

# TOURISM: FOUR MILLION RUSSIAN TRAVELERS ASKED TO STAY AT HOME



135 thousand of Russian citizens decided to skip holidays in foreign countries this April, and this number is expected to increase by the end of the year. Moreover, 4 million Russians received strict recommendation "to stay at home" from their employers and other people are affected by weak ruble and lack of regional charter flights. The outbound tourism suffers.

During April and October 2014, such popular destinations among Russian tourists as Spain, Italy and Greece were visited by around 3 million tourists, this year their amount decreased by average 400 thousand tourists in each country, says commercial director and co-owner of "TEZ Tour" tour operator, Alexander Burtin. He also says that **such affordable country as Bulgaria will lose around 300 thousands of tourists, keeping in mind that last year it was visited by around 800 thousand of Russians.**

For the season 2015 many companies canceled regional charter flights and travelers are not able to flight from Omsk, Novosibirsk and Krasnoyarsk to Barcelona anymore. The companies decided for this move due to the drop in demand for European destinations by 40-50%.

According to the president of the "Natalie Tours" tour operator, Vladimir Vorobiev, the total decrease in organized tourism in foreign countries is going to be around 25%. Turkey recorded a decrease of 20% in comparison to the last summer, while Egypt reports the very same demand as last year.

According to the information from the head of the transport committee of the Association of Tour Operators of Russia (ATOR), Dmitry Gorin, in 2014 the total flow of organized tourists, taking holiday in foreign countries, reached 13 million people, out of which 60% (7.8 million) went for summer vacation. ATOR mentions that this summer foreign travels are going to decrease by around 25% (around 2 million tourists).

He continues: "Tour operators requested 50% less charters in comparison with the last summer season. But I have to mention that now they are more interested in purchasing seats on regular flights". These data roughly correspond to the information on Federal Air Transport Agency "Rosaviation" website about admission of carriers to perform irregular (charter) flights. While during the period from November 2013 till May 2014 companies sent total requests for 587 flights per week for summer season 2014, this year during November 2014 and May 2015 there were total requests for only 357 flights per week.

According to the information from several airlines, tour operators decreased the amount of seats to buy due to the drop of demand for popular destinations. "Transaero" representative says that their company continues cooperation with the most important tour operators, but the total amount of purchased seat blocks decreased in comparison with last summer season.

Before the beginning of 2014\2015 winter season, "Aeroflot" decided to cancel seat blocks trading which was carried out since 2010. Trading is not going to be resumed for this summer season, said airline representative. RBC news agency was told that, "We suppose that at the current market conditions, block selling is not very promising and we can provide best indicators of sales with direct

sales”.

The airline was previously interested in block selling, because it guaranteed full flight even during low season, because block fare was really low, but guaranteed the flight profitability to “Aeroflot” as well as high load factor, said a source close to the company. These days, tour operators need only 10-30 seats on each flight, which can’t guarantee high load, but creates many difficulties. Airlines can’t make flexible tariff for flights with sold blocks of seats, because they’re not allowed to go beyond the price of seats from the block, therefore they can’t create special promotions effectively.

Now airline sells unsold tickets independently. According to the source of RBC, which is close to “Aeroflot”, decreasing in tour operators’ demand did not affect the loading indicators of the company. During January-March “Aeroflot” loading increased and reached 75.3% (+0.8% in comparison with the first quarter of 2014), while average loading among other airlines reached 74.8% (-1.3%). Other big carriers such as “Transaero”, “S7” and “Utair” decreased their loading indicator by 2.8%, 0.8% and 4% respectively.

Market falling also affected airports indicators. According to the Federal Air Transport Agency “Rosaviation” information, only in April the quantity of international charter flights from Moscow aviation hub decreased by more than 20% - from 6400 to 5103 serviced flights.

Sheremetievo airport became the anti-leader in reducing of the number of passengers on international non-scheduled flights. Passenger flow on charters, departing from the airport decreased by 37% in April (in comparison with April 2014) - from 120 thousand down to 76 thousand passengers. Domodedovo airport shows a drop of 27.8% (from 330 thousand down to 238 thousand passengers).

The total passenger flow on international flights has also decreased (including regular and charter flights). Domodedovo shows 24.5% drop, Sheremetievo - 7.8%. Pulkovo airport showed the worst result - decreasing of passenger flow by 27%.

Tour operators started to talk about the drop in demand for holidays abroad in the beginning of 2014. According to them that was the main reason of massive collapse among tour companies last summer. But statistic shows that Russian tourist flow did not decrease last summer, but on the contrary increased. According to the Ministry of Tourism of Turkey, the country was visited by 3.7 million of Russians during May-September 2014, which is 9% more than during the previous season.

Furthermore, Egypt gained its popularity really fast during 2014. During the middle of August till the end of November Russian Tourist Agency was recommending tour companies to stop sales of tours to Hurgada and Sharm-el-Sheikh due to the military coup, which took place there. As the result, the tourist flow was significantly decreased in the second half of 2013, returning to the same level in 2014. According to the statistics of Egypt, the country was visited by 1.3 million Russians during May-September 2014, which is 76% more than the previous year indicators.

All major European travel destinations have shown tourist flow drop, but it was not higher than 10%. **However, Russian people are traveling to Europe on their own, without any help from tour agencies.** One of the top-10 countries is Germany, and independent travelers prevail in this destination. Thus, the drop of demand can be caused by increased level of independence of Russian people in the field of holiday planning. In general, tourist flow in 10 popular destinations in May-September 2014 has increased (according to RBC news agency) by 7%, reaching 9.5 million of tourists.

The President of “Natalie Tours”, Mr. Vorobiev thinks that, “The drop of tourist flow in European

destinations can be caused by political situation in the country and the fact that some of Russian citizens are not allowed to enter EU countries".

"4 million of potential 18 million tourists are not allowed to go abroad due to recommendations from their employers," says the head of the transport committee of the Association of Tour Operators of Russia (ATOR), Dmitry Gorin. He continues, "Such people are not recommended to go abroad, e.g. military people, workers of security agencies and members of their families."

Another really important factor of tourist flow decrease is the drop of national currency (ruble). But according to Mr. Gorin, tourist flow started to grow this summer after strengthening of the Russian currency. He says that, "During winter we were expecting summer season cut by 35% in Moscow region, but now we expect only 25%".

ATOR expects that total tourist flow from regions in 2015 will be not higher than 50% of the very same flow in 2014. Regional tourists have two options: to stay at home or to fly with connection in Moscow.

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