



Russia Market Report
May 2019

Visit Finland Country Representatives

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Semiannual Report – RUSSIA

Winter season 2018-19 and outlook for summer 2019

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Factors affecting the results of the winter season 2018-19

Reasons for the increase/decrease in overall outbound travelling from your market?

Economic situation, security situation

- Early year's statistics shows the Russian economy's slowdown trend continues. Inflation for the first three months of 2019 was 1.8%. [Source](#)
- Real income of Russians continues to decrease for sixth year in a row. Starting from 2014, Rosstat records decline in personal income, with 0.2% decrease in 2018. This year, the situation hasn't changed: real income has already dropped by 2.3% in 1Q2019. [Source](#)
- Current average salary in Russia is approx. 40 000 RUB (~555€). According to the study carried out the Financial University, Russians need average monthly income of around 66 000 RUB (~920€) to live a decent life. Moscow residents state the highest average desired salary – 100 000 RUB (~1400€), followed by residents of St. Petersburg and large cities near Moscow – 91 000 RUB. However, only 24% believe that they have already achieved a decent income, 19% intend to get close to it in the next few years, and 48% are convinced that they will never achieve it. For 84% of the respondents, essential benefits that make up life quality standard include the ability to travel around Russia and the world. [Source](#)
- According to recent studies, over the past six months, 39% of Russians started to save on food more than before, most of people in Russia (68%) prefer to save money by reducing daily expenses (63% in 2018). At the same time, 40% of Russians have no savings at all. [Source](#)

Factors affecting the results of the winter season 2018-19

Reasons for the increase/decrease in overall outbound travelling from your market?

- Over the past year, more Russians started traveling both in Russia (from 26% to 38%) and outside Russia (from 13% to 20%). Most of the travelers are residents of Moscow and Saint Petersburg aged 25 to 34. Most of those who traveled abroad went on tourist trips (94%). Business (9%) and medical purposes (7%) were less popular. Medical trips are made by Russians aged 55+. [Source](#)
- Based on the recent analytical research, middle class in Russia has decreased from 60% to 47% since 2014. Middle class in Moscow between 2014 and 2018 has decreased from 63% to 54%, in St. Petersburg from 58% to 51%, in other million-plus cities – from 61% to 49%, in the regions – from 56% to 45%. The proportion of people with low incomes has increased. However, in 2019, the percentage of those who consider themselves well-off remained at the 2014 level of 5%. [Source](#)
- The middle class in Russia is not expected to grow. Moreover, structure of the middle class segment has been changing for the last 15 years. Segment of representatives of law enforcement agencies and state and municipal management specialists, i.e. civil servants is constantly growing its part amongst all middle class representatives. [Source](#)
- The core of the Russian tourist audience has been shrinking. The analysts note that the basic price expectations are formed by so called pre-middle class. In the million cities, which are the main audience of the tourist companies, the pre-middle class includes 60% of the respondents. This very audience primarily forms the demand for low-budget holidays, looks for last minute travel offers and chases the discounts. [Source](#)

Factors affecting the results of the winter season 2018-19

Changes in demand

- There was a decrease in the amount of Russian travelers during the winter season 2018-2019. But still, compared to the four past years, the amount of travelers has been grown by 3% from 2016 to 2019. [Source.](#)
- Exchange rate to EUR was instable, and rouble remained weak in January and February 2019, which, undoubtedly, affected the tourist flows. [Source.](#)
- Ukraine showed an upward trend. In year 2018, the amount of travelers from Ukraine has increased by 8,8% compared to the previous year. This year, there was also organized 2 x own charter flights from Kiev to Vuokatti region during New Year season 2018-2019. [Source.](#)

Finland's image as a travel destination, changes in distribution & accessibility

- There were no major changes in image of Finland as a travel destination on the market, nor major changes in distribution channels. The Russian low-coast carrier Pobeda had started its flight operations from Moscow to Helsinki in October 2018, but they were stopped a few months later, in February 2019. The main reason of the closure is most probably the intense competition on this air route (5-6 flights on daily basis carried out by the national (Finnish and Russian) reputed airlines. [Source.](#)
- Also, more Russian tourists tend to choose some other travel modes instead of own car. By now, over half of all Russian visitors in Finland travel by car (61%), while train and ferry use has increased significantly. [Source.](#)

Factors affecting the results of the winter season 2018-19

Reasons for the increase/decrease in travelling to Finland?

- **Products that have been attractive**

Cottages, city breaks, spa hotels, cruises, travels for families with kids, themed sightseeing tours & trips with gastronomical part included

- **Regions that have been attractive**

Helsinki. Lakeland areas that are located near border.
Also well equipped ski resort destinations that are located in Northern Lakeland and Lapland

- **Campaigns, joint promotions results**

VF's own winter campaign was held during 15.09.2018-15.12.2018
Visit Karelia x VF winter joint promotion campaign was held during 11.12.2018 - 31.3.2019
Visit Vuokatti x VF winter joint promotion campaign was held during 15.09.2018 - 15.12.2018

Outlook for the summer season 2019

The overall outlook of travelling to Finland for the coming summer?

Increase/decrease and reasons for the increase/decrease

- Travel companies note that their customers spend less money for travels this year, and that absolutely all categories save.
- One of the saving options is choosing low-cost instead of conventional airlines, abandoning aircraft in favor of a cheaper transport, booking cheaper accommodation, and choosing visa-free destinations (especially important for tourists from regions). Some tourists save by seeking to purchase a tour with maximum discount beforehand in order to secure themselves from sharp fluctuations in ruble exchange rates. [Source](#)
- According to the survey held by Momondo booking service, more than a third of Russians (38%) do without weekday cafes and restaurants to save up for traveling. To have funds for travels, every tenth tourist saves on gym card, and every seventh one doesn't use paid content on the Internet. [Source](#)
- Within the last year, the share of people who are ready to spend more than 60 000 RUB (~835€) on their future holidays considerably reduced. [Source](#)

Outlook for the summer season 2019

The overall outlook of travelling to Finland for the coming summer?

What are the trends for the summer 2019?

- The majority of tour operators expect a 10–20% summer sales growth compared to the past year but some managers estimate that sales will remain at the same level.
- Number of Russians who prefer outdoor activities – hiking, skiing, snowboarding, fishing and hunting – increased over the last year from 23% to 29%. Outdoor activities are particularly popular among men (39%) and young people under 34 (47%). [Source](#)
- In his recent interview, the President of Russian Travel Industry Union said «more and more tourists are going to sports events, agrotourism also gains popularity, as well as gastronomic and other events, wellbeing programs during shoulder seasons are also in high demand. Travelers become more experienced, they go not just to a destination, they go to an atmosphere – and that’s a combination of various factors». [Source](#)

Outlook for the summer season 2019

The overall outlook of travelling to Finland for the coming summer?

- **New summer products**

[Guaranteed week programme](#) for FIT's and independent tourists in Northern Karelia

[Public & cheap daily sightseeing tours](#) in Helsinki, guaranteed departure with min of 1 participant

[Thematic walking tours](#) in Turku

- **New sales channels**

Finnair NOW/HERE (coming soon), international markets

[InCamp](#) – children camp school online platform, Russia

Greenway TO introduced info about Finnish clinics to the website: Medical travel abroad section [Source](#)

Outlook for the winter season 2019-20

Ad hoc marketing opportunities

Co-operation with TO's

- VF traditional workshops will be held in the beginning of autumn, 4.9 in Moscow and 5.9 in St. Petersburg
- VF seminars in CIS will be held 1.10 in Minsk and 2.10 in Kiev
- VF joint seminars with TO's in Moscow & St. Petersburg during autumn 2019
- Also there will be a roadshow in Ukraine together with local TO company during autumn 2019
- VF will arrange 2 x TO fam trips to discover less explored ski resorts in Lapland + ski resorts in Lakeland areas
- Big online project on Russian Tour Operator Assosiation platform

Joint promotions, cross over, events, social media

- Day of Finland festival 25.5 in St. Petersburg
- Day of Finland festival 14.09 in Moscow
- Online project with Men's Health & Women's Health media during spring & autumn 2019
- Campaign with WeddingMagazine (online & offline)
- Continious presence in all major Russian SoMe channels
- Joint promotion with Vuokatti region for winter season 2019-20 (Sept-Dec 2019)
- VF own b2c image / tactical winter campaign (Sept – Dec 2019)
- Several media trips to Finnish regions during autumn 2019

Prospects for the autumn/winter season 2019-20

The overall outlook of travelling to Finland?

What trends should be considered in product development to increase the demand in the autumn/winter time?

- The market players see no economic factor to boost the outbound tourism compared to the previous year. It's forecasted that this year the main mass destination of the Russian outbound tourism – Turkey – won't be so active in making special offers for the Russian market during the season. Growing prices of this mass destination in the current year must change the dynamic of the outbound tourism: the demand will shift to the cheaper Russian tours and the outbound tourism will stagnate or go down with respect to a number of destinations.
- In 2019, tourists will also try to save on trips abroad due to continuing fluctuations in ruble exchange rate. Most of effective demand in organized tourism comes from million-plus cities. [Source](#)
- The 2018 trends – polarization in offers, decrease of demand in the middle price segment, expansion of offers in the budget segment and retaining of volumes in the premium segment – throughout the whole year 2019. [Source](#)
- On the one hand, economic troubles are expected to limit household expenses for leisure, especially for trips abroad. However, experts believe, in these uncertain times, high labor activity coupled with saving and more rational budget management leads to increase in demand for all types of leisure (especially relax, wellbeing and recreation). [Source](#)

Prospects for the autumn/winter season 2019-20

The overall outlook of travelling to Finland?

- Every third Russian arranges vacation on their own (29%). Travel agents' services are used by two times less Russians (14%). Russians aged 18-34 plan their trips independently more often than others (35-39%). [Source](#)
- The Russian tourists quite follow the European trend of short-term tours and city breaks: over half have a positive attitude to such trips and nearly one-third are ready to take off if there is an affordable variant. This statistics is provided by Tutu.ru service, which has taken an opinion poll to discover the interest of the travellers in short-term trips (2-4 nights including a flight). More than fifteen hundred respondents took part in the poll. [Source](#)
- According to the experts, the growth of interest in short-term trips is a long-lasting tendency. The Russians more frequently prefer weekend trips to long-lasting tours, which is connected both with the trip budget and the new holiday culture in general: each trip is a new place and new emotions. The popularity of short-term trips is supported by two contradictory trends at the same time. On the one hand, the tourists try to optimise their expenses by any possible means. On the other hand, more and more people strive to travel abroad several times a year to see various countries by taking several short vacations instead of a long one. [Source](#)
- According to Level.Travel calculations, the short trips for weekends are more popular among couples: they make 39% of bookings with the duration of less than a week. The second place is held by individual travellers, 18%. 15% of short trips are made by small women groups comprising of friends or relatives. Families with children make up only 7% of the demand for such trips. [Source](#)

Prospects for the autumn/winter season 2019-20

The overall outlook of travelling to Finland?

- **Which present target groups should be considered to increase the demand?**

Families with kids, couples, recharge retreaters, athletes, groupies (those who like travelling in groups of friends or family members).

- **Which new target groups should be considered to increase the demand?**

Generation Z travellers, active holidays lovers, frequent weekenders, healthy lifestyle travelers.

Theme check: Sustainability, digitalization and year-round tourism

Visit Finland strategic cross-cutting themes are sustainability, digitalization and year-round tourism.

What kind of demand or potential of these themes you find in the market you represent ? (Products, target groups)

- Russian tourism market **digitalization** trend remains. Role of technologies in stability of tour operators will continue to grow. The most promising are dynamic real-time package systems, new b2b booking services, and online services for direct online sale of tour packages and individual services to tourists with the possibility of making tour of your own. Tour operator business will begin to go beyond the classical format (tour packages) and to explore new niches which will also require modern digital tools: hotel management systems, host companies automation tools, Big-Data-based solutions for pricing management and forecasting of demand, etc. [Source](#)
- Russian tourists are usually keen about different technical gadgets and search actively for information even when they are already in the country. At the moment, many of Finnish tourist destinations (places to visit, accommodation facilities) often have very poor online presence with English/Russian language materials, which is an barrier for developing their business for international customers. Developing digital services such as improving own presence on different online booking channels and improving overall sales / marketing process to meet the needs of international customer better is essential for Russia & CIS markets.
- **Year-round tourism**, in turn, works already well in Finland from Russian point of view. According to Statistic Service Rudolf, in 2018, 54% of all visitors to Finland came in winter season, and 46% in summer season. Still, seasonal accents are strong in some areas (for example Lapland is most popular in winter time and has low demand during the summer, but when speaking of more southern regions such as for example Southern Savo or Kainuu, the situation is completely vice versa). Thus, there is a clear need to promote Finland more as a summer destination in certain regions, but also as a winter destination in other regions. [Source](#).

Theme check: Sustainability, digitalization and year-round tourism

Visit Finland strategic cross-cutting themes are sustainability, digitalization and year-round tourism.

- For the tourists of the North-West part of Russia, Finland is one of the most requested destinations within the entire year and not only in the peak tourist seasons. Reasons: geographical proximity, ease of travel, all-season resorts with a high level of service and developed infrastructure. Compared with other Scandinavian countries, Finland is distinguished by more reasonable prices, which allows low-cost holidays in the low season. The aim is to make Finland the all-season direction for Moscow and the central part of Russia by attracting the tourists by means of various themes (the popular ones include wellness, gastronomy, cottages), event tourism and short trips on weekends or long public holidays.
- With regard to **sustainability**, the topic is essential only for a small niche group of tourists in Russia. Mass tourists might appreciate, if destination is sustainable and somehow eco-friendly (highly depends on eco-brand awareness), but this issue does not play a crucial role for destination, accommodation or activities choice in general. Still, sustainability and eco-certification / waste recycling can serve Russian tourists as a nice additional extra issue to brag about after the trip.

Trends and other relevant travel related topics

Trends

Any new travel trends on your market? What's hot now on your market (BtoC and/or BtoB)

- Role of major players in tourism market will grow, they are more diversified and have larger product portfolios, more technologies and reserves. Due to decrease in effective demand which will likely to continue in 2019, the market concentration will go on in the form of natural withdrawal of players who don't have enough reserves in case of "bad times" or poor planning. [Source](#)
- Mergers and acquisitions in the travel agents environment will accelerate. According to conservative estimates, the number of legal entities engaged in tourism will decrease by at least 20%. Consumers will hardly notice vast majority of these processes since the main reason for them is serious toughening of competition, and, therefore, further consolidation of business. [Source](#)
- This March, the world's oldest tour operator, Thomas Cook (which owns 100% of Intourist from December 2018), acquired business of tour operator Biblio-Globus which is the largest transaction on the market over the years. Merger of Biblio-Globus and Intourist will create a dominant player on the Russian outbound and domestic tourism markets. Biblio-Globus will retain its management and staff. In Europe, Thomas Cook is grappling with a heavy debt. The company has been revamping various parts of its business following a poor financial performance last year. [Source](#)

Trends and other relevant travel related topics

Trends

- According to market analysts, about 94% of all package tour sales in 2018 were the sales of traditional (offline) travel agencies. The common share of the Internet aggregators of package tours and online sales of the leading tour operator amounted to only 6% of the market. [Source: panel discussion, *Digital Day 2019* conference in Moscow](#)
- More than 80% of all buyers of package tours search, compare and select travel products via Internet, however only 6% of the customers book products using online platforms. One of the main barriers in development of the Russian segment of package tour online sales is the lack of price advantages offered by the online platforms over the offline agencies and the expensiveness of the tours for the Russian people. According Onlinetour.ru, the package tour is in TOP 3 most expensive purchases of the Russian family within a year. [Source: panel discussion, *Digital Day 2019* conference in Moscow](#)
- In the coming years, the Russian tour operators don't plan to give a boost to their online channels of direct sales, because their business, especially in the high-margin product segment, is based on traditional offline retail (travel agencies). However, the natural growth of online sales will continue going up to the level of 18-25% of the total amount of sold tours. Even though the purchase isn't online, the choice is made on Internet and the low-cost tours of up to 40 000 RUB (~555 Euro) is the driver of online sales and now amounts to 20% [Source: *Digital Day 2019* conference in Moscow](#)
- There is a new trend in the West: the services deliberately rejecting the use of technologies are gaining more and more popularity. It is called tech-free. At the time of general digitization and automation, many things connected with a person become valuable. People tired of detachment and indifference of technology need human involvement. In the framework of cooperation with the School of Life in London, Crowne Plaza teaches their employees to communicate with the guests at a deeper, personal level. As for the guests, they say that this approach brings them more satisfaction. [Source](#)

Trends and other relevant travel related topics

Competitors' actions

Which countries have been active, where have you seen their promotion, what was the main message/content of the communication, competitors' new products or activities with tour operators/sales channels

- [Feel Austria in Moscow](#) – Design Saturday festival of Seasons, 18 May. Venue: City Farm at VDNKh. Summer vacation and interactive tour to Austria: quest, games for children, gifts, Austrian treats, master classes and lessons of German language.
- [Day of Sweden](#), 5 June. Venue: GlavClub Green concert. Headliners: Mando Diao & Jens Lekman live concert, Swedish cuisine, souvenirs and photo zone. Funny short [video clips](#) with stories by locals at the official Instagram account
- [Day of France](#) annual city festival, 14 July 2019: 27 th. visitors, 300 VIP guests invited for a VIP cocktail party with the ambassador. Several activity areas: food, dance and art master classes, concerts, theatre performances, literature clubs, courses of French language, entertainments for children, films, beauty corners, varied music programme: famous French-speaking groups and artists. French market: traditional French products and goods, tasting events. [Day of France 2018 promo video](#)
- Open-air [festival of Indonesia](#). 2-4 August 2019, Krasnaya Presnya Park. Traditional Indonesian cuisine, shadow puppet theater, fashion-show of famous Indonesian designer, master classed to learn the batik techniques, quest, language lessons, lectures, Indonesian-style romantic wedding ceremony. [2018 festival video](#) at local tv channel
- Open-air festival of [Japanese culture J-FEST Summer](#) in Gorky Park/Garage Museum of Contemporary Art. Master classes, contests, lectures, Japanese films, performances, food. In 2018, 100 th. people visited the event. [J-Fest 2018 promo video](#)

Trends and other relevant travel related topics

Competitors' actions

- Dubai tourism office. *Dubai with Love* online campaign: Dubai is an ideal destination for romantic holidays with numerous activities fascinating to do together. 5 celebrity couples, individual concept for each couple, shooting in Dubai, posts and stories in their social media, celebrities' tasks for SoMe followers with contest, 60 winner couples celebrated the Saint Valentine's Day in Dubai. [Source](#)
- Switzerland tourism office. *Winter Records* online campaign: a number of video clips to show the diversity of winter holidays in Switzerland for winter sport enthusiast segment. One celebrity: a comedy actor and an Instagram blogger. Creation of a landing page. Promotional channels: SoMe and media publications. [Source](#)
- France tourism office. Positioning of the web site as the media portal, project implementation and partner promotion only on this site. Two online campaigns: *Feel Paris* video clips with Russian influencers based on their impressions, contest with prize of a trip. *Mountain Skiing in France*: video clips with a Russian travel journalist and TV presenter who shares useful information about 6 resorts) and quiz to interact audience. Promotion: programmatic ad, SoMe, Yandex/Google. Both cases without shooting in France. [Source](#): Digital Day 2019 (conference held by ProfiTravel in Moscow)

Trends and other relevant travel related topics

Free word

If You are an entrepreneur, and looking for international customers, please, check these issues first

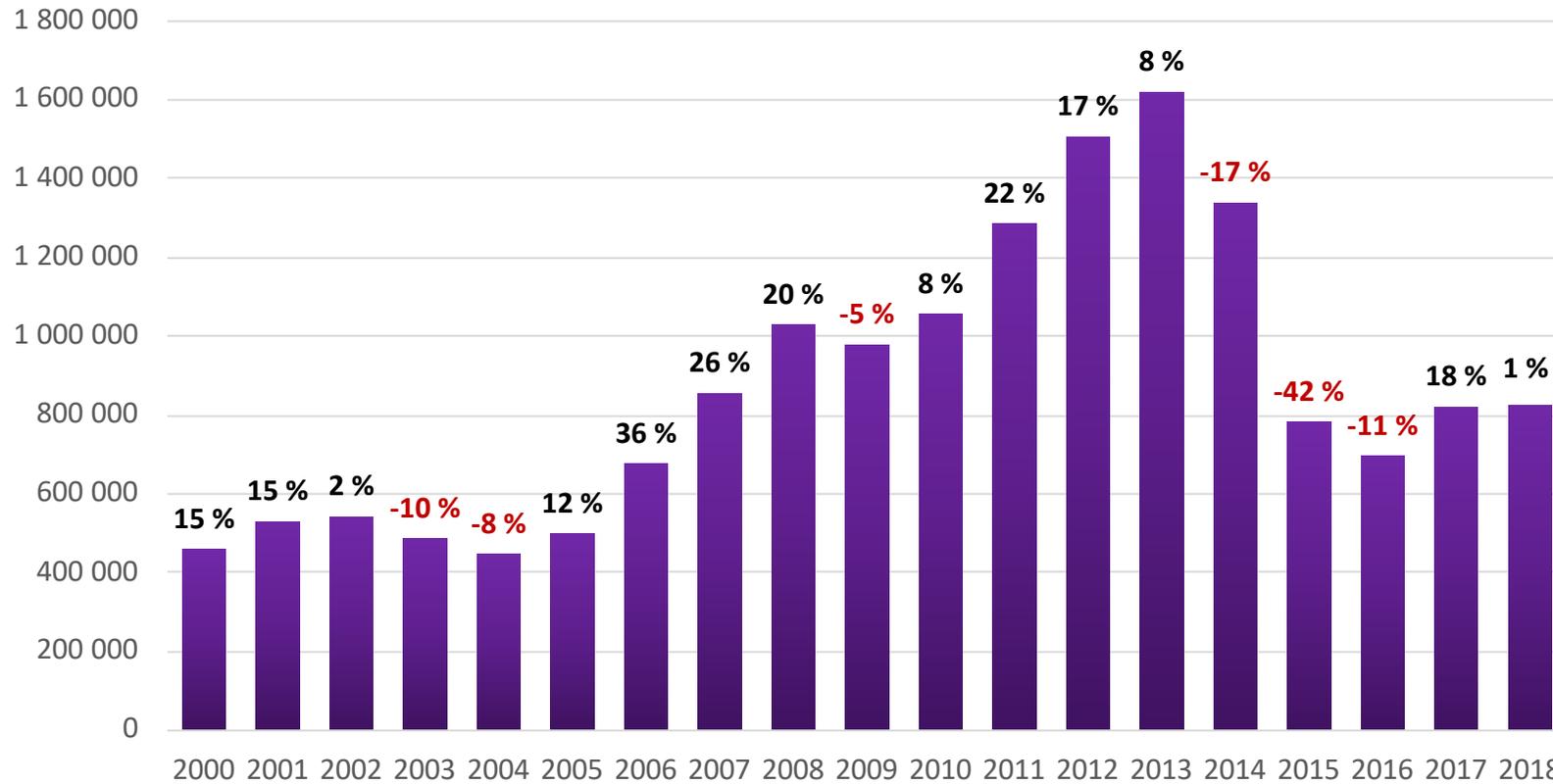
- Is Your website translated into English (and Russian)?
- Is the English version of Your website updated?
- What are Your key messages for international (Russian) customers and how are they used?

Russia – Market Review



Visit Finland

Russian overnights in Finland



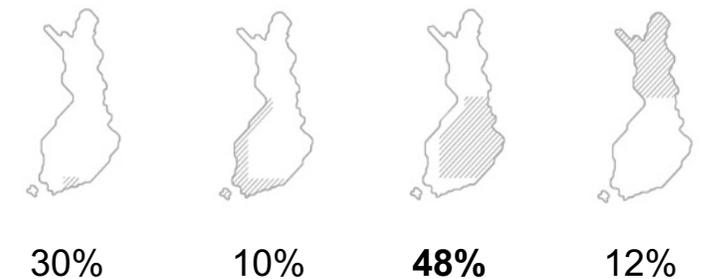
Year 2018

1st in country rankings
with a **12%** share of foreign overnights

Average change 2000-2018: **+6%**

Change 2018 compared to 2000: **+79%**

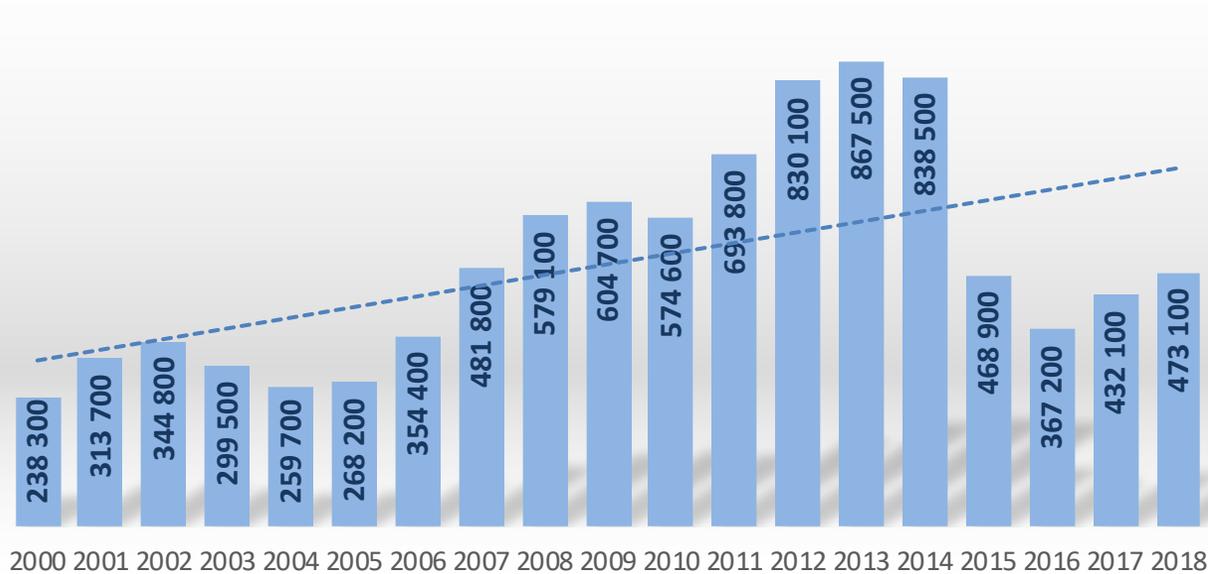
Share of overnights by regions 2018



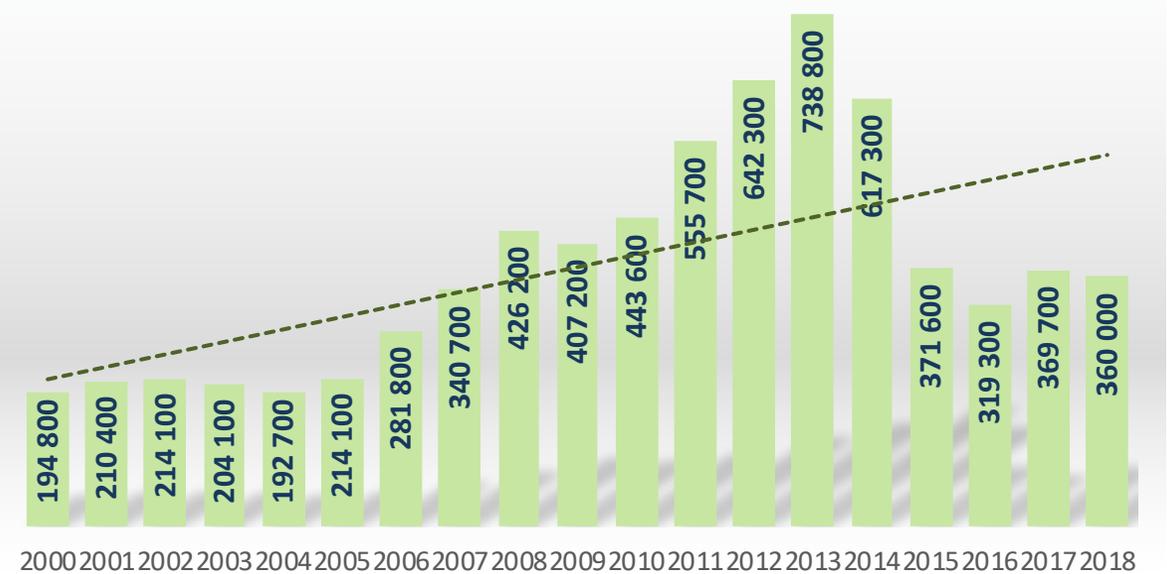
Winter and Summer 2018



Registered overnights in winter season (Nov-Apr) by Russian visitors



Registered overnights in summer season (May-Oct) by Russian visitors



Winter 2018: **1st** in country rankings with a **14%** share of foreign overnights

Average change 2000-2018: **+6%**

Change 2018 compared to 2000: **+98%**

Summer 2018: **3rd** in country rankings with a **10%** share of foreign overnights

Average change 2000-2018: **+5%**

Change 2018 compared to 2000: **+85%**





Seasonal overnights in 2018

Whole Finland

	No. of Russian overnights				Seasonal YtoY change		
	2016	2017	2018	2019	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018
Winter (Dec-Feb)	243 000	280 900	296 100	260 500	+16%	+5%	-12%
Spring (Mar-May)	110 700	147 000	154 500		+33%	+5%	
Summer (Jun-Aug)	205 800	236 800	236 700		+15%	-0%	
Autumn (Sep-Nov)	127 500	143 300	147 200		+12%	+3%	

Lapland

Winter 2018:	50 900	(-1%)
Spring 2018:	21 900	(-1%)
Summer 2018:	8 100	(-13%)
Autumn 2018:	18 500	(+7%)

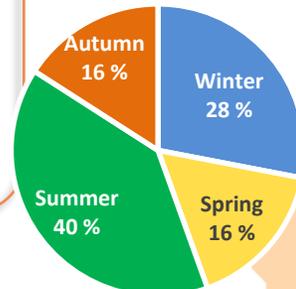
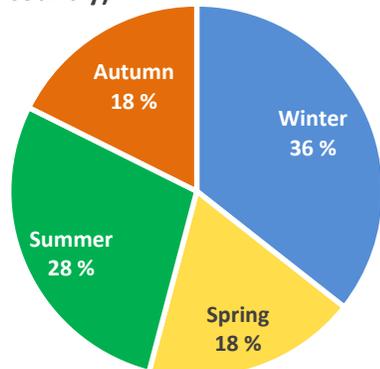
Coast & Archipelago

Winter 2018:	22 800	(-6%)
Spring 2018:	13 400	(+11%)
Summer 2018:	32 200	(-4%)
Autumn 2018:	12 900	(-3%)

Lakeland

Winter 2018:	138 900	(+1%)
Spring 2018:	66 600	(+3%)
Summer 2018:	128 600	(-2%)
Autumn 2018:	61 600	(0%)

Russian overnights in Finland by season in 2018 (Whole country)



Importance growing:

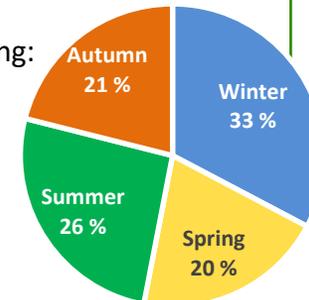
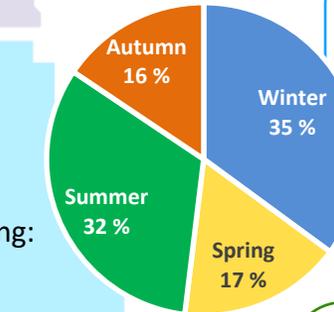
- Turku
- Kotka

Importance growing:

- Sotkamo
- Kuopion seutu
- Lahden seutu
- Tampere

Importance growing:

- Helsinki
- Espoo



Helsinki area

Winter 2018:	81 300	(+20%)
Spring 2018:	50 400	(+5%)
Summer 2018:	64 400	(+2%)
Autumn 2018:	52 300	(+3%)

Trends for seasonal overnights in Finland – Russian visitors

