

Russia

Market Summary

Despite a decline in February visitor arrivals, the market has seen an increase in arrivals for calendar year to date February 2010 compared to the same period in 2009. This is due to a double digit increase in arrivals during January. In terms of leisure arrivals for the first two months of 2010, Holiday visits, the largest segment, have experienced a decline, while Visiting Friends and Relatives visits, the second largest segment has seen an increase off a very small base.

Australia operators report a continued short booking window from Russia which continues to put additional pressure on visa processing. Visa free competitor countries continue to do well out of this market. According to the latest statistics, demand for total outbound tourism in Russia dropped by 17 per cent in 2009; Australia performed comparatively better, with a drop of 4 per cent in arrivals from Russia for the year.

1. Market News

- For the fifth year in a row, Moscow is the most expensive city in the world for business travellers according to Hogg Robinson's annual survey. The average price of a room in the Russian capital in 2009 was £266 - 5 per cent less than in 2008. But this was still substantially more expensive than in second-placed Abu Dhabi, which cost £223. Source: www.economist.com, February 5, 2010
- Russia has officially emerged from the recession according to the Federal State Statistics Service. The country posted positive quarter-on-quarter results in the second half of last year, with its gross domestic product expanding 3.7 per cent in the fourth quarter and 1.1 per cent in the third. Source: *Bloomberg*, February 3, 2010
- Russia's Minister of tourism says that the Russian outbound tourism market will reach USD\$7.9 billion in 2010. Last year, the financial crisis meant that the number of inbound foreign tourists to Russia dropped by 7 per cent while the number of outbound Russian tourists fell by 17 per cent. Source: www.barentsobserver.com, February 2, 2010
- After a severe battering in 2009, the Russian economy seemed to pick up during the fourth quarter. Over two million people travelled abroad during New Year – the second busiest period for Russian foreign travel after the summer. Source: *TMI Consultancy Newsletter*, February 2010

2. Consumer Insights

- Russians are quite optimistic about the future. According to research from Deloitte, 36 per cent believe the economic situation in 2010 will improve, 24 per cent do not expect any changes and think everything will remain around the current level, and 27 per cent believe there will be difficulties ahead and that the situation will worsen. *Source: www.deloitte.com/view, January 15, 2010*
- There were 42 million internet users in Russia, or 36 per cent of the country's adult population as at Q3 2009. According to official statistics the number of internet users increased by 22 per cent in 2009. *Source: Interfax, January 15, 2010*
- Russian consumers are increasingly turning to foreign-based internet shopping sites to get the goods and services they want. The Russian ecommerce market grew more than 50 per cent last year to USD\$5 billion. *Source: The St Petersburg Times, March 19 2010*
- One in four Russian's has funds put away for a rainy day but the percentage has fallen from 31 per cent in the last four months. About 17 per cent say they are saving for medical purposes, 11 per cent for a new car, and nine per cent for holidays. *Source: ITAR-TASS, March 4, 2010*
- 49 per cent of Russian consumers say they are cutting their spending on clothes and shoes and 45 per cent are trying to postpone larger purchases such as cars or washing machines. *Source: www.gfk.com/group/press_information, February 8, 2010*

For the latest in visitor arrivals, please visit 'Research and Statistics' at www.tourism.australia.com

3. Trade Update

- TUI, which has already acquired two Russian Tour operator companies, namely VKO Travel and Mostravel, as well as one company in Kiev (Voyage Kiev), is now planning to develop a network of up to 200 franchised travel agencies in Russia and Ukraine by the end of 2010. The group aims to have 10 per cent of the Russian market by the end of 2010, focusing on the mass market sun and sea destinations. However, from 2010, Mostravel will drop Greece as a destination, focusing on Egypt, Turkey and Emirates, while VKO which offers Greece, will add Cyprus as a new destination, with the aim of sending up to 500 pax per week. *Source: TMI Consultancy Newsletter, April 2010*
- As at March 2010, there were 26 Aussie Specialist agents in Russia, of which 50 per cent were fully qualified.

4. Airline News

- Cathay Pacific announced plans to start regular flights from Moscow to Hong Kong three times a week, effective June 2010. The new service will offer Russian passengers greater accessibility to connecting flights to Australia. Transaero has also gained approval to start servicing the route from June 2010. *Source: TMI Consultancy Newsletter, April 2010*

5. Competitor News

- Relations between Russian tourists and the people of Goa have become increasingly strained. The number of Russians visiting Goa has risen by 20 per cent in the last three years but there has been a spate of attacks on Russian tourists and Goans have accused Russians of running illegal businesses in the state – making the situation increasingly tense between the two countries. *Source: Mail Today, March 10 2010*
- In 2009, Russian tourists accounted for the largest share of arrivals in Egypt from a single country at 14 per cent followed by Germany and the UK. *Source: M2 Presswire, February 2, 2010*
- The number of Russian visitors to Hong Kong grew by 15.7 per cent as a result of enhanced flight capacity on Aeroflot, promotional effort and the mutual visa free access arrangement between Hong Kong and Russia introduced in July 2009. *Source: www.traveldailyasia.com, January 31, 2010*
- Russian investors are keen to invest in Sri Lanka's tourism industry, which is recovering after the end of a 30-year war. The Export Development and International Trade Ministry said Sri Lanka gets a large number of Russian tourists and that Russian companies were keen to develop the industry on the island. *Source: www.lankabusinessonline.com, February 11, 2010*
- The number of Russian tourists visiting Bali in January 2010 reached 9,124 up by 2.51 per cent on the previous month. *Source: Organisation of Asia Pacific News Agencies March 11, 2010*
- Russia and Cuba are exploring how they can co-operate regarding improving visitor numbers and access between the two destinations. In February 2010, 8,271 Russian tourists visited Cuba, an increase of 12 per cent compared with the same period last year. *Source: IPR Strategic Information Database March 17, 2010*
- The Netherlands is aiming to double the number of inbound Russian visitors to 200,000 visitors in 2010 according to Anuk Susan, Marketing Director of the Netherlands Tourism Board. To achieve this increase, a half a million Euro budget has been allocated for marketing and advertising in Russia. The Netherlands has also opened a representative office in Russia, via a marketing company. Only 44 per cent of Russian visitors to the Netherlands are leisure tourists while 46 per cent are business travellers. In 2009, 100,000 Russians visited the country representing a 4 per cent increase year on year. *Source: TMI Consultancy Newsletter, April 2010*
- Indonesia is also investing in the Russian market and is planning to open a tourism office in Russia by April 2010, according to the Head of Marketing Dept of the Indonesia Ministry of Tourism and Culture, Samsul Lussa. He stated that

Indonesia expects to receive up to 87,000 Russian visitors in 2010, compared to 66,000 in 2009. *Source: TMI Consultancy Newsletter, April 2010*

- Monaco also plans to increase its presence in the Russian market by opening an office via a marketing company. *Source: TMI Consultancy Newsletter, April 2010*
- In January 2010, S7 Airlines, one of Russia's leading private airlines, signed a code sharing agreement with Iberia for flights between Moscow and Madrid, effectively increasing the number of flights to 12 flights per week on this route. S7 is planning to join the One World Airline alliance by the end of 2010. *Source: TMI Consultancy Newsletter, April 2010*
- In February 2010, Qatar Airways will increase the number of flights from Moscow to Doha from 7 to 10 flights per week. *Source: TMI Consultancy Newsletter, April 2010*
- In April 2010, German low cost airline German Wings opens direct flights from Moscow to Hannover that will operate four times a week. *Source: TMI Consultancy Newsletter, April 2010*

6. Key Campaigns and Activities in Market

January to March campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
29 January 2010	4 February 2010	<i>Qatar Airways famil</i> : Famil with nine agents and one escort to Melbourne.	Trade	Qatar Airways, Tourism Victoria
March 2010	March 2010	<i>Launch of Russian language www.australia.com</i> : The launch of the new language edition is part of Tourism Australia's Foreign Language Project in line with its strategy of supporting growth in the emerging markets. The sites have the same content as all the the other editions of australia.com .	Consumer	None

April to June campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
May 2010	May 2010	<i>Koffiemanía campaign</i> : Australia.com postcards will be produced to promote the launch of Australia.com in Russian language and distributed in coffee shop chain Koffiemanía in Moscow throughout the month of May, encouraging Russian consumers to visit the site and plan their trip to Australia.	Russia First Time Experience Seekers	Koffiemanía
June 2010 (TBC)		Launch of Russian language Aussie Specialist Program.	Trade	TBC