

Research Paper

MENA | Hotels

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Arabian Travel Market Series:

GCC Source Market: Russia



Return of Russian Visitors to the GCC

INTRODUCTION

On average, tourist numbers from Russia have increased over the period 2013-2018 in the GCC region. This positive trend is against the backdrop of significantly lower outbound tourism from Russia over the same period, as illustrated on the adjacent graphic. The UAE, in particular, has recorded approximately 530,000 Russian visitors entering in 2017, a 121% increase from the previous year. This trend is expected to continue in 2018, with a 69% increase in visitors expected versus 2017.

The Russian market continues to be one of the main source markets for the UAE along with India, KSA, UK, and China. The increasing Russian tourist numbers are a welcomed change for the tourism market in the country since the large drop in the number of Russian tourists witnessed in 2015 on the back of the rouble deflation versus the US dollar.

Across the wider GCC region, there has been increased efforts to grow visitors numbers from Russia, with a variety of new initiatives been launched recently.

Overall, the Russian source market represents a significant potential growth area for tourism markets across the region.

Market Performance

The countries of the GCC have been attracting Russian visitors with varying success over the last number of years. High performing markets, which include KSA and UAE have seen explosive YOY growth on the number of Russian visitors.

The medium performing markets; Kuwait and Oman, have seen slower growth rates in the number of Russian visitors.

Bahrain, on the other hand, has seen the lowest growth rate in the number Russian tourists between 2013 – 2018F.



FOCUS ON RUSSIAN TOURISM TO GCC COUNTRIES



UAE is experiencing a significant growth in Russian visitors in 2017 – 2018

KSA received a growth in Russian visitors in 2015, and has continued to experience growth in the Russian tourism market until 2018 at a slower rate



Oman has seen a slower growth rate in the number of Russian visitors for the past 6 years in comparison to UAE and KSA

Kuwait has experienced an aggregate growth rate of 7% between 2013 and 2018

7%



Bahrain has not seen a significant change in the number of Russian visitors between 2013 - 2018

Source: National Statistics, Colliers International 2018

Source: Business Monitor International, 2018; Colliers International 2018

Long-Term Outlook

Steps taken by GCC countries to attract the Russian source market are as follows:



UAE

- Visa on arrival for Russian tourists
- Increased flight routes from UAE to Russian Destinations

- SCTH announced the launch of their tourist visas
- Hopeful of boosting current tourism numbers (leisure tourism)

KSA



Oman

- Relaxed visa regulations for Russian tourists
- Russian tourists can obtain a non-sponsored tourist visa if they have a valid UK, US, EU, Canada or Australian visa

- Charter program from Russia to Bahrain (Coral Travel). Flights twice a week from Moscow to Manama
- Visa on arrival for Russian tourists
- Visa extension cost is a low 5 Bahraini dinars

Bahrain



Kuwait

- E-visa allows for an easier process of visa application

Source: Russian Travel Digest, 2018; SCTH, 2018; Gulf Business, 2018

Increasing Air Connectivity

The recent increase in the number of Russian visitors to the GCC has been backboned by a greater number of airline routes being opened by GCC carriers to the Federation. The following airlines have direct flights from the GCC countries to Russia.



Long-Term Outlook – Russian Outbound Market

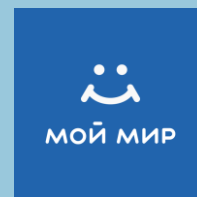
	2018	2023
Total Russian Tourism Departures (Worldwide)	36 million Total Outbound tourists	42.5 million Total Outbound tourists
Russian Outbound to GCC	933,000 Total Russian tourists to GCC	Approx. 2.1 million Total Russian tourists to GCC 2023
Outbound Tourist Spending (USD)	6.6 billion Total Spending	9.3 billion Total Spending (2023)

“ Colliers estimates that an extra 2.9m roomnights will be created by increased demand from Russian tourists to the GCC in the next 5 years ”

What hoteliers can do to attract Russian Travelers:

To attract Russian travelers to the GCC region and to profit from this large source market, hoteliers require to focus and account for the following factors:

- **Word of Mouth:** Acquiring information on WoM is more accessible through social media platforms. Some popular Russian social media platforms are: VK.com, OK.ru and Moi Mir.
- **Increased Price Sensitivity:** Russian tourists are more price sensitive than before. However, Russian travelers are willing to pay for quality products and services, especially for recognizable, reliable brands.
- **Family Values:** The family unit still has a powerful effect on buying habits in Russian travelers. Offering family friendly amenities and facilities to Russian travelers can attract their attention.



Source: Business Monitor International, 2018; Wordbank, 2018; Colliers International 2018

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Colliers International, 2017

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