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Athens, 1 June 2005

## PRESS RELEASE

### OUTBOUND RUSSIAN TOURISM MARKET

1. Two important reasons lead to the conduction of this survey. **Russia** is an **emerging source of tourists** and therefore Greece has to create the conditions to attract a significant part of Russian tourism. Also, Russians could be the solution to the problem of **seasonality of Greek tourism sector** as they are expected to travel not only in summer but also the rest of the year for city tourism, winter tourism, sports, etc.
2. The survey mentions the factors that affect the development of Russian economy since foreign tourism is driven by economic growth. The result of economic development is an income increase, the most important factor in determining tourism demand in all countries. The existing **tourism demand that was not satisfied** in the past will increase the positive impact of the economic development of this country on outbound (foreign) tourism.
3. In addition to the factors that have a positive impact on tourism, the factors that make tourism development difficult in this country were also analyzed. Indicatively, the difficulty of internal travel is mentioned (even in the summer), the acquisition of visas by the Greek consular authorities in Russia and finally, the continuing decreasing trend of the Russian population since 2000. Other factors that keep the development of Russian outbound tourism to Greece low are the limited possibilities of the

Greek consular authorities in Russia as well as the requirements set by the Schengen agreement for a traveler from Russia and other Eastern countries to a country of the European Union that has signed the relevant agreement.

4. It is pointed out that a big problem in our study occurred by the lack of data for the determination of the number of Russian tourists visiting the western countries. The difficulty lies in the fact that many Russians who want to work in the western developed economies, declare that they also travel for “tourism”. This has forced many countries (e.g. France) to constantly review data on arrivals of Russian tourists, especially those relating to years prior to 2000 as the Schengen Agreement was not applied at the time. This difficulty prevented us from making predictions about the future of Russian tourism using the relevant econometric forecasting models.
5. Our forecasts, due to the above mentioned difficulty, were made using short-term income elasticities, but also utilizing the results of surveys conducted on tourism demand, by various researchers for a large number of other countries with different economies. Therefore, the results should have only indicative significance for the development of the future tourism demand of Russians wishing to travel abroad for tourism.
6. In addition to the above, Russian Republic is also studied in a regional level to analyze the potentials of areas that have significant economic development and population as possible sources of large tourism flows.
7. The shares of the Mediterranean countries in Russian tourism are also studied in order to show the relative position of Greece and the competitiveness factors between these countries. The study will show the possible shortcomings of Greece and the necessary policy for the country in order to increase its share in Russian tourism.
8. Finally, the ways to promote the Greek tourism product in the Russian market were examined, in order for our country to attract a large number of Russian tourists compared to other competitive countries.

9. **The main conclusions** of the study are the following:
- 9.1. Russia has shown remarkable economic growth since 1998. Its GDP growth rate has exceeded 4%, equal to 6.5% in the last 3 years and a further acceleration is expected. Therefore, there is a significant economic trend that will trigger the demand of tourism product abroad. **As long as Russians get more experienced concerning tourism and start to compare, quality and price will begin to play a role and influence the distribution of Russian outbound tourism between different destinations.** Greece has to manage carefully the situation and be alert so other countries do not attract a large part of Russian tourism.
  - 9.2. In 2050 is estimated (United Nations) that the population of Russia **will decrease** to the level of 1950 (102 million). The continuous migration and the reduction of the birth rate lead to this direction. The result will be the relative expansion of the age groups between 55 and 80 years.
  - 9.3. There are still many **difficulties in the operation of private companies** in Russia. The lack of protection of the commercial banks by the state, the non- implementation of the International Accounting Standards, **the limited trust to the national currency** (dolarisation phenomenon), the bureaucracy, the development of illegal activities are factors that discourage any kind of business activity.
  - 9.4. **The departures of Russians abroad, with the main purpose of tourism, do not exceed 5 million today.** However, if to this number the departures for business purposes and the visit of relatives are added (those visitors also have tourist activity during their trips) the relevant number becomes **11.7million**.
  - 9.5. Twelve countries absorb 87% of Russian tourism. Large percentages are recorded to the following countries: Ukraine (28.8%), China (12.8%) and Turkey (8.1%).

- 9.6. **In 2002 135,000 Russians tourists visited Greece (2.7% of total).** The annual increase from 1999 to 2002 was 9%. However, the last year (2003) an increase of 15.5% was recorded in arrivals compared to 2002.
- 9.7. The highest growth rate of Russian tourism is recorded to countries that do not belong to the EU (24.8%) because they are not obligated to comply with Schengen agreement. They are followed by Mediterranean countries belonging to the EU (18.7%) and Western European countries belonging to the EU (13.6%).
- 9.8. In the **Mediterranean market of Russian tourism**, the share of Greece is equal to 7.0%. Countries such as Turkey (33.7%), Italy (17.9%), Spain (13.9%) and Egypt (11.1%) hold large percentages.
- 9.9. Nine Mediterranean countries have higher growth rate of tourism arrivals compared to Greece. Croatia for instance shows a growth rate of Russian tourism ten times higher than Greece while Turkey and Morocco about three times higher.
- 9.10. **Russian tourism is considered to be particularly beneficial for businesses and countries.** Russians as tourists and not as economic migrants or else, are willing to spend a lot of money on their destination. According to available data, a Russian tourist spends on average, within ten days, as many as three English tourists or four German tourists. He buys organized excursions to archeological and historical sites, participates in almost all the events of the tourism area, likes the Greek way of life and entertainment without having a tendency to cause any problems.
- 9.11. It is predicted that Russian outbound tourism in **2010**, will range between **17-20 million** departures. For **2020** it is estimated that the number of departures will range between **28 million and 47 million.**
- 9.12. From the regional analysis of Russia, it seems that today four large regions can give significant tourism flows (Central Region, North-

Western Region, Povolzhsky Region, and Ural Region). The NTO promotion policy should be focused on these regions in order to minimize the promotion costs.

- 9.13. It is estimated that the proposed **approval of religious tourism** would also facilitate the tourism flow to our country, not only from Russia but also from other Schengen countries that have Orthodox populations (Armenia, etc.).
10. The survey made the following **policy proposals**:
  - 10.1. The first and foremost concern of the Greek Ministry of Foreign Affairs must be **the reduction of the restrictions imposed by the Schengen agreement**. As pointed out in chapter six, some serious efforts have been made (e.g. the abolition of the personal presence at the Consulate) but the problem concerning visas remains, as the relevant documents are not easily processed. The solutions proposed in the sixth chapter of the survey are sufficient to alleviate the problem and attract more Russian tourists.
  - 10.2. Given that Russia has tourism market that has recently opened **it is of great importance to accelerate the contact of Russians with the Greek tourism product**. Therefore, Marketing and general promotional practices of the Greek product in the Russian market should be supported, mainly from NTO and then by the Greece. For this purpose, NTO Offices should be established in many large cities and a) General Promotion Strategy b) Facilitation Strategy for tourism enterprises should be implemented.
  - 10.3. As the population of Russia ages rapidly, a policy to **promote elderly tourism** should be implemented in the future, as described in a relevant RIT study. This policy is very significant for attracting Russian tourists because the total population of Russia has a downward trend during the period 2000/2020.
  - 10.4. Given the special characteristics of Russians as tourists, it is predicted that tourism sectors such as **religious tourism, cultural**

**tourism, city tourism and winter tourism** can face great development. **Child tourism** (children camps in private tourism companies) as well as **student tourism** seems to have very good prospects if they are properly promoted and organized.

- 10.5. It is pointed out that the only effective weapon for Greece, as euro country, **is the regulation of inflation and the improvement of tourism product quality.**
- 10.6. As few Russians speak English, the Ministry of Culture should be interested in **having exhibits and displays in museums or other places of historical, religious and cultural content written in Russian.**
- 10.7. **Educational Trips** have to be promoted from tourism companies with the support of NTO (subsidy part of the relevant costs), because these are main projects for the development of future Russian tourism in Greece.
- 10.8. It is also emphasized that **Russian religious tourism should be supported.** The Ministry of Foreign Affairs has to cooperate with the Ministry of Culture and the churches of Greece and Russia. This will have a very positive effect on tourism between the two countries.