EUROPE
visiteurope.com

MARKET INSIGHTS
EUROPEAN TRAVEL COMMISSION
MARKET INTELLIGENCE GROUP

RUSSIA

April 2007

This Market Insight is one of an ongoing series of market profiles produced by the Market Intelligence Group [MIG] of the European Travel Commission [ETC]. New market profiles will be added to the series and updated at regular intervals.

The members of the MIG comprise the Research Directors of the 37 National Tourist Offices (NTOs) that are members of ETC. The group regularly commissions and publishes market intelligence studies, handbooks on methodologies and best practice, and facilitates the exchange of European tourism statistics on the 'TourMIS' web platform.

More information on ETC's programme of market intelligence activities - including links to studies and sources of European tourism statistics - can be found on the organisation's corporate website: http://www.etc-corporate.org.

OVERVIEW

- Russian outbound travel fell during the second half of the 1990s, reaching a low of 17.9 mn trips in 2001. Since then it has recorded consistent annual increases, exceeding 29 mn trips in 2006, according to official data. Holiday travel grew by an estimated 14.3% last year.
- The World Tourism Organization (UNWTO) says that Russia was the ninth highest spending market in 2005. Spending increased by 13.2% in 2005 to US$17.8 bn, but only 4.7% in the first nine months of 2006.
- Of total trips, a large share are for CIS countries (members of the former Soviet Union) and other neighbouring countries, such as Finland, China, Poland and the Baltic States. However, many of these are simply for same-day shuttle trading or shopping.
- Most of the travel growth out of Russia in the last four to five years has been for sun & beach destinations, notably Turkey and Egypt, both of which are increasingly sold on a year-round basis.
- At the same time, destinations that have attracted consistent growth are those for which no visas are necessary, or which offer visas on arrival. Turkey, Egypt, Dubai, Tunisia and Thailand are good examples. Many trips are decided, and booked, at the last minute, so Russians prefer to avoid the possible hassle of applying for visas.
- The reputation of Russian tourists as the new breed of shopaholics is reflected in numerous surveys conducted over the past few years. Global Refund says, for example, that Russia is now number three after Japan and the USA in terms of global travel retail spending, accounting for a 10% share. And it is also one of the few markets to have significantly increased spending in recent years.
- There is no doubt that Russians are very enthusiastic travellers and it is no longer just the elite of Russian society that can afford to travel – although this is of course the most attractive market to target. Enthusiasm for travel abroad has also spread to the fast-emerging middle classes. And as their numbers grow, this will fuel further demand for outbound travel.

COUNTRY PROFILE

Currency

- Russian rouble (Rb) €1 = Rb37.18 (2005), Rb38.38 (2006)

Population

- The total population in 2006 was estimated at 143.2 mn, down from 149.1 mn in 1995. In its '2006 Revision', the United Nations expected it to shrink by about 0.5% a year in 2005-10.
- The fertility rate in Russia (the average number of children per woman) is estimated at only 1.3 – well below the notional 'replacement rate' of 2.1. Infant mortality is 17 per thousand live births. Life expectancy at birth is 65.5 years (59 years for men and 73 years for women).
- The population density is eight per km^2 and the urban population was estimated at 73% of the total 143 mn in 2005.
- Russia has 1,067 major cities, 13 of which have a population of 1 mn or more. The largest cities are Moscow, St Petersburg, Novosibirsk, Nizhny Novgorod and Yekaterinburg. Vladivostok and Khabarovsk, the two main cities in Russia's Far East region, both have fewer than 600,000 inhabitants.
- Moscow, the capital, has a population of around 10 mn and is the largest city in the country, as well as being the economic and political centre, the seat of the president, the government and the state Duma (Parliament).

Age

Breakdown (%)	**2005**	**2020[f]**
0-4	4.9	4.9
5-14	10.2	11.0
15-24	17.0	10.2
25-34	14.8	14.9
35-44	14.5	16.6
45-54	15.7	13.3
55-64	9.0	14.2
65-74	8.6	9.6
75-84	4.5	4.1
85+	0.7	1.2

- More simply, the age split of the population is as follows: 0-14 years: 15%; 15-59 years: 68%; over 60: 17%. This compares with world averages of 28%, 61% and 10%.

Ancestry & Migration

- Russia is a multi-ethnic society. The largest ethnic groups include Russians (81.5%), Tatars (3.8%), Ukrainians (3%), Chuvash (1.2%), Bashkir (0.9%), Byelorussians (0.8%) and Moldavians (0.7%).
- Large numbers of Russians live abroad. Official data suggests there are about 15 mn in the countries of the former USSR (including 1.5 mn in Estonia, Latvia and Lithuania), 850,000 in the USA, 200,000 in Western Europe, 125,000 in Brazil and Argentina and 20,000 in Australia and New Zealand. Other estimates vary widely. There are also estimated to be about 1.0 mn emigrants from Russia in Israel.

Language & Religion

- Russia has similar religious diversity. The main religions are Russian Orthodox Christianity and Islam, but more than 150 confessions can be found across the country.
- Over 80% of the population claim Russian – the official language of the country – as their mother tongue, although other languages are used in ethnic minority regions.

Economic Data

	2002	2003	2004	2005	2006e
GDP (Rb bn)	10,831	13,243	16,966	21,598	27,000
Real GDP growth (%)	4.7	7.3	7.2	6.4	6.6
GDP per capita (US$)	2,380	2,980	4,090	5,330	6,940
Inflation (%)	15.8	13.7	10.9	12.7	9.7
Unemployment (%)	8.0	8.5	8.2	7.6	7.0

Russia's Economy 2005-06

- The Russian economy has made a formidable recovery since the economic crisis and default on its international obligations in 1998. It is currently riding a boom based largely on increased oil and gas revenues. In 2006, GDP is estimated to have grown by 25% to Rb27,000 bn (US$989 bn) at current prices, and by 6.6% in real terms. It is forecast to increase by about 7% in 2007.
- The rouble recovered quickly in real terms against the US dollar after the crisis of 1998-99 and continued to appreciate in 2003-06. By the end of March 2007 it was up to Rb26.10:US$1 (Rb34.50:€1), in spite of interventions by the central bank to keep it down. The government brought forward full convertibility for the rouble to July 2006.
- Inflation surged to an average of 86% in 1999 in the wake of the financial crisis, but fell steadily to 10.9% in 2004. It has proved difficult to reduce it further, because of the inflows of oil and gas revenues and increases in utilities' and housing prices. However, it fell a little in 2006 (to about 9.7%) and it is expected to fall a little further in 2007.
- Real disposable incomes have been increasing by 10% a year or more, reflecting increases in employment and in real wages. The distribution of incomes has also become more unequal – to the great benefit of those affluent enough to travel abroad regularly.
- The short-term prospects for the Russian economy look excellent. However, the extent to which the boom depends on high international oil and gas prices is worrying. There are many serious institutional and structural problems which could undermine prosperity if those high prices were to falter.

TRAVEL PROFILE

Russian Outbound Trips

	2001	2002	2003	2004	2005	2006e
Total (mn)	17.9	20.3	20.5	24.4	28.5	29.1
% annual change	-2.4	13.4	0.6	19.3	16.7	2.2
Holiday trips (mn)	4.2	5.0	5.6	6.6	6.8	7.8
% annual change	-6.6	20.4	11.8	16.3	3.5	14.3

- Official outbound data for 2006 from Goskomstat is provisional and should be interpreted with caution as it differs substantially from other sources. By way of comparison, IPK International puts the growth in Russian outbound travel last year at 13% to 15.9 mn trips.
- The figures include same-day trips – mainly cross-border trips for shopping and shuttle-trading – as well as trips by those not classified by UNWTO as 'tourists', such as coach drivers and the crews of ships, airlines and rail companies.
- Holiday trips probably include some travel for business purposes, as visas are more difficult to obtain for business trips.
- Average annual growth in total trips from 2001 to 2006 was 10.2%. That for holiday trips was 13.2%.

International Travel Expenditure (excl transport)

	2001	2002	2003	2004	2005	2006[e]
Total (US$ mn)	9.30	11.30	12.88	15.73	17.80	18.65
% change	5.3	21.5	14.1	22.1	13.2	4.7
Spend per trip (US$)	520	557	628	645	625	641

Note: The provisional estimate for 2006 by UNWTO is based on data for the first 9 months of the year.

- Average spending per trip (US$625 in 2005) appears to understate the spending power of Russian travellers who, according to most other sources, rank well up among the world's leading spenders on international travel.
- More than 90% of all spending abroad is reportedly on retail goods.

Leading Destinations

Arrivals from Russia in European destinations ('000)

	Measure	2001	2002	2003	2004	2005
Ukraine	TF	4,858	5,170	5,026	na	na
Turkey[a]	TF	750	937	1,272	1,594	1,856
Finland	TF	451	481	536	452	525
Italy[a]	TCE	352	360	381	453	519
Lithuania	TF	365	415	420	440	470
France	THS	258	313	326	301	339
Germany	TCE	253	270	277	293	319
Spain	TF	299	270	204	252	298
Estonia	TF	na	170	192	210	240
Poland	TCE	141	163	171	170	197
Czech Republic[a]	TCE	117	113	125	164	186
Greece[a]	TF	133	136	145	142	182
Bulgaria	VF	177	130	154	152	178
UK	VF	108	117	138	148	174
Austria[b]	TCE	123	142	149	149	162
Cyprus	TF	116	109	105	84	98
Netherlands	THS	54	45	49	58	94
Croatia	TCE	46	55	57	68	80
Switzerland	THS	61	64	69	na	79
Serbia & Montenegro[a]	TCE	18	21	19	26	52
Belgium	TCE	34	33	34	38	49
Hungary[a]	TCE	50	48	54	46	49
Latvia	TCE	29	36	37	44	40
Portugal[b]	TCE	27	27	26	34	32
Norway[a]	TF	na	na	20	28	27
Slovakia[a]	TCE	20	20	23	18	20
Malta[a]	TF	22	23	21	20	17
Slovenia[a]	TCE	16	15	16	15	16
Romania	TCE	10	11	13	17	15

Notes: These figures represent arrivals as reported by the destinations according to standard UNWTO definitions – TF = tourists at frontiers; VF = visitors at frontiers; TCE = international tourists at all forms of commercial accommodation; THS = international tourists at hotels and similar establishments.
[a] By nationality (other destinations measure arrivals by country of residence)
[b] From the Commonwealth of Independent States (CIS)

- The table above shows arrivals of Russians (or in some cases CIS citizens) in European destinations in 2001-05. The different measures used distort the respective rankings – visitor arrivals at frontiers are only indicated when no other measure is available as same-day visitors from neighbouring countries swell numbers excessively. In 2005 Finland, for example, recorded 1.7 mn visitor arrivals (VF), 525,000 tourist arrivals at frontiers (TF) and just 221,000 tourist arrivals in all forms of commercial accommodation (TCE).
- Although few countries in Europe have so far released results for 2006, preliminary estimates point to very mixed performances across the region in terms of arrivals and nights from Russia.
- The following table shows the official outbound data for 2005 and provisional data for 2006 published by Goskomstat for all countries recording more than 9,000 arrivals from Russia. However, with the exception of Ukraine, data for CIS destinations is not included. ·This official data differs sharply from inbound arrivals in the respective countries (shown above), and the latter is considered more reliable.

Departures from Russia for key destinations ('000)

	2005		2006	
	Total	Holiday	Total	Holiday
Ukraine	7,564	292	6,461	512
China	2,170	1,152	2,352	1,307
Finland	2,100	391	2,341	563
Turkey	1,903	1,563	1,830	1,476
Estonia	1,204	19	1,254	71
Egypt	770	696	1,002	903
Poland	803	201	849	169
Lithuania	793	44	838	45
Germany	815	231	753	226
Italy	308	206	365	246
Spain	279	219	309	246
France	335	174	279	139
Greece	200	146	257	199
UAE	222	167	234	174
Bulgaria	179	121	209	148
Czech Republic	183	125	200	136
Latvia	225	40	188	33
UK	218	72	183	61
Thailand	84	71	163	145
Japan	164	25	149	23
Cyprus	143	108	143	113
Switzerland	120	42	131	44
USA	120	21	131	25
South Korea	116	30	118	20
Israel	120	28	115	24
Austria	108	51	109	53
Tunisia	98	90	101	93
Serbia & Montenegro	na	33	100	66
Croatia	69	58	87	74
Netherlands	87	27	78	24
Norway	64	16	74	18
India	57	35	60	40
Bosnia & Herzegovina	na	na	57	2
Hungary	53	21	53	21
Denmark	58	19	50	14
Sweden	68	22	48	12
Belgium	37	9	37	8

(continues)

Departures from Russia for key destinations ('000), continued

	2005		2006	
	Total	Holiday	Total	Holiday
Romania	20	5	26	6
Slovenia	14	7	16	10
Portugal	9	6	11	8
Slovakia	9	5	9	5

Note: Countries are ranked by the total estimated number of trips made in 2006

- Among the leading destinations, the strongest growth since 2000 has been recorded for Egypt, Thailand, India, Tunisia, Turkey (although it suffered a slight decline in 2006) and China. Asia is increasingly seen as a major competitor to Europe, although numbers are still more modest.
- Sun & beach destinations are the most popular for Russians on holiday, and destinations offering visa-free access or visas on arrival have gained significantly over the past few years. In contrast, a number of popular destinations (primarily Cyprus and Poland) which were obliged to impose visa requirements on Russian tourists after joining the EU have suffered as a result.
- In Western Europe, Italy has shown the biggest growth in popularity over the past couple of years, with Greece and Spain also performing well in 2006. The UK, France and Germany, on the other hand, all appear to have lost share in the past 12 months.
- After a few years of erratic growth, neighbouring Estonia and Finland have shown good recoveries in the Russian market.

Purpose of Trip

- IPK International's Russia Travel Monitor suggests that holidays account for 56% of total trips, other leisure (including VFR) for 19%, and business travel for 25% (including 2% for incentive trips).
- Breakdown of purpose according to official outbound data is not considered reliable due to the number of business travellers who apply for 'tourist' visas to simplify the visa process. The breakdown as recorded by individual destinations varies widely, depending on the nature of the destinations.

Nature of Trip

- Sun & beach holidays predominate and Russians are increasingly willing to try new, often exotic, destinations. Long-haul travel is gaining share in line with the increase in scheduled and charter airline services to these points.
- Although market growth is coming in large part from the emerging middle classes, Russians who have already travelled several times abroad are becoming more and more sophisticated. This is reflected in the increasing numbers looking for culture and sightseeing as well as sun & beach.
- The average length of sun & beach trips is around 10 days but travel to European destinations is often for shorter periods. VisitBritain says that 70% of visits by Russians to the UK are for 7 nights or less and 41% for 1-3 nights.

Seasonality

- The main holiday periods are the Russian Christmas/New Year, when two-week trips are common, followed by early November. Escaping the cold winters in Russia is a prime incentive for foreign travel.
- However, travel to Europe – excluding purely sun & beach destinations like Turkey – tends to be during the summer months as well as, for the more upmarket travellers, during the winter sports season.

Holiday entitlement

Officially, 24 working days a year, but entitlement to holidays is only given after six months in a job. In addition, there are 10 public holidays a year.

Public holidays, 2007

1-4 Jan, 7-8 Jan, 14 Jan, 23 Feb, 8 Mar, 21 Apr, 24 Apr, 1 May, 9 May, 12 Jun, 4-5 Nov

Accommodation

- Mid-market to upscale hotel accommodation is preferred by the majority of Russian tourists abroad. They expect en-suite bathrooms and prefer larger rooms.
- However, an increasing share of Russians travelling abroad stay in their own properties – which more and more Russians are buying abroad – or in those of family and/or friends.

Leisure / Recreational Activities

- Apart from relaxing on a beach, Russians' favourite occupation on holiday abroad is shopping.
- Wealthier, more educated Russians are also interested in culture, history and pageantry, and increasingly like to participate in sporting activities. But golf is in its infancy.
- European countries rank very high among Russians' aspirational destinations. According to Wave 3 2006 of the Anholt-GMI Nation Brands Index, the following are the destinations Russians would most likely choose for a leisure visit "if money were no object". However, it should be noted that not all popular destinations – particularly long-haul sun & beach destinations – were included in the survey.

Russians top 10 aspirational destinations, 2006

1. Italy
2. France
3. Japan
4. Switzerland
5. Spain
6. UK
7. Germany
8. Sweden
9. Australia
10. Netherlands

PROFILE OF TRAVELLERS

Nature of Overseas Travellers

- Moscow generates the highest outbound travel demand – more than 70% for most countries. St Petersburg is the second most important source of foreign travel, but demand is growing fast from provincial cities such as Yekaterinburg, Novosibirsk and other cities with populations of more than 1 mn.
- The total number of Russians who have travelled abroad is still only about 15% of the population, with a small core of affluent Russians making several trips a year.
- Most growth in first-time travellers is coming from the emerging middle classes (around 25 mn) – those earning US$1,000 or more a month. The main demand comes from Russians aged 30-45 years.
- 'Funky young professionals' aged 20-30 years and the 'golden youth' – offspring of the very rich Russians – are also enthusiastic travellers and are more likely to opt for European destinations. Language courses are increasingly popular, as well as long-term education.
- Russian luxury travellers (over 100,000 people) tend to be young and active, with an average age of 44. The majority live in Moscow. They go abroad a few times a year, with family and friends, and spend on average €1,500 a day on accommodation. They prefer exclusive service in everything – chauffeur-driven cars, personal shoppers and guides. Their favourite pastimes are watching sports, shopping, gambling and going out.
- VisitBritain says that 42% of visits to the UK from Russia are for business purposes. They stay in four- to five-star hotels and are not likely to extend their trip or bring their family with them. They require a high quality of service. The lion's share of spend comes from this segment.

Occupations & Education

- The most travelled segments among Russians, with the exception of the 'golden youth', are those working for foreign companies, banks, in the energy sector, or in government posts.
- An increasing number of Russian outbound travellers have studied abroad, or at least taken some kind of short language or other vocational course.

Travel Companions

- A significant share of holiday trips to European destinations involve families with children, although many couples do travel alone and leave their children back home – especially for short trips.
- Young people tend to travel in groups of friends.

AIR TRANSPORT

Airports

- There are an increasing number of airports in Russia with direct airline services to other parts of Europe, including airports in Siberia – such as Krasnoyarsk and Novosibirsk – and southern Russia (Rostov-on-Don).
- The leading airports offering connections to western Europe are Moscow's Domodedovo and Sheremetyevo, followed by St Petersburg's Pulkovo Airport.

Airline Traffic / Capacity

- In March 2007 some 35 airlines offered 4,518 flights a week, with a capacity of 494,042 seats, to the EU alone – up from 3,928 and 418,000 in the same month in 2006.
- The total number of airlines operating between Russia and other parts of Europe is 47, excluding domestic flights in Russia. Most national flag carriers in Europe operate scheduled services, as well as a handful of foreign low-cost carriers – eg Germanwings and Air Berlin. Germany is the best-served destination.

TRAVEL PLANNING & BOOKING

Travel Formalities

- Visas are required by Russians for almost all countries in Europe. Turkey, the leading holiday destination, issues visas on arrival – one of the main reasons why the destination has become so popular.
- Visa requirements, formalities and costs reportedly vary sharply from one country to another – even between Schengen countries – and some will only issue a visa for the time the Russian tourist plans to spend in that particular country. This means, for example, that a Russian tourist wanting to travel through more than one Schengen country will not be able to do so with just one visa, say, for Austria (reportedly one of the strictest countries).
- Some European countries (eg the UK) have outsourced visa processing. Although this seems to be successful – especially for Russians applying for visas from provincial cities far away from Moscow – it adds to the cost of the visa because of the additional handling charge.

Travel Decisions

- The key sources of information when Russians plan a trip abroad are the internet, word of mouth and travel agents.
- Russians are notoriously late bookers, which is one reason why they prefer destinations that offer visa-free access or visas on arrival. But booking preferences obviously vary from one destination and one type of trip to another and are dictated by visa requirements.
- VisitBritain, for example, says that 33% of Russian visits to the UK are decided between 1 and 3 months before departure. Only 9% are decided less than 1 week ahead of travel.

Booking Methods

- Although Russians frequently use the internet to compare prices of flights, hotels and package prices, holiday travellers tend to book through a travel agent as they need agency support for their visa applications. In addition, many Russian banks will not allow clients to use credit cards to book online.
- However, a small number of Russians do book hotels directly. These tend to be more experienced and independent travellers.

Information Sources

- According to a report in *eMarketer*, quoting a survey carried out by Global Market Insite, personal recommendation was the preferred method of obtaining travel information amongst internet users in Russia in 2005:

Preferred source of information among internet users, 2005 (%)

Personal recommendation	59
Web search	37
TV programme	32
Travel agent (face to face)	24
Newspaper	13
Other method	7

Internet & Media

- *eMarketer* reports that there were an estimated 40 mn internet users in Russia in 2006, up from 35.0 mn in 2005 and representing some 28% of the population.
- In 2004, internet retailers in Russia generated aggregate sales worth about US$600 mn, representing a 40% increase compared to 2003, according to Goskomstat. During the same period, retail sales overall in the country increased by 12% to around US$194 billion.
- According to various estimates, there were around 1,300-1,400 online shops in Russia at the end of 2004. Nevertheless, most of these were very small firms. SpyLOG, a Russian market research firm, claims that only 12% of the shops had more than 10 staff. Half of the shops sell goods only in Moscow.
- 41% of online shoppers in Russia are based/live in Moscow. St Petersburg accounts for 10%, the Urals for 8%, Siberia for 3% and Southern Russia for 2%.
- Russians rarely pay for their e-shopping by credit card. SpyLOG says that 80% of the shops use couriers to deliver their goods to the customer and couriers usually accept payment.
- In April 2006, the number of mobile phone users stood at 134.7 mn, according to AC&M Consulting, which monitors the Russian market. This represented an increase of 45.4 mn over 2005. Again, the highest numbers of users were located in the Moscow area (approximately 24.1 mn, up 1.6%) and St Petersburg (7.8 mn).
- Google is planning to set up operations in Russia's new IT Park in St Petersburg in 2008.

TRAVEL TRADE PROFILE

Structure of the Travel Trade

- In Russia there is not always a clear division between tour operators and travel agents and companies can be registered as both, which distorts the overall numbers. However, the situation is changing and large tour operators tend to deal less directly with end customers, preferring to develop a network of agents.
- Licensing was abolished earlier this year and was replaced by financial guarantees. Tour operators are reportedly responsible for providing up to US$200,000 of financial guarantees, which is expected to lead to a decrease in the number of smaller operators and a strengthening of the larger ones.

Retail Travel Agencies

- Travel agencies are spread across Russia – the total count is around 12,700 – but the number of agencies in a large city in the regions may be limited to less than 100.
- In Moscow there are estimated to be 4,217, while just 327 companies hold travel agency licences in St Petersburg.
- The current trend is for small agencies and regional tour operators to work through a variety of tour operators in Moscow, especially for business and long-haul destinations.
- Travel agent brands are a novelty for the Russian market, but a few major brands have recently appeared on the market, such as Kuda.ru, Last-minutes offers, RFR Group, Seven Skakunov, Green.Ex and Mashina Vremeni.

Tour Operators

- Within a total of 5,000 or so, there are about 20 leading tour operators in Russia, with most based in Moscow and St Petersburg. As a rule, they have 60-100 employees and annual turnover ranging from US$20 mn to $120 mn.
- The top 10 tour operators in terms of turnover in 2005 were: Inna Tours, Tez Tour, Natalie Tours, Coral Travel, Neva (St Petersburg based), Sputnik, Intourist, PAC Group, Primorskoye (Vladivostok) and Capital Tour. However, European destinations tend to be offered more by smaller specialist operators and those arranging FIT programmes.
- Operators tend to use an agency network for their distribution. Nevertheless, direct sales can make up to 50% of total sales volume.
- Many tour operators specialise in single-destination sales. They are medium-sized or small companies (6-20 employees), with a turnover of around US$250,000 a year. These operators might be well-known and respected among a number of travel agents, and will often form a pool with other tour operators which concentrate on other destinations in order to establish an image as a multi-destination tour operator. As a rule, these small tour operators mainly handle independent (FIT) travel.
- There are 20 major business tour operators specialising in organising trips, conferences, meetings and incentive trips for corporations. This segment is an extremely fast-growing one. Many leisure tour operators have now set up departments for business tourism, but the specialised operators are still the strongest in the market.
- The leading players in the corporate travel sector are American Express, Carlson Wagonlit, BTI (Business Travel International) and the BSI Group.

E-travel

- Online travel is still in its infancy in Russia. Fewer than 10% of trips involve online booking, although the total volume of online sales is growing fast, especially among business travellers.
- Online booking systems are evolving and Russian companies are investing in the development of advanced technology. The most well established online booking systems in Russia for business-to-business are Amadeus, Gullivers/GTA, Gallileo, Sabre and the Russian booking system Sirena (which is mainly used for domestic flights).
- International companies such as Kuoni, Travco and GTA have entered the Russian market with their own booking systems. Kuoni has an advanced business-to-business online booking system Kobra, which enables tour agencies to book rooms in 4,000 hotels worldwide. Cendant Corporation has announced several new projects in Russia. The first is Galileo Leisure, a version of the GTA booking technology. Galileo ensures access to the GTA/Octopus travel booking system. The other project is a joint initiative to combine two booking systems – Galileo and the Russian system Sirena 2.3 – which will reduce time and costs for Russian travel companies.
- Russian internet-based booking systems have also emerged. The newest of them is TURY.RU, an accommodation and tour package booking system. An international wholesale travel company, Destinations of the World, also offers e-commerce and online booking, while Academservice, one of the largest inbound travel agencies/tour operators in Russia, uses Amadeus.

Travel Agent Training

- The only regular training available is through the Russian Business Travel Agents Association, although the Russian Union of Travel Industry (sic) – more widely known as RUTI, RATA or RST – also appears to conduct special courses for the industry, notably in the regions. Its membership stands at around 1,000, of which most are travel agents and/or tour operators. If licences for both sectors are held, the count is doubled.

KEY TRENDS AND FORECASTS

Key Characteristics of Russian Outbound Travellers

- A fast-growing market, due to pent-up demand and a rapidly improving economic and operating environment.
- Big spenders on international travel and very brand conscious.
- The reputation of Russian tourists as the new breed of shopaholics is reflected in numerous surveys conducted over the past couple of years. As an example, Global Refund says that Russia is now number three after Japan and the USA in terms of global travel spending, accounting for a 10% share. And it is also one of the few markets to have increased spending in recent years.
- There is no doubt that Russians are very enthusiastic travellers and it is no longer just the elite of Russian society that can afford to travel – although this is of course the most attractive market to target. Enthusiasm for travel abroad has also spread to the fast-emerging middle classes. And as their numbers grow, this will fuel further demand for outbound travel.
- The Muscovite middle classes go on holiday once a year – primarily in search of sun and beach – or even two or three times, while 5-10% of the population travel abroad every couple of months, including at Christmas and/or New Year.

Short-term Prospects

- Based on current trends (and official outbound data does not necessarily reflect the real situation), prospects for growth out of the Russian travel market would seem to be excellent.
- Europe is also forecast to attract a significant share of this growth, although competition from long-haul regions is increasing.
- The type of trips to Europe is likely to remain varied – from coach tours for many first-time travellers abroad to short city breaks, sun & beach holidays and touring holidays. FIT travel is likely to increase faster than group travel – at least among the more affluent Russians.
- A major contributor to the growing demand for certain destinations has been the easing of visas requirements, and this should be borne in mind by destinations looking to attract increasing numbers of Russian tourists.
- Competition between Europe and other destinations is rife and it is critical the Russian market is monitored closely so that national tourism organisations (NTOs) and suppliers can adapt their products to match demand.
- NTOs without an office in Russia, but which are intent on entering the market, also need to seriously consider establishing some kind of presence – whether through a fulltime office, a shared office with the national embassy or airline, or some kind of marketing representation and/or general sales agent. The return on investment should more than justify the costs and efforts involved.

NOTES

[a] Multiple responses possible/percentages add up to more than 100%

[e] Estimates

[f] Forecasts

SOURCES OF INFORMATION

Principal statistical sources (by section):

- **Country Profile:** State Statistics Committee of Russia (Goskomstat); Central Bank of Russia (CBR); United Nations Department of Economic & Social Affairs Population Division; International Monetary Fund; The Economist Intelligence Unit.
- **Travel Profile:** World Tourism Organization (UNWTO); Russia's State Statistics Committee (Goskomstat); IPK International's Russia Travel Monitor.
- **Profile of Travellers**: UNWTO; Goskomstat; VisitBritain; IPK International's Russia Travel Monitor; The Travel Business Partnership (TBP) from various industry sources.
- **Air transport/Airlines**: SRS Analyser, OAG.
- **Travel Planning and Booking**: *ETC Media Review*; *eMarketer*; SpyLOG.
- **Travel Trade Profile**: *TourInfo; TTG Russia*.

FURTHER INFORMATION

World Tourism Organization (UNWTO)	www.unwto.org
Federal Agency for Tourism (Rosturizm)	www.russiatourism.ru/eng/
Goskomstat	www.gks.ru/eng/
Russian Union of Travel Industry (RST)	www.rata.ru/
IPK International (World Travel Monitor Company)	www.ipkinternational.com

CONTACT DETAILS

ETC Executive Unit

Lisa Davies
Co-ordinator ETC Market Intelligence Group (MIG)
European Travel Commission
19A Avenue Marnix (PO Box 25)
1000 Brussels
Belgium
Tel: +32 (0) 2 548 9000
Fax: +32 (0) 2 514 1843
Corporate website: www.etc-corporate.org
Email: info@etc-corporate.org