

# RUSSIAN TOURISM TO SLOW DOWN IN 2018



The market of organized tourism, where the volume of bookings increased by more than 30% this year, is unlikely to show the same growth in 2018. According to experts' estimates, the growth rate of the Russian tourism industry will slow down to 8-10%.

There will be less noticeable growth in incomes of citizens and an increase in the calculation base. The return of the market to pre-crisis levels is unlikely to be achieved in the coming five years.

**According to analysts Promsvyazbank the growth is set to fall from 30-35% this year to 8-10% in 2018.** Market participants agree with the forecast. Some experts believe that the growth rate will slow down to 10-12%.

There are two reasons for this. The first is the growth of income of the population in dollar terms. It is estimated that in 2017, the growth of the average nominal salary of Russians was 20% to \$658. This was the main driver of Russian tourism growth, but in 2017 this figure will be only about 5-10%. The second factor is that the increase of tourist flow in 2017 set a high base. In relation to this, next year the growth will be less pronounced.

The growth of the outbound tourist flow in 2017 was mainly due to the organized segment. According to the Association of Tour Operators of Russia, 11.62 million people will go on vacation to the ten most popular beach destinations. This is 57% more than a year ago.

Despite the pronounced positive dynamics, it is not yet right to talk about the full restoration of the market. According to ATOR, the number of travelers in 2017 will still be 18.8% less than in 2013. It is unlikely to expect a return to pre-crisis levels in the next five years. By 2021 it will be possible to achieve only the figures of 2011-12, according to experts.

## **Self-booking Segment Not as Prominent**

Meanwhile, the growth rate of the self-booking segment was much more modest than of organized tourism. In the first half of the year, the volume of international flights by regular flights increased by 29.8% compared to the same period in 2016. Irregular flights rose by 66.8%. Passenger traffic of regular foreign flights of the Moscow air hub increased by 25% for nine months, non-regular by 35%.

**The low growth in the independent segment of the Russian tourism industry is associated with the fact that the decline in 2014-2016 was less significant.** So, according to the results of 2016, the total volume of regular transportations on international routes decreased by only 7.3%, non-regular by 38.8%.

Participants of the self-booking market also speak of a conservative growth in their segment. According to them, in 2017 demand for air tickets abroad increased by an average of 7%. In 2018, while maintaining the current exchange rate, the increase is expected to be comparable. It is

estimated that the growth of the independent segment in 2017 will be equal to the organized one, amounting to 8-10%.

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