

TARGET MARKET: THE RUSSIAN FEDERATION



MARKETING STRATEGIES FOR TOURISM DESTINATIONS

A COMPETITIVE ANALYSIS





**Marketing Strategies
For Tourism Destinations
A Competitive Analysis**

Target Market - The Russian Federation

A report produced for European Travel Commission (ETC)
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Cover photo: Moscow, the Russian Federation, Red square, view of St. Basil's Cathedral in winter

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The report is part of a series of fact-finding reports on the tourism strategy developed by destinations competing with Europe in select long haul markets. The project was realised as part of the European Commission and ETC joint initiative "Destination Europe 2020".

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Foreword

In an increasingly vibrant landscape, marked by new players, technological innovation and rapidly changing consumers, the need arises for European destinations to closely monitor others' effort to win market shares in the global tourism market.

This compilation of best practice examples in tourism and promotion strategies is meant to provide insights relevant to ETC and its member countries through a better understanding of the environment in which they operate.

This series of reports provides insights into the strategic vision and the operational actions tourism destinations worldwide are developing to attract an increasing number of visitors from the most promising source markets. This fact-finding research offers a bird's-eye view of the competitive environment, and a portrait of the tourism strategy and marketing activities of competing destinations. References to official documents and publicly available reports facilitate access to detailed information, for those interested in achieving a higher level of knowledge. For Europe's strongest competitors, portraits are enriched with first-hand information gathered through personal interviews with NTOs marketing directors, representatives of the travel trade and experts.

The common structure of reports facilitates cross-market comparisons. Key results are synthesised in a highly visual executive summary, conceived for dissemination to the public at large.

We trust these reports will become for ETC and its members an important tool to identify key opportunities and challenges, and to strengthen their comparative advantage in the global tourism market.

Executive Unit
European Travel Commission

Introduction

This report's aim is to collect meaningful knowledge about the tourism strategy of destinations competing with destinations in Europe in select long haul markets. This study is part of a series of publications, which offer an overview of the environment, in which European tourism destinations operate, and a profile of the tourism strategy and marketing activities of competing destinations. A listing of official documents, publicly available reports and media features is provided in an appendix and through the footnotes to permit more detailed examination of the information presented and issues raised. Each report also provides first-hand information on a selection of competing destinations, gathered through interviews with NTOs' marketing directors, travel trade and experts.

This project focuses on countries competing with European destinations in high potential long haul markets, namely Brazil, Canada, China, Japan, Russia and the United States. In this analysis, Europe is defined as the 33 countries which are members of the European Travel Commission plus France, the Netherlands and the United Kingdom.

The analysis followed a three step approach.

The first step was to identify the key markets for Europe and the primary destinations competing with Europe in those markets. These markets are presented in Figure 1.

The second step consisted of assessing strengths and weaknesses of destinations, which are significant competitors to Europe in the six target markets. The assessment has been based on the following indicators:

- the World Economic Forum Travel and Tourism Competitive Index (WEF TTCI),
- travel trade interviews and expert opinion,
- visa regimes and other visitor entry requirements,
- air connectivity and capacity,
- price competitiveness,
- political, economic and socio-cultural links,
- destination tourism development policy,
- destination tourism marketing strategy.

The third step consisted of identifying those destinations which are the strongest competitors for Europe in each market, i.e. destinations which attract significant volumes of travellers and are actively investing in increasing their share in the market. A detailed profile of the organisations in charge of promoting inbound tourism to these destinations has been compiled. Information about the strongest competitors has been collected by the means of personal interviews as well as from secondary sources.

Defining the competitive environment for Destination Europe

a. Defining the Competitive Environment for Destination Europe

Experts from the European Travel Commission (ETC) Executive Unit, Market Intelligence Committee and Operation Groups, as well as experts from Tourism Development International (TDI), were involved in a two-stage process to define the competitive environment, in which European destinations operate.

In the initial stage, those long haul markets which show the best prospects for Europe as a tourism destination were identified. Based on a compound analysis of the relative importance of, and growth prospects for a large number of markets, six were identified as priorities for Destination Europe.

The experts were then asked to list countries which are actively targeting those markets as tourism destinations. These competing destinations are defined as countries which are currently investing in tourism promotion and which already receive considerable volumes of tourists from the selected markets. The outcome of experts' evaluation of the competitive environment is reported in Figure 1.

Figure 1: Market: Destination Pairings

Markets	Competitor						
	1	2	3	4	5	6	7
Brazil	USA	Mexico	Australia	Russian Federation			
Canada	USA /USA large cities	Mexico	China	South Africa			
China	USA	Australia	Russian Federation	Rep of Korea	Thailand	Malaysia	New Zealand
Japan	USA	Rep of Korea	Thailand	Malaysia			
Russia	Egypt	China	Dubai	United States	Thailand		
United States	China	Brazil	Australia	USA large cities	South Africa		

b. Destinations in the Tourism Global Market Place: a Comparative Analysis

Factors and policies conducive of travel and tourism development

An overall assessment of the comparative resources and capabilities of the selected destinations was undertaken based on publicly available international indicators, which monitor aspects crucial to determine their strength and weaknesses as tourism destinations.

The World Economic Forum Travel and Tourism Competitiveness Index (WEF TTCI) provides a broad assessment of a large number of characteristics and features that facilitate the development and functioning of tourism in a country. The survey assembles results for 79 pillars under three main "sub-indexes":

1. Travel & Tourism Regulatory Framework,
2. Business Environment & Infrastructure,
3. Travel & Tourism Human, Cultural and Natural Resources.

These illustrate the relative success of destinations in creating conditions to attract investment in tourism development. Figure 2 shows the ranking of the 13 destinations according to each of the sub-indexes and relative to each other. The rankings in columns i to iv are based on a total of 140 countries worldwide included in the WEF TTCI survey. The rankings in column v are within the set of 13 competitor destinations.

Figure 2: WEF TTCI Rankings of Competing Destinations, 2013

Country	Competitiveness Subindex				
	Travel & Tourism Regulatory Framework	Travel & Tourism Business Environment & Infrastructure	Travel & Tourism Human, Cultural & Natural Resources	Overall Ranking	Ranking within 13 Competing Destinations
	(i)	(ii)	(iii)	(iv)	(v)
Australia	23	25	4	11	2
Brazil	82	76	12	51	10
China	71	63	13	45	9
Dubai (as UAE)	45	9	35	28	5
Egypt	86	77	84	85	13
Rep of Korea	38	17	20	25	4
Malaysia	55	41	17	34	6
Mexico	83	61	15	44	8
New Zealand	4	12	22	12	3
Russian Federation	92	46	58	63	11
South Africa	81	59	57	64	12
Thailand	76	44	23	43	7
United States	44	2	1	6	1

Source: TDI analysis of WEF TTCI report

At a country level, European destinations (both ETC member countries and other countries in Europe) occupy the top positions of the WEF ranking - see Figures 24 to 27 in Appendix 1. The leading five positions in the overall ranking are European i.e. Switzerland, Germany, Austria, Spain and the United Kingdom. A further three European countries are placed in the band of 6th to 15th (i.e. France, Sweden, the Netherlands), and 15 rank in the top quarter up to 35th place. Six of the 13 competing destinations examined in the study achieved a ranking in the top quarter of all destinations worldwide i.e. the United States 6th, Australia 11th, New Zealand 12th, Republic of Korea 25th, Dubai (based on the data for the UAE as a whole) 28th and Malaysia 34th.

Figure 3 shows the overall ranking position for four European countries (France, Italy, Spain and the United Kingdom), selected as benchmarks, and the 13 competing destinations.

The comparative analysis of the resources and capabilities of the 13 destinations identified as competitors at sub-index level (see Appendix 1) suggests what follows:

High ranking: United States, Australia and New Zealand. These countries show strengths in the following areas:

- New Zealand in respect of its travel and tourism regulatory framework,
- the United States for the travel and tourism business environment and infrastructure, and for travel and tourism human, cultural and natural resources,
- Australia for travel and tourism human, cultural and natural resources.

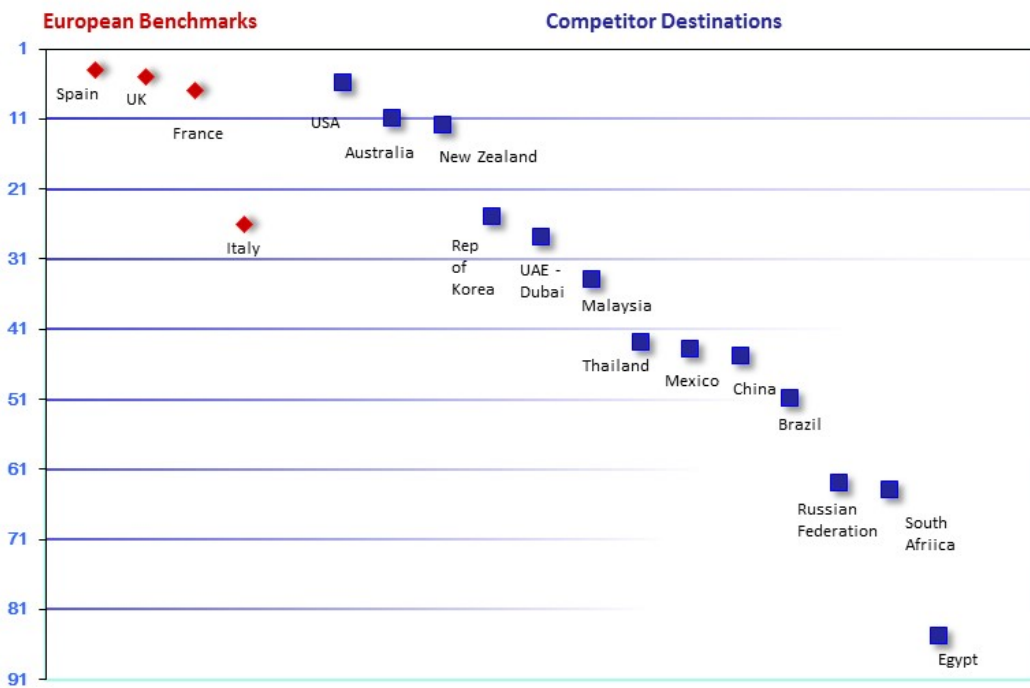
The United States fares less well in respect of the travel and tourism regulatory framework, and lower rankings (though still in the top 25 globally) are recorded by Australia in respect of the business environment and infrastructure, and the regulatory framework, and by New Zealand for human, cultural and natural resources.

Mid-ranking: Republic of Korea, Dubai (UAE), Malaysia, Thailand, Mexico, China, Brazil. Six of these seven destinations, the exception being Dubai, score more highly than their overall ranking in respect of human, cultural and natural resources. The weaknesses for this group of destinations are in the regulatory framework (i.e. Mexico, Brazil, Thailand, China) and the business environment and infrastructure (i.e. Brazil, China, Mexico).

Mid-to-low ranking: Russian Federation, South Africa. Both countries' rankings are pulled down by their low assessment in respect of travel and tourism regulatory framework. In the case of South Africa, this is due to low performance on safety and security, and health and hygiene; while for the Russian Federation, the weaknesses are more widespread across four of the five pillars in the sub-index.

Low ranking: Egypt. Its weak positioning reveals in each of the three sub-indices suggests that this destinations does not have an overall comparative advantage in respect to destinations in Europe, but may be attractive in specific markets and segments.

Figure 3: WEF TTCI Overall Rankings



Source: WEF-TTCI, 2013, 140 destinations

Another competitive edge for destinations is the value of their tourism offer. While the perceived value of tourism services is a subjective construct that varies across markets, segments and experiences, an assessment based on standardised indices can highlight destinations' comparative advantages related to cost-related aspects.

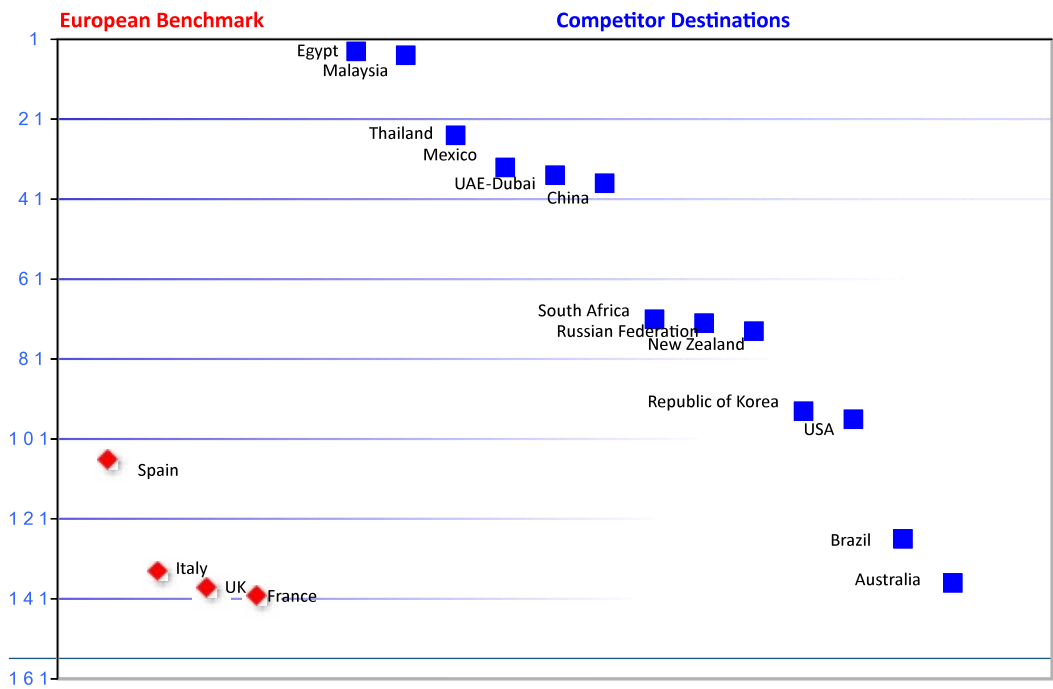
The value of tourism products across destinations

The WEF TTCI survey examines components that impact on price levels at a destination, including taxes levied on ticket sales, airport charges and fuel costs, as well as general taxation levels. The overall price competitiveness of destinations is derived from these five factors. The WEF TTCI also provides a hotel price index, as a proxy of price competitiveness from a consumer perspective.

The WEF TTCI's rank order in terms of overall travel and tourism price competitiveness and the hotel price index for destinations competing with Europe are shown in Figures 4 and 5. It found that Malaysia and Thailand are the most price competitive destinations, although the United States fares well on hotel prices; Australia is the least competitive destination in terms of prices.

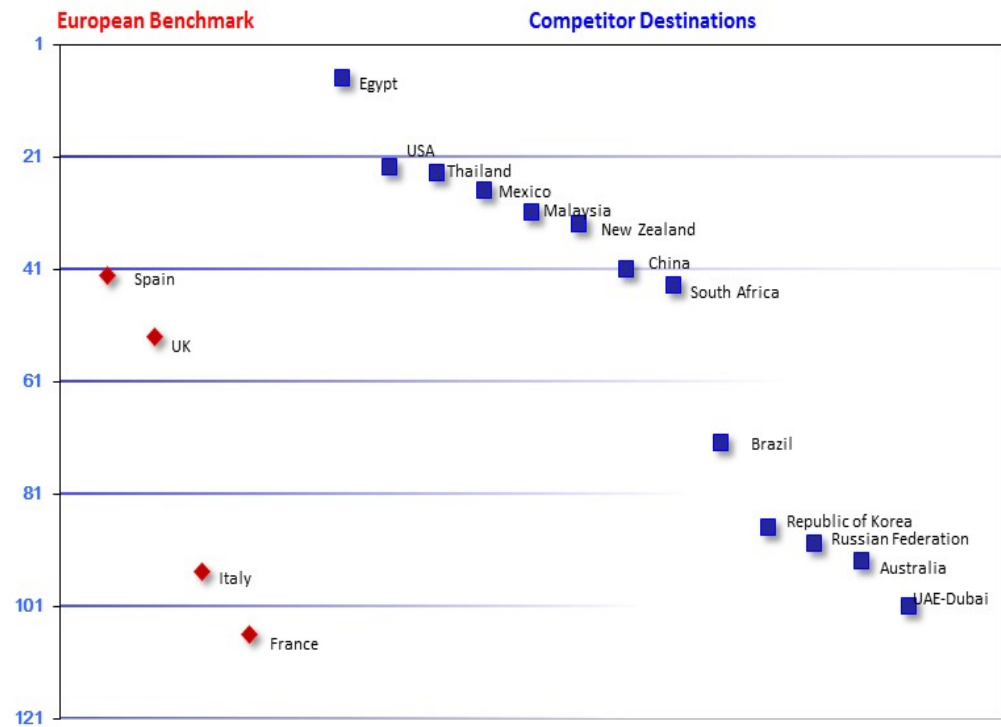
By comparison, all European destinations are in the lowest tercile (ranked 100th or lower), largely because of travel and fuel taxes. They are more competitive in respect of hotel prices, with Spain featuring 42nd and the United Kingdom 53rd while other European countries score less well, ranging from the Baltic states of Lithuania, Latvia and Estonia (all in the top 12 of hotel price competitiveness) to Switzerland, Serbia and France all ranked worse than 100th in respect of hotel prices. See details in Appendix 1.

Figure 4: Destination Travel & Tourism Price Competitiveness: 13 Primary Competitors to Europe



Source: WEF-TTCI, 2013, 140 destinations

Figure 5: Destination Travel & Hotel Price Competitiveness: 13 Primary Competitors to Europe



Source: WEF-TTCI, 2013

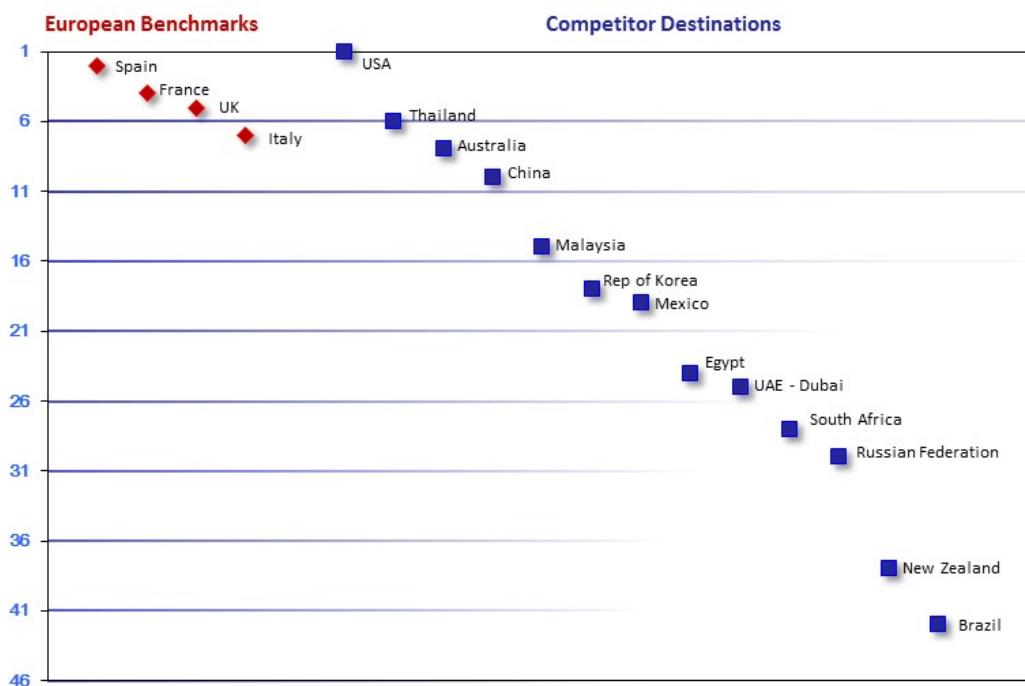
Country Brand Rankings

The rating of a country as a brand in the perception of prospective visitors is an important travel decision making criterion in respect of choice of destination. The impressions created in the minds of consumers in travel markets around the world are created through a large number of influences. The Bloom Consulting Group in its annual Country Brand Ranking¹ identifies four variables as contributing to a destination's image and thereby establishing its tourism brand rankings i.e.

1. Tourism economic receipts and growth (a first indicator of a country's appeal),
2. The destination products and experiences researched online (measuring its online appeal),
3. The country's brand strategy (assessing the accuracy and effectiveness of its communication efforts),
4. Official website and social media performance.

The results of the 2013 Country Brand Ranking of 187 countries and territories are outlined in Figure 6. It shows that the United States has the strongest tourism brand followed by Thailand, Australia, China, Malaysia, the Republic of Korea and Mexico which all feature in the top 20 destinations. None of the 13 primary competitors to Europe across the six selected markets is ranked lower than 42nd (Brazil). Nine European countries are ranked in the leading 20 destinations, led by Spain, France, the United Kingdom and Italy. Full details for all European countries are presented in Appendix 1.

Figure 6: Country Tourism Brand Ranking: Primary Competitors to Europe



Source: Bloom Country Brand Ranking Tourism Edition 2013

1 Bloom Consulting Country Brand Ranking Tourism Edition 2013. http://bloom-consulting.com/sites/default/files/files/Bloom_Consulting_Country_Brand_Ranking_Tourism_2013.pdf

The competitive strength of any country as a tourism destination is a combination of many factors, some of which are fixed or otherwise factual while others are subject to the influence of both product developments and marketing and promotional activities. No destination is outstandingly strong or weak across all parameters. The strongest individual destination is the United States, rated as having the leading tourism brand and achieving 6th place in the global WEF TTCI survey of all tourism development factors (behind five European countries).

The power of strong tourism industries combined with market-driven tourism product/experience development and well-targeted marketing is illustrated by comparing rankings on the WEF TTCI broad tourism development and facilitation survey (that does not take account of destination marketing) and the Bloom Consulting Group destination brand ranking (which features destination marketing elements as a key criterion). This is borne out particularly in the cases of Thailand, China, Malaysia, Mexico, Egypt, South Africa and the Russian Federation where weaknesses in either or both of the regulatory framework, and business environment and infrastructure, may be compensated for by price advantages and the appeal of the countries' tourism product offering.

Figure 7: Country Tourism Rankings

Country	Bloom Country Brand Ranking	Overall WEF TTCI Ranking
Europe's Competitors		
United States	1	6
Thailand	6	43
Australia	8	11
China	10	45
Malaysia	15	34
Rep of Korea	18	25
Mexico	19	44
Egypt	22	85
UAE - Dubai	25	28
South Africa	28	64
Russian Federation	30	63
New Zealand	38	12
Brazil	42	51
European Benchmarks		
Spain	2	4
Germany	3	2
France	4	7
United Kingdom	5	5
Italy	7	26
Austria	11	3
Switzerland	14	1

Sources: WEF TTCI survey, and Bloom Country Brand Ranking Tourism Edition 2013

Information Note - Exchange Rates

The monetary values quoted in the report are taken from the sources referenced, including amounts stated in the source document in US dollars. In all cases, conversion has been made to Euros. The conversion rates used are the average rates across the year between the local currency (or US dollar where that is the currency stated in the source document) and the Euro for the year of the data. For future forecasts/targets, the rate between the local currency and the Euro as at June 2014 have been used.

Summary of Russian Federation Market Study

OUTBOUND TRAVEL PERFORMANCE AND PROSPECTS

KEY DEMOGRAPHIC AND ECONOMIC DATA 2013



Population

143mn



GDP data Current Prices

RUB 67.6tn €1.56tn



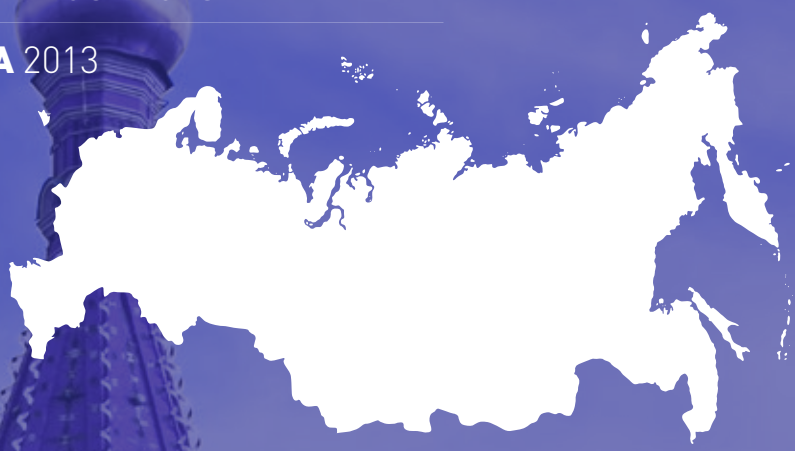
GDP per capita Current Prices

RUB 470,588 €10,943



GDP PPP per capita Current Prices

Int\$ 17,884 €13,247



THE RUSSIAN FEDERATION'S PERFORMANCE IN INTERNATIONAL TOURISM

The Russian Federation outbound travel level rose by an average annual rate of 10% between 2003 and 2013 reaching 54 million trips²

Russians were the fourth highest spenders on foreign travel in 2013, (after China, the United States and Germany) having moved up from fifth place in 2012

Russian tourists' international tourism expenditure (excluding international transport) is estimated by the UNWTO at US\$54 billion (EUR40 billion) in 2013, a rise of 25% in rouble terms, current prices, over 2012

OUTBOUND DESTINATIONS VISITED BY RUSSIAN TRAVELLERS

A large proportion of total trips made by Russians are to CIS countries (members of the former Soviet Union) and other neighbouring countries such as Finland, China, Poland and the Baltic States, many for same day shuttle trading or shopping

The Russian Federation has become the **3rd largest** source market for European destinations recording a

13% growth in arrivals in 2013 to a level of over 33 million, a level exceeded only by Germany and the United Kingdom

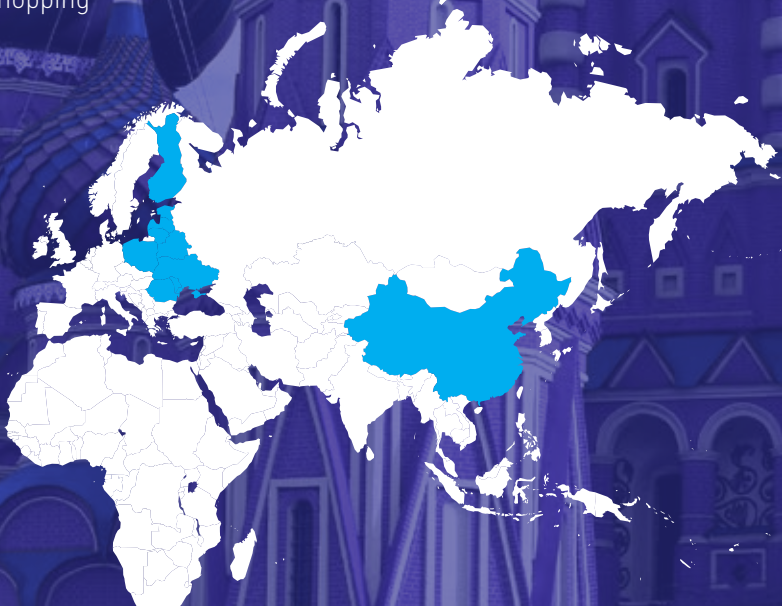
Much of the travel growth out of the Russian Federation in recent years has been for sun and beach destinations such as

Turkey

(2.5 million Russian tourists in 2012),

Egypt (1.9 million) and

Thailand (0.9 million)³



² Russia 2014 Statistical Pocketbook http://www.gks.ru/free_doc_2014/rus14_eng.pdf

³ Increasing the Awareness of Lithuania in Target Markets: Good Practice and Guidelines for the Future. Russia. <http://www.tourism.lt/uploads/documents/Atstovybes/Russia-presentation-2013-09-03.pdf>

GROWTH DRIVERS

Economic growth and the expansion of the Russian middle class

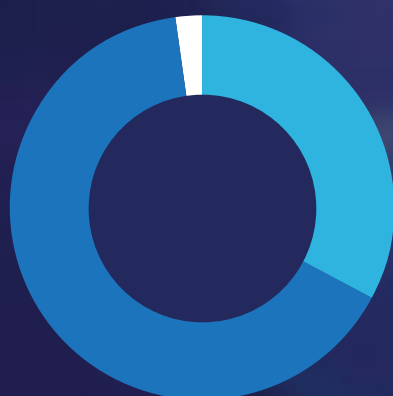
The receptivity of the Russian population to destination marketing and image/brand building

The rapid uptake and increased use by Russians of digital technology

Increased facilitation of travel destinations through additional flight connections and easier visitor entry requirements

The liberalisation of private travel abroad still has far to go in realising the full potential of the pent up demand for the experience of holidays outside the Russian Federation. While the prevailing politico-economic factors may slow down growth in the short term, prospects for the resumption of high rates of growth in the mid-term and beyond remain strong.

PURPOSE OF VISIT



■ Leisure/holiday

■ Business

■ Private trips

This understates business purposes international travel. Some Russian business travellers take a leisure visitor visa as it is easier to obtain than a business purposes one.

TRAVEL ARRANGEMENT

The split between Russians who take their foreign holidays in the form of inclusive tours and those who make their travel arrangements independently is broadly 3:1. The average Russian tourist generally switches to independent travels after two trips with a tour operator.

OUTBOUND TRAVEL AND COMPETITIVE ENVIRONMENT

The Russian outbound travel market will increasingly broaden out in terms of the attractions and activities sought. Already there are signs that Russians are expecting more from their chosen beach destination and this trend can be expected to continue as the market matures,

Other priorities for Russian travellers are; ease of travel arrangements and travel to the destination, safety for Russian travellers, the highest quality (for the top end of the Russian market), and bargain deals and good value for money (for the those Russians entering the ranks of the middle class and for whom foreign travel is becoming affordable),

Any destination's ability to attract an increasing share of the Russian citizen outbound market over the coming decade will require attention to be paid to:

1. Promoting the breadth of the destination's tourism product to best match an increasingly fragmented market,
2. Combining novel developments with established brands in their marketing strategies and communications,
3. Easing entry for Russian visitors,
4. Increasing air access especially from remote areas,
5. Undertaking extensive marketing and PR campaigns, focused on travel trade partnerships and maximum use of digital technology,
6. Addressing concerns about safety,

Europe's primary competitors across all aspects of tourism according to the WEF TTCL are other industrialised nations e.g. United States, Australia, New Zealand, Republic of Korea,

In terms of overall price competitiveness in travel and tourism, European destinations are perceived as among the world's most costly,

The 2013 Bloom Consulting Country Brand Ranking rates the United States as the leading tourism destination brand, while nine of the leading 20 tourism destination brands are European.

PRINCIPAL COMPETING DESTINATIONS

Five destinations are shortlisted as significant competing destinations to Europe in the Russian market: China, Dubai (United Arab Emirates), Egypt, Thailand and the United States.

All five competitor destinations are making major efforts to support and increase the competitiveness of their travel and tourism industries in the Russian and other markets by:

1. Challenge traditionally held perceptions about their tourism products, showing the range of things to see and do beyond:
 - the coastal resorts in the case of destinations whose main client base in the Russian market is the sun and sea segment (i.e. Dubai, Egypt, Thailand),
 - the known and established iconic sites/attractions and traditional circuits in the case of destinations with a wide variety of attractions and features (i.e. China, United States),
2. Paying equal attention to established source markets and newly emerging ones in order to achieve a balanced set of markets. Such an approach is well-illustrated by the efforts of the Egyptian Tourism Authority in targeting tourists from the Gulf States to compensate for the difficulties experienced in restoring confidence in the European market,
3. Focusing on providing a diverse and broad set of experiences designed to appeal to a wide cross-section of the Russian travel market through:
 - the dynamic presentation and communication of the various elements of the destination's tourism product offer,
 - the building of partnerships with the outbound travel trade,

For established sun and sea destinations, the challenge is to broaden the segments attracted through illustrating the authentic features that cannot be found in other destinations e.g. Egypt through its cultural heritage, Thailand through its marketing focus on Thainess,

4. Showing a significant and continuing switch away from traditional advertising and promotional methods to electronic digital marketing systems and activities. This is a particularly important strategy for destinations which have experienced internal socio-political problems in recent years as a means of demonstrating the safety of travel (e.g. Egypt, Thailand) and for destinations on which knowledge about the extent of the country's product offering among the Russian travelling public is relatively undeveloped (i.e. China, United States, Europe).

Five destinations are shortlisted as significant competing destinations to Europe in the Russian market:
China, Dubai (United Arab Emirates), Egypt, Thailand and the United States

COMPETING DESTINATION ORGANISATIONS

China, Dubai, Egypt, Thailand and the United States are each seeking to develop the Russian traveller market. Their approach is to build upon the resources and attractions for which they are renowned, and increasingly broaden prospective travellers' awareness and knowledge of the features over and above the iconic and well established. This is particularly the case of Egypt and Thailand,

China is seeking to build on the reciprocal years of tourism between itself and the Russian Federation in 2012 and 2013 by forging strong partnerships with the Russian travel trade, as well as through participation in consumer shows and engaging in public relations activities such as familiarisation trips for Russian media and travel personnel,

Dubai's Tourism Vision for 2020 sets the goal of the doubling of visitor numbers from 10 million in 2012 to 20 million in 2020. The middle and upper echelons of the Russian market are important in the realisation of this goal. The family holiday market segment is a key target for Dubai in the Russian Federation, with the high quality infrastructure and shopping facilities seen as major draw for this segment,

Egypt is highly dependent on the Russian market. While it would wish to lessen its reliance on the low end, mass beach resort market segment, in the short term it is seeking to maximise business from the package tour business by subsidising flights and tours. In the mid-to-long term, it is targeting a broader range of Russian holiday segments by using live cam digital marketing to show both:

- the country's range of cultural and natural attractions,
- the safety of travel to the country's main tourist sites,

Thailand's aim is to broaden the appeal of Thailand for Russians in order to attract more tourists in the high-spending niche segments such as golf, health and wellness, weddings and honeymoons, as well as green tourism. Another key aim in the Russian market is to balance the seasonal pattern of travel, encouraging more visitors outside the main tourist season in Thailand of November to February. It is stressing its Thainess theme as the key strategy in achieving this goal, and is undertaking significant initiatives in the use of social media and digital marketing to communicate the unique aspects of Thailand's cultural attributes,

The present uncertainties in relations between the United States and Russian governments are limiting the extent of Brand USA marketing activities. However, it is planning to have a Brand USA Pavilion at the MITT travel show in Moscow in March 2015, seeing such events as offering some of the most cost-effective opportunities for developing overseas markets, introducing new products and finding buyers.

COMPARATIVE ASSESSMENT: EUROPE, EGYPT, THAILAND

While there is recognition among Russian people of the range of cultural heritage and natural attributes in Europe, and a general desire to visit the countries beyond Eastern/Central Europe, knowledge of the range of the tourist product/experience offering of individual countries beyond the iconic features and traditional circuits is limited,

Europe, by being blessed with an abundance of cultural and natural resources, historic and modern features, and a wide variety of activity opportunities, is able to design products and experiences for many different market segments. Europe's proximity to western parts of Russia and the close ties with many of the now independent former USSR countries are also important factors in influencing Russian tourism to Europe,

However, the number of competitive destinations offering such a range of tourism experiences with extensive cultural diversity and other attractions is growing. Even among the five competitor destinations studied, there is considerable effort being made to broaden the segments attracted in the Russian market,

The large sun and sea mass segment of the Russian market presently travelling to Egypt and Thailand among the five competitor destinations studied is not a target for most European countries, the exceptions being Turkey (principally), Greece and the Mediterranean destinations of Spain and Italy. However, these competitors, like all the other three, recognise the need to develop their tourist product offering to appeal to a wider cross-section of the Russian market, particularly the higher spending segments. Success in developing and marketing a range of tourist attractions and activities to these segments will make destinations like Egypt and Thailand, as well as the other three competitor countries studied, increasingly in direct competition with countries in Europe,

The challenge for European destinations is to communicate the possibilities in a way that excites and motivates Russians to decide to choose a European trip over and above destinations with which Russians are less familiar and perceive as more exotic. Two ways in which this can be achieved are through:

- encouraging and facilitating to the maximum extent the exchange of experiences of Russians who have visited Europe. One example employed by a destination competing with Europe for the Russian tourist is the Thailand Fan Club and Wanderlust Russia initiatives of the Thai authorities,
- using digital marketing channels featuring up to the moment information on the full range of things to see and do in the destination, and plan visits (e.g. through the VisitEurope app),

The opportunities for Europe to further strengthen its position as a preferred destination for the Russian outbound tourist will be through a combination of consolidating established visitor patterns and stimulating newer forms that feature a variety of elements – both cultural, natural and entertainment – and, for those interested in visiting more than a single destination, facilitating multi-country trips.

While there is recognition among Russian people of the range of cultural heritage and natural attributes in Europe, and a general **desire to visit the countries beyond Eastern/Central Europe**, knowledge of the range of the tourist product/experience offering of individual countries beyond the iconic features and traditional circuits is limited



The Russian Federation Outbound Travel Market



1.1 A Massive Market Eager for Travel

Russian outbound tourism has shown very strong growth. Over the last decade, the total number of Russian citizens making outbound trips rose from 20 million in 2003 to 54 million in 2013⁴, an average annual rate of growth of 10%, despite a dip in 2009 when family budgets were squeezed by salary cuts, layoffs, a weaker rouble (RUB) and economic uncertainty⁵.

Russian outbound tourism grew at an average annual rate of 10% between 2003 and 2010

Outbound Russian travellers for what are classified by the Russian statistical authorities as “tourism” – broadly equivalent to leisure trips – reached 18.3 million in 2013, with successive annual growth in the period from 2009 of 32%, 15%, 6%, and 19%.

Figure 8: Russians Making Outbound Tourism Trips, 2001-2013

Year	Million trips	% change over previous year
2001	4.2	(7)
2002	5.0	20
2003	5.6	12
2004	6.6	16
2005	6.8	3
2006	7.8	14
2007	9.4	21
2008	11.3	21
2009	9.6	(15)
2010	12.6	32
2011	14.5	15
2012	15.3	6
2013	18.3	19

Source: Federal State Statistics Service (Rosstat)

Note: Official outbound data should be interpreted with caution as definitions used are not in line with UNWTO classifications.

Deteriorated economic conditions and uncertainty - partly a by-product of the conflict over Crimea – have affected travel from this market in 2014. After a good start in Q1, travel from Russia fell during Q2 by an estimated 6%. The better performance in Q3 shall be interpreted as the effect of longer travel lead times for main holidays rather than as an early sign of recovery.

4 Russia 2014 Statistical Pocketbook. http://www.gks.ru/free_doc/doc_2014/rus14_eng.pdf

5 The Russian Outbound Travel Market. Eventica Communications. http://www.eventica.co.uk/files/The_Russian_Outbound_Travel_Market.pdf

Some of the slowdown in international travel demand from Russia in 2014 is attributable to the economic slowdown and particularly the large rouble depreciation at the start of the year. Depreciation has continued through the year, broadly in line with expectations. The rouble is expected to be around 13% weaker against the euro for 2014 as a whole, which will erode purchasing power of potential Russian travellers. GDP is expected to be unchanged from 2013 levels for the year as a whole, with only moderate growth in household income and spending. The escalation of tensions between Ukraine and Russia surrounding the sovereignty of Crimea throughout 2014 has resulted in a further decline. If no changes occur, Russian outbound to Europe will grow by a modest 3% (+500.000 visits). This is 1.2mn short of the volumes forecast for 2014 before the outbreak of the crisis⁶.

Expenditure on foreign travel has risen fivefold between 2002 and 2013

Expenditure by Russians on foreign travel has risen fivefold between 2002 and 2013 in US dollar terms, from US\$11 billion (EUR10 billion) to just under US\$54 billion (EUR40 billion)⁷. Spending increased in local currency terms by 13% a year from 2003 to 2008 to just under US\$24 billion (EUR17 billion), but declined by 12% in 2009 before resuming strong growth.

The increases in rouble terms in 2012 and 2013 were outstandingly high at 30% and 25% respectively.

Figure 9: Russian Tourists International Tourism Expenditure, 2002-2013

Year	US\$ billion	% change over previous year
2002	11	22
2003	13	14
2004	15	19
2005	17	10
2006	18	5
2007	21	17
2008	24	12
2009	21	(13)
2010	27	28
2011	33	24
2012	43	30
2013	54	25

Source: UNWTO

Russians were the fourth highest spenders on foreign travel in 2013, having moved up from fifth place in 2012⁸.

A large proportion of trips are to CIS countries

Geography plays an important role in the travel decisions of Russian inhabitants. A large proportion of total trips are to CIS countries (members of the former Soviet Union) and other neighbouring countries, such as Finland, China, Poland and the Baltic states. However, many of these are simply for same day shuttle trading or shopping⁹.

6 ETC European Tourism amid the Crimea Crisis, 2014

7 UNWTO Tourism Highlights 2014

8 Ibid

9 ETC Market Insights: Russia, 2010.

Much of the travel growth out of the Russian Federation in recent years has been for sun & beach destinations such as Turkey (2.5 million Russian tourists in 2012), Egypt (1.9 million) and Thailand (0.9 million). China received 1.3 million Russian tourists in 2012, though many of these are thought likely to be combining business with leisure, encouraged by the year of Russian tourism in China in 2012. Other leading destinations for Russian holidaymakers are Spain (0.8 million), Germany (0.7 million), Greece (also 0.7 million), Italy (0.6 million). Dubai (UAE) and Finland, both of which received over half a million Russian tourists in 2012, complete the top 10 destinations for Russian holidaymakers. Recent trends show that increasing numbers of Russians are choosing countries where they can supplement time on the beach with other activities, such as cultural and sporting events, shopping and relaxation¹⁰.

Recent trends for beach holidays supplemented by other activities

The proximity, easy access and modest cost of travel to former USSR and Eastern European countries, as well as to destinations like Turkey, are important determinants of destination choice for Russians in the west of the country; while for those living in the central and eastern parts of Russia, China benefits from relatively close proximity.

Figure 10: Top Ten Destinations of Russian Outbound Travellers in 2012



Source: Federal State Statistics Service (Rosstat)

¹⁰ Increasing the Awareness of Lithuania in Target Markets: Good Practice and Guidelines for the Future. Russia. <http://www.tourism.lt/uploads/documents/Atstovybes/Russia-presentation-2013-09-03.pdf>

A new system of recording tourist movements has been introduced by Rosturizm – the Russian Federal Agency for Tourism - which records the numbers of trips rather than the number of tourists who went abroad. This has served to increase volumes by almost three times for outbound tourism so figures for 2014 cannot be compared with those for earlier years.

The volume of Russians making tourist trips abroad during the first half of 2014 was over 20 million¹¹ (as against under 9 million for the first half of 2013 using the old method of recording). Leading destinations in the period January-June 2014 were: Finland (2.2 million), Turkey (1.8 million), Ukraine (1.6 million), Kazakhstan (1.5 million), Egypt (1.3 million), Abkhazia (1.1 million), Estonia (0.9 million), China (0.8 million), Poland (also 0.8 million) and Thailand (0.7 million).

Outbound tourism in 2014 is under pressure due to political and economic factors

Though media reports indicate a slight decline in Russian outbound tourism in the early months of 2014, the new statistical system will prevent a true comparison of performance with previous years. It is clear, however, that the outbound tourism sector is under pressure from a combination of:

- political events, resulting in increased uncertainty over travelling abroad,
- economic pressures on Russian citizens e.g. real disposable income fell by over 17% in the first quarter of 2014 compared with the previous quarter¹², inflation has increased as a result of Western sanctions, and the rouble has fallen (by 8% against the Euro between January and end August 2014),
- over-optimistic forward planning by Russian tour operators.

Prospects for tourism are uncertain in the short term

Due to financial difficulties, 16 travel companies have closed during summer 2014. A review of the tourism sector has been ordered by Prime Minister Medvedev. In the short term, therefore, prospects are uncertain until the political-economic climate improves and measures resulting from the sectoral review are identified and implemented.

In the longer term, however, prospects for outbound Russian travel are strong. Only 15% of the population has taken a holiday abroad¹³; and the Russian middle class is expanding rapidly – with 45% of the population forecast by Merrill Lynch to fall within this group by 2020, up from 14% in 2012¹⁴.

In the longer term, however, prospects for outbound Russian travel are strong. Only 15% of the population has taken a holiday abroad; and the Russian middle class is expanding rapidly – with 45% of the population forecast by Merrill Lynch to fall within this group by 2020, up from 14% in 2012.

There remains much pent up demand for foreign holidays

It is clear that there remains much pent up and unrealised demand for foreign holidays among the Russian population. In its May 2014 blog, Euromonitor International predicts that the Russian Federation's economic growth will average 2% over the remainder of the decade, assuming no further escalation of the

11 Rosturizm: tourism figures increased by several times <http://event-live.ru/en/node/1939>

12 Economic fallout from Ukraine Crisis Leaves Russian Tourists Stranded. <http://online.wsj.com/articles/economic-fallout-from-ukraine-crisis-leaves-russian-tourists-stranded-1407254973>

13 Market Insights: Russia. 2010. ETC

14 Russian Outbound Tourism to Europe: Facts and Trends. 2013. Paspарту Travel

crisis in Ukraine and Western sanctions. However, if matters deteriorate, the consequences could be a weaker currency, increased capital flight and a large uncertainty shock affecting consumer and business spending and sending the economy into recession¹⁵.

1.2 Russian Tourism to Europe

The Russian Federation has become the third largest source market for European destinations recording a 13% growth in arrivals in 2013 to a level of over 33 million arrivals, a level exceeded only by Germany and the United Kingdom.

Much Russian outbound travel is to former USSR and communist-controlled countries of Central/Eastern Europe¹⁶. Russians accounted for more than 40% of total demand growth in the countries of Central/Eastern Europe¹⁷ between 2008 and 2013. For the Central/Baltic Europe sub-region, the Russian Federation's market share rose from an average of just over 3% during the period 2003-2008 to almost 8% in 2013, again accounting for over 40% of overall arrivals growth. In 2013, Russian arrivals totalled 19.7 million in Central/Eastern Europe of which 4.7 million were in Central/Baltic Europe.

There were 1.8 million Russian arrivals in the states of Northern Europe, in 2013¹⁸, principally to Finland. Nearly 9.5 million Russian tourists were recorded in the Southern/Mediterranean region¹⁹ in 2013, making the largest contribution to growth in the region.

The Russian Federation has risen from being the tenth to the fourth largest source of tourism demand for the region over the past decade²⁰. Western Europe²¹ received 2.4 million Russian tourist arrivals in 2013, the Russian Federation's contribution having more than doubled between the 2003-2008 period and 2013.

Turkey straddles the South Eastern part of Europe and Western Asia. If considered as a European destination – its application for EU membership is under review – it is the leading European destination for Russian holiday tourists, attracted by its all-inclusive beach resorts, relative proximity to cities in Western and Central Russia, and visa free travel. Euromonitor International forecasts a 9% growth in Russian arrivals in Turkey in 2014, up from 3 million in 2013 to 3.3 million²².

The Russian Federation has become the third largest source market for European destinations

Turkey is the leading European destination for Russian holiday tourists

15 Economic Woes to Slow Russian Tourism to Western Europe. <http://blog.euromonitor.com>

16 European Tourism Portfolio Analysis: Market Share and Origin Market Growth. Tourism Economics. April 2014. ETC.

17 Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic, Slovenia, and the three Baltic States: Estonia, Latvia and Lithuania

18 European Tourism Portfolio Analysis: Market Share and Origin Market Growth. Tourism Economics. April 2014. ETC.

19 Portugal, Spain, France, Italy, Croatia, Bosnia, Yugoslavia, Albany, Macedonia, Bulgaria, Greece, Cyprus.

20 European Tourism Portfolio Analysis: Market Share and Origin Market Growth. Tourism Economics. April 2014. ETC.

21 Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, Switzerland

22 Economic Woes to Slow Russian Tourism to Western Europe. <http://blog.euromonitor.com>

Spain and Greece are the next most popular European destinations for Russians, posting respective growth rates of 275% and 375% over 2008-2013. Russians are expected to account for one-in-four of total arrivals in Finland (popular for shopping tours) and Cyprus, making these to most vulnerable to a slowdown in Russian outbound tourism²³.

The Russian Federation has the potential to become a much larger source market for Europe

The ongoing political crisis in Ukraine and the imposition of sanctions on trade and other aspects by Western nations and Russia on each other creates uncertainty about future performance. However, the Russian Federation is seen as having the potential to become a much larger source market for Europe as household wealth continues to catch up with that in other countries thus permitting the large population access to international travel²⁴ – even if that catching up process takes longer than anticipated up to the events of 2014.

Forecasts prepared before the deepening of the Russian Federation's politico-economic difficulties indicated a growth over the next three years of tourism to Europe of 4.5% a year, the fastest expansion being to destinations in Southern/Mediterranean Europe²⁵. For the next year, inbound travel from Russia to Europe is expected at some 10% lower than what it would have been, had the crisis not occurred. Some faster growth can be expected for 2016, under the assumption that more normal trends resume²⁶.

Figure 11: Forecasts of Russian Tourism to Europe, by Region, 2013-2016

Region	Market Share 2013-6 (%)	Average Annual Growth 2013-6 (% p.a.)	Market Size (million arrivals)	
			2013	2016
Western Europe	1.5	5.7	2.4	2.9
Northern Europe	2.7	5.0	1.8	2.1
Southern/Mediterranean Europe	5.2	8.6	9.5	12.1
Central/Eastern Europe	14.5	2.2	19.7	21.1
ALL EUROPE	6.0	4.5	33.4	38.1

Source: European Tourism Portfolio Analysis: Market Share and Origin Market Growth. Tourism Economics. April 2014. ETC.

²³ Ibid

²⁴ European Tourism Portfolio Analysis: Market Share and Origin Market Growth. Tourism Economics. April 2014. ETC.

²⁵ Ibid

²⁶ European Tourism amid the Crimea Crisis. October 2014. ETC.

1.3 Characteristics of the Russian Traveller

Figure 12: Demographic and Economic Facts



The Russian Federation has two major conurbations – Moscow and St. Petersburg with estimated populations in 2014 of 12.1 million²⁷ and 5.1 million²⁸ respectively. In addition there are 30 cities with populations in excess of 1 million. Overseas tourism has developed in line with the spread of air services developed by the Russian Federation’s two main airlines, Aeroflot and Transaero, and foreign airlines opening up holidays abroad for the residents of cities in the various regions of the Russian Federation. As an example, 8 airlines (4 Russian, 4 from the United Arab Emirates) have regular flights to the UAE from 8 Russian regions – even during the low season in summer²⁹.

The main Russian holidays when Russians choose to travel abroad are³⁰:

- New Year to “old Russian New Year” from 31 December to 9 January, a favourite period to escape the harsh winter climate,
- Easter – Russian Orthodox Easter which does not coincide with Western Easter dates,
- May holidays – from 1 May (International Workers day) to 9 May (Victory Day),
- long summer holidays – Russian schools break from 1 June to 1 September, with August traditionally the most popular time for family holidays,
- first week in November, incorporating a public holiday on 4 November (Day of National Unity).

27 Russian Federal State Statistics Service estimate cited in <http://en.wikipedia.org/wiki/Moscow>

28 Russian Federal State Statistics Service cited in http://en.wikipedia.org/wiki/Saint_Petersburg

29 More Russian Tourists Venture Abroad. Russia Beyond the Headlines, January 2013. http://rbth.co.uk/articles/2013/01/03/more_russian_tourists_venture_abroad_21599.html

30 The Russian Outbound Travel Market. Eventica Communications. http://www.eventica.co.uk/files/The_Russian_Outbound_Travel_Market.pdf

Road transport is used for destinations with land borders – e.g. in Eastern and Baltic Europe, and China for Russians living in South Eastern parts of the country. The great majority of trips taken abroad are by air from the almost 100 Russian airports with international flights.

Rosstat's figure of 54.1 million Russian citizens travelling abroad in 2013 breaks down into the following main categories:

- tourism **18.3 million**,
- business **1.0 million**,
- private **31.8 million**.

The figure of 18.3 million relates to Russians taking "tourism" (or leisure/holiday) trips. The changed statistical system being used this year, as announced by Rosstat, suggests that this level understates the number of trips significantly so data should be considered with caution. Those travelling for "private" reasons include day trippers for work, trading or shopping, as well as crew members. It is also likely that the total numbers of Russians on "tourism" trips include a significant number who are travelling (at least primarily) on business, as visas for business trips are often more difficult to obtain than for "tourist" visits.

The Stark Tourism report³¹ states that main information sources are:

- internet (though internet users also prefer personal recommendations for travel information),
- word of mouth,
- travel agents,
- printed materials (i.e. catalogues, brochures, leaflets), outdoor advertising, radio and television (source: Russian travel trade).

Relatively few Russians book via the internet

Russians frequently use the internet to compare prices but relatively few book via the internet as yet, except for young professionals. There are two factors behind this pattern: first, e-commerce is less well-developed in the Russian Federation than in other source markets, and second, Russian travellers need the support of their travel agents for their visa applications.

Russians on inclusive tours outnumber independent travellers by a factor of 3:1

The split between Russians who take their foreign holidays in the form of inclusive tours and those who make their travel arrangements independently is broadly 3:1³². The average Russian tourist generally switches to independent travels after two trips with a tour operator. The Russian tour operator sector is very fragmented with over 70% of companies being small or medium-sized enterprises³³. The biggest tour operators tend to focus on mass tourism.

Four-out-of-five Russians make their travel arrangements within the last four weeks before departure³⁴. Almost three-out-of-four pay for their holiday in cash³⁵.

31 Russia Tourism Report 2013, Stark Tourism Associates

32 More Russian Tourists Venture Abroad. Russia Beyond the Headlines, January 2013. http://rbth.co.uk/articles/2013/01/03/more_russian_tourists_venture_abroad_21599.html

33 The Russian Outbound Travel Market. Eventica Communications. http://www.eventica.co.uk/files/The_Russian_Outbound_Travel_Market.pdf

34 Ibid

35 Ibid

The 2009 ETC study identified five traveller groups according to a combination of socio-demographic characteristics and type of leisure trip³⁶:

ETC study identified five traveller groups

- **Families with Children (including wedding groups):** one of the largest categories. Principally sun and beach holidays to (relatively) nearby destinations with extensive facilities for children,
- **Elderly Tourists:** combining rest with a tour of historical sites through opt-in excursions,
- **Young Travellers:** active holidays with main emphasis on entertainment in sun and beach resorts and mountain ski resorts, according to season. Significant education sub-segment. Young people tend to travel in groups of friends,
- **Middle Aged Travellers:** typically with increasing/high incomes seeking established, upmarket destinations (both for sun and beach, and mountain skiing), as well as new destinations offering something different.

The Eventica study identifies three broad categories of Russian traveller³⁷:

- **The Ultra Wealthy:** discerning, cash and time rich, independent arrangements,
- **Young Professionals:** significant disposable incomes, holidays a fundamental part of their lifestyle, foreign holidays a status symbol, jet off for weekends, increasingly adventurous looking for new destinations, techsavvy with high degree of online booking,
- **Emerging Middle Class Families:** eager for travel, family holidays predominantly to sun and beach destinations, very susceptible to marketing and promotions, looking for bargain offers, visa free/on arrival a big plus in destination selection.

Russian travellers have a strong preference for sun and beach destinations, both for their winter breaks and for their main summer holidays. This preference is shared across the socio-demographic categories and the price range. There are two types of destinations for beach holidays: upmarket destinations (e.g. Italy, Spain, France, Cyprus, Greece) and budget destinations (e.g. Turkey, Bulgaria, Montenegro, Croatia)³⁸.

The preference for sun and beach destinations is shared across socio-demographic categories

The second most popular type of holiday is for mountain skiing – particularly among younger and middle age groups. Again, there is a split according to price with Switzerland, France, Germany, Andorra and Italy in the higher-priced segment, and Bulgaria and Finland in the budget segment. Austria caters for Russians across the price range³⁹.

Four Russian traveller tribes are identified: the Rookie (inexperienced travellers constituting 50 to 60% of the outbound market); the Travel Guru (the self-proclaimed travel expert making up 25 to 35% of demand); the Immersive Explorer (seeking new experiences amounting to between 10 and 20%); and Wealthy World Citizen (with little restriction on time and funds for travel, making up 5% of the market)⁴⁰.

36 The Russian Outbound Travel Market. 2009. ETC

37 The Russian Outbound Travel Market. Eventica Communications. http://www.eventica.co.uk/files/The_Russian_Outbound_Travel_Market.pdf

38 The Russian Outbound Travel Market. 2009. ETC

39 Ibid

40 Netnographic Analysis of the Russian Travel Market. August 2014. ETC/UNWTO

Apart from relaxing on a beach, Russians' favourite pastime on holiday abroad is shopping. All Russians, across all socio-economic categories and market segments, have the reputation as brand-conscious shopaholics⁴¹.

There is a growing tendency to combine a beach holiday with sightseeing or wellness⁴². More Russians are choosing countries where they may supplement time on the beach with other activities, such as cultural and sporting events, shopping and recreation⁴³.

Top holiday priorities: Relaxation; Sightseeing; Culture; Shopping; Adventure⁴⁴.

Among the preferences identified for Russian holidaymakers are⁴⁵:

- adventurous – active, sociable, looking for new experiences,
- resorts with spas, sports facilities and interesting cuisine.

1.4 Drivers of Growth

The liberalisation of private travel still has far to go

The liberalisation of private travel abroad still has far to go in realising the full potential of pent up demand for the experience of holidays outside the Russian Federation. While there are constraints to the expansion of such travel – e.g. short term politico-economic factors - prospects for the resumption of high rates of growth in the mid-term and beyond remain strong. The main drivers will be: economic growth and the expansion of the Russian middle class; the rapid uptake and increased use by Russians of digital technology; the receptivity of the Russian population to destination marketing and image/brand building; and increased facilitation of travel to destinations through increased flight connections and easier visitor entry requirements.

The continuing political situation in the Eastern parts of Ukraine bordering the Russian Federation will negatively influence outbound tourism demand in the short term, both because of the uncertainties created and the economic downturn consequent on Western sanctions. However, given the lessening of tensions and resumption of economic growth, prospects are strong as increasing numbers of the Russian population are able to engage in holidays abroad. The growth of the middle class increasingly engaging in overseas travel makes it the main growth driver for the outbound travel market from the Russian Federation in the mid-to-long term.

41 Market Insights: Russia 2010. ETC

42 Ibid

43 Increasing the Awareness of Lithuania in Target Markets: Good Practice and Guidelines for the Future – Russia. <http://www.tourism.lt/uploads/documents/Atstovybes/Russia-presentation-2013-09-03.pdf>

44 Ibid

45 The Russian Outbound Travel Market. Eventica Communications. http://www.eventica.co.uk/files/The_Russian_Outbound_Travel_Market.pdf

The uptake of digital technology by Russians is among the fastest in the world. Internet usage has grown rapidly in the Russian Federation over the past few years. From 30 million users in 2007, the numbers of Russians using the internet has risen to over 87 million (as at end 2013), representing over 61% of the population⁴⁶. Over three-quarters of internet users go on line every day. There are almost 8 million Facebook users in the Russian Federation. Though online booking is still lower among Russians than for travellers in developed outbound markets, young professionals – one of the most rapidly expanding traveller segments – show a high propensity to use online booking channels.

The uptake of digital technology by Russians is among the fastest in the world

The Russian public's awareness of foreign holiday destinations is still at the development stage, and is less advanced than in mature tourist generating markets. For this reason, a positive reputation is vital but needs to be reinforced and supported by⁴⁷:

Awareness of foreign holiday destinations is less advanced than mature competing markets

- a structured PR campaign focused on the brand, addressing the widest range of Russians taking foreign holidays,
- constant contact with Russian media, featuring media visits to the destination,
- luxury magazine coverage - paid advertising generates extensive editorial coverage,
- close liaison with the Russian travel trade media,
- proactive outreach – such as through exhibitions and fairs – to Russian industry partners,
- appointing “celebrity ambassadors” to focus media and consumer attention on the destination.

Increased Russian visitor flows respond to a combination of the:

- easement of entry into the destination,
- availability of transport routes and services between more origin airports in the Russian Federation and the destination,
- expansion and targeting of destination tourism product offers.

1.5 Successful Destination Strategies

The Russian outbound travel market will increasingly broaden out in terms of the attractions and activities sought. Already there are signs that Russians are expecting more from their chosen beach destination with cultural features, shopping and wellness being accorded a growing priority. This trend can be expected to continue as the market matures.

Russians are expecting more from their chosen beach destination

Other priorities for Russian travellers are: ease of travel arrangements and travel to the destination; safety for Russian travellers; the highest quality (for the top end of the Russian market) and bargain deals and good value for money (for those Russians entering the ranks of the middle class and for whom foreign travel is becoming affordable).

Ease of travel, safety, quality and value for money are other priorities

46 Internet World Stats. <http://www.internetworldstats.com/europa2.htm>

47 Ibid

Any destination's ability to attract an increasing share of the Russian citizen outbound market over the coming decade will require attention to be paid to:

1. **Challenging traditionally held perceptions about their tourism products**, showing the range of things to see and do beyond:
 - the coastal resorts in the case of destinations whose main client base in the Russian market is the sun and sea segment (i.e. Dubai, Egypt, Thailand),
 - the known and established iconic sites/attractions and traditional circuits in the case of destinations with a wide variety of attractions and features (i.e. China, United States).
2. **Combining novel developments with established brands in their marketing strategies and communications**. Russians are attracted by marketing in a differentiated way that appeals to the segment being targeted; at the same time, however, they like the reassurance of branded hotels and all-inclusive trips⁴⁸,
3. **Easing entry for Russian visitors**. No visa requirement or visa on arrival (e.g. Turkey, Egypt, UAE – Dubai, Thailand, Israel, Tunisia and Brazil have each seen strong growth in Russian arrivals since easing their visa requirements). Countries requiring visas have sought to facilitate visa granting e.g. Germany has opened up more visa centres in Russian cities, while Greece has a fast track system enabling visas to be processed within 2 to 3 days,
4. **Increasing air access**. Examples include liberalisation on routes to Turkey; expanded flight frequency to Germany e.g. on the Moscow-Cologne route; 8 airlines (4 each Russian and from UAE) have regular flights to the UAE from 8 Russian regions – even during low season in summer; flight capacity to Cyprus was doubled in 2012,
5. **Undertaking extensive marketing and PR campaigns**. The Russian middle classes – the prime large volume target market – have lower knowledge and experience of international holiday destinations than their counterparts in mature tourist generating markets. In consequence, the role of destination marketing in both informing and influencing travel decisions is high in the Russian Federation. All forms are needed – targeting the travel trade, travel media and the travelling public. Digital technology is vital but so are the more traditional forms of marketing and promotional activities,
6. **Addressing concerns about safety**. This is necessary at two levels: first, arising from the relatively low level of travel experience of Russians, combined with the recent negative western media reporting of events in neighbouring Ukraine, destinations need to provide reassurance on the welcome they will receive and their personal security; and second, the more affluent Russians who send their teenage children on holiday trips abroad look for destinations that provide appealing activities in a safe and secure environment.

48 The Russian Outbound Travel Market. Eventica Communications. http://www.eventica.co.uk/files/The_Russian_Outbound_Travel_Market.pdf

The four Russian traveller tribes exhibit differences in respect of travel products demanded:

Figure 13: Tribe Specific Travel Products

The Rookie	Concept travelling with guides and ready-made package deals. Travel products that appeal to the Rookie are packed with great experiences, “must-sees”, all at a good price and convenient to book. Pleasant reviews from other travellers will make it all seem safe!
The Guru	Flexibility is key when designing travel products for the Guru. Businesses targeting the needs of Gurus must offer them the possibility of shaping their own route and picking their own destinations, while still partnering with well-known brands to ensure an experience that seems safe and accessible.
The Immersive Explorer	The demand is for cheap and easily accessible plane tickets to destinations that are just on the rise. The travel product needs an aura of uniqueness, of being “off the beaten track” – it must offer the potential to challenge the traveller in a fun and different way.
The Wealthy World Citizen	Travel products for the Wealthy World Citizen should be characterized by luxury, high fashion, and haute cuisine. The travel product must appear uniquely tailored for the particular traveller. New transport technologies play an important role in travel products for this group.

Source: Netnographic Analysis of the Russian Travel Market. August 2014. ETC/UNWTO

2

Travel Destinations in the Russian Federation Outbound Market

Based on the investigations and research conducted into recent trends in the Russian Federation outbound travel flows and the comparative assessment that introduces this report, a short list of five destinations was selected for further examination in respect of the Russian market. The five – in alphabetical order – are:

1. China,
2. Dubai (United Arab Emirates),
3. Egypt,
4. Thailand,
5. United States of America.

The remainder of this Chapter illustrates the positioning of these destinations in the Russian Federation outbound market as compared to Europe. The positioning is assessed on factors that facilitate tourism flows, such as visa regimes, transport routes, and the political, socio-economic and cultural links between the Russian Federation and the five foreign country destinations.

This section is enriched by an analysis of TripAdvisor ratings on accommodation, attractions and eateries, presented in Appendix 3. While not representative of Russian travellers, TripAdvisor ratings are used as a proxy for consumers' appreciation of key aspects of a holiday experience across competing destinations.

2.1 Visa Regimes

The detailed comparison of visitor entry requirements for the selected 13 destinations competing with Europe considered three elements:

1. Whether the destination imposes a visa requirement for entry to the country,
2. The documentation and other details demanded for issuance of a visa,
3. A qualitative assessment of the "hassle" factor involved in obtaining the visa.

Among the five countries selected as prime competitors to Europe in the Russian Federation outbound travel market, Russian travellers require visa for entry to all countries except Thailand though in the cases of China, Dubai - UAE and Egypt, visas can be issued on arrival subject to pre-arrangement. These measures and a range of exemptions from having to obtain a visa – such as for Russians visiting the holiday resort areas in China and Egypt - make it significantly easier for Russians to visit these destinations.

By contrast, the in-person visa application systems used by the United States, the Schengen area countries, and the United Kingdom, represent competitive disadvantages when compared to those competing destinations granting exemption or visa on arrival.

Figure 14: Visa Requirements of Russian Travellers in Key Destinations

Destination	Yes/No	Requirements/Process
China	Y on arrival, with exceptions where no visa is needed, as detailed in the Requirements/Process column	<p>Visa not required for 30 days for travelling as part of an accredited tour group; maximum stay of 21 days on Hainan Island. 72-hours visa free visit when in transit at nine major Chinese cities.</p> <p>Other exceptions: holders of a Nanjing Youth Olympic Games Accreditation Card (YOAC) which contain a dedicated visa number for multiple entries; and holders of an APEC Business Travel Card (ABTC), endorsed valid for travel to China.</p> <p>Visa Issuance: Holders of normal passports can obtain a pre-arranged visa on arrival for a maximum stay of 3 months at Beijing, provided:</p> <ul style="list-style-type: none"> • the transporting airline faxes all documents to the station manager prior to arrival, • the applicant holds confirmation from the Immigration authorities that visa will be issued on arrival, • the applicant's passport contains at least one blank visa page for the sticker-type visa, • the applicant holds two passport photos and a letter of invitation issued by the Chinese authorities, or by a sponsor (approved by Chinese authorities), who must meet the passenger on arrival. <p>Fee: varies between CNY160 (EUR19) - and CNY606 (EUR72). An additional CNY50 (EUR6) required for a photograph. Extension up to 6 months is possible by an Immigration judge (if coming on business purposes).</p>

Destination	Yes/No	Requirements/Process
China (cont.)	Y on arrival, with exceptions where no visa is needed	<p>Holders of normal passports can obtain a pre-arranged visa on arrival for a maximum stay of 1 month at Chengdu, Fuzhou, Shanghai, Pudong or Xiamen, provided:</p> <ul style="list-style-type: none"> the applicant holds a letter of invitation issued by the Chinese authorities, and confirmation from the Immigration authorities that the visa will be issued on arrival, two passport photos and a confirmed return/onward ticket, the passport contains at least one blank visa page, a sponsor (approved by Chinese authorities) meets the passenger on arrival. <p>Fee: varies between CNY160 (EUR19) - and CNY606 (EUR72).</p> <p>Holders of normal passports can obtain a pre-arranged visa on arrival at Chongqing, Guangzhou, Guilin, Haikou, Kunming, Qingdao, Sanya, Shenzhen, Weihai, Xi An and Yantai, provided:</p> <ul style="list-style-type: none"> the applicant holds confirmation from the Immigration authorities that the visa will be issued on arrival, the passport contains at least one blank visa page for the sticker-type visa, a sponsor (approved by Chinese authorities) meets the passenger on arrival. <p>Fee: varies between CNY160 (EUR19) - and CNY606 (EUR72).</p> <p>A visa can be obtained on arrival at Hangzhou, for tourist groups of travel agencies belonging to the Zhejiang Province, for a maximum stay of 1 month. Fee: CNY130 (EUR15).</p>

Destination	Yes/No	Requirements/Process
Dubai – United Arab Emirates	Y on arrival through pre-arranged visa, with exception for 96 hour transit stay	<p>Holders of normal passports, and a copy of a pre-arranged visa, can obtain a visa on arrival, provided they hold a passport valid for at least 6 months from the date of arrival. Pre-arranged visa must be deposited by the sponsor at the Immigration authorities and can be issued for 96 hours, 14 or 30 days. Fee: RUB3,000 (EUR64) to RUB5,200 (EUR112) depending on airline being used.</p> <p>E-visas issued through http://www.ednrd.ae/. Applicants must:</p> <ul style="list-style-type: none"> • hold documents for their next destination, • have sponsor in the UAE to cover their stay. • A 96-hour transit visa can be obtained on arrival at Dubai, provided: <ul style="list-style-type: none"> • transit time is at least 8 hours, • the applicant holds an onward ticket to a third country, • holds a passport valid for at least 6 months from the date of arrival. <p>Visas are only issued as a part of a transit package together with hotel accommodation and airport transfer.</p> <p>Fee: RUB2,300 (EUR49).</p>
Egypt	Y on arrival, with exceptions for tourist groups and visitors to Sinai resorts	<p>Visa required, except for Nationals of the Russian Federation travelling as a part of an organised tourist group, provided:</p> <ul style="list-style-type: none"> • the tourist group consists of at least 10 persons, • the applicant holds a return ticket, booked accommodation and a signed guarantee letter from a travel agency. <p>Visa required, except for a maximum stay of 15 days for holders of normal passports, travelling as tourists and arriving at Sharm El Sheikh, Saint Catherine or Taba airports and remaining in the Sinai resorts.</p> <p>Holders of normal passports issued to nationals of the Russian Federation can obtain a visa on arrival for a maximum stay of 30 days. Fee: single entry: US\$25 (EUR19); multiple-entry US\$35 (EUR26).</p>
Thailand	N	No visa required for stays up to 30 days.

Destination	Yes/No	Requirements/Process
United States	Y	B1/B2 business/tourism non-immigrant visa required. Electronic application (DS-160) prior to interview with United States consul in The Russian Federation. Attend interview with printed copy of appointment letter, DS-160 confirmation page, one recent photograph taken within the last 6 months, current passport and all old passports. From US\$160 (EUR118).
ETC Members	Y/N	<p>Schengen member country visa required by Russian citizens. For transit through, or a short stay in, the territory of the Member States, a "C" visa is required. The visa must be valid for the Member State being visited. Visas with limited territorial validity will be marked accordingly, e.g. "France", will be valid for France only; "F-I", will be valid for France and Italy only; "Etats Schengen", will be valid for all Schengen Member States.</p> <p>"C" visas will be valid for a specified period and will indicate if it allows single, double or multiple entries. Multiple-entry visas are valid for a period between 6 months and 5 years and will also indicate the maximum permitted duration of each stay.</p> <p>"C" visas must be applied for at the correct embassy/consulate. If: i.) only one Schengen Member State is being visited: applications must be made at the Consulate or Embassy of that particular Member State; ii.) several Schengen Member States are being visited: applications must be made at the Consulate or Embassy of the Member State which is the main destination. For single entry visas, the Member State of the main destination should also be reflected in the passenger's itinerary/ticket. For multiple-entry visas, the issuing Member State does not need to be visited on a particular journey; iii.) several Schengen Member States are being visited but there is no main destination: for single entry visas, applications must be made at the Consulate or Embassy of the Member State which is the first point of entry into the Schengen area; or - for multiple-entry visas, applications must be made at the Member State expected to be visited on the very first entry. Fee: EUR60</p> <p>For visits to non-Schengen ETC members (Bulgaria, Croatia, Cyprus, Romania, Serbia) visa is required except for holders of Schengen Member double or multiple "C" visa issued by a Schengen Member State valid for the period of the intended stay. For Turkey, Russians holding normal passports have visa free entry for stays of up to 60 days.</p>

Destination	Yes/No	Requirements/Process
ETC Members (cont.)	Y/N	<p>For the United Kingdom – a non-Schengen, non-ETC member – a visa is required. This involves visa application, interview at which the passport is retained, and decision in approximately three weeks when the passport is returned. Fee STG83 (EUR104).</p> <p>For Ireland – a non-Schengen member country – a visa is required along similar lines to that required for the United Kingdom. Fee EUR60. No visa is required if a valid visa is held for the United Kingdom and visited first on the trip.</p>

2.2 Air Connections

The scheduled air capacity from The Russian Federation's principal airports in Moscow to the shortlisted destinations competing with Europe was monitored on ETC's behalf by Amadeus.

Two points in the year were examined – week 24 in 2013 (broadly corresponding to high season) and week 6 in 2014 (low season), though this can only be taken as an approximate measure given the difference in northern and Southern hemisphere climates at the different times of the year. Data for two years were considered in order to provide an indication of the trend in capacity on the various routes i.e. June 2008/June 2013, and February 2009/February 2014.

There are substantial rises in direct flight capacity recorded for the two periods under review for four of the five destinations competing with Europe, particularly on routes to China (Shanghai), Thailand and the United States. Egypt is the exception but Cairo – the airport examined in the study – is not the principal entry point for Russian tourists patronising the Red Sea resorts so the trend can be discounted. The Russian Federation and Egypt have agreed to launch direct flights between Moscow and the Egyptian holiday destinations of Luxor, Sharm El Sheikh and Hurghada which already draw large volumes of Russian tourists⁴⁹. Air capacity on routes between Moscow and all European destinations has grown substantially over the past five years:

Air capacity between Moscow and Europe has grown substantially over the past five years

June 2008-June 2013 - % change in direct flight seats

- China capacity up 61% on MOW-BJS route and by 148% on the MOW-SHA one,
- Dubai capacity up 45%,
- Egypt capacity up 4%,
- growth of 67% on the MOW-BKK route,
- United States routes up overall by 172%, made up of a two-and-a-half-fold increase of seats to New York, a near doubling on routes to Los Angeles and the introduction from zero of almost 1,200 seats a week on the MOW-MIA route,
- rises in direct service weekly seats to Rome of 82%, Paris and London of over 50%, Madrid of 38% and Amsterdam of 32%.

49 Egypt and Russia to boost trade ties as US influence wanes. <http://www.ft.com/cms/s/0/398dff08-b4f1-11e3-af92-00144feabdc0.html#axzz3EEN02Bag>

February 2009-February 2014 - % change in direct flight seats

- doubling of seats to Shanghai but a slight fall in capacity on the MOW-BJS route,
- growth of 87% on flights to Dubai,
- a fall of 48% on the MOW-CAI route,
- more than double the number of weekly direct service seats between MOW and BKK,
- a near threefold rise in seat capacity on routes to the United States, following a similar pattern to that for the June 2008 – June 2013 period,
- slightly lower rises in seat capacity on routes between Moscow and European destinations than occurred in the summer period i.e. up 38% to both Paris and Rome, 21% to Madrid, 19% to London and 16% to Amsterdam.

Competitors have a comparative advantage to Europe in terms of growth in direct air capacity from Moscow

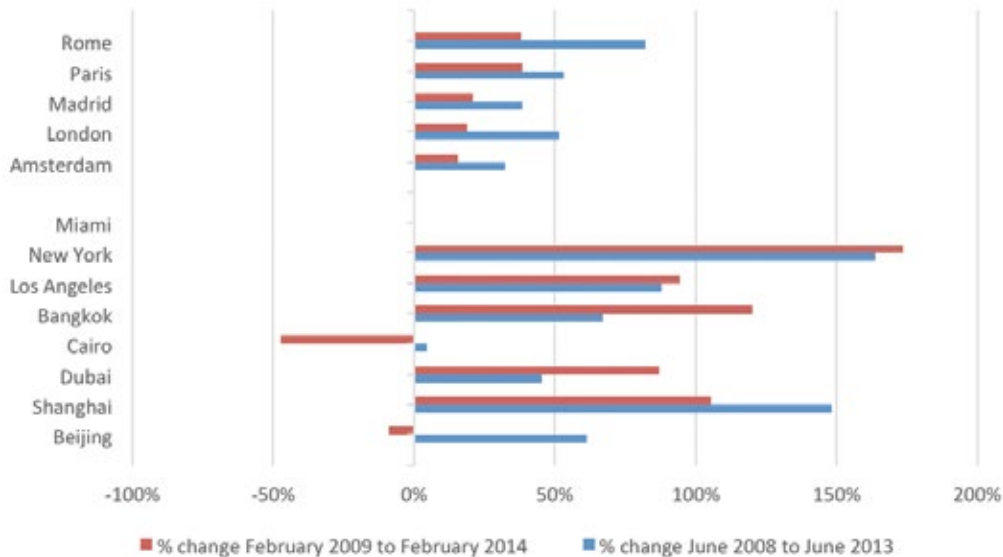
The location of Moscow enables direct service flight times of the order of 4 to 6 hours to several destinations – i.e. all Europe, Egypt, and Dubai. Flight times to the United States East Coast are 10 to 12 hours, while to Los Angeles the average duration is close to 13 hours. Routes from Moscow to the two major Chinese metropolitan areas take between 6.5 and 7.5 hours. For Russian cities to the east of Moscow, flight times to China are broadly similar to those on routes to Europe.

The weekly capacity of direct flights from Moscow to the two principal Chinese airports ranged between 7,000 and 12,000 (with the higher volume in the summer months). For Dubai, the direct flight seat capacity was significantly higher in February 2014 – over 11,000 – than in June 2013 – 7,000, reflecting the need to escape the Russian winter cold. The capacity on flights to Bangkok indicates that Russians prefer to travel to Thailand during the winter months i.e. close to 11,000 seats in February 2014 as against 4,000 in June 2013. For the United States, aggregate capacity on direct flights ranges between 10,000 and 11,000, with only a slightly higher number in June than in February.

The two European routes to London and Paris (both at between 12,000 and 14,000 direct flight seats a week depending on time of year) remain the best-served from Moscow but the gap between them and Dubai, Bangkok and New York has reduced over the five years under review. Summer month capacity runs higher than in the winter, most markedly for the more southerly destinations of Madrid and Rome.

The analysis points to a comparative advantage of the competing destinations to Europe in terms of growth in direct air capacity on Moscow routes. Over the past five years, direct air capacity from Moscow to the four destinations of China, Dubai, Thailand and the United States has expanded more significantly than to Europe. The differential in capacity growth rate is more pronounced in the northern hemisphere summer period month of June than in February.

Figure 15: Changes in Weekly Direct Flight Seat Capacity from the Russian Federation (Moscow) to Selected Destinations, June 2008-June 2013 and February 2009-February 2014

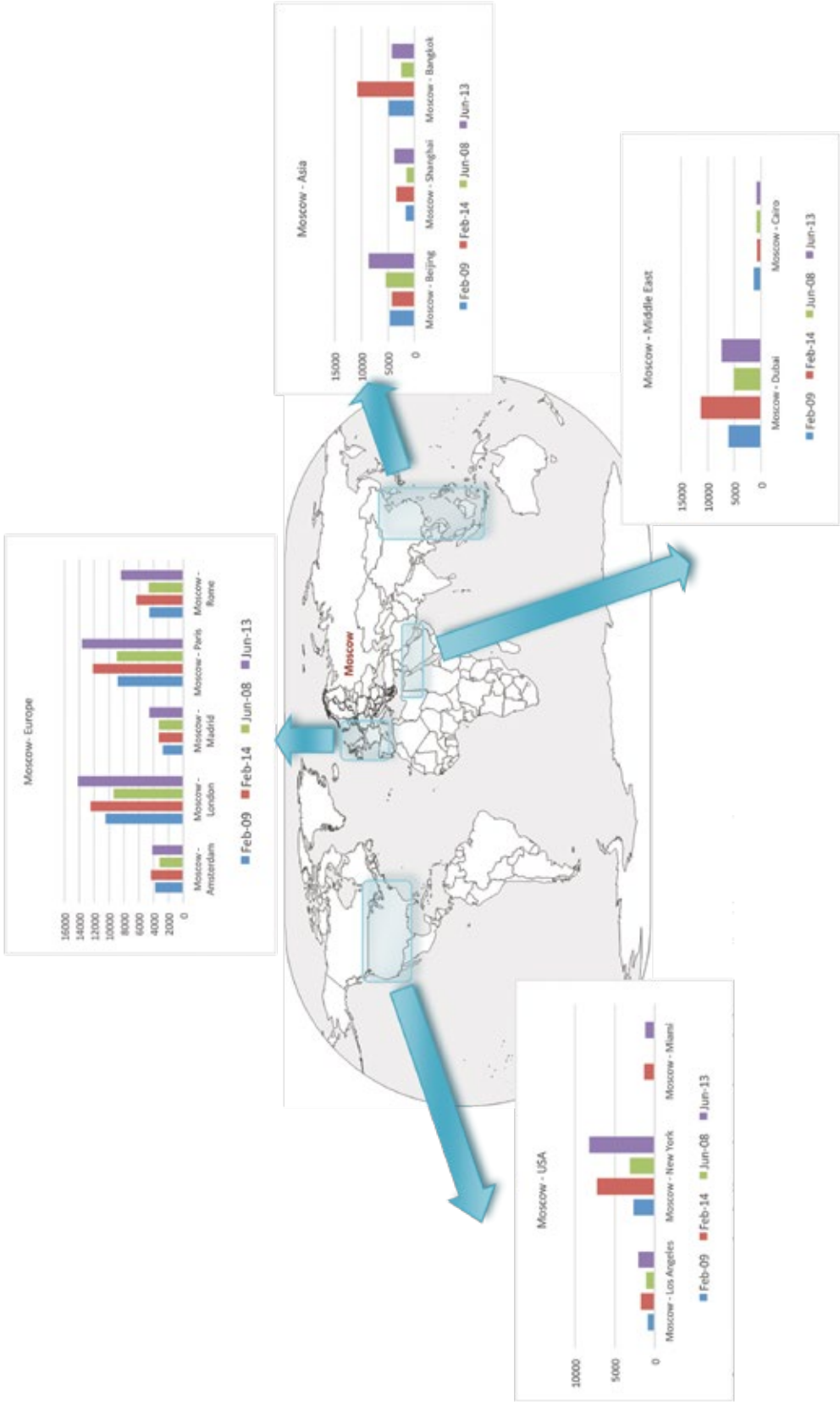


Source: TDI calculations based on data supplied by Amadeus

Full details of flights, capacities and flight time for direct and connecting flights for a week in June 2008 and 2013, and a week in February 2009 and 2014 are shown in Appendix 2.

NOTE: figures in front of break (/) relate to the first year in the time series i.e. June 2008, while those after the break are for the later year i.e. June 2013.

Figure 16: Direct Flights Capacity



Source: TDI calculations based on data supplied by Amadeus

2.3 Political, Economic and Socio-Cultural Links

2014 marks the 65th anniversary of diplomatic relations between China and the Russian Federation, and bilateral relations are set to develop at a higher, faster and stronger rate, as evidenced by the fact that the Presidents of the two nations have met five times in the past year and established a close working relationship as well as a deep and valued personal friendship. China has been the Russian Federation's largest trading partner for four consecutive years. There is steady momentum on pragmatic and strategic cooperative projects, and people-to-people contacts are being further promoted through such programmes as the China-Russia Youth Friendly Exchanges Year. Since 2006, the two countries have held reciprocal events, namely the Year of Russia in China in 2006, the Year of China in Russia in 2007, and language years in 2009 and 2010, followed by tourism years.

The China-Russia Tourism Year programme began in 2012 with the Tourism Year of Russia in China to promote exchanges between the two countries. This was followed by the Tourism Year of China in Russia. At the opening ceremony of Tourism Year of China in Russia in March 2013, President Xi Jinping, urged both countries to take advantage of the "Tourism Year" to foster tourism cooperation into a new highlight in China-Russia strategic cooperation. Custom exchange programmes were organised serving to heighten the appreciation of each other's civilisations and cultures⁵⁰. The activities included self-driving tours from Moscow to Beijing and student exchange programmes.

Though large volumes of Russian tourists travel to China from the West of the country, as illustrated by the air capacity details in the preceding sub-section, there are also substantial trading and other links between cities in the east of the Russian Federation and main centres in northern China. Direct or connecting flights are operated between Beijing, Harbin and Dalian and the Russian cities of Khabarovsk Novy, Khomutovo (Yuzhno-Sakhalinsk), Koltsovo (Yekaterinburg), Krasnoyarsk-Yemelyanovo, Novosibirsk Tolmachevo, Yakutsk and Vladivostok.

The Russian population in China has historically been small – just 15,600 ethnic Russians with PRC citizenship recorded in the 2000 census⁵¹ – but with trading and cultural links being given high priority by both countries, the numbers are rising significantly. At least 70,000 Russians are estimated to be residing in China while keeping their Russian or other nationality⁵².

Since its establishment in 1971, the United Arab Emirates (UAE) has followed a balanced foreign policy based on adoption of dialogue, respect of international conventions, commitment to the United Nations Charter and non-interference of other countries' internal affairs, and the settlement of disputes by peaceful means. Its foreign policy is based on building cooperation-based relations with all countries of the world. It has diplomatic relations with over 60 countries, including the Russian Federation.

The Federation has an embassy in Abu Dhabi (the capital of the UAE) and a consulate in Dubai; while the UAE has an embassy in Moscow.

50 President Xi Jinping's Address at the Opening Ceremony of Tourism Year of China in Russia. March 2013. <http://en.cnta.gov.cn/html/2013-6/2013-6-4-10-13-25919.html>

51 Russian Diaspora. http://en.wikipedia.org/wiki/Russian_diaspora

52 Russians in China. http://en.wikipedia.org/wiki/Russians_in_China

In 2012, trade between the Russian Federation and UAE reached US\$1.5 billion (EUR0.9 billion)

In 2012, trade turnover between The Russian Federation and UAE reached US\$1.5 billion (EUR0.9 billion), while UAE invested US\$82 million (EUR60 million) in the Russian economy bringing its total investment in the country to US\$2.2 billion (EUR1.6 billion). Further large-scale investments in Russian infrastructure projects are planned with the signing of an investment partnership in 2013 between the state-run Russian Direct Investment Fund and the UAE Finance Department⁵³.

There is a sizable community of Russians in the UAE. They are expatriates who have moved into the country attracted by job opportunities and its climate. The numbers are estimated at 18,000 Russian expatriates, with over 55,000 Russian speakers from CIS (former Soviet Republics) countries, the majority living in Dubai and the Northern Emirates⁵⁴.

Russian-Egyptian relations were re-established in 1984 after a three year period of severance. Inter-governmental relations improved after the fall of Communism in the USSR, and the Russian Federation's appearance as an independent political actor. Following the disruption from political changes in Egypt in recent years, relations between the two countries are once again positive with suggestions from the Russian Minister of Defence that there may be military cooperation between their navies and air forces. Egypt is looking to source large-scale military equipment supplies from the Russian Federation⁵⁵.

Egypt is discussing a free trade agreement with the customs union of the Russian Federation, Belarus and Kazakhstan. Egypt's industry and investment minister sees such an agreement as contributing to the expansion of cooperation between two countries.

Discussions have taken place between Egypt and the Russian Federation on a number of joint projects, including supplies of Russian liquefied natural gas and other commodities. Russian state nuclear firm Rosatom is considering taking part in the construction of a nuclear power plant in Egypt. There is also agreement to modernise Egypt's ageing assets e.g. aluminium plant, a hydro power plant and projects related to the light metro in Cairo and grain storage⁵⁶.

Egypt has attracted large numbers of Russians both as tourists and investors/residents

There are no official data on the numbers of Russians living in Egypt. It is clear, however, that with the relative ease of obtaining a visa, low prices (including the cost of land) and the climate in Egypt has attracted large numbers of Russians – both as tourists and longer term investor/residents. One example is the resort of Hurghada where there are 3,000 documented Russians but unofficially estimated to be more than 20,000⁵⁷.

53 UAE: A serious and promising partner for Russia. http://voiceofrussia.com/radio_broadcast/no_program/257212908/

54 Expatriates in the United Arab Emirates. http://en.wikipedia.org/wiki/Expatriates_in_the_United_Arab_Emirates#Russians

55 Egypt-Russia Relations. http://en.wikipedia.org/wiki/Egypt%E2%80%93Russia_relations

56 Egypt mulls free trade zone with Russia's customs union. www.reuters.com/article/2014/03/26/egypt-russia-trade-idUSL5N0MN1ZY20140326

57 Egypt Independent article 28 August 2012. <http://www.egyptindependent.com/news/communities-hurghada-russian-tourist-escape-or-haven-russian-women>

Thailand recognised the Russian Federation as the successor to the Soviet Union on December 28, 1991. It has an embassy in the capital city, Bangkok, and two honorary consulates in the tourist resort areas of Phuket and Pattaya. Thailand maintains an embassy in Moscow and similarly has two honorary consulates. Both countries are full members of Asia-Pacific Cooperation forum and the Organization for Security and Cooperation in Europe.

Trade between Thailand and the Russian Federation rose to US\$5 billion (EUR3.8 billion) in 2012, three times the level of 2009. At the 5th Session of the Thailand-Russia Joint Commission on Bilateral Relations, held in March 2013, the two countries agreed a target to double this level by 2016⁵⁸.

Thailand invited the Russian Federation to participate in infrastructure projects planned to enhance regional connectivity and support ASEAN integration into an ASEAN Economic Community (AEC) in 2015. AEC will be a large market for Russian products in the future. Thailand can serve as a production base and a gateway to Southeast Asia for the Russian Federation, while the Federation can serve as a bridge linking Thailand to the Commonwealth of Independent States (CIS) countries⁵⁹.

Both sides viewed food security as an important issue and agreed to step up cooperation in the field of agriculture, increase bilateral trade in agricultural products, and promote investment in the related industries. They also agreed to develop technical cooperation in science and technology, communications, and culture, which will not only support the exchange of knowledge but also enhance people-to-people contact⁶⁰.

There are no official statistics on the numbers of Russians resident in Thailand. However, Russians are attracted to the resort areas of the country by the low costs of land and setting up local businesses to cater for Russian tourists, most of whom are unable to speak foreign languages. Estimates of the number of Russians living in Phuket range from 1,000 to 5,000, depending on the time of year⁶¹.

Relations between the United States and the Russian Federation have been tense in the past. In recent years, however, the two countries have attempted to reset frosty relations and establish a growing partnership. The countries agree on supporting a bilateral agenda to confront several problems, such as discarding stockpiles of nuclear weapons and combating the threats of terrorism. However, as the two nations' conflicting ideologies became more prominent in the present decade, hopes of a benevolent relationship between the two world powers have slowly deteriorated⁶², and are presently at odds over a number of issues such as the conflict in Ukraine and the granting of asylum by the Russian Federation to a former contractor of the US National Security Agency who the US Government accuses of spying⁶³.

Trade between Thailand and the Russian Federation in 2012 was three times the level of 2009

Hopes of a benevolent relationship between the United States and the Russian Federation have slowly deteriorated

58 Significant increase in Thai-Russian bilateral trade. http://thailand.prd.go.th/view_news.php?id=6702&a=2

59 Ibid

60 Ibid

61 Why Phuket needs the Russians. <http://www.thepuketnews.com/why-phuket-needs-the-russians-38023.php#sthash.fwexglRx.dpuf>

62 Russia – United States relations. http://en.wikipedia.org/wiki/Russia%E2%80%93United_States_relations

63 Ibid

United States exports of goods to the Russian Federation in 2013 totalled US\$11 billion (EUR8 billion) as against imports from the Federation of US\$27 billion (EUR20 billion). 2013 was the record year for exports to the Russian Federation, but imports from the Federation have fallen from the peak of almost US\$35 billion (EUR27 billion) in 2011. The present Western sanctions limiting trade with the Russian Federation, and the reciprocal veto imposed on imports from the United States, will see a sharp decline in trade in 2014.

The largest overseas Russian community is found in the United States. The Russian American population (i.e. Americans who trace their ancestry to the Russian Federation) is reported to be 3.13 million⁶⁴. This equates to just over 1% of the United States population. Russian and English are spoken at home by 851,000 Americans over the age of four, a near fourfold increase over the level in 1980, according to the US Census. The New York City metropolitan area is by far the leading metropolitan gateway for Russian immigrants admitted to the country. Russian American communities are concentrated on the two coasts: 36% reside in the Northeast region, 26% in the West, 21% in the South, and 17% in the Mid-west heartland area⁶⁵.

Based on research conducted in 2014, just 23% of Russians have a favourable view of the United States, down from 51% in 2013 and a high of 57% in 2010⁶⁶. Recent Polls from the Levada center survey show that 71% of Russians have a negative or somewhat negative attitude to the United States, up from 7% in April 1990, shortly before the collapse of the Soviet Union⁶⁷.

2.4 Consumer Assessment (TripAdvisor)

This section presents an analysis of ratings provided by TripAdvisor users from the Russian Federation on three elements of a visitor experience: attractions, accommodation and eateries. While not representative of Russian visitors' behaviour, TripAdvisor ratings allow for cross-destination comparisons on components of a holiday experience. The analysis covers the five destinations competing with Europe in the Russian Federation, and four European destinations used as benchmark in this study (France, Italy, Spain and United Kingdom). The results for European countries and competing destinations are presented in Appendix 3.

TripAdvisor users in the Russian Federation are more satisfied with accommodation in international destinations than in their own country, giving an overall rating for the nine destinations of over 4.2, as against a rating of just below 4 for accommodation in the Russian Federation. Leading the way is Egypt – at 4.4 – followed by the United Arab Emirates – Dubai and Italy each achieving an average rating in excess of 4.3. Spain and China match the average of 4.2. TripAdvisor users in the Russian Federation rate accommodation in Thailand, France, the United Kingdom and the United States at a slightly lower rate, but still higher than accommodation in their own country.

64 Rediscovering Russian America. http://www.imrussia.org/en/?option=com_content&view=article&id=133:rediscovering-russian-america&catid=56:society-atrends&Itemid=99&lang=en

65 Ibid

66 Pew Research Global Attitudes Project. <http://www.pewglobal.org/database/indicator/1/survey/12/>

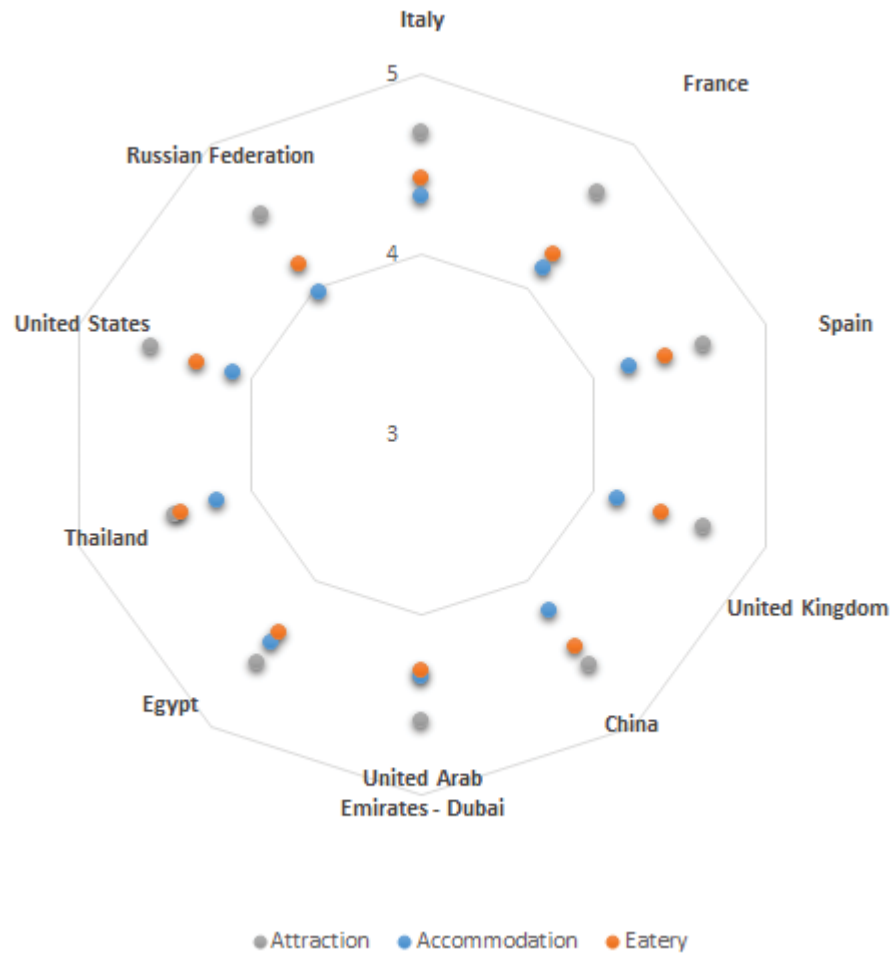
67 Anti-American sentiment on the rise in Russia. <http://blogs.wsj.com/emerging europe/2014/06/05/anti-american-sentiment-on-the-rise-in-russia/>

Average ratings for all destinations in Europe suggest that TripAdvisor users in the Russian Federation were in general satisfied with accommodation (just over 4.2). These visitors were most satisfied with the location and cleanliness (at 4.4) of the accommodation they selected for their stay, while they tended to be slightly less positive when evaluating the quality of the rented room (4.1) and the value for money (under 4.2). Service and sleep quality were both well rated at close to 4.3.

Eateries in the nine destinations score an average approaching 4.4, significantly above the below 4.2 rating given TripAdvisor users in the Russian Federation to eateries in their own country. The highest rated destinations for eateries are China, Italy, Spain and Thailand each of which exceeds the 4.4 level. The United Kingdom and Egypt are in line with the overall destination average. The United States, the United Arab Emirates - Dubai and France fall below the average – but only slightly so.

The attractions category receives the highest ratings from TripAdvisor users in the Russian Federation, averaging 4.6 across the nine destinations. This is slightly above the 4.5 accorded by TripAdvisor users in the Russian Federation to attractions in their own country. European destinations lead the way. The top-rated destination for attractions each scoring 4.7 are Italy, France and the United Kingdom, closely followed by Spain. Four of the five competitor destinations score at 4.6 i.e. United Arab Emirates – Dubai, the United States, China and Egypt. Only Thailand – at 4.4 – falls below the rating accorded by TripAdvisor users from the Russian Federation to attractions in their home country.

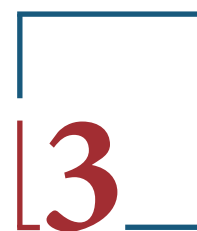
Figure 17: TripAdvisor Ratings of Tourism Services in Competing Destinations



TripAdvisor operates sites in 41 countries and 23 languages. TripAdvisor offers 150 million+ reviews and opinions on its site and receives 100+ user contributions a minute. TripAdvisor covers 810,000+ hotels, B&Bs and specialty lodgings, 2.2 million+ restaurants and 420,000+ attractions worldwide. As the world's largest travel site, with nearly 260 million unique monthly visitors, TripAdvisor has valuable, global insights regarding travel patterns and trends. TripAdvisor data, such as user traffic patterns and average review ratings, can provide relevant insights for local hospitality and other travel industry businesses.*

**Source: comScore Media Metric for TripAdvisor Sites, worldwide, Q1 2014.*

Profile of Europe's Main Competitors in the Russian Federation



3.1 Destination Marketing Organisations

Within each competing destination, tourism authorities responsible for promoting their country as a tourism destination in the Russian Federation have been identified (Figure 18). Information about these organisations have been collected from existing sources and, whenever possible, through personal interviews.

Figure 18: Listing of Competitor Destination DMOs

Competitor Destination	Destination Marketing Organisations
China	China National Tourism Administration (CNTA) http://en.cnta.gov.cn/ China National Tourism Organization (CNTO) http://cnto.org
Dubai (United Arab Emirates)	Government of Dubai – Department of Tourism and Commerce Marketing www.dubaitourism.ae
Egypt	Egypt Tourism Authority (ETA) – Egypt Travel (official website) http://www.egypt.travel/
Thailand	Tourism Authority of Thailand http://www.tourismthailand.org
USA	Brand USA http://www.thebrandusa.com/

Source: TDI



The People's Republic of China Tourism Sector

China received 56 million international tourist arrivals in 2013

China received 56 million international tourist arrivals in 2013, a decline of nearly 4% over 2012. Between 2005 and 2013, arrivals grew at the average annual rate of 2%, a period when it consolidated its 4th place in the international tourism destination rankings⁶⁸. These figures include arrivals from the Special Administrative Regions of Hong Kong and Macao as well as from Taiwan, with the level of foreign tourists amounting to 20.8 million in 2013, a fall of 5.2% over the previous year. However, the average annual rise in foreign tourist arrivals (i.e. excluding those from the special administrative regions and Taiwan) between 2005 and 2013 was near to 5%, demonstrating the strength of demand.

Travel from Hong Kong and Macao accounts for over 80% of all visitors to China

Travel from Hong Kong and Macao to China accounts for over 80% of all visitors to China, and for over 62% of overnight international tourists. Travel from the United States and Western Europe makes up to 1.6% and 1.2% respectively of total arrivals, with increases over the period from 2008 to 2012. The United States is the fourth largest foreign market, with the number of arrivals having grown by 24% between 2009 and 2012, though a fall of 1.5% was recorded in 2013 to a level of 2.1 million.

The Republic of Korea and Japan are the leading markets for China

Excluding Hong Kong, Taiwan and Macao, the leading markets for China are the neighbouring countries of the Republic of Korea and Japan. The Russian Federation is the leading non-Asian source market for China recording 2.2 million arrivals in 2013. However, the level of Russian visitation to China has fluctuated over recent years with strong growth up to 2008 (the peak year with 3.1 million arrivals), followed by a fall of 44% in 2009 (in consequence of the global recession). There was a good recovery in 2010 and 2011 but a decline in the last two years.

Between 2005 and 2013 China's tourism receipts rose by over 7% a year

International tourism receipts amounted to US\$51.7 billion (EUR38.3 billion) in 2013, a rise of 3% over 2012⁶⁹. Between 2005 and 2013, China's receipts rose by over 7% a year in US dollar terms (but by over 11% a year in local currency as a result of the fall in the value of the Chinese Yuan Renminbi over the period). China is placed 4th in the international tourism receipts table, as in respect of arrivals, after the United States, Spain and France.

68 UNWTO World Tourism Barometer. August 2014. UNWTO. Please kindly use only ONE way to reference.

69 UNWTO World Tourism Barometer. August 2014. UNWTO

The direct contribution of Travel & Tourism to Chinese GDP in 2013 was CNY 1,487 billion (EUR180 billion)⁷⁰. This represents 2.6% of GDP. The World Travel and Tourism Council forecasts that the level of contribution will rise by 8.1% to over CNY1,600 billion (EUR193 billion) in 2014, and to CNY3,273 billion (EUR395 billion) by 2024, at constant 2013 prices, an average annual growth of 7.4%. The value of the direct contribution primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services), but it also includes the activities of the restaurant and leisure industries directly supported by tourists. Adding in indirect contributions, brings the total to CNY5,229 billion (EUR631 billion) in 2013 and a forecast level of CNY11,888 billion (EUR1,435 billion) by 2024, at 2013 values.

Travel and tourism directly supported almost 23 million jobs in 2013, representing 3.0% of total employment, with a further 4 million jobs forecast to be added by 2024; while adding on jobs supported by the industry brings the 2013 level to almost 64 million, with a further 29 million anticipated by 2024⁷¹.

The China National Tourism Administration (CNTA) is responsible for tourism, directly affiliated to the State Council. Its main responsibilities are⁷²:

1. Plan and coordinate the development of the tourism industry, prepare development policies, programmes and standards, draft up relevant laws and regulations and supervise the implementation, as well as guide regional tourism,
2. Establish and organise the implementation of market development strategies for domestic tourists, inbound tourism and outbound tourism, organise external publicity and significant promotional activities on the overall image of China's tourism. Guide the work of China's tourist institutions stationed abroad,
3. Organise the survey, planning, development and protection of tourism resources. Instruct the layout and development of key tourist regions, tourism destinations and tourist routes and guide the leisure vocation industry. Supervise the operation of tourist economy and take charge of tourist statistics and release of trade information. Coordinate and instruct the Holiday Tourism and the Red Tourism,
4. Normalise the order of the tourist market, supervise and manage the service quality and maintain legal rights and interests of tourism consumers and operators. Normalise the operation and services of tourist enterprise and practitioners. Organise the drafting of standards on tourist regions, tourist services and tourist products, etc., and organise the implementation. Take charge of the overall coordination, supervision and management of tourist safety and emergency rescues. Guide the construction of the ideological infrastructure and the credibility system as well as operations of trade organisations,

70 Travel and Tourism Economic Impact 2014: China. World Travel and Tourism Council. <http://www.wttc.org/focus/research-for-action/economic-impact-analysis/country-reports/>

71 Ibid

72 CNTA In Brief <http://en.cnta.gov.cn/about/Forms/AboutCnta/CNTAInBrief.shtml>

5. Promote the international communication and cooperation of tourism and take charge of affairs relating to the cooperation with international tourists organisations. Establish policies on outbound tourism and border tourism and organise the implementation. Examine and approve foreign travel agencies established in China, examine the market access qualifications of foreign-invested travel agencies and travel agencies engaged in international tourism, examine and approve overseas (outbound) tourism and border tourism cases. Take charge of affairs on special tourism,
6. Establish policies on travel to Hong Kong, Macao & Taiwan and organise the implementation, guide the promotion of tourist markets in Hong Kong, Macao & Taiwan. Take charge of affairs on Mainland residents travelling to Hong Kong, Macao & Taiwan, examine and approve travel agencies of Hong Kong, Macao & Taiwan established in the Mainland, examine the market access qualifications of travel agencies with investments of Hong Kong, Macao & Taiwan,
7. Organise and instruct tourism education and training, stipulate the vocational qualification system and ranking system for tourism employees with relevant authorities and supervise the implementation,
8. Undertake other issues assigned by the State Council.

China has embarked
on a new era in
tourism

Roadmap for the
restructuring of the
current paid leave
system

China has embarked on a new era in tourism in its national agenda following the release by the State Council of China of *The Outline for National Tourism and Leisure (2013-2020)*⁷³, aimed at bringing about the complete redefinition of tourism development and management in the country, spark an increase in Chinese outbound tourism and promote a greater distribution of the economic, socio-cultural and environmental benefits of tourism. It presents a roadmap for restructuring the current paid leave system across China and outlines the technical, multi-sector aspects of creating a more productive environment for sustainable tourism development and management in the country.

Its release comes four years after the tourism sector in China was acknowledged as a 'pillar' industry of modern services, recognising its role as one of the major social and economic industries on the government's agenda.

The successful implementation of the Outline will lead to both a further boost to Chinese inbound tourism (and domestic tourism), and to Chinese outbound tourism around the world.

73 China's New Landmark Strategy. <http://asiapacific.unwto.org/en/news/2013-03-21/china-s-new-landmark-tourism-strategy-outline-national-tourism-and-leisure-2013-2020>

Among the tasks and measures contained in the Outline are⁷⁴:

- improvements and ready access to parks, museums etc.,
- increased and improved infrastructure e.g. recreation belts and distinctive tourism villages, family inns and budget hotels, motels and camping facilities, ports for cruise ships and yachts, better protected parks and forests, increased disabled access,
- product development and activity e.g. encouragement of rural holidays close to cities, development of recreation and leisure activities such as cycling tourism, self-drive, sport and fitness tourism, medical and healthcare tourism, hot spring and snow tourism, cruise and yacht tourism, and focus on traditional culture,
- facilities for different market segments (such as seniors, women, children, people with disabilities, rural population) including urban leisure, city sightseeing, cultural recreation, popular science education, cultural performance, healthcare and fitness, shopping,
- practical and convenient information service system through signage, information points, website development,
- improved service quality standards through education, training and supervisory programmes,
- strong leadership and organisation involving clear guidance and liaison with local administrations on the development and management of their tourism sectors, to ensure that tourism and leisure development is fully incorporated into economic and social development plans at all levels,
- investment in public service infrastructure for tourism and leisure, and encouragement of private sector investment in facility and product development,
- strong supervision and regulation.

The China National Tourism Authority undertakes destination marketing through its network of China National Tourist Offices. The CNTO seeks to work closely with the travel trades in key generating markets through participation at exhibitions and fairs, and promotions.

CNTA undertakes destination marketing through its network of offices

To strengthen international cooperation in tourism, and to promote the recovery of inbound tourism, CNTA has undertaken a number of large-scale overseas promotional programmes, and organised the successful Sino-Russia Tourism Year in 2012⁷⁵, with the reciprocal Tourism Year taking place in the following year.

The CNTO overseas offices are non-profit government organisations. Their mission is to develop and promote all aspects of tourism to China within their given territories. They are responsible for educating both the general public and the travel industry about China.

The total CNTA budget in 2012 was CNY240.5 million (EUR38.5 million), drawn from central and local governments, funded in part by allocations from the Tourism Development Fund made up from the CNY20 (EUR2.4) charge on all outbound travellers.

CNTA budget in 2012
CNY240.5 million
(EUR38.5 million)

74 Notice on the Publication of The Outline for National Tourism and Leisure (2013-2020) by the General Office of the State Council

75 OECD Tourism Trends and Policies 2014

The focus of the CNTA destination marketing activities are travel trade shows, consumer shows, seminars, familiarisation trips and other ongoing promotions. The CNTO offices assist travel agents and tour operators in selling China by providing them with sales tools, including travel brochures, videos, displays, maps, magazine advertising and general information to the public.

Buoyed by the success of the tourism exchange programmes with the Russian Federation over the past two years, the CNTA is expected to make stronger efforts to promote China as an ideal travel and tourism destination by launching a series of similar marketing activities⁷⁶.

There is criticism in the Chinese media and travel trade of the China destination website. In the face of intense competition from neighbouring Asian countries, foreign travellers' online searches for Chinese tourism destinations are increasing much more slowly than for its competitors e.g. the year-on-year growth of the search for Chinese destinations was only 7% in 2012, while the growth for India was 21% and Thailand was 19%⁷⁷. Chinese tourism authorities have been slow to embrace Facebook, Twitter and YouTube, but the designation of 2014 as the Year of Smart Travel suggests a possible intention to use social media more extensively.

A constant in the CNTA's marketing has been the naming of each year with a specific theme. Starting with "Friendly Sightseeing Year" in 1992, the past two years have been called respectively "China Ocean Tourism Year" and "Beautiful China".

In launching the WTTC report⁷⁸, President and CEO, Mr David Scowsill advised that China should promote the country as a whole, instead of a group of individual provinces⁷⁹.

The CNTO is actively promoting China in the 16 key markets where it maintains offices i.e. the United States, Canada, the United Kingdom, France, Germany, Italy, Spain, Switzerland, the Russian Federation, Singapore, India, Nepal, Australia, Republic of Korea, Japan, and Hong Kong.

The CNTA operates 18 offices in 16 countries with double representation in the United States (Los Angeles and New York) and Japan (Osaka and Tokyo). Most of these are China National Tourist Offices but in Osaka it operates as the CNTA itself and in Hong Kong through Asia Tourism Exchange Centre.

76 Travel and tourism inbound in China <http://www.euromonitor.com/tourism-flows-inbound-in-china/report>

77 China lags behind in inbound tourism. July 2013. http://news.xinhuanet.com/english/china/2013-07/27/c_132578913.htm

78 Travel and Tourism Economic Impact 2013: China. World Travel and Tourism Council. http://www.wttc.org/site_media/uploads/downloads/china2013.pdf

79 China must ramp up for inbound tourism China Daily USA March 2014 http://usa.chinadaily.com.cn/epaper/2014-03/19/content_17359504.htm

Chinese tourism authorities have been slow to embrace Facebook, Twitter and YouTube

WTTC advised that China should promote the country as a whole



The Dubai Tourism Sector

(United Arab Emirates)

The number of international tourist arrivals in 2013 in the Dubai Emirate of the United Arab Emirates (UAE) reached 10 million, based on registrations at hotels and similar establishments⁸⁰. This represented a rise of 11.3% over 2012, maintaining the strong growth of the past decade. Between 2005 and 2013 the average annual growth in international tourist arrivals in Dubai was 7%.

Between 2005 and 2009 the average annual growth in international tourist arrivals in Dubai was 7%

A second data source⁸¹ provides figures for the number of international overnight visitors. The level is higher – 11.1 million in 2013 – than for hotel arrivals but the growth trend is the same.

International tourism receipts amounted to US\$11.6 billion (EUR8.5 billion) for the UAE as a whole, up 11.4% over 2012, with average annual growth since 2003 of over 17%. Though Dubai is the principal contributor, tourism in Abu Dhabi is also growing rapidly – 2.8 million guests in the emirate's 150 hotels and hotel apartments in 2013 with a target of 3.1 million in 2014.

Separate performance data are only available for Dubai's hotels and hotel apartments. These show that in 2013, guest registrations in hotels totalled 8.6 million, with non-UAE nationals accounting for 7.9 million, 20% more than two years earlier. In terms of nights, foreign guests spent a total of over 27 million, the average per guest rising to nearly 3.5 nights in 2013.

Hotel apartments recorded 2.1 million non-UAE national registrations in 2013 spending 11.5 million nights i.e. an average of 5.4 nights each. The growth in the use of hotel apartments has been higher than for hotels, reflecting in part the growth of the expatriate community in the emirate.

The growth in hotel apartments has been higher than for hotels

Figure 19: Registrations and Nights on Non-UAE Nationals in Hotels and Apartment Hotels in Dubai, 2011-2013 (million)

Year	Hotels		Apartment Hotels	
	Guests	Guest Nights	Guests	Guest Nights
2011	6.6	21.6	1.6	8.5
2012	7.1	24.4	1.9	10.3
2013	7.9	27.3	2.1	11.5
Average annual % change 2011-2013	9.5	12.4	16.0	15.9

Source: Department of Tourism & Commerce Marketing through the Dubai Statistics Center, Government of Dubai

80 UNWTO World Tourism Barometer, Volume 12. August 2014

81 <http://www.statista.com/statistics/284636/visitor-arrivals-in-dubai-from-international-destinations/>

Analysis by nationality grouping of Dubai's hotel guests shows that in 2013 the three broad groupings of Arab countries other than the UAE, Asia and Africa combined, and Europe are broadly equal in respect of the generation of guest nights in hotel apartments but Europeans dominate hotel nights, totalling just under 11 million i.e. two-out-of-every-five non-UAE national guest night spent in Dubai's hotels.

Figure 20: Breakdown by Nationality Grouping of Dubai Hotel and Hotel Apartments Guests, 2013

Region of Nationality	Hotels		Apartment Hotels	
	Guests	Guest Nights	Guests	Guest Nights
UAE	0.8	1.7	0.2	1.1
Other Arab Countries	2.2	6.9	0.9	3.9
Asian and African Countries	2.3	7.0	0.6	3.5
European Countries	2.4	11.0	0.5	3.2
American Countries	0.6	1.7	0.1	0.7
Oceanian Countries	0.3	0.7	a	0.2
TOTAL	8.6	29.0	2.4	12.5

Note: a = less than 50,000. Columns may not aggregate to given totals owing to rounding

Source: Department of Tourism & Commerce Marketing through the Dubai Statistics Center, Government of Dubai

The total contribution of travel and tourism to GDP is forecast to rise by 4.5% in 2014

The WTTC study⁸² found that the direct contribution of Travel & Tourism to the UAE's GDP was AED56.5 billion (EUR11.7 billion) in 2013. It is forecast to rise by 4.7% in 2014, and by a further average annual rate of 3.1% over the following decade, reaching AED80.1 billion (EUR16 billion) in 2024. It will maintain its contribution to total GDP at 4% over the period.

Travel and tourism's total contribution to employment was 9.1% (i.e. 496,500 jobs)

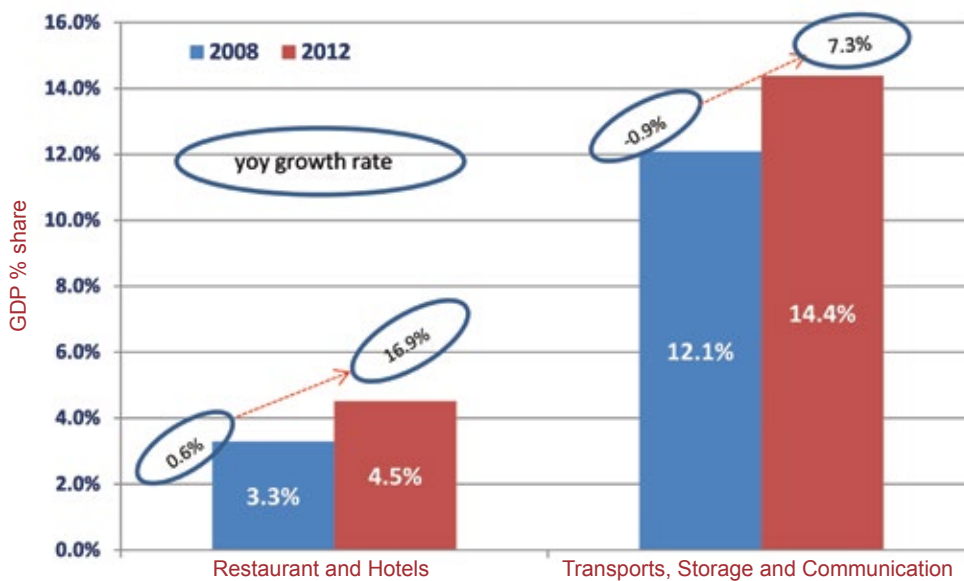
Adding in indirect contributions, the total contribution of Travel & Tourism to GDP was AED117.4 billion (EUR24.3 billion) in 2013, and is forecast to rise by 4.5% in 2014, and by a further average annual rate of 3.2% to AED167.4 billion (EUR33.5 billion) in 2024. The sector's total contribution to the UAE's GDP will rise from 8.4% in 2013 to 8.5% in 2024.

In 2013 Travel & Tourism directly supported 291,500 jobs (5.3% of total employment) in the UAE. This is expected to rise by 5.7% in 2014 and at an average annual rate of 1.8% over the period to 2024 reaching 369,000 jobs (i.e. 5.5% of total employment). Taking account of jobs indirectly supported by tourism, the total contribution of Travel & Tourism to employment was 9.1% of total employment (i.e. 496,500 jobs) in 2013. This level is expected to rise by 5.3% in 2014 to 523,000 jobs and thereafter at an average annual rate of 1.8% to 626,000 jobs in 2024 (i.e. 9.3% of total employment in the UAE).

⁸² Travel and Tourism Economic Impact 2014: United Arab Emirates. World Travel and Tourism Council. https://www.google.co.uk/?gws_rd=ssl#q=WTTC+United+Arab+Emirates+report

Dubai plays a leading role in the UAE economy accounting for a two-thirds share, with Abu Dhabi having 16% and Sharjah 10%⁸³. The performance of Dubai's tourism related sectors such as restaurants and hotels - and transport, storage and communication is illustrated in Figure 21. The restaurants and hotels sector has increased its share of Dubai's economy from 3.8% in 2008 to 4.5% in 2012, with a rise in 2012 of almost 17% over the previous year. The transport, storage and communication sector's share in Dubai's GDP rose to 14% in 2012, up from 12% in 2008⁸⁴.

Figure 21: Dubai Tourism Related Sectors



Source: Dubai Chamber based on Dubai Statistics Centre database

The official body responsible for planning and supervising the development of tourism in Dubai is the Department of Tourism and Commerce Marketing (DTCM). It is organised in separate sections to allow its customers – travel trade, the investor, visitor (business and leisure) and other government agencies - to interact with it efficiently to transact information and business. It issues legislation, instructions and policies to govern and regulate the tourism industry in Dubai⁸⁵.

DTCM is the official body responsible for funding and developing tourism in Dubai

The Tourism Affairs Department of the DTCM formulates cohesive policy, strategy and planning frameworks underpinning the aspiration of DTCM's vision of making Dubai the leading tourism destination in the world. Its strategies are designed to ensure sustainable and prosperous tourism for Dubai in coordination with DTCM's top management, employees, stakeholders as well as various tourism organisations. In addition, it is also responsible for further development and systematic and effective implementation of DTCM's Strategic Plan. The Department also creates an integrated network between DTCM and its stakeholders, industry partners and leaders by providing strategic and research information.

Strategies are designed to ensure sustainable and prosperous tourism growth for Dubai

83 Dubai Chamber analysis forecasts strong growth in UAE tourism sector. May 2014. www.dubaichamber.com/en/news/dubai-chamber-analysis-forecasts-strong-growth-in-the-UAE-tourism-sector

84 Ibid

85 Dubai Department of Tourism and Commerce Marketing. <http://www.dubaitourism.ae/>

The Projects Team of the DTCM is responsible for:

1. Maintaining and/or upgrading existing tourism facilities, including the Dubai Museum, Heritage and Diving Village, Sheikh Saeed House, Obaid Bin Thani House, Ahmadia School, Heritage House, Hatta Village, Umm Al Sheef Majlis, Cruise Terminal Building, Naif Museum, Information Offices and the emirate's archaeological sites among others,
2. Identifying and constructing new projects that would benefit the tourism industry within Dubai.

Target is to double
annual visitor
numbers to 20 million
by 2020

Travel and tourism is a key thrust area of the Dubai Strategic Plan (2015). It is recognised as being one of Dubai's strongest sectors by international standards and one that is highly conducive to future global growth⁸⁶. Dubai's Tourism Vision for 2020⁸⁷ sets out how the city will both double its annual visitor numbers from 10 million in 2012 to 20 million in 2020, and increase the economic contribution of the tourism sector.

The target of 20 million visitors will be achieved through meeting a number of objectives⁸⁸.

1. Maintaining existing market share of outbound tourism from all source markets,
2. Increasing awareness and consideration to visit in a number of source markets identified by DTCM as having significant potential for growth, such as Latin America, China and the emerging economies of Africa,
3. Increasing the number of repeat visits, already a significant driver for tourism in the city.

The strategy behind the Vision will further leverage a sector which has been a central pillar in the city's economic growth, success and diversification. It is based upon two central tenets⁸⁹:

1. To widen the range of tourism offerings across events, attractions, infrastructure, services and packages and to enhance the overall visitor experience from arrival to departure,
2. To adapt the marketing approach in order to showcase Dubai to a wider audience and grow the conversion rate of awareness to bookings.

There are a range of initiatives being put in place designed to attract more visitors to the city and encourage them to stay longer and spend more money during their visit.

DTCM is to act as a facilitator of growth, harnessing the collective power of stakeholders in the city and deepening engagement with parties outside of Dubai, so that the vision is delivered.

86 Dubai Strategic Plan (2015).

87 Dubai New Tourism Vision for 2020. June 2013. www.businessstoday.lk/cover_page.php?issue=263

88 Ibid

89 Ibid

In January 2014, a law was issued establishing the Dubai Corporation for Tourism and Commerce Marketing (the Corporation). The Corporation will be headquartered in Dubai. It will report to, and operate as an affiliate of DTCM, which remains the authority responsible for the planning, development, supervision and regulation of the tourism sector.

Dubai Corporation for Tourism and Commerce Marketing was established in January 2014

The Corporation's field of responsibility is the promotion and marketing of the Emirate of Dubai. The decree states that the Corporation's mandate includes:

- promoting the Emirate as a prime destination for tourism, entertainment and events,
- promoting the Emirate's credentials for global business, with essential facilities, infrastructure, events and expertise required to facilitate trade,
- attracting regional and international businesses to establish offices in the Emirate.

In order to achieve its goal of increasing inbound travel and trade, the Corporation will work to:

- establish partnerships with public and private sector organisations in Dubai's tourism and commerce sectors,
- foster trade relations with local, regional and international companies within relevant industries.

In launching Dubai Tourism Vision 2020, the UAE Vice President, Prime Minister and Ruler of Dubai stressed the importance of the partnership approach with other government departments and institutions working with each other and alongside the private sector in developing tourism in order to strengthen Dubai's macroeconomic capabilities. The partnership between the government and private sectors has been central to Dubai's past success and will remain vital in achieving the goals for the tourism sector to 2020.

The partnership between Government and private sector has been central to Dubai's past success

The DTCM vision for tourism is to position Dubai as the leading tourism destination and commercial hub in the world.

Vision is to position Dubai as the leading tourism destination and commercial hub in the world

Its mission is to strengthen the Dubai economy via:

- the development of sustainable tourism,
- the provision of a unique visitor experience combining quality service and value for money,
- innovative promotion of Dubai's commercial and tourism opportunities,
- further development of partnerships with its industry stakeholders.

The Dubai Corporation for Tourism and Commerce Marketing will be given an annual budget by the Government of Dubai. It will also levy a fee – the Tourism Dirham – on a per night basis on stay in hotels, hotel apartments and other short term stay facilities i.e. between AED7 (EUR1.5) and AED20 (EUR4.3) per room, per night. It will generate other funds through, inter alia, commercial sponsorship, joint promotions, subscription to events it organises, and installing show platforms for public and private entities.

There are three key areas of focus to achieve the goal of diversification

There are three key areas of focus to achieve the goal of diversifying both the range of products/experiences offered and the source markets attracted to Dubai⁹⁰:

1. The family market. DTCM's strategy is to position Dubai as the must-experience family destination by expanding the existing attractions, events and experiences catering for families. This includes creating segmented packages and tailored offerings that maximise the use of the city, desert and coastline e.g. by effectively marketing the historic and cultural sites, world class sporting facilities, and cruise industry capabilities,
2. Event destination. The aim is to move from the hub for regional events to a global events and entertainment destination. The successful bid for EXPO 2020 is a major achievement towards this goal,
3. Business visitors. Already the Meetings, Incentives, Conferences and Exhibitions (MICE) capital of the region, DTCM is working with the industry to improve the business tourism offer to make Dubai the easiest and most effective place to do business.

In order to promote the Dubai brand, the Corporation is establishing and operating representative offices in key markets around the world, taking responsibility for the commercial marketing of Dubai and its tourist facilities, resorts, products and services through:

- advertising,
- event organisation,
- festivals, exhibitions, entertainment and commercial shows,
- social media, digital marketing and other means of communication.

The market segments being targeted by Dubai are:

- cruise tourism,
- business tourism,
- sports tourism,
- ecotourism,
- healthcare tourism,
- spa tourism,
- education tourism.

⁹⁰ Mohammed bin Rashid approves Dubai's new tourism vision for 2020. May 2013. www.breakingtravelnews.com/news/article/mohammed-bin-rashid-approves-dubais-new-tourism-vision-for-2020

Dubai's top ten source markets have remained the same over the past two years, namely:

- Saudi Arabia,
- India,
- United Kingdom,
- United States,
- the Russian Federation,
- China,
- Iran,
- Oman,
- Kuwait,
- Germany.

Consolidating growth in these markets with particular focus on China (which recorded a 26% rise in arrivals in the first half of 2014) and the Russian Federation (with the launch of flydubai's direct service from Moscow in September 2014, bringing the airline's operations to nine centres in the Russian Federation) are priorities. Other goals are exploiting the potential of Brazil (to which an office was opened in 2013), Australia and European countries. The nationals of all European Union countries now have visa free entry to Dubai.

Dubai maintains tourism offices in all major tourist generating markets i.e. United States, United Kingdom & Ireland, France, Germany, Italy, Nordic Countries, Switzerland & Austria, the Russian Federation, CIS & Baltic States, Kingdom of Saudi Arabia (Jeddah & Riyadh), South Africa, India, China (Beijing, Shanghai & Guangzhou), Far East (Hong Kong, Japan), Australia & New Zealand and South America (Brazil).



The Egypt Tourism Sector

Since civilian protests started in January 2011, tourist arrivals have fallen in each successive year

Egypt received 9.2 million international tourists in 2013, a fall of over one-third from the peak year of 2010 when the level of visitation exceeded 14 million. Since civilian protests started in Egypt in January 2011, tourist arrivals have fallen in each successive year, and figures for the first half of 2014 show that the trend is continuing with a fall of over 25% compared with the period January-June 2013⁹¹.

International tourism receipts have been similarly affected by the political unrest in Egypt. In 2013, receipts totalled US\$6 billion (EUR4.6 billion), less than half the level of 2010. In local currency terms, the fall was over 39% in 2013 and the results for the first quarter of 2014 show a further fall of 37% over the corresponding period of 2013⁹².

The World Travel and Tourism report on Egypt⁹³ found that the direct contribution of Travel & Tourism to GDP was EGP96.8 billion (EUR10.5 billion), 5.6% of total GDP, in 2013. This level is forecast to rise by 1.9% in 2014, and by a further annual rate of 4.9% between 2014-2024. By 2024, the direct contribution of Travel and Tourism is forecast to reach EGP158.6 billion (EUR17.3 billion), equivalent to 5.5% of total GDP.

Total contribution of travel and tourism to GDP in 2013 was 12.6%

The total – direct and indirect - contribution of Travel & Tourism to GDP in 2013 was EGP217.1 billion (EUR23.6 billion), contributing 12.6% of total GDP. This level is forecast to rise by 1.1% in 2014, and by a further 4.9% a year to EGP353.2 billion (EUR38.5 billion), 12.2% of GDP, in 2024.

In 2013, travel and tourism supported 1,251,000 jobs

In 2013 Travel & Tourism directly supported 1,251,000 jobs (5.1% of total employment). This is expected to rise by 2.4% in 2014 and rise by 2.5% per annum to 1,648,000 jobs (5.2% of total employment) in 2024. In 2013, the total contribution of Travel & Tourism to employment, including jobs indirectly.

The Ministry of Tourism has the overriding role in tourism development

The Ministry of Tourism has the overriding policy role in tourism development. The Ministry of Tourism is divided into four main branches:

- the Egyptian Tourism Authority (ETA),
- the Tourism Development Authority (TDA),
- the Egyptian Tourism Federation (ETF),
- the Council for Sustainable Tourism (CST).

91 UNWTO World Tourism Barometer, August 2014

92 Ibid

93 Travel and Tourism Economic Impact 2014: Egypt. World Travel and Tourism Council. www.wttc.org/~media/files/reports/.../egypt2014.ashx

The ETA was established by Presidential Decree in 1981. It is a public sector body, under the auspices of the Ministry of Tourism, responsible for marketing Egypt as a tourism destination. Though the ETA's primary role is marketing, it does undertake some development-related initiatives from time to time. For example, in 2008, it initiated a spa and wellness marketing and standards consortium. The Tourism Development Authority is charged with the development of tourism in state lands.

The Tourism Development Authority is charged with developing tourism in state lands

The Ministry of Tourism's 2008 National Sustainable Tourism Strategic Plan (NSTSP) outlines the Government's strategy and plan for rapid growth of the tourism sector to reach 20 million international tourist arrivals by 2020. Recent political events have placed the realisation of the goals to develop and diversify the Egyptian tourism economy under severe threat. The focus is presently on emergency measures to attract tourists back to the country, and to convince the tourist markets and the insurance companies through which tourists arrange their travel cover, about the country's security.

The Vision of the NSTSP⁹⁴ is for:

"[a] mature, sustainable and responsible tourism industry contributing significantly to the economic development of Egypt and the quality of life of people".

The focus is on emergency measures to attract tourists back to the country

The NSTSP's objectives are stated as:

1. Ensure an appropriate institutional framework,
2. Ensure easy access, safety and security,
3. Expand the product base,
4. Provide the necessary infrastructure and superstructure,
5. Improve the quality of service,
6. Promote the product to the market.

The events of the past three years has severely disrupted the implementation of the NSTSP. The Egyptian Government has sought to restore Egypt's position through an emergency plan comprising, inter alia:

The Egyptian Government has sought to restore Egypt's position through an emergency plan

- hosting nighttime events for international tourism companies in the leading tourist regions of Luxor and Aswan,
- airfare reductions and airline fee exemptions to promote the provinces of the Red Sea and South Sinai,
- invitation to international figures and artists to contribute towards the promotion of tourism and building trust in Egypt as a tourism destination,
- heavy use of innovative technologies e.g. a smartphone app launched by the ETA offering travellers an index of 412 destinations and attractions, a new broadcasting service – Egypt Now – featuring live streams of major tourists areas and archaeological sites across the country⁹⁵,
- providing travel insurance through Egyptian companies if travellers are unable to obtain cover from firms in their own country,

94 National Sustainable Tourism Strategic Plan. Phase 2: Strategic plan for the year 2020. Arab Republic of Egypt Ministry of Tourism. (2009).

95 Egypt – the point of no return? <http://wtcc.org/global-news/articles/2013/dec/egypt-the-point-of-no-return/>

- rehabilitating the services and facilities around the Giza Pyramids area, including lighting and electronic surveillance cameras, a repair and maintenance programme, the provision of mobile toilets, and improved vetting and regulation of vendors, tour guides, photographers, camel and stagecoach owners⁹⁶.

The ETA is structured with a Chairman and Board of Directors appointed by, and answerable to, the Minister of Tourism. There are five divisions within the organisation with departments responsible for planning, technical, finance, domestic, and international.

The ETA Board consists of 13 members, as follows:

- Chairman, appointed by the Minister of Tourism,
- one delegate from the Ministry of Tourism appointed by the Minister of Tourism,
- one delegate from the Ministry of Transportation appointed by the Minister of Transportation,
- Head of the Civil Aviation Authority,
- one delegate from the Ministry of Culture to be appointed by the Minister of Culture,
- Head of the Chamber of the Egyptian Federation for Tourism (private sector),
- Head of the Chamber of Companies, Tourism and Travel Agencies (private sector),
- Head of the Hotel Chamber (private sector),
- Head of the Chamber of the General Tourism shops (private/public sector),
- Head of the Chamber of the Tourism Commodities shops (private/public sector),
- three (3) members who have an interest in tourism activities, appointed by the Minister of Tourism.

The distinction between public and private sector is often blurred

In the Egyptian tourism sector the distinction between public and private is often blurred, as 'private' companies can sometimes belong to the governing military elite, or those closely associated with it. As a result the ETA enjoys fairly strong support from the various tourism federations evidenced by a large presence at main trade shows.

Marketing alliances are often made with tour operators and airlines, generally negotiated by market offices and then endorsed by the Board. A well known example is the Red Sea Riviera advertising campaign, which has received financing by major United Kingdom tour operators from time to time. At the present time, however, such partnerships are on hold because of the uncertainty that UK operators feel about investment in Egypt.

ETA states its objectives as:

1. Evaluation of the Egyptian tourism product,
2. Set up plans and programmes for tourism promotion,
3. Set up tourism attraction themes, domestic and international, by all means,

⁹⁶ Egypt seeks to revive Giza pyramids tourism. http://al-shorfa.com/en_GB/articles/meii/features/2014/04/23/feature-03

4. Assist travel agents and tourism establishments by supplying them with marketing and technical themes related to the tourism promotion field.

ETA outlines its roles as being:

- to raise the percentage of international tourist movement to Egypt,
- to focus on promoting the image of Egyptian civilisation, modern development and the various tourism products,
- to solve all the problems facing tourism development,
- to encourage domestic tourism and raise tourism awareness.

ETA's annual marketing budget is US\$40 million (EUR30 million), handled by an international advertising agency. The overall budget is estimated at over US\$70 million (EUR52 million). However, it has been announced that the ETA marketing budget is to be cut by 25%. It will reduce its participation in international and regional tourism exhibitions, but continue to take part in international tourism bourses⁹⁷.

ETA's overall marketing budget is estimated at US\$70 million

Funding for ETA comes mostly from the Egyptian state and includes revenues from some state-owned tourism enterprises. Specific promotions such as travel shows receive contributions from those participating. Amounts raised vary considerably depending on the negotiating ability of overseas office managers and/or the extent of Ministerial support.

Funding for ETA mostly comes from the Egyptian state

Egypt's National Sustainable Tourism Strategic Plan outlines a detailed marketing strategy focusing on growing both:

- high-volume, low-spend tourism in the Red Sea coastal resort areas,
- low-volume high-spend tourism in those areas where the main attractions are the historic and cultural heritage features.

Achieving the optimal balance between these two diverse segments is vital, especially obtaining sufficient volumes of the higher spend tourists to counteract the steadily declining spend per visitor over the past decade.

A very wide range of products was examined, prioritising those which could deliver significant numerical and spending growth. These included:

- culture,
- beaches,
- nightlife,
- diving,
- golf,
- yachting,
- desert adventures,
- meetings, incentive, conferences and exhibitions (MICE),
- vacation homes,
- Nile cruises,
- Coptic/Islamic tourism.

⁹⁷ Euromoney Conference: ETA marketing budget to be cut by 25%. <http://www.dailynewsegypt.com/2014/09/16/euromoney-conferences-eta-marketing-budget-slashed-25/>

Heritage tourism built around Pharaonic past is the cornerstone of Egypt's image

Heritage tourism built around Egypt's Pharaonic past is the cornerstone of Egypt's image and is vital for the regional distribution of tourists. However, significant site management problems related to volumes and site sensitivity are acknowledged, and actions are being implemented to upgrade facilities and improve security.

A more long term view of branding is now being adopted

Tourism on the Red Sea has long ago surpassed tourism to the Nile Valley, and even Cairo was seeing declining interest from its priority Arab markets before the disturbances of the past three years. Since 2011 political events have forced a more tactical approach to marketing, with a strong emphasis on beach tourism away from cities where there has been civil unrest.

Egypt's destination brand was developed by JWT International in 2009. It presents Egypt as the source of life-enriching personal experiences for the visitor. The campaign slogan is "Egypt, where it all begins" and the visual image relates to the name Egypt with the use of the Pharaonic ankh symbol. In the past there have been many changes to campaign slogans and imagery, although a more long term view of branding is now being adopted.

ETA appoints a single global advertising agency which presents proposals for its global campaigns involving a wide mix of 'above the line' and 'below the line' activity. Prior to the protests and regime changes, the emphasis was on the former (i.e. high profile advertising campaigns using mass media viewed in key target cities). In addition, market offices boost this through specific activities, for example underground train and station advertising in the months prior to, and following, events such as the World Travel Market in London in November, or on site advertising at ITB Berlin (in early March) or MITT Moscow (also in March, but later in the month than ITB).

Public relations agents in ETA's main markets focus activity around trade fairs when large Egyptian industry delegations and the Tourism Minister attend. Intensive efforts are made to woo tour operators and travel agents. These promotions generally involve both in-show press receptions and off-site receptions/banquets to which tour operators and travel professionals are invited in order to maintain brand loyalty.

ETA maintains a range of websites and social media sites

ETA maintains a range of websites and social media sites. These include the main ETA site <www.egypt.travel> as well as linked Facebook <www.facebook.com/experienceegypt> and Google+ sites, and the ETA's own YouTube site: <<http://www.youtube.com/Egypt>> which offers extensive and varied video coverage, including Russian language videos and advertising. The extent to which these are integrated with the Egypt tourism brand varies, as does the extent of social media targeting undertaken from year to year.

The present focus of ETA marketing is on:

- co-marketing campaigns with tour operators organised through overseas offices,
- familiarisation trips for media representatives,
- social media and digital marketing (e.g. YouTube, TripAdvisor, live cams in the Red Sea area),
- incentive charter programme whereby a subsidy is provided by the Egyptian Government if flights fall below a set load factor.

ETA's priority target markets are, in rank order:

1. The Russian Federation (which has been accounting for over 20% of arrivals in the past five years),
2. United Kingdom,
3. Germany,
4. Italy,
5. France,
6. United States,
7. Gulf States (Saudi Arabia, Iraq, Palestine, Syria).

Egypt is also seeking to develop the emerging markets of China and India, focusing on cultural segments in those markets.

The Ministry of Tourism recognises that Egypt attracts predominantly the mass beach segment i.e. low-mid-income households of US\$10,000 – 50,000 (EUR7,500 – 37,500) with daily spending of between US\$60 – 65 (EUR44 – 48). This segment is estimated by the Ministry of Tourism to comprise 70% of the country's tourists. However, it is targeting a diversified range of segments, as follows:

1. Red Sea and Sinai beach resort tourism for families,
2. Gulf markets wanting high grade beach resort accommodation, with average daily spending of US\$110 – 125 (EUR81 – 93),
3. 50+ Classic Nile Cruise/Luxor,
4. Niche markets e.g. adventure – Western Desert, wellness and spa, golf.

Egypt is seeking to “unbundle the branding”, according to the Ministry of Tourism. In European markets, it is concentrating on its position as a destination rich in cultural heritage, guided by the strategies of countries with similar attributes, like Spain and Italy. For Eastern European markets, the focus is on sun and sea, through improving access, keeping costs down and creating more entertainment. For Gulf country tourists, there are two elements: the deluxe beach product, and cultural experiences.

ETA has 37 offices in Egypt, and 17 in major overseas tourist generating markets – 9 in Western Europe as well as in Poland, the Russian Federation and Turkey, the United States, three leading Asian markets, and South Africa. The offices in Switzerland, Canada and Japan have been closed as tourists numbers from those countries fell below 100,000 last year.

The Ministry of Tourism is targeting a diversified range of segments



The Thailand Tourism Sector

With 4.7 million arrivals in 2013, China was Thailand's main market

Thailand received a total of 26.7 million international visitor arrivals in 2013, exceeding the year's original target of 26.1 million, and representing a 19.6% increase over the 22.4 million attracted in 2012. China was the leading source market with 4.7 million arrivals, (a 69% rise over 2012). Thailand is now the 11th largest tourist receiving country. Between 2008 and 2013, the average rate of growth in arrivals was almost 14% a year, largely fuelled by the near sixfold increase over the period of Chinese visitors.

Receipts from international tourism rose by 23% in local currency terms in 2013 to reach US\$42 billion (just under EUR32 billion), the largest increase of any destination in the year. Since 2010, Thailand's tourism receipts have doubled representing an average annual rise of 28% (in US dollar terms)⁹⁸.

Travel and tourism contributes to 9% of Thailand's GDP

According to the World Travel and Tourism Council (WTTC), in 2013, travel and tourism made a direct contribution to the country's GDP of THB1,074 billion (EUR25 billion), 9% of total GDP, a level that rises to over THB2 trillion (EUR48 billion) by 2024. The contribution of the sector to Thailand's GDP will rise to 10.4% of GDP by 2024, though when indirect impacts are included the contribution increases to over 22%. Travel and tourism employment amounted to 2.6 million direct jobs in 2013 (over 6% of total employment) and 6 million total jobs (15% of all employment). Though Thailand's tourism economy is forecast to stagnate in 2014, WTTC forecasts average annual increases from 2014 to 2024 of between 6.4% and 6.7% for travel and tourism's economic contribution with employment rising by between 4.4% a year (direct and indirect combined) and 4.9% a year (direct). By 2024, over 20% of jobs in Thailand will be in, or related to, the travel and tourism industry i.e. 8.7 million⁹⁹.

The Ministry of Tourism and Sports of the Kingdom of Thailand has the primary responsibility over tourism and sports. Though it is charged with the promotion of the tourism industry, this role is fulfilled by the Tourism Authority of Thailand.

National Tourism Development Plan aims to increase tourism income during 2011-2016

Thailand's National Tourism Development Plan, approved by Cabinet in 2011, has the objective of moving Thailand's tourism competitiveness up at least 15 places, which would put it among the top five destinations in Asia. The plan also intends to increase tourism income by at least 5% during the five-year period, 2011-16.

⁹⁸ UNWTO World Tourism Barometer, August 2014.

⁹⁹ Travel and Tourism Economic Impact 2014 Thailand. World Travel and Tourism Council. <http://www.wttc.org/focus/research-for-action/economic-impact-analysis/country-reports/>

In order to achieve this aim, five strategies have been set for implementation:

1. To develop infrastructure and logistics, linking with domestic and international tourism,
2. The development and rehabilitation of tourism sites and improvement of various rules and regulations to enhance the country's potential for accommodating more tourist arrivals,
3. The development of the creative economy, which is the focus in the 11th National Economic and Social Development Plan, 2012-2016. New products and services will be launched, while incentives for tourism trade and investment will be offered and human resource development will be emphasised,
4. The creation of confidence in Thailand's good image among visitors, so that the country will welcome a greater number of tourists who will spend more in Thailand,
5. The participation of the public sector, civil society, and local administrative organisations in tourism management¹⁰⁰.

A key focus of the country's tourism development policy is sustainable development through the integrating organisation DASTA (Designated Area for Sustainable Tourism Administration). It was set up in accordance with the Government's policy to develop tourism in order to increase and distribute income to local communities with the roles defined for DASTA as:

- integration of the administration and development of the selected areas,
- central planning organisation,
- coordination with localities to promote and develop areas with tourism potential,
- mobilise personnel, budgets and tools, as required,
- promote the use of modern management methods.

The Tourism Authority of Thailand (TAT) is the agency responsible for the marketing and promotion of tourism to Thailand, as well as domestic tourism. Established in 1980, TAT:

- supplies information and data on tourist areas to the public,
- promotes travel to, in and around Thailand,
- conducts studies to set development plans for tourist destinations,
- co-operates with and supports the production and development of personnel in the field of tourism.

Government's policy is to distribute income to local communities

Tourism Authority of Thailand (TAT) is the agency responsible for the marketing and promotion of tourism to Thailand

¹⁰⁰ Thailand's National Tourism Development Plan. http://www.thaiembassy.sg/press_media/news-highlights/thailand%E2%80%99s-national-tourism-development-plan

In a 2011 TAT- Pacific-Asia Tourism Association (PATA) conference five key areas of focus were identified for future branding campaigns. These are¹⁰¹:

- Thainess as conveyed through the spirit of welcome, the celebration of festivals, and cultural products such as Muay Thai boxing and Thai food,
- wellness encompassing spas, health, rejuvenation and meditation as the main themes,
- natural environment featuring the mountain, jungle and beach landscapes as physical experiences,
- listing on the PATA Thailand Chapter online member directory, support from a highly respected global organisation that stands up for the travel and tourism industry in both the good times and bad,
- value for money when it comes to the range of quality experiences that Thailand offers.

TAT launched a new marketing strategy for the country in 2013, focused on driving the tourism sector up the value chain and boosting revenues as much as attracting greater volumes of visitors. There is a renewed emphasis on Thai culture and selling the country as a quality destination. The core theme of the strategy has been dubbed “Higher Revenue through Thainess”. TAT’s Unique Selling Proposition (USP) is the ‘Charm of Thainess,’ especially the ‘Thai Experience,’ ‘Thai Way of Life,’ and ‘Thai Culture.’

The marketing budget for TAT for fiscal year 2014 is THB1.5 billion (EUR35 million) though marketing activities are under review as a consequence of political uncertainties in the country¹⁰².

The key elements of its 2014 policy and marketing plan are as follows¹⁰³:

- promote the tourism industry to be an important instrument in tackling the country’s economic problem, creating jobs for people as well as increasing income for the country, making tourism play a vital role in the development of the quality of life in all regions of Thailand in line with government policy,
- design and undertake proactive marketing strategies to increase both new markets and niche markets. This is in order to attract more quality tourists to visit Thailand. At the same time, domestic travel for Thais is being strongly encouraged,
- develop a clear positioning for Thailand as a tourism destination,
- promote cooperation in all levels, domestically and internationally, on promotion for the development of tourism markets. This aims to get rid of all hindrances in the tourism industry and pave the way for Thailand to be the tourism hub of Southeast Asia,
- aim at organisational and management development, as well as development of the human resources’ ability, to create a capable driving force in marketing tourism to Thailand,

101 Thailand Tourism Marketing – Mapping the future forum provides insights into keeping Thailand competitive as a tourist destination http://www.pata-thailand.org/mapping_future_keep_thailand_competitive.html

102 TAT adjusts tourism promotion distribution plan. January 2014. <http://www.thaivisa.com/forum/topic/700315-tat-adjusts-tourism-promotion-budget-distribution-plan/>

103 TAT Policy and Marketing Plan <http://www.tourismthailand.org/about-tat/policy-marketing-plan>

- accelerate the development of a tourism technological system for accommodating business activities information (E-Tourism) on the Internet, including the conduct of electronic commerce and applying information technology in marketing.

TAT is aiming to increase the proportion of visitors in the US\$20,000-to-\$60,000 (EUR15,000 to 45,000) income range from 30% to 40% in 2014. To this end, it is developing more luxury tourism products and working to bring in more middle-to-high income visitors from growing markets such as Turkey, Eastern Europe, Africa and the Gulf, as well as building on core markets in Western Europe.

The fastest growing tourism markets for Thailand in 2014 will be China and the Russian Federation, with substantial populations that are increasingly keen to travel abroad. Most visitors from these countries tend to be in the low-to-medium-income tourism segments, and in order to boost arrival numbers and earnings, Thailand needs to start attracting more well off tourists from top emerging markets¹⁰⁴.

Since the inception of the first local office of TAT in Chiang Mai in 1968, there are now 35 regional offices throughout Thailand. TAT has also established many overseas offices the first being in New York, which was opened in 1965. During the past 30 years, TAT has established 15 more offices in different parts of the world.

104 Thailand targets new source markets for tourism. <http://www.imtj.com/news/?entryid82=431371>



The United States Tourism Sector

USA is the leading country for international tourism receipts

The United States is the second largest tourist receiving country in the world (after France) but the leading country for international tourism receipts – 14.5% of the world total in 2013.

It recorded 69.8 million arrivals in 2013. The average annual growth rate in international arrivals between 2009 and 2013 was 6%, though the 5% fall in the level of arrivals in 2009 over 2008 reduces the annual growth rate to 3.7% over the extended period of 2008 to 2013.

Spending of tourists to, and within, the United States amounted to US\$173 billion (EUR130 billion) in 2013, making it the leading country in terms of tourism receipts. The average annual growth between 2008 and 2013 was almost 10%¹⁰⁵.

Tourism in the USA generates 8 million jobs

Tourism contributes 2.8% of GDP in the United States and generates 8 million jobs (of which 5.7 million are direct tourism sector jobs). Travel and tourism sales amount to US\$1.51 trillion (EUR1.12 trillion), with US\$900 billion (EUR667 billion) being direct sales¹⁰⁶.

The United States is highly decentralised with respect to travel and tourism, with public authorities managing it at national, regional, state and local levels. It is not federally regulated as a distinct industry though parts of it – e.g. transport – are. The official source of statistics for tourism and the role of working for the enhancement of the competitive position of the country in travel and tourism rest with the National Travel and Tourism Office within the International Trade Administration of the United States Department of Commerce.

The process of policy deliberation at the Department of Commerce includes the United States Travel and Tourism Advisory Board (made up of appointed travel and tourism private sector representatives) and the Tourism Policy Council (an interagency committee whose function is to coordinate national policies and programmes relating to travel and tourism, recreation and national heritage resources that involve federal agencies).

Task Force goal to attract 100 million international visitors a year by 2021

In January 2012, President Obama issued an Executive Order calling for a Task Force on Travel and Competitiveness charged with developing a National Travel and Tourism Strategy to be implemented through the Tourism Policy Council.

¹⁰⁵ UNWTO Tourism Barometer, October 2010 and August 2014

¹⁰⁶ Fast Facts: US Travel and Tourism Industry 2013. International Trade Administration, Industry and Analysis, National Travel and Tourism Office. April 2014 http://travel.trade.gov/outreachpages/download_data_table/Fast_Facts_2013.pdf

The goals set are for 100 million international visitors spending US\$250 billion (EUR185 billion) a year by 2021. The five key areas identified for the United States to address were:

- destination promotion,
- enabling and enhancing travel and tourism to the United States,
- providing world class customer services and visitor experiences,
- coordinating across government,
- conducting research and measuring results.

The establishment of Brand USA addresses the first of the areas identified in the President's Executive order - details of Brand USA are given in Chapter 4; while improvements to visitor entry arrangements are meeting the second issue e.g. new visa adjudicator positions have been established in key markets like China with expanded visa processing facilities so that 90% of applicants are interviewed within three weeks of applying¹⁰⁷.

Brand USA is the Corporation for Travel Promotion of the United States, a public-private marketing entity, created in 2010 which began operations in May 2011. It works in close partnership with the travel industry to maximise the economic and social benefits of travel in communities around the country. Its purpose is to promote travel to the United States from all over the world, and its mission is to stimulate increased international visitation to the United States, thereby growing the country's share of the global travel market. Through its call-to-action, Discover America, Brand USA seeks to encourage and inspire travellers to explore the United States.

The mission of Brand USA is to encourage increased international visitation to the United States and to grow America's share of the global travel market. In doing so, the aim is to bring millions of new international visitors who spend billions of dollars to the United States, creating tens of thousands of new American jobs.

The mission of Brand USA is to encourage increased international visitation

The Corporation for Travel Promotion/Brand USA is a non-profit Corporation that generates its income on a matching funding principle. Up until the end of fiscal year 2014/15 (i.e. ending September 2015), US\$10 out of every US\$14 dollars charged for Electronic System for Travel Authorisation paid by international travellers coming to the United States from countries under the Visa Waiver Programme is made available to the Corporation – up to US\$100 million, provided matching funds are forthcoming from travel and tourism sources. For the ESTA income to be continued beyond fiscal 2014/15, reauthorisation will be required from the United States Congress¹⁰⁸.

Brand USA income is generated on a matching funding basis

Brand USA's financial budget for the 2014 fiscal year is based on projected operating revenue of US\$125 million (EUR93 billion), made up of three components:

1. Travel fund proceeds (ESTA) US\$100 million (EUR74 million),
2. Cash contributions from partners US\$20 million (EUR15 million),
3. Sponsorship revenue US\$5 million (EUR3.7 million).

Brand USA's financial budget for 2014 is US\$125 million (EUR93 million)

107 OECD Tourism Trends and Policies 2014. March 2014. OECD. http://www.keepeek.com/Digital-Asset-Management/oe.cd/industry-and-services/oe.cd-tourism-trends-and-policies-2014/united-states_tour-2014-41-en#page5

108 OECD Tourism Trends and Policies 2014. March 2014. http://www.keepeek.com/Digital-Asset-Management/oe.cd/industry-and-services/oe.cd-tourism-trends-and-policies-2014/united-states_tour-2014-41-en#page4

The deployment of these funds is shown in Figure 22. The bulk of the budget is used for activities undertaken with the organisation's partners, with other major share being for consumer advertising.

Figure 22: United States Budget Summary, 2014 Fiscal Year

Component	US\$ million	% of budget
Partnership Services	52.7	42
Consumer Advertising	35.0	28
Global Partnerships	19.3	16
Operations	12.2	10
Marketing Research	3.0	2
Communications and Public Policy	2.7	2
Total	124.8	100

Source: Brand USA

A return-on-investment ratio of 47:1 has been achieved

Research from Oxford Economics commissioned by Brand USA found that its activity had already led to an additional 1.1 million visitors to the United States in 2013 generating additional spending of US\$3.4 billion (EUR2.5 billion). This represents a return on investment ratio of 47:1, with US\$47 (EUR35) returning to United States businesses for every dollar spent on the marketing budget of US\$72 million (EUR53 million). The arrivals increase amounted to a 2.3% increase over the growth that would have occurred without Brand USA's activities¹⁰⁹.

Brand USA theme addresses negative perceptions of country

Alarmed by research findings that found widespread perceptions of the United States as an "arrogant, unwelcoming and predictable nation", the Brand USA theme became the catalyst for creating the necessary shift to that of "a beckoning land of boundless possibilities".

The brand strategy adopted is: "The United States of Awesome Possibilities Welcomes Everyone"

The strategies being adopted as set out in Brand USA's Marketing Plan FY 2013¹¹⁰ are as follows:

- **Relevance:** Increase relevance of Brand USA as the nation's DMO,
- **Leverage/Alignment:** Leverage and align the industry's international marketing efforts,
- **Return on Investment:** Invest in programmes and allocate resources on markets and initiatives that will maximise results,
- **Growth:** Attract partners and stakeholder participation/support to generate cash and in-kind contributions that will fund the work of the organisation to fulfil its mandate,
- **Collaborate:** Collaborate on the development of programs with government and industry stakeholders,
- **Co-op:** Develop co-op opportunities that add, create, or amplify value to stakeholders,

109 The Return on Investment of Brand USA Marketing. 2013 Fiscal Year Analysis. <http://thebrandusa.com/~media/Files/Key%20Dox/2014/ROI%20Results/Brand%20USA%20ROI%20FY2013%20Final.pdf>

110 Brand USA FY2013 Marketing Plan. February 2013. http://www.thebrandusa.com/~media/Files/Key%20Dox/2013/021513%20Brand%20USA%20Marketing%20Plan_February%202013.pdf

- **Content:** Develop unique content that inspires engagement and promotes travel to the United States and which can be repurposed by destinations and travel brands,
- **Digital:** Enhance the content, functionality, and user experience on all digital platforms,
- **Excellence:** Build and organise a results-driven team and a culture that promotes inclusion and diversity, operates with integrity, and recognises and rewards performance,
- **Awareness:** Increase awareness of Brand USA as both a high-value brand and premier travel destination.

The partnership approach is the essence of Brand USA's campaigns. Its focus is on linking with United States agencies and firms to assist in their penetration of overseas markets, using the following programmes:

- **Discover America Global Inspiration Guide:** language specific guides featuring sponsored content,
- **DiscoverAmerica.com:** global website with a variety of programmes designed to drive traffic and referrals,
- **media planning and buying:** Brand USA works with each partner to determine which programmes can be maximised to extend its reach,
- **Brand USA in-country multi-channel programmes:** customised for each country to coincide with Brand USA consumer marketing campaigns using the channels that are most effective in driving prospective travellers to partners,
- **customised in-country marketing initiatives:** partners plans developed through Brand USA's international representative offices,
- **media and travel trade outreach:** through the Brand USA Travel Trade Network, assistance is provided to partners to enable them to target and connect with international travel media,
- **USA Discovery Program:** online training tool to equip source market industry to sell travel to the United States,
- **international tradeshows and missions:** partners can participate on United States Pavilions at Trade shows and on sales mission (e.g. to Hong Kong and China in Fiscal 2014, and China scheduled for October 2014),
- **in-kind support: promotion and contributions:** e.g. inclusion of the Brand USA logo on partner advertising, website etc; provision of ad space to Brand USA; contribute airfare, accommodations etc to support Brand USA events and activities.

The partnership approach is the essence of Brand USA's campaigns

Co-operative programmes to increase penetration in overseas markets

Brand USA is executing a dynamic marketing programme that includes both consumer and travel trade marketing efforts. The international consumer campaign is comprised of television, out of home, and print advertising, public relations, and social media/digital efforts. The business to business marketing effort includes trade shows and sales missions, tour operator and travel agent outreach, and educational campaigns about United States entry policies. As part of the business to business effort, Brand USA is establishing one of the largest networks of international representation firms to support its efforts internationally.

Brand USA undertakes a fully integrated, multi-channel campaign—comprised of TV advertising, out of home, print, and social media—plus direct in-market marketing through a global network of representation firms established in key

international markets. Country-specific Facebook and Twitter pages showcase targeted promotions and the Discover America.com is an information portal for trip planning.

The key message in the campaign is to “Discover this land, like never before.” The second component of this central message is to spread the USA’s welcome to repeat visitors around the world, inviting travellers to visit the country again “as if for the first time”.

Brand USA’s formula in the deployment of its resources for the consumer campaign follows the principle of maximising results, based on the evaluation of six key factors:

- volume – numbers of visitors from each source market,
- value - the total revenue value of tourism from that country,
- growth – year-on-year increase both in arrivals and revenue,
- costs – media costs in the source markets,
- ease of entry – assessment of ease/difficulty of procedures i.e. visa system, waiting time, political climate,
- systems and facilities influencing travel decisions - Brand USA representation and website presence, role and use of social media, strength of trade/media support.

Brand USA’s campaign active in nine markets

In 2013, Brand USA’s campaign was active in nine of the markets that drive the highest level of visitation to, and spend in, the United States:

- Australia,
- Brazil,
- Canada,
- China,
- Germany,
- India,
- Japan,
- Mexico,
- the United Kingdom.

In total, these markets generate 75% of all international inbound visits to, and spend in, the United States equivalent to 50 million visitors and US\$80 billion (EUR59 billion) in spending. Every 1% increase in visitation from these markets results in 500,000 more international travellers and US\$800 million (EUR590 million) extra revenue for the United States¹¹¹.

The Russian Federation has long been identified by Brand USA as an expansion market but activities have been limited to participating with Visit USA Russia at the annual MITT trade show.

VISIT USA Russia is founded in early 2010 as a not-for-profit organization whose prime objective is to bring together various tourism companies operating in Russian outbound travel to the USA, as well as to provide reliable information on USA travel destinations and products, MICE, work and travel as well as other educational programmes.

111 <http://www.thebrandusa.com/>

Development of outbound travel services and a more favourable visa situation for Russians has increased the demand for travel to the USA. The leading Russian tour operators and US travel product suppliers joined their efforts in launching VISIT USA attracting consumer to the USA as a travel destination. Visit USA Russia has 84 member organisations¹¹².

In-market representation is considered to be vital, as it permits Brand USA to gain important market-specific intelligence and to begin to establish strong relationships with the travel trade. In addition, prior to the consumer campaign launch, social media and website presence in the native language of the market are established.

The plan to open a representative office targeted for 2013 was postponed because of “changing market conditions”, while the revised schedule of February 2014¹¹³ was also deferred.

3.7 Conclusions

The five shortlisted destinations competing with Europe for the Russian tourist are pursuing development and marketing strategies that:

- diversify and upgrade the range of products/experiences offered in order to appeal to a broad cross-section of markets and segments, at both the low-to-middle end and the luxury segment,
- seek to consolidate and reinforce demand from established markets while investing in developing demand from newly emerging markets such as Brazil, China and India.

Each competitor destination regards the Russian Federation as a market with very high growth potential, as Russians place an increasing priority on travel/holidays. It is recognised, however, that growth rates may be tempered in the short term, in consequence of political and economic difficulties.

It is clear that the appeal of warm climate, beach resort holiday trips is the mainstay of the outbound Russian demand covering all segments from low price young people, to family holiday groups to luxury holidaymakers. In selecting the destinations competing with Europe to be subject to study in respect of the Russian market, consideration was given to the degree of prioritisation being given to the Russian market in terms of:

- facilitating travel from the Russian Federation i.e. air service connections,
- entry to the destination i.e. visa removal,
- product/experience development targeted at all levels of the Russian market,
- destination marketing strategy and activities targeted at the Russian tourist.

Using these criteria, the destinations selected for full analysis and assessment in respect of the Russian market are

- **EGYPT**
- **THAILAND**

Europe's competitors are pursuing strategies that diversify and upgrade products

Each competitor regards Russia as a market with high growth potential

The appeal of warm climate, beach resort trips is the mainstay of outbound Russian demand

112 <http://www.visit-usa.ru/en/visitusa/about>

113 Brand USA FY14 Annual Objectives

4

Marketing Strategy and Activities of the Egyptian Tourism Authority and the Tourism Authority of Thailand in the Russian Federation

4.1 Egyptian Tourism Authority Marketing Strategy and Activities in the Russian Federation

The Russian tourism market is vitally important to Egypt

The Russian tourist market is vitally important to Egypt, particularly at the present time of heightened sensitivity in source markets to political developments and disruption in the country. Each report of an incident involving foreign tourists is widely reported and serves to intensify the nervousness of international tour operators and prospective tourists about visiting Egypt. Russians, however, appear to be less put off by the insecurity¹¹⁴, with tourist numbers recovering rapidly after each flare up or incident. Without Russian tourists, resorts in the Sharm El Sheikh area would have experienced difficulty in surviving.

Russian demand for Egypt is mainly as a winter sun destination

Russian demand for Egypt is mainly as a winter sun destination, staying at coastal areas on the Red Sea like Hurghada, Marsa Alam and Sharm El Sheikh during the months of the long, cold winter at home. Though Egyptian hoteliers offer low rates during the summer months, Egypt faces intense competition from Turkey in this period.

Russian tourists to Egypt are not high spenders, typically spending no more than US\$50 (EUR37) a night, according to the Chairman of the Egyptian Federation of Chambers of Tourism, and prefer touring beaches over cultural tourism in Cairo, Luxor and Aswan¹¹⁵.

Egypt's mid-long term goals in developing the Russian market are to generate:

- a balanced year round visitor flow,
- increased visitor spending,
- a broader range of market segments.

114 Russian tourists in Egypt: Diving in. September 2014. <http://www.economist.com/blogs/pomegranate/2014/02/russian-tourists-egypt>

115 Russian tourism market requires study to attract new groups: Chair of Egyptian Tourism Federation. August 2014. <http://www.dailynewsegypt.com/2014/08/11/russian-tourism-market-requires-study-attract-new-groups-chair-egyptian-tourism-federation/>

However, it recognises that in the short term, Russian tourists are vital to the economy of the coastal resort areas, even if largely concentrated in the winter months with modest levels of spending.

ETA's marketing in the Russian Federation is focused on digital media and travel trade promotions. Social media (YouTube, Blogs, live cams at tourist sites), a smartphone app, Google, Facebook, and Twitter are all tools that can reassure prospective travellers by providing current and up-to-date information and direct feedback from others who are visiting (or have recently visited) Egypt.

ETA's marketing in Russia is focused on digital media and travel trade promotions

Travel trade promotions are undertaken in major cities in order to allow Egyptian tourism business operators to meet with Russian partners and to form and consolidate alliances. The Tourism Office in Moscow participates at major trade shows such as MITT and OTDYKH (both held in Moscow in March and September each year).

Joint marketing campaigns with major Russian tour operators are also negotiated on a matching funds basis. Familiarisation trips for media representatives have been given extra emphasis in recent times in order to generate print and audiovisual features showing that Egypt is safe and secure for Russian visitors.

Joint marketing campaigns are negotiated on a matching funds basis

Advertising campaigns – on a much more limited scale than prior to the political changes - are undertaken in cities with charter or scheduled air links to Egypt's coastal resort airports. This activity tends to be concentrated in the winter months.

Increased air capacity is another priority. The Ministry of Civil Aviation has agreed with the Federation of Private Airlines to operate direct routes from the cities of Moscow and St. Petersburg to Hurghada and Sharm El Sheikh, according to AlMasria Universal Airlines which announced plans to operate 12 flights to the two Russian cities in October 2014, and aims to transport 150,000 passengers annually¹¹⁶.

The Egyptian Government is providing incentives for charter operations. From November 2014, Egypt will reward airlines for higher load factors by paying incentives for load factors of between 50% and 90%. Airlines will receive EUR24 per seat for flights to Hurghada, Sharm El Sheikh, Marsa Alam and the Mediterranean coast, and EUR31 per seat for longer flights. Subsidies for flights to Luxor, Assuan and Taba will be slightly higher to support those destinations which have been particularly hard hit¹¹⁷.

The Egyptian Government is providing incentives for charter operations

The Russian Federation is the largest tourist source market for Egypt accounting for one-in-five arrivals in the peak year of 2010. Since then, its share has risen further. In 2013, Russian arrivals totalled 2.4 million (with nights at 23.7 million)¹¹⁸ out of an overall total of 9.5 million international tourist arrivals i.e. 25%.

116 Ibid

117 Minister pledges new charter subsidies. September 2014. <http://www.fvw.com/egypt-minister-pledges-new-charter-subsidies/393/136098/11245>

118 Tourism Minister expects 3m Russian tourists by end 2014. March 2014. <http://www.dailynewsegypt.com/2014/03/17/tourism-minister-expects-3m-russian-tourists-end-2014/>

Russians currently account for over 30% of international tourism to Egypt

In the first six months of 2014, arrivals from Eastern European countries totalled 1.9 million out of the total level of foreign tourist arrivals of 4.4 million¹¹⁹. The Russian Federation is by far the main Eastern European source market (with the Ukraine and Poland next most important but far below the numbers visiting from the Russian Federation). The Rosturizm figure for Russian tourist trips to Egypt of 1.348 million in the period January – June 2014¹²⁰ would suggest Russians currently account for over 30% of international tourism to Egypt. Egypt is forecasting the total level of Russian arrivals in 2014 to reach 3 million¹²¹, in response to:

- its marketing and promotional activities in the Russian Federation,
- increased trade ties between the two countries with plans to develop a free trade zone with Eurasian countries and a Russian industrial zone in Egypt¹²²,
- increased air services bringing Russian tourists to Egypt.

Prospects for growing Russian tourism to Europe are seen as especially strong

Prospects for growing Russian tourism to Egypt are seen as especially strong by the Egyptian tourism industry because of the increased political and economic cooperation between the two countries, manifested by the Egyptian president's visit to his Russian counterpart in August 2014. Increasing Russian tourism to Egypt was one of the topics under discussion at these meetings.

4.2 Tourism Authority of Thailand's Marketing Strategy and Activities in the Russian Federation

The Russian Federation is a priority market for Thailand

The Russian Federation is a priority market for Thailand. The TAT is devoting major efforts to sustaining and broadening the Russian tourist market segments attracted to the country. In addition to its office in Moscow which opened in 2008, the TAT is undertaking marketing and promotional activities through extensive use of social media marketing networks, high profile participation at trade shows and exhibitions, and promotions with Russian tour operators.

The aim is to broaden the appeal of Thailand for Russians

As in other markets, the aim is to broaden the appeal of Thailand for Russians in order to attract more tourists in the high-spending niche markets such as golf, health and wellness, weddings and honeymoons, as well as green tourism. Another key aim in the Russian markets is to balance the seasonal pattern of travel, encouraging more visitors in the summer months, as well as in the winter period¹²³.

119 Eastern Europe leads tourism exports to Egypt during first half of 2014: CAPMAS. September 2014. <http://www.dailynewsegypt.com/2014/09/27/eastern-europe-leads-tourism-exports-egypt-first-half-2014-capmas/>

120 Rosturizm: tourism figures increased by several times. September 2014. <http://event-live.ru/en/node/1939>

121 Tourism Minister expects 3m Russian tourists by end 2014. March 2014. <http://www.dailynewsegypt.com/2014/03/17/tourism-minister-expects-3m-russian-tourists-end-2014/>

122 Putin, Sisi announce Russian free trade zone, industrial city in Egypt. August 2014. <http://thecairopost.com/news/121696/business/putin-sisi-announce-russian-free-trade-zone-industrial-city-in-egypt>

123 Thailand poised to tap Russian travel market. September 2013. <http://www.thailand-business-news.com/tourism/47083-thailand-target-russian-market.html>

Participation at the International Russian Travel Market (OTDYKH), held annually in September in Moscow, is at the centre of the TAT's marketing and promotional campaign in the Russian Federation (as well as the associated CIS states whose travel operators attend the travel trade fair). Thailand's 20th year of participating at the Russian Federation's largest travel fair was marked by the attendance of 22 Thai tourism business operators¹²⁴.

Apart from networking events facilitating meetings between Thai and Russian tourism business operators, the TAT used the event to launch a strong effort to diversify Russian tourism beyond Pattaya, Phuket and Samui. The "new destinations" highlighted included Chiang Mai, Hua Hin, Krabi, Ko Chang, and Rayong. In addition, the TAT sought to raise the Russian travel trade's awareness of, and interest in, "new products" such as health and wellness, Chic Travel Thailand and facilities popular with Russian family groups and honeymooners i.e. boutique hotels, private resorts and pool villas.

TAT sought to raise the Russian travel trade awareness for "new products"

Following on from the "Amazing Thailand: Always Amazes You" campaign used the previous year, the core of the TAT's marketing and promotional activities in the Russian Federation this year highlighted the "Thainess" themes as the country's unique selling proposition.

In 2015, the TAT Moscow office will organise Wanderlust Russia, a campaign that will allow Russian visitors to Thailand to share their experiences through social media and learn more about niche market products such as spas and luxury tourism. This will build on, and extend, the impact of the Thailand Fan Club, set up by the TAT Moscow office in 2010. It is a database of Russian tourists who have travelled to Thailand, and has its own website. Membership of the fan club enables them to receive news and special privileges as well as to be eligible for special activities and win prizes for various occasions.

The Wanderlust Russia campaign will exploit Russians' increased use of social media networks, especially via smartphones, and the growth in bookings made online¹²⁵.

The Moscow office of the TAT participates in exhibitions, organises cultural events, and creates educational projects and sites in Thailand. Its website focuses on activities such as sporting (e.g. golf) and cultural activities (e.g. visiting ancient temples), as well as beach and water-based activities (e.g. diving, boat trips) and evening entertainment (e.g. disco, shows).

124 TAT goes to Russia, promotes alternative tourist destinations. September 2014. <http://www.nationmultimedia.com/business/TAT-goes-to-Russia-promotes-alternative-tourist-de-30243678.html>

125 Russian tourists to Thailand should visit beyond Pattaya, Phuket and Samui. September 2014. <http://www.eturbonews.com/50497/russian-tourists-thailand-should-visit-beyond-pattaya-phuket-and>

Russia is now Thailand's top European generating market

The Russian Federation is one of the three fastest growing markets for Thailand, along with China and India. The warm-weather lure of Thailand is a big draw for Russians escaping from the harsh winter climate, with their travel to Thailand made all the more possible by strong airline connections (including charter programmes for package tourists) and visa on arrival facilities since 2007. The Russian Federation is now Thailand's top European generating market. Russian arrivals totalled 1.73 million in 2013¹²⁶, a rise of nearly 32% over the level in 2012. The Russian Federation is the third largest generator of tourists for Thailand after China and Malaysia. Between 2002 and 2012, Russian arrivals in Thailand grew by 1762% from less than 50,000 to 1.32 million¹²⁷.

In terms of international tourism receipts in Thailand¹²⁸, receipts from Russian tourists were just below US\$4 billion (nearly EUR3 billion) in 2013, double the level in US\$ terms over 2011. The average length of stay of Russian tourists in Thailand in 2013 was 15.2 nights, up by almost 2 nights over the level in 2011. Average daily spending by Russian tourists in Thailand in 2013 was US\$150 (EUR111). The share of Russians in Thailand's international tourism receipts rose from 7% in 2011 to close to 10% in 2013, while for spending by package tourists in Thailand Russians accounted for 16%.

Performance in 2014 to end August has maintained growth despite the economic and political problems both in the Russian Federation and Thailand. In the first eight months of 2014, Russian arrivals reached just under 1.1 million, a rise of 4.8% on the corresponding period of 2013, with a total of 1.93 million forecast for the year as a whole, a rise of 10% over 2013¹²⁹. This growth has to be set against fears of a double digit overall fall in international tourist arrivals in Thailand this year, demonstrating the importance of the Russian market to the Thai tourism industry¹³⁰.

TAT sees opportunities for the promotion of multi-destination trips combining Thailand with other countries

The TAT sees the creation of the ASEAN Economic Community in 2015, with the Russian Federation working closely with it, as representing opportunities for the promotion of multi-destination trips for Russians combining Thailand with other countries in the Greater Mekong Sub-region. This will build on the emerging trend of Russian tour operators offering combined destination packages with other Asian countries¹³¹.

126 Thailand welcomed 26.7 million visitor arrivals in 2013, exceeding target. www.tatnews.org/thailand-welcomed-26-7-million-visitor-arrivals-in-2013-exceeding-target/

127 Growth in arrivals between 2002 and 2012. <http://www.thaiwebsites.com/tourists-nationalities-Thailand.asp>

128 Tourism receipts from international tourist arrivals, January-December 2013. <http://newdot2.samartmultimedia.com/farms/uploaded/Information%20Technology%20Center/stat/276/2013/inbound%202013/Change.pdf>

129 TAT goes to Russia, promotes alternative tourist destinations. September 2014. <http://www.nationmultimedia.com/business/TAT-goes-to-Russia-promotes-alternative-tourist-de-30243678.html>

130 Total tourist arrivals may decline 15-20% this year. October 2014. www.nationmultimedia.com/business/Total-tourist-arrivals-may-decline-15-20-per-cent--30244562.html

131 Russian tourists to Thailand should visit beyond Pattaya, Phuket and Samui. September 2014. <http://www.eturbonews.com/50497/russian-tourists-thailand-should-visit-beyond-pattaya-phuket-and>

Key Factors in Destination Marketing in the Russian Federation



5.1 Market Perceptions

The programme of research and analysis undertaken in the five destinations competing with Europe for the Russian tourist leads to the conclusion that they fall into two broad categories:

- winter sun, beach resort destinations to which access is facilitated through visa free or visa on arrival arrangements i.e. Dubai, Egypt, Thailand,
- destinations offering a wide range of features and attractions, both natural and cultural heritage i.e. China, United States.

Destinations competing with Europe fall into two broad categories

The two groups are seen differently in respect of what they offer intending visitors. The different Russian market segments also have differing perspectives of the destinations.

China is the sixth highest destination identified by Russians as a place they would like to visit. It is seen as offering a wide range of cultural heritage features of interest, as well as providing strong and growing trading links (particularly between Eastern the Russian Federation and Northern China). 64% of Russians have a favourable opinion of China, a rating that has remained constant over the past decade¹³².

Dubai's attractions for Russians are principally the warm winter climate and the city's high calibre infrastructure and facilities (particularly shopping). These attract the more affluent Russian holidaymaker, including family groups. The rating for the United Arab Emirates in the Brand USA poll of countries that Russians would most like to visit is in the lower order of the top 20.

Egypt's economy is highly dependent on tourism, with Russians the main source market. The bulk of Russians attracted to the Red Sea resorts are drawn from the low-to-middle socio-economic groups travelling on low cost package tours. The fact that Egypt does not rate in the top 20 destinations that a cross-section of Russians would like to visit suggests that its appeal is limited to those seeking a low price, warm climate holiday.

Like Egypt, Thailand is seen by Russians predominantly as a beach resort destination. However the appeal of Thailand is broader, embracing Thai culture as emphasised by the Thai marketing campaign centered on the concept of Thainess. It is the fifth most popular destination that Russians state they would like to visit according to the Brand USA poll, indicating the breadth of its attraction to Russians.

¹³² Pew Research Global Attitudes Project. <http://www.pewglobal.org/database/indicator/1/survey/12/>

The United States has a range of perceptions among Russians. Two-thirds state that their motivation for selecting the United States as their destination would be beaches/seaside attractions¹³³, principally attracted by Florida (40% stating) and Hawaii (33% stating). However, other significant motivations are: cultural/historical attractions (58% stating), sport and adventure (48%), local lifestyle (46%), and ecotourism and nature (44%)¹³⁴. Though the favourability rating given by Russians to the United States has fallen to a low of 23% in 2014¹³⁵, it is the fourth most desired destination for Russians to visit¹³⁶.

Figure 23: Destinations Russian Travellers are Most Interested in Visiting



Source: Brand USA FY14 Business Plan

European destinations dominate the leading destinations which Russians would like to visit

European destinations dominate the leading destinations which Russians would like to visit. France, Italy and Spain are the top three, while six others are in the top 20 i.e. Czech Republic, Germany, United Kingdom, Greece, Turkey, and Portugal¹³⁷. The appeal of European destinations to Russians is a mixture of warm climate coastal holidays, cultural/historical heritage, and sports and other activities such as skiing. Especially popular are those destinations where Russians can engage in activities that can be combined with a beach stay, as evidenced by the popularity of France, Italy and Spain. European destinations score well – as does the United States – in respect of education tourism with significant numbers of Russians going abroad to learn foreign languages and other skills¹³⁸.

133 Brand USA FY14 Business Plan. http://www.thebrandusa.com/~media/Files/Key%20Dox/2013/BrandUSA-BusinessPlan_Public-LIVE.pdf

134 Ibid

135 Pew Research Global Attitudes Project. <http://www.pewglobal.org/database/indicator/1/survey/12/>

136 Brand USA FY14 Business Plan. http://www.thebrandusa.com/~media/Files/Key%20Dox/2013/BrandUSA-BusinessPlan_Public-LIVE.pdf

137 Ibid

138 The Russian Outbound Travel Market. Eventica Communications. http://www.eventica.co.uk/files/The_Russian_Outbound_Travel_Market.pdf

Russians' perceptions of European destinations split between the countries of former Soviet bloc of Central and Eastern Europe, including the Baltic states, and other parts of Europe. The relatively easy access and familiarity with the former group have led to large Russian visitor flows to the former.

However, the European destinations that Russians most want to visit are (with the exception of the Czech Republic) in other parts of Europe. For these countries, the attraction to Russians is history and cultural heritage, rich diversity of cultures, iconic sites and structures, excellent shopping facilities and the warm climates and associated coastal facilities of the Southern European/Mediterranean countries.

Especially popular are destinations where activities can be combined with a beach stay

The ETC survey of members' priorities in respect of markets and products for 2014-15 identified for the Russian market the following themes to be emphasised in their marketing¹³⁹:

- culture,
- health, spa and wellness,
- sun and sea,
- winter,
- active holiday,
- touring,
- luxury and shopping,
- city breaks,
- family holidays.

The attraction to Russians is history, cultural heritage and diversity, iconic sites, shopping and warm climate

The target segments are¹⁴⁰:

- 35-55 without/with kids and families,
- young couples,
- leisure and business,
- middle and upper class.

While these results relate to a range of destinations with different resources and attractions, they indicate the spread of appeal of European destinations for the Russian tourists. On the negative side are the perception of high prices, which deter the lower middle socio-economic groups, the complications of visa arrangements and inter-country travel, and language barriers.

5.2 Marketing Performance and Opportunities

Without significant investment in studies and surveys to more fully understand the attitudes, motivations and behaviour and characteristics of Russian travellers, destinations targeting the Russian market will not be able to develop fully effective communication strategies and campaigns to convert the demand for outbound travel suppressed for generations into actual travel to their destinations. Europe – through ETC – and the United States – through Brand USA are leading the way in this regard, while the other destinations are concentrating on building partnerships with outbound travel and tour companies hoping to tap into their expertise on Russian travellers' aspirations, motivations and behaviour.

Major efforts are being made by all destinations to develop the Russian market

¹³⁹ ETC Survey on Members' Priorities: Markets and Products for 2014-2015

¹⁴⁰ Ibid

ETC research studies – The Russian Outbound Travel Market, 2009, and Market Insights: Russia, 2010, as well as the Survey on Members' Priorities: Markets and Products for 2014-2015 - identify key target markets in Russia for Europe.

Budgetary information for marketing campaigns in the Russian Federation is not made publicly available. It is clear, however, that, even if not in traditional forms of above the line marketing, major efforts are being made by all destinations to develop the Russian market.

The bulk of marketing investment in the Russian market is through:

- **partnerships with the Russian travel trade:** These are actively sought by all five destinations, particularly those depending on the package tour business (e.g. Egypt, Thailand), with joint promotions undertaken,
- **incentives and subsidies for charter flight and package tour operations:** particularly by the Egyptian authorities,
- **social media and digital marketing:** The full range of electronic communications is being increasingly used, particularly by destinations that have been subject to unrest, as they represent the means to bring immediacy to communications showing things as they are at present with no or minimal time lag.

There are opportunities in developing the outbound Russian tourist market

The programme of research and analysis reported on in earlier chapters indicates that there are opportunities in developing the outbound Russian tourist market in a number of ways in line with demand trends. While these trends may slow down as a consequence of the prevailing political situation and economic difficulties in the Russian Federation, the pace will resume in the mid-term.

The opportunities in the Russian outbound market reflect two socio-economic developments:

1. Increasing numbers of the Russian population have the financial means to engage in foreign travel, and the desire to do so,
2. The repeat travel incidence of outbound tourism among those that take holidays (and travel for other purposes) abroad is high.

The lure of foreign holiday travel for Russians will remain warm climate, coastal resorts. First timers and those with lower income levels look for economic packages, almost exclusively to sun-and-sand destinations. However, higher income and repeat travellers increasingly seek “add-ons” to this core requirement, or seek a combination of features/attractions.

The need to diversify their product offering and attract a broader cross-section of the Russian market is recognised by the tourism authorities of those destinations studied that attract predominantly low and middle income beach tourists i.e. Egypt, Thailand. Building elements such as spas, sports facilities and local cuisine into the country's product offering such as Thailand is doing through its Thainess campaign is designed to appeal to those Russians looking for “beach plus” holidays. This will lead to a higher penetration among the middle-to-high income Russian tourists, including family groups. Dubai is successful in this regard with its high quality shopping facilities.

Success for a destination is the development and communication to the marketplace of products and experiences to meet the requirements of visitors in each of these categories, or to specialise as a destination of excellence in one area within a category, through a process of market:product matching. Europe, by being blessed with an abundance of cultural and natural resources, historic and modern features, and a wide variety of activity opportunities, is able to design products and experiences for many different market segments.

While there is recognition among Russian people of the range of attributes in Europe, and a general desire to visit the countries beyond Eastern/Central Europe, knowledge of the range of the tourist product/experience offering of individual countries beyond the iconic features is limited. The challenge for European destinations, then, is to communicate the possibilities in a way that excites and motivates Russians to decide to choose a European trip. Given the relative lack of experience of most Russians in foreign travel, two ways in which this can be achieved are through:

- encouraging and facilitating to the maximum extent the exchange of experiences of Russians who have visited Europe (e.g. through developments such as the Thailand Fan Club and Wanderlust Russia initiatives of the Thai authorities),
- using digital marketing channels featuring up to the moment information on the full range of things to see and do in the destination, and plan visits (e.g. through the VisitEurope app).

These principles apply to all the segments of the Russian market for Europe. Clearly, the potential Russian traveller to the Southern European and Mediterranean destinations will exhibit significant differences in terms of what he/she is looking for from those choosing to visit countries in Western and Northern Europe. Nonetheless, the combination of features and attractions of Europe, particularly its cultural and activity-based attractions, will be the region's strong suit in appealing to the Russian holiday tourist. Even the Russian attracted to the resorts of the Mediterranean is increasingly seeking diversions.

To realise this potential, much of which will entail cross-border travel related to themed products and experiences, a Europe-wide marketing campaign can create awareness of the opportunities and facilitative measures (e.g. visa requirements, transportation options) that the European country DMOs – either individually or in small partnerships according to the optimal structure of the tour – can build on. The ETC Digital Portal and VisitEurope websites will increasingly make a major contribution to increasing both the awareness of what Europe has to offer and how itineraries can be created.

The challenge for European destinations is to communicate in a way that excites and motivates Russians

The combination of features and attractions of Europe will be the region's strong suit

A Europe-wide marketing campaign can create awareness of opportunities

Appendices

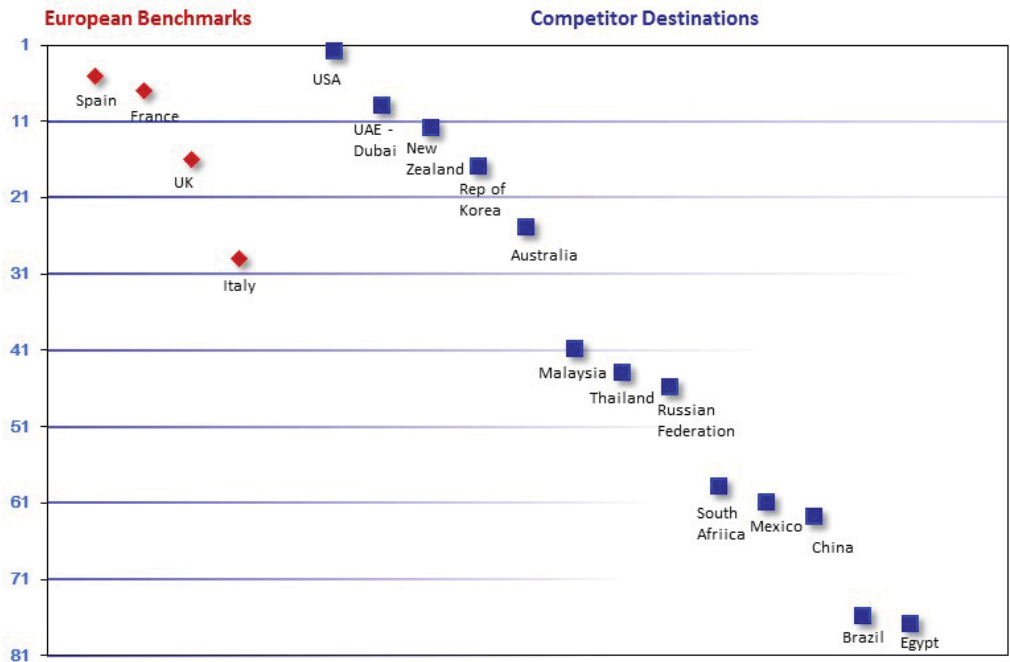
Appendix 1 European and Competing Destinations WEF TTCI and Bloom Country Brand Rankings

Figure 24: WEF TTCI and Bloom Country Brand Rankings of European Countries

World Economic Forum Travel and Tourism Competitive Index 2013 (out of 140 countries)					
Country	T & T Regulatory Framework	T & T Business Environment & Infrastructure	T & T Human, Cultural and Natural Resources	Overall Rank	Bloom Country Brand Rank (Out of 187 Countries/ Territories)
Switzerland	1	1	2	1	14
Germany	8	6	7	2	3
Austria	2	11	9	3	11
Spain	14	5	6	4	2
United Kingdom	17	10	3	5	5
France	9	7	11	7	4
Sweden	12	23	8	9	29
Netherlands	16	15	16	13	21
Iceland	3	13	36	16	99
Finland	5	22	24	17	46
Belgium	18	26	18	18	34
Ireland	7	19	40	19	37
Portugal	20	27	19	20	23
Denmark	25	16	26	21	45
Norway	11	28	33	22	40
Luxembourg	21	20	39	23	62
Malta	15	14	49	24	53
Italy	50	29	14	26	7
Cyprus	22	21	46	29	65
Estonia	10	30	51	30	57
Czech Republic	28	37	28	31	36
Greece	39	33	30	32	16
Croatia	42	39	42	35	27
Slovenia	33	35	52	36	48
Hungary	26	49	54	39	39
Montenegro	34	50	47	40	95
Poland	49	58	32	42	32
Turkey	64	52	27	46	9
Latvia	35	40	77	48	80
Lithuania	41	48	61	49	86
Bulgaria	58	45	53	50	52
Slovak Republic	43	60	55	54	60
Romania	66	68	73	68	74
Serbia	74	81	109	89	96
Monaco	-	-	-	-	-
San Marino	-	-	-	-	-

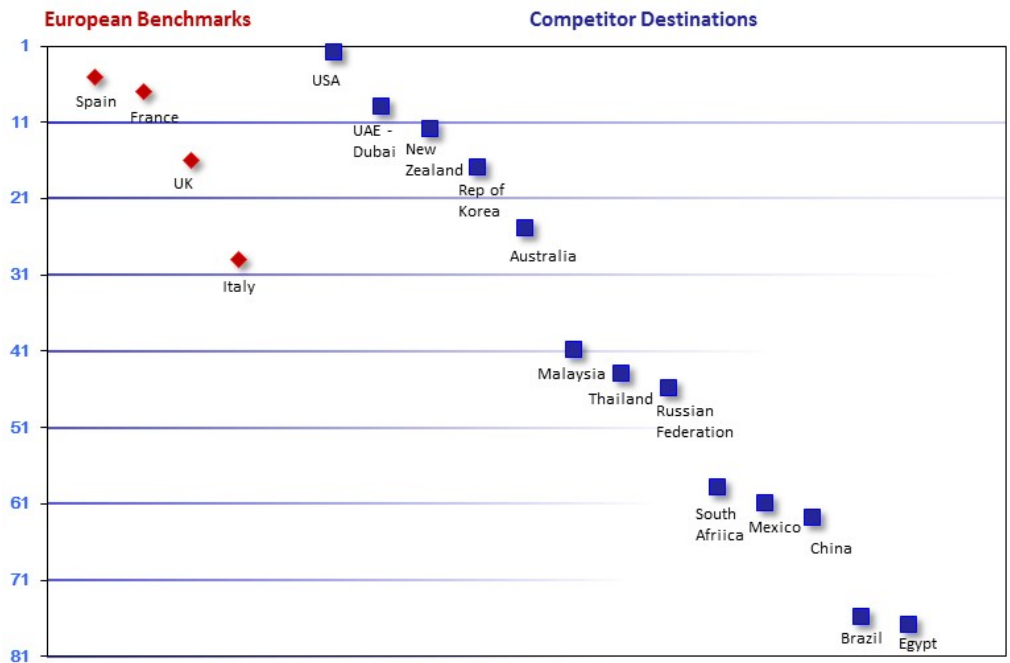
Source: WEF TTCI Survey, and Bloom Country Brand Ranking, Tourism Edition 2013

Figure 25: WEF TTCI Travel and Tourism Regulatory Environment



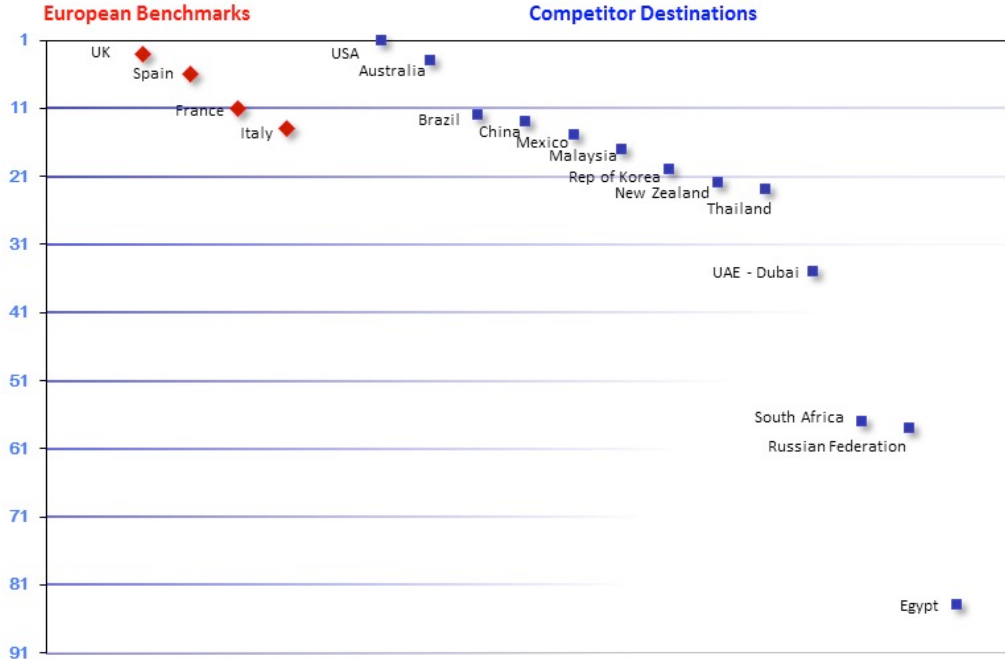
Source: WEF-TTCI, 2013, 140 destinations

Figure 26: WEF TTCI Business Environment and Infrastructure



Source: WEF-TTCI, 2013, 140 destinations

Figure 27: WEF TTCI Travel and Tourism Human, Cultural and Natural Resources



Source: WEF-TTCI, 2013, 140 destinations

Appendix 2 Weekly City-to-City Flights from Main Russian Federation Centres

Figure 28: Weekly City-to-City Flights from Main Russian Federation Centres to Primary Destinations, June 2008 and 2013

Route	Direct Flights			Connecting Flights	
	Flights	Aggregate Capacity	Average Flight Time (minutes)	Flights	Average Flight Time 10 Quickest Connections (minutes)
CHINA					
MOW (Moscow) – BJS (Beijing)	21/29	5,355/8,627	448/451	292/407	719/606
MOW – SHA (Shanghai)	7/15	1,533/3,806	520/532	328/482	702/726
DUBAI - UAE					
MOW – DXB (Dubai)	19/23	5,052/7,344	324/310	201/187	459/461
EGYPT					
MOW – CAI (Cairo)	6/6	786/820	262/259	209/207	451/465
THAILAND					
MOW – BKK (Bangkok)	8/13	2,522/4,211	539/547	297/375	802/756
USA					
MOW – LAX (Los Angeles)	5/8	1,095/2,058	790/759	200/269	986/994
MOW – NYC (New York)	14/28	3,115/8,211	625/591	579/700	732/676
MOW – MIA (Miami)	-/4	-/1,186	-/732	96/136	870/890
EUROPEAN DESTINATIONS					
MOW – AMS (Amsterdam)	21/28	3,150/4,172	213/210	639/863	325/289
MOW – LON (London)	54/70	9,356/14,154	245/245	1,103/1,357	322/335
MOW – MAD (Madrid)	25/32	3,304/4,571	310/317	687/974	382/384
MOW – PAR (Paris)	63/84	8,921/13,661	238/220	825/1,403	314/290
MOW – ROM (Rome)	28/50	4,620/8,406	233/233	707/959	311/313

Source: Amadeus Travel Intelligence unit/Amadeus IT Group

Figure 29: Weekly City-to-City Flights from Main Russian Federation Centres to Primary Destinations, February 2009 and 2014

Route	Direct Flights			Connecting Flights	
	Flights	Aggregate Capacity	Average Flight Time (minutes)	Flights	Average Flight Time 10 Quickest Connections (minutes)
CHINA					
MOW (Moscow) – BJS (Beijing)	18/14	4,633/4,218	447/454	225/365	718/634
MOW – SHA (Shanghai)	6/12	1,667/3,423	516/524	291/403	722/766
DUBAI - UAE					
MOW – DXB (Dubai)	26/40	6,032/11,268	318/320	261/314	458/451
EGYPT					
MOW – CAI (Cairo)	9/5	1,332/699	251/261	225/177	484/416
THAILAND					
MOW – BKK (Bangkok)	19/26	4,867/10,719	532/528	339/467	798/736
USA					
MOW – LAX (Los Angeles)	4/7	876/1,703	790/771	147/182	973/1,007
MOW – NYC (New York)	12/26	2,663/7,289	650/626	435/504	713/702
MOW – MIA (Miami)	-/5	-/1,349	-/758	81/90	904/920
EUROPEAN DESTINATIONS					
MOW – AMS (Amsterdam)	28/28	3,776/4,368	224/211	618/711	328/298
MOW – LON (London)	64/66	10,467/12,447	255/249	1,098/1,189	355/332
MOW – MAD (Madrid)	21/25	2,744/3,320	308/312	568/670	412/409
MOW – PAR (Paris)	63/82	8,803/12,174	239/242	764/966	339/322
MOW – ROM (Rome)	28/40	4,578/6,309	244/232	576/674	320/315

Source: Amadeus Travel Intelligence unit/Amadeus IT Group

Appendix 3 TripAdvisor Ratings

Figure 30: TripAdvisor Ratings of Tourism Services in Competing Destinations

Destination Country	Aspect	Rating		Destination Country	Aspect	Rating	
		2012	2013			2012	2013
Russia	Eatery	4.1	4.2	Austria	Accommodation	4.3	4.4
	Accommodation	3.9	4.0		Attraction	4,6*	4.7
	Attraction	4.4	4.5		Eatery	4,4*	4.4
Italy	Accommodation	4.4	4.3	China	Attraction	4,4*	4.6
	Eatery	4.4	4.4		Accommodation	4.0	4.2
	Attraction	4.7	4.7		Eatery	-	4.5
Spain	Accommodation	4.1	4.2	Cyprus	Accommodation	4.3	4.3
	Attraction	4.6	4.6		Attraction	4,4*	4.5
	Eatery	4.4	4.4		Eatery	4,4*	4.5
France	Accommodation	4.0	4.1	United Arba Emirates	Accommodation	4,2*	4.3
	Attraction	4.6	4.7		Attraction	4,5*	4.6
	Eatery	4.3	4.2		Eatery	-	4,3*
Thailand	Accommodation	4.2	4.2	Portugal	Accommodation	4,3*	4.4
	Attraction	4.4	4.4		Attraction	4,6*	4.6
	Eatery	4,2*	4.4		Eatery	4,2*	4.4
Greece	Accommodation	4.4	4.3	Finland	Accommodation	4.1	4.2
	Eatery	4.6	4.5		Attraction	4,4*	4.5
	Attraction	4,5*	4.5		Eatery	-	4.3
Turkey	Accommodation	4.3	4.2	Estonia	Eatery	4,5*	4.5
	Attraction	4.6	4.6		Accommodation	4,2*	4.3
	Eatery	4,5*	4.4		Attraction	4,7*	4.7
United States	Accommodation	4.0	4.1	The Netherlands	Accommodation	4,2*	4.2
	Attraction	4.6	4.6		Attraction	4,5*	4.6
	Eatery	4.2	4.3		Eatery	-	4.3
Germany	Accommodation	4.1	4.2	Latvia	Accommodation	4,3*	4.4
	Attraction	4.7	4.7		Eatery	4,6*	4.5
	Eatery	4.4	4.5		Attraction	-	4.6
Egypt	Accommodation	4.4	4.4	Hungary	Accommodation	4,2*	4.4
	Attraction	4,7*	4.6		Eatery	-	4.5
	Eatery	-	4,4*		Attraction	-	4.7
Czech Republic	Accommodation	4.3	4.3	Switzerland	Accommodation	4,2*	4.3
	Eatery	4.4	4.3		Attraction	-	4.7
	Attraction	4.7	4.7		Eatery	-	4.3
United Kingdom	Accommodation	4.1	4.1	Belgium	Accommodation	4,2*	4.2
	Attraction	4,6*	4.6		Attraction	-	4.6
	Eatery	4,3*	4.4		Eatery	-	4,3*

Figure 30: TripAdvisor Ratings of Tourism Services in Competing Destinations (cont.)

Destination Country	Aspect	Rating		Destination Country	Aspect	Rating	
		2012	2013			2012	2013
Poland	Accommodation	4,2*	4.4	Slovenia	Accommodation	-	-
	Attraction	-	4.7		Eatery	-	-
	Eatery	-	4,5*		Attraction	-	-
Croatia	Accommodation	4,4*	4.5	Iceland	Accommodation	-	-
	Eatery	4,3*	4,3*		Attraction	-	-
	Attraction	-	4,7*		Eatery	-	-
Sweden	Attraction	-	4.7	Romania	Accommodation	-	-
	Accommodation	-	4.3		Attraction	-	-
	Eatery	-	4,4*		Eatery	-	-
Lithuania	Accommodation	-	4.4	Monaco	Attraction	-	-
	Eatery	-	4.5		Eatery	-	-
	Attraction	-	4,6*		Accommodation	-	-
Bulgaria	Accommodation	-	4.1	Luxembourg	Accommodation	-	-
	Eatery	-	4,3*		Attraction	-	-
	Attraction	-	4,5*		Eatery	-	-
Montenegro	Accommodation	-	4.2	San Marino	Accommodation	-	-
	Attraction	-	4,7*		Attraction	-	-
	Eatery	-	4,1*		Eatery	-	-
Norway	Accommodation	-	3,9*				
	Attraction	-	4,1*				
	Eatery	-	-				
Denmark	Attraction	-	4,6*				
	Accommodation	-	4.0*				
	Eatery	-	-				
Malta	Accommodation	-	4.0*				
	Eatery	-	-				
	Attraction	-	-				
Serbia	Attraction	-	4,6*				
	Accommodation	-	4,2*				
	Eatery	-	-				
Ireland	Accommodation	-	-				
	Attraction	-	-				
	Eatery	-	-				
Slovakia	Accommodation	-	-				
	Attraction	-	-				
	Eatery	-	-				

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TARGET MARKET: BRAZIL



MARKETING STRATEGIES FOR TOURISM DESTINATIONS
A COMPETITIVE ANALYSIS



TARGET MARKET: CANADA



MARKETING STRATEGIES FOR TOURISM DESTINATIONS
A COMPETITIVE ANALYSIS



TARGET MARKET: CHINA



MARKETING STRATEGIES FOR TOURISM DESTINATIONS
A COMPETITIVE ANALYSIS



TARGET MARKET: JAPAN



MARKETING STRATEGIES FOR TOURISM DESTINATIONS
A COMPETITIVE ANALYSIS



TARGET MARKET: RUSSIA



MARKETING STRATEGIES FOR TOURISM DESTINATIONS
A COMPETITIVE ANALYSIS



TARGET MARKET: USA



MARKETING STRATEGIES FOR TOURISM DESTINATIONS
A COMPETITIVE ANALYSIS

