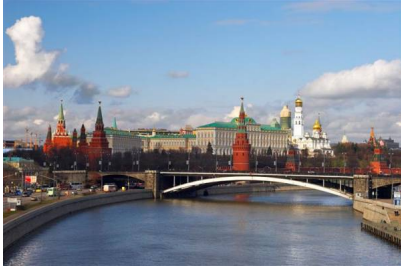


RUSSIAN TOURISM - DOMESTIC TOURS ARE POPULAR BUT INTL TRAVEL GOES DOWN



In Russia, the sales of tours to foreign countries during the summer season have decreased by 25-30% compared to last year according to the Association of Russian tour operators (ATOR). Moreover, some tour agents are experiencing a fall in bookings of almost 50%. Domestic Russian tourism seems to have entered the troubled waters.

The number of Russian tourists traveling abroad has been decreasing since 2014, when sales fell by 30% due to the devaluation of the ruble and bankruptcies of tourism companies. In 2015 the results were analogical because of continuous reduction of income of Russians.

According to data collected by Rosstat, the real disposable income of the population has decreased by 5% in the first half of the year. **The decline of the welfare is the main factor causing the decrease in outbound Russian tourism**, according to the head of ATOR Maya Lomidze.

Lomidze also considers the terrorist attacks throughout the last year and the airplane catastrophes as two other significant factors causing the decline. This is also confirmed by the German Ipk International, which stated that the threat of terrorism affects the plans of 40% of travelling respondents.

However, the situation got even worse for Russian tourism after the closure of the sales to Egypt and Turkey. In the end of June 2016, the limitations for Turkey were lifted, but due to the lack of charters and threat of terrorism the demand for this country remained lower than before. According to the data collected by OnlaynTur, the share of Turkey in tourism outflow is currently 12-14% while last year it was 35-40%.

The bad results of the summer season are also connected to the growth of the number of Russians who are barred from travelling abroad. In 2015 it was about 5 million people, mainly security forces and their families. Now it is not recommended to travel abroad to all state employees. This group however prefer expensive tours abroad.

Tour operators are trying to compensate for losses by ramping up new destinations. For example, Cyprus, Spain, Dominican Republic, Thailand, Bulgaria, Greece. This trend is confirmed by airlines. Aeroflot and Siberia are looking for new destinations and have set their sights on Spain, targeting Malaga and Ibiza among others.

Regarding the inbound tourism in Russia, the picture is brighter. Experts from the Federal Tourism Agency predict that tourism inflow from Spain will increase by 20-25%. Iranians and tourists from other Southeastern countries will represent a significant part of the inflow as well. But it is widely expected that the Chinese will once again be the most numerous group. Last year, 1 million Chinese people traveled to Russia. This year, according to Sergei Korneyev, the deputy head of the Federal Tourism Agency, the number will increase by another 30%.

According to tour operators, the main reserve is still Russian domestic tourism. The sales director of

tourism agency Intourist Sergey Tolchin says that in his company the sales of tours to Crimea for the summer season have increased two and a half times (by 20%) as a result of the enlargement of the charter program and cooperation with accommodation providers. The sales also went up for Sochi (by 10-15%) and Anapa (+10%).

It's a temporary effect, according to general director of tour operator Dolphin, Sergey Romankin. According to his words, the tourists reject additional trips and want to cut costs. "In the past, people bought tours from the current assets. Now I feel it is mainly from savings, which will soon run out," Romashkin added.

Sochi and the Krasnodar region were loaded to the peak. Crimea still has some potential, notes Lomidze. Other than that the demand for tours to Crimea and Sochi, according to her words, will restrain the continuing price rise.

According to the director of development of OneTwoTrip Arkadiy Gines **it is important to maintain the status of domestic tourism in order for the economy to flourish**. Sochi and Crimea are by far the most important destinations for the so called beach tourists. Currently there are many major tour operators working in these regions boosting Russian tourism.

For example, this year, TUI, a major player in the market, arrived in Sochi. The company expanded its range of tours and organized flights connecting Sochi with Samara, Kazan or Chelyabinsk. They have also introduced the so called specials, whose prices include additional services and bonuses.

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