



Market report May MICE - Russia

Per 27th May 2020

The Biggest challenges in Russia now – to overcome the crisis

Overcoming the crisis

- The biggest challenge is **to overcome the crisis**.
- Russian agencies hope to keep the company and continue their work after the crisis. The main challenge is to **survive a year without profit**.
- Many **managers are furloughed** without salary.

Refunds & re-bookings

- Many agencies dealing with cancellations of the events and have difficulties to refund money, they offer to **rebook trips/events** to the end of this year, or to the 2021.
- Some agencies started to offer new products: **digital and virtual events**. It takes time to change the business model.

BOOKING SITUATION

- For the time being Russian agencies do not have any new bookings or very few. **Almost completely stop!**
- The sale of **local events** will probably start from **summer 2020**.
- The sale of **international events and corporate trips** will start most probably **after New Year 2021**.
- Important **to stay in touch with the key clients**, have dialogue and when the situation will be more stable and predictable, the agencies could start offering them new events, programs and itineraries.
- Too **much speculation and rumours** about the future. It is impossible to make any prediction or forecasts. All Russian agencies have to wait for the official government statement.

BORDER SITUATION

Border situation & travel advice

- According to representatives of the Finnish Consulate General in St. Petersburg, the issue of lifting restrictions on crossing the **Russian-Finnish border has been postponed until June 14, 2020.**
- The largest Russian airline Aeroflot suspended international flights up to **August 1, 2020.**
- The domestic market will be re-opened from **June 1, 2020.**
- **TOO MUCH SPECULATIONS,** I do not think that the Russian border will be **reopening before August/September 2020.**
- Travel advice from the Russian government – **stay at home or travel in Russia.**

Russian MICE Market recovery after the crisis

I think that the consequences of the crisis will be felt by the MICE tourism industry for more than 1 year:

1. **International Air traffic will not be recovered immediately**, especially international, due to which MICE agencies will not get 30-40% of business for a long time.
2. **Companies themselves can impose restrictions** on a number of international destinations at the first stage due to increased security measures.
3. **The crisis has affected absolutely all sectors of the Russian economy**, which means that customers will also need to recover in order to return to the previous volumes of business trips.
4. **The psychological factor will hold back the rapid growth of the industry** — people need time to overcome their fears and return to their previous lives.

Main trends of Russian MICE market after the pandemic

- **Budgets** for MICE will **decrease** in the coming year.
- Some of the **meetings are now going online**, and someone will obviously continue to use this format after the quarantine.
- It will **take years** for everything **to return** to its previous volumes.
- At the same time, people are very **hungry for live communication**, so we do not expect widespread rejection of business/corporate trips and events.
- Corporations spend their considerable MICE budgets to maintain such an important indicator as **employee engagement**. Not any online systems can handle this.
- MICE is not facing the first crisis in Russia, and every time the business tries to **find new ways of optimisation**.
- Every crisis in the MICE and business tourism industry predicts a decline, but this is a dynamic business that is capable to recover. **MICE is the first to suffer, but also the first to gain momentum.**

Information to the Norwegian MICE industry

- Do not give up but **think about the future. People still be travelling and having meetings** in the future.
- After all, **the value of personal contact** with colleagues, face-to-face negotiations with customers and suppliers will not be replaced by any technologies of remote communication.
- It is important **to keep the dialogue** with your key partners.
- Russian agencies are **hungry for digital activities** (webinars, Workshops).



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