

TUI RUSSIA IS TO DEVELOP 2 BRANDS FOR EXCLUSIVE AND BUDGET CLIENTS



TUI is to offer different products in Russia under two brands. The strategy is likely to enable the company gain more clients.

The owner of 25% shares of Europe's largest tour operator TUI, Alexei Mordashov, a Russian billionaire, announced his plans to develop the company's business in Russia under two brands. **The TUI brand will offer expensive and exclusive travel services, while budget leisure tours and other low cost travel products will be offered by a travel company Mostravel, TUI's subsidiary.** With these brands TUI intends to establish an extensive retail network.

Tourism experts agree that such a segmentation of travel services based on customers' needs is advisable, reported Rbcdaily.ru. However, some pointed out that developing a network of travel agents under the TUI brand is risky, since it will be probably difficult for TUI to control the franchise partners, while being responsible for provided services.

Russian TUI will work with hotels and high-middle-class in all areas, including European countries, as well as Turkey and Egypt. **Mostravel is to continue to work under its own name and will focus on the customers seeking sun and sea destinations.** The company will also offer less expensive hotels of two, three and partly four stars. Also two independent retail channels are planned to be developed. Under the TUI brand 150 franchised travel shops are planned to be open during 2012, and more than 200 sites under the brand Mostravel.

"TUI is not the first example of a Russian travel company operating under various brands," said Maya Lomidze, Executive Director of the Association of Russian Tour Operators. For example, in Russia, an international holding company OTI operates under the brand Coral Travel, which offers fairly expensive products, but also a low-cost brand Sunmar Tour.

"The segmentation of offered products under different brands, of course, is sensible since it helps the company to better accommodate specific needs of clients," explained Ms Lomidze. It is especially true, when talking about Mostravel. Before Mostravel was bought by TUI, it was a significant player in the mass travel market, says Ms Lomidze.

Date: 2011-10-17

Article link: <http://www.tourism-review.com/tui-in-russia-to-develop-two-brands-news2972>