



MARKET Update: Russia



Please mute your microphone

This session will be recorded

Current situation

- ✓ International tourism industry suffers heavily due to closed borders.
- ✓ The biggest challenge is facing unknown.
- ✓ Border most probably will remain closed until the end of March 2021 – earliest.
- ✓ Aeroflot offers tickets from Moscow to Oslo starting from 28. March 2021 (twice a day).
- ✓ Wizz Air offers tickets from St.P to Oslo starting from 30. March 2021 (three times pr. week).
- ✓ Leisure travel will have a slow recovery.
- ✓ Airline industries need to recover as well.
- ✓ Focus on domestic travel.



Border situation

- ✓ Due to high number of COVID cases Russia has been on the block list for EU/EØS countries and Norway.
- ✓ Russia re-opened direct flights with the following countries:
 - from the 01st of August: Great Britain (5 days quarantine from 15.12.2020), Turkey, Tanzania.
 - from 15th of August: Switzerland (from 29.10.2020 no longer 10 days quarantine upon arrival for Russian citizens).
 - from 2nd of September: Egypt, United Arab Emirates, Maldives.
 - From 21st of September: Belarus, Kazakhstan, Kirgizia
 - From 28th of September: South Korea
 - From 01st of November: Cuba, Serbia, Japan
 - From 19th of November: Hong Kong (14 days quarantine)
 - From 20th of November: France (Nice)
 - From 21st of November: Greece
 - From 22st of November: Cyprus



Market insight

- ✓ Travel advice from the Russian Government – stay at home or travel in Russia.
- ✓ New cashback program was launched by Rostourism on 21. August in order to stimulate sales of inbound tourism.
- ✓ Due to success the second step of cashback program was launched 15. October will last till 05. December.
- ✓ Introduction of Electronic Single-Entry Visa to Russia from 01. January 2021.



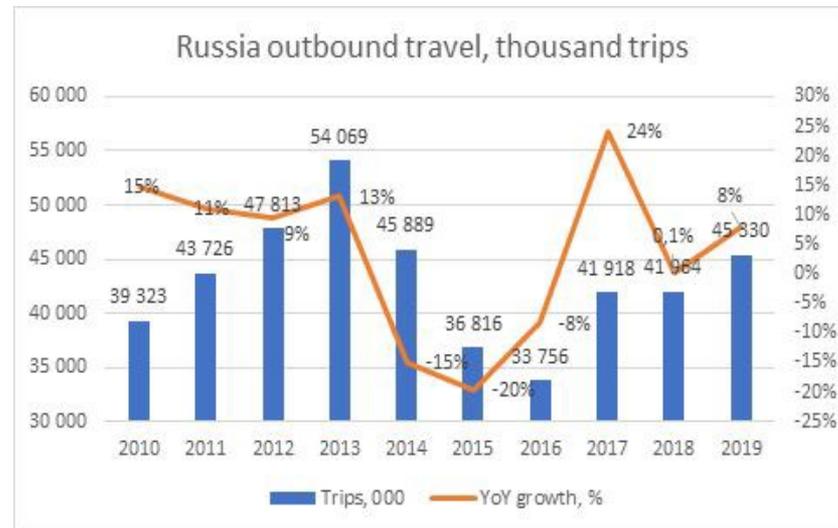
E-Visa to Russia (electronic single entry visa)

- ✓ From 01. of January 2021.
- ✓ 52 countries including Norway.
- ✓ For tourism, business, private visits or humanitarian purposes.
- ✓ No any invitations, hotel bookings or any other documents needed.
- ✓ Need to fill out a special form, upload a personal digital image and a passport copy.
- ✓ Consular fee 40 USD (free for children aged under 6 y.o.)
- ✓ The visa processing procedure - up to 4 days.
- ✓ The visa valid for 60 days.
- ✓ Maximum stay in Russia - 16 days.
- ✓ A printout of the e-visa notification and foreign passport are to be presented upon crossing the border.



Development of Russian outgoing travel market 2010 - 2019

- ✓ **2010 – 2013:** constant grow + 10-15 % annually.
 - ✓ **2013 - RECORD YEAR:** 54 mln. international trips abroad.
 - ✓ **2014-2016:** dramatical decrease due to the annexation of Crimea and impact of sanctions.
 - ✓ **2016:** 34 mln. international trips abroad, - 20% compared to 2015 due to low oil prices and the closure of Turkey in 2016.
 - ✓ **2017:** RECOVERY: 42 mln. with + 24% visits abroad.
 - ✓ **2019:** 45 mln. +8 %.
- Europe is the main international destination:**
65% of visits (including Turkey).



Russian outgoing travel market 2020

- ✓ January-September 2020: 11 mln. trips abroad – 30% compared to 2019 (37 mln. trips).
- ✓ July-September 2020: 3 mln. trips abroad – 20% compared to 2019 (16 mln. trips).
- ✓ Turkey is on top of outbound leisure trips in the 3rd quarter of 2020.
- ✓ Russian tourists are eager to travel.
- ✓ Revival of domestic travel and air traffic within Russia.
- ✓ Russians travel actively in their own country and many plan New Year holidays trips in Russia.
- ✓ Russians wait for the opening of borders.



Aeroflot group: operating results for September 2020

- ✓ All airlines belonging to the holding: Aeroflot, Pobeda, Rossiya and Aurora carried 3.4 mln. passengers with an average seat occupancy rate of 83.5%.
- ✓ On domestic lines - 3.063 mln. passengers (3.106 mln. in September 2019).
- ✓ Foreign traffic on a minimum level: 354.000 passengers (2.576 mln. in September 2019).
- ✓ Pobeda airlines was actually the only one among the major airlines in the world that showed +12 % in passenger traffic in the 3rd quarter of 2020.
- ✓ In September 2020, Pobeda airlines showed + 17.8% number of passengers, +41.4% traffic on domestic lines with 95% seat occupancy rate.



September 2020: Moscow-Sheremetyevo and Moscow-Domodedovo airports in TOP-3 among the busiest European airports

 TOP 10 EUROPEAN AIRPORTS SEPTEMBER 2020				FULL YEAR 2019	
RANK	CODE	CITY	PASSENGERS	CODE	PASSENGERS
01	AYT	Antalya	2,252,626	LHR	80,888,637
02	SVO	Moscow	2,156,455	CDG	76,171,198
03	DME	Moscow	2,066,225	AMS	71,706,999
04	IST	Istanbul	1,812,811	FRA	70,556,072
05	SAW	Istanbul	1,791,318	IST	68,507,910
06	VKO	Moscow	1,520,706	MAD	61,704,993
07	LED	St. Petersburg	1,385,622	BCN	52,663,623
08	CDG	Paris	1,354,896	SVO	49,932,752
09	AMS	Amsterdam	1,337,741	MUC	47,942,348
10	LHR	London	1,256,617	LGW	46,572,595

The impact of Covid-19: Russian travel habits

The online travel service OneTwoTrip (5 mln. users) constantly conducts studies on the impact of COVID-19 on Russian travellers:

✓ How COVID-19 has influenced Russian travel habits (1.900 tourists):

- 54% now plan their holidays **more carefully**.
- 49% choose tickets with a **refund option**.
- 39% purchase tickets **just before the trip**.
- 60% stated that **low airfare** encourages them to travel.
- 52% think about a New Year's trip.

✓ How the pandemic affected the desire to travel (1446 tourists):

- ✓ 53% of Russians **plan vacation as before**.
- ✓ 24% said that COVID-19 has seriously affected their desire to travel.
- ✓ 40% of respondents plan a **vacation in Russia**.
- ✓ 30% **wait for the opening of borders**.
- ✓ 48% named a **plane** as the most acceptable mean of transport.
- ✓ 31% are ready to go on trips only **by private car**.
- ✓ 51% of respondents prefer a **beach holiday**.
- ✓ 37% plan any trip **individually**.
- ✓ 25% prefer **active holidays**.



Plans of Russian tourists for New Year holidays:

- ✓ New Year holidays is “fellesferie” for the Russians (app. 2 first weeks of January) – main travel period in winter.
- ✓ Due to the impact of COVID-19 restrictions and the massive transition to remote work and study, many Russians intend to take advantage of this new-found flexibility and go on holiday earlier than in previous years.
- ✓ According to Biletix online Russian booking service (350.000 users monthly):
 - 75% of Russian travellers plan a winter holiday trips from 25th December 2020 to 10th January 2021 compared to 55% in 2019.
 - Bookings for domestic airline tickets increased to 97% compared to 52% in 2019.



Feedback from Russian tour operators: what do you need from Norwegian partners/suppliers in the time to come?

- ✓ Keep dialogue and participate in B2B activities in Russia
- ✓ Flexibility in booking policy
- ✓ Prices/rates for the season 2021
- ✓ Up-to-date information on COVID-19 safety regulations and restrictions
- ✓ Fresh update on bankruptcies in Norwegian travel industry



Webinars with Norwegian partners

Target group: product managers from Moscow and St.Petersburg

Theme / product: to be decided together with Norwegian partner.

Date: to be decided together with Norwegian partner.

Length: maximum 1 hour

Price: 750 NOK



Economic situation

- ✓ The Central Bank updates its GDP growth forecast for Russia for this year - the economy will shrink by 4-5% this year.
- ✓ In 2021 Russia should return to growth although the forecasts are currently from 2.8% by the IMF.
- ✓ In general the Russian economy is recovering faster than most of the other countries in Europe due to its reduced reliance on the service sector, expected increase in oil prices in 2021 and smaller number of smaller companies, which are more impacted by Covid than larger ones.
- ✓ Russia's advantages are massive reserves and low external debt: gross international reserves (GIR) are just under 600 bn USD with some 172 bn USD in the National Welfare Fund (NWF); external debt is just under 15% of GDP.
- ✓ Consumer demand is recovering, fiscal support has been increased significantly.
- ✓ The Middle class was reduced by 2%, while the ultra wealthy remained untouched by the crisis.
- ✓ According to Bank of Russia statement the unemployment rate in October 2020 – 6,3 %.



Social situation

- ✓ Russia was the first country in the world to register a COVID-19 vaccine. It was made by the Gamalei Research Centre and named **Sputnik V**.
- ✓ **05. December 2020** start of mass vaccination against COVID-19 in Russia. It is free of charge and voluntary. Teachers, doctors and social workers are prioritised to vaccination.
- ✓ Wearing face masks is mandatory in public places and transport.
- ✓ Rules for arranging events differ in every region of Russia and are imposed by the regional government authorities.



COVID–19 measures in Moscow and St.Petersburg until 15th January 2021

- ✓ Citizens 65+ years old & with chronic diseases and pregnant women should stay at home.
- ✓ Max 50 participants for events.
- ✓ 25% max. occupancy rate of concert halls, theatres and cinemas is permitted.
- ✓ City leisure facilities for children are closed.
- ✓ Restaurants, cafes, bars, night clubs closed from 23.00 to 6.00.
- ✓ New Year and Christmas events cancelled.

Only in Moscow

- ✓ Remote work of at least 30% of staff for companies.
- ✓ Distance learning – school children from 6th – 11th forms and students.

Only in St.Petersburg:

- ✓ Spectator access to sporting events is prohibited.
- ✓ Distance learning – students.
- ✓ 30th December to 10th January all museums and theatres closed.
- ✓ 30th December to 03rd January all restaurants and cafes closed.



Impact of Covid 19: new travel trends in Russia

- ✓ Increased importance of tour operators:
 - provide up-to-date information;
 - take responsibility and risks for bookings/trips in the current unpredictable situation;
 - organise trips in accordance with latest safety regulations.
- ✓ Limited available international destinations influence the choice of Russian travellers:
 - Maldives and the UAE are the beach holiday destinations in winter instead of Thailand.
 - Serbia and Turkey as winter ski destinations replace Austria, Italy, France and Switzerland.
- ✓ Last minute bookings 1-2 weeks prior to trip
- ✓ More flexibility and special offers required
- ✓ Due to distance work the travel pattern has been changed:
 - “workation” phenomenon – possibility to work from abroad;
 - prolonged summer till early November;
 - extended New year and Xmas break holidays.
- ✓ Emerging interest in sustainability amongst upper middle class segments.
- ✓ Travel by car/caravans gets more popular.



What Global Travelers Say Matters Most to Them In Order to Remain Confident About Travel Going Forward



AIR

- Safety & security measures
- Presence of masks
- Widely available vaccine
- Transparent refund policy
- Enforcement of social distancing



HOTEL

- Enhanced cleaning techniques
- Stricter hygiene practices
- Safety & security measures
- Presence of masks
- Widely available vaccine



RAIL

- Enhanced cleaning techniques
- Safety & security measures
- Stricter hygiene practices
- Enforcement of social distancing
- Presence of masks



CAR

- Enhanced cleaning techniques
- Safety & security measures
- Stricter hygiene practices
- Enforcement of social distancing
- More economical options



INSURANCE

- Comprehensive coverage
- Transparent refund policy
- Medical assistance eligibility
- More economical options
- Clarity around restrictions



TRAVEL AGENT

- Keeping travelers well informed
- Support and honesty
- Highly responsive, able to contact anywhere, anytime
- Safety & security
- Advice & expertise



Source: Survey based on replies from +8,500 CheckMyTrip users from 40 countries between 05-26 May 2020



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