planning local historic, ethnographic, environmental, educational tourism programs and as part of medical tours (using koumiss treatment, hippotherapy, apitherapy). It is also promising to include visits of agricultural enterprises on cruise tours. Such option of integration will significantly increase the demand for the services in question. The emergence and development of rural tourism entities generates demand for gastronomic tourism, enotourism, hunting and fishing tourism, ethnotourism, etc. The main objective of such promotion, which consists in developing among target audiences a model of behavior associated with spending leisure time in rural areas, may be to create the demand of people for rural tourism clusters providing a wide range of tourism services.

The definitional approach closes the triad proposed by the authors. This approach might help solve the problem of interpreting the concept of "rural tourism" in the Russian Federation. Considering the great social value of the agricultural tourism development, manifested in increasing the attractiveness of rural areas for living, creating new jobs and reducing the outflow of the population, it seems advisable to amend the legislation on social entrepreneurship [22] by expanding the audience of tourist services offered by social enterprises so that they could provide these services to any people, not only people with disabilities, retirees and children. Due to this legislative novelty, more agricultural producers will receive state support as social entrepreneurs. The definitional approach also addresses the need to identify the functional structure of rural tourism. This includes developing its precise classification, using relevant classification criteria and the identification of new justified market niches, for example, barrier-free or children's rural tourism. Solving the problems discussed in the study is crucial not only for increasing the financial sustainability of agricultural enterprises in a market niche, that is completely new for them, but also for ensuring sustainable development of rural areas and improving the well-being of rural residents.

5 Conclusions

The analysis of the development of Russian agricultural producers as subjects of the rural tourism market in terms of identifying their problems and prospects for further development, taking into account the conjuncture of the tourist services market, carried out according to the structure proposed by the authors, allowed us to comprehensively consider the main negative trends that have developed in this area. The three-level approach formulated in the study makes it possible to assess the above-mentioned problems in the context of the rural tourism market as a component of the tourism industry, organizational and legal problems of agricultural producers and difficulties in interpreting the concept of "rural tourism" in the Russian Federation. The study reveals how agricultural companies, which decide to diversify their activities and enter a new strategic business area, adapt their logistics, skills, information and financial potential to it, and what challenges they face. A triad of approaches is offered in the study for addressing the problems of agricultural producers operating in the rural tourism market. The triad reflects various strategic determinants in developing ways out of critical situations. In our view, the integrated use of these approaches will contribute to accelerating the processes of development of agricultural producers as full-fledged participants in the tourism industry.

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