

# DOMESTIC TRAVEL IN RUSSIA BOOMING AMID COVID-19 PANDEMIC



The Covid-19 pandemic has led the tourism industry into an unprecedented crisis. However, besides all the obvious negative effects, the crisis has also created some new opportunities and trends in the sector that are being observed all around the world. One of these new trends is the rise of domestic tourism.

One of the countries that has noted this trend and is working on it is also Russia. While the most popular destinations abroad are only just opening up, tourists who yearn for travel are discovering their huge country and domestic travel in Russia has been increasing.

## **Expenditure on a Rise**

A proof of the growth of domestic tourism is the rising expenditure within the country borders. The expenses of Russians on domestic tours from May 1 to 15 amounted to about 20 billion rubles (about 220 million EUR). This is 80 % more than in the first half of January this year, when there were also long holidays.

Interestingly, Russian expenditure on domestic tourism in the first half of May increased by 13 % more than in the pre-pandemic year 2019.

In addition, expenditure on air tickets, tours, cruises (up to 3.8 billion rubles) and on long-distance trains and buses (up to 11 billion rubles) has more than doubled in comparison with January.

In turn, the expenses of Russians in hotels in May increased by one and a half times compared to the January holidays that broke all records and reached 780 million rubles (about 10.6 million EUR) in two weeks. Thus, the demand for hotels was 70 % higher than in May 2019 in terms of volume and one and a half times in terms of the number of transactions.

Finally, Russians spent 4.8 billion rubles in cafes and restaurants in early May. This is 74 % more than during the New Year weeks and 42 % more than in May 2019.

Spending in bars increased by 29 % compared to both the January holidays and the pre-pandemic May and exceeded 100 million rubles. However, entertainment spending fell short of the 2019 level (-20%) and remained roughly in line with the January numbers.

## **Charter Subsidies for Domestic Travel in Russia**

But these are not the only positive news for the Russian domestic tourism sector. The government has decided to allocate 1.2 billion rubles (about 16 million EUR) to support charter travel in Russia.

The money will allow tour operators to reimburse half of the costs of non-scheduled flights, but under the condition that the company performs at least six such flights in one direction.

The savings in the tour packages due to subsidized charters can range from 10 to 30 %, depending on flight distance.

**The government expects that subsidies for charters will support the further growth of**

**domestic travel in Russia.** Nevertheless, it is still too early to see the real impact of the initiative, because it is not yet clear what percentage of operators will take advantage of the subsidies.

What is certain, however, is that Russia is, perhaps with a small delay, realizing the potential of domestic tourism in the country.

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