

RUSSIA'S INBOUND TOURISM REVENUES UNDERPERFORMED



capable inbound tourists.

Russia is surrounded by three enormous source markets: Europe, the Middle East with India, and Southeast Asia. In 2022, Credit Suisse studied the number of citizens from different countries with net assets. This study showed that within an 8-hour flight radius from Russia, there are 639 million people with net assets of over \$100,000. Russia has a vast potential market with many financially

According to experts, foreign tourists visiting Russia steadily increased before the pandemic. In 2019 the country welcomed 10.8 million visitors, generating \$11 billion from tourism services. However, despite the growth in inbound tourism and profitability, the Russian tourism industry had a negative balance.

Russian tourism's negative balance has grown continuously; in 2019, it reached a staggering minus \$25.2 billion. Even though the pandemic and the economic crisis caused a temporary reduction in losses, the negative balance is now on the rise again. The current figures are comparable to 2015-2016. This trend is because Russia earns very little from foreign tourism. Foreign tourists in Russia earn \$318, significantly less than the industry average of \$1,270.

At the same time, Russian tourists spend considerable money abroad. In 2019 alone, Russian tourists spent \$36 billion abroad. During the first half of 2023, the number of departures increased due to tourism to friendly countries. As a result, 11.6 million trips have been recorded.

Compared to the costs of importing tourism services, Russia needs to earn more from exporting tourism products. Russia must create tourism products that compete in the global marketplace to increase foreign tourists and income. This requires simplifying visa formalities, expanding visa-free interactions with open cooperation countries, and addressing the problems caused by the departure of international payment systems from Russia. Ultimately, Russia needs solvent foreign tourists to boost its tourism industry.

Experts also recommend comprehensive Russia promotion to attract solvent tourists.

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