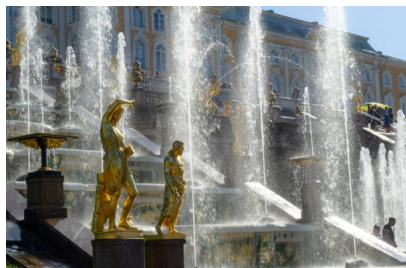


SAINT PETERSBURG: NUMBER OF TOURISTS INCREASED AS WELL AS THE BLACK MARKET



In 2018, St. Petersburg was visited by 15 million tourists. The officials expected much less – 8 million – and the reason for this miscalculation is quite clear. Travelers using daily rental services and those living with relatives remained unaccounted for.

The head of the tourism committee Yevgeny Pankevich promised to measure the flow in a new way already at the end of 2018. **“The methodology will allow us to calculate the number of tourists and their expenditure more accurately,” he said.**

Initially, it was expected that 8.2 million people would visit the northern capital in 2018 but now the number of tourists reached 15 million. “It was unexpected,” Nana Gvichiya, deputy head of the tourism development committee, said during a business breakfast of hoteliers of St. Petersburg.

A new approach helped uncover the unaccounted visitors. The main focus was initially on hotel and travel agency data, as well as transport statistics. The alternative method was also based on the data from short-term rental services, in particular Airbnb. However, a significant part of city guests lived with friends and relatives and also use couch-surfing. These data were also taken into account. As a result, the number of Russians visiting Saint Petersburg in 2018 was estimated at 11 million, not 4.2 million.

Meanwhile, the data on foreigners roughly coincided – about 4 million people. “Here the calculation method is simpler,” said Gvichiya. However, it must be said, that these new figures put officials in a difficult position. Considering the change in technique, it is impossible to determine how much the flow of tourists increased or decreased compared to last year. Thus, officials were ordered to count the number of tourists for 2017. Initial estimates spoke of 7.5 million visitors, of which 3.6 million were foreigners and 3.9 million Russians.

Market participants are not very optimistic about this larger number of tourists. “The numbers are terrible. If you read this report literally, then it turns out there is a huge black market of tourist services in St. Petersburg. The owners of apartments who rent them out are unlikely to pay taxes. And people who stay with relatives and friends make a small contribution to the city’s economy,” said Kiril Sokolov, head of the association of the League of Tour Operators of St. Petersburg.

But for hoteliers last year was relatively good. According to reports, the earnings of St. Petersburg hotels increased by an average of 14.2% (the average income per visitor is 2,804 rubles per night). But the growth was mainly due to the price (+10.4% to 4,080 rubles per night), while the occupancy only increased by 2.3% to 68.7% compared to 2017. According to experts, in 2019, the pace will slow down greatly and will not exceed 5%.

With regards to foreign tourists, officials are not concerned with the quantity, rather with the quality. A concept of luxury tourism development is set to be presented by March and a special

tourist product for wealthy guests is now being discussed with operators and hoteliers, which will cost on average 50% more than the standard one.

Today, only 4% of foreign guests visiting the northern Russian capital can be counted as luxury tourists. Officials see the potential in travelers from Europe, the Middle East, India but especially from China. **Only tourists from China could increase the market of luxury travel services by 10%, according to officials.**

In total, according to official data, in 2018, 800 thousand Chinese residents visited Saint Petersburg. This is 15-20% more than in 2017. But their contribution to the urban economy is not very large. The billions of yuan spent do not settle in the city budget. This is why officials are aiming to develop the luxury tourism market in view of attracting more wealthy Chinese visitors to boost the economy.

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