

**Switzerland Convention  
& Incentive Bureau.**



**Market situation:  
Russia.**

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## 1 MARKET SITUATION AND OUTLOOK.

### 1.1 Economic situation

The country went through a painful economic adjustment during 2015-2016, and the contraction appeared to start softening out only in 2017. Structural weaknesses, low investment levels and a poor demographic outlook will keep real GDP growth well below 2% per year in the medium term. Yet the GDP remains at a standstill, showing 1.3 to 1.5% of increase year on year, which is rather a stagnating signal than an indicator of growth. (Economic Intelligence Unit, 2019)

Sharp decrease of Ruble in 2015 was much due to a heavy drop in oil prices, however since then the barrel price has gone up again, while the government forecasted a much lower level. In a situation when Russian economy depends a lot on exports of mineral resources, the current situation may provide certain stability for the coming years, at least until the next presidential elections in 2024.

After a shocking drop of Ruble against USD and EUR, Russian national currency has been fixed on a higher level and remains within the same figure for the last 3 years.

CHF/RUB exchange rate development (1 year):



Consumer moods and credit behavior of Russians have been stable throughout the year. Russians' consumer plans have not changed much since 2018, excepting expenditures on traveling: 22% of respondents are going to spend money on trips in 2019 vs 15% in 2018.

(Survey of Russian Public Opinion Research Center (VCIOM), January 2019)



## 1.2 Travel outlook

New conditions, which prevail in Russia after the crisis effects of 2014-2015 years, have a clear reflection in tourism and in consumer behavior in all areas of tourism, would these be leisure, business travel or MICE.

Egypt, one of the two mass-market destinations, no longer exists for Russian tourism (after a tragic terrorist attack over Russian civil plane in 2015). The country alone had provided for up to 15% of the outbound from Russia and was also one of the most demanded MICE destinations. End of June 2019 Russia introduced temporary flight suspension to Georgia. The number of Russians visiting Georgia will drop by 1 Mio. As per estimation of Georgian Tourist Board.

On the contrary, new destinations open up, and especially domestic ones, which have grown after the World Football Cup last year. To match with the new realities, a new organization structure for tourism on a government level has been created. Tourism was taken away from under the Ministry of Culture of Russia and shifted to the Ministry of Economic Development. Substantial changes happened within the tour operators: many went bankrupt, others merged as a result of major acquisition processes.

**Overall outbound tourism was growing by 6,1% in 2018 compared to previous year** (44,5 Mio. trips vs. 41,9 Mio. trips in 2017):

- **30,8%** (13,7 Mio. trips went to **CIS countries** (increase of 2,8% to 2017). Tourism goal was stated mostly for Georgia, Armenia, Azerbaidzhan.
- 23% (10,3 Mio. Trips) to border countries (Finland, China, Estonia etc.) increased by 0,9%
- **45,7%** (20,3 Mio. trips) to **other foreign countries** increased by 10,8%

Top-10 destinations among other foreign countries:

1. Turkey (5,9M trips, + 26,64%)
2. Germany (1,4M trips, +5,9%)
3. Thailand (1,2M trips, +7,4%)
4. Italy (1,1M trips, +22%)
5. Spain (1M trips, +3,70%)
6. UAE (966K trips, +23,25%)
7. Cyprus (867K trips, - 4,70%)
8. Greece (839K trips, -5,45%)
9. Tunis (632K trips, +17,60%)
10. Vietnam (556K trips, +3,80%)
11. ....

21. Switzerland (245K trips, -2,4%)

More than 70,7% of the increase in 2018 was assigned to five countries – Turkey, Italy, UAE, Tunis and Thailand. But there are countries from the second row, which stated growth of two digits but smaller volume: Hungary (+50,7%), Cuba (+37,2%), Romania (+32,4%), Maldives (+28,8%), Portugal (+ 28,9%), Qatar (+22,6%), Croatia (+19,8%), Japan (+18%).

Source: Statistics of The Border Police of the Federal Security Service

### New air routes and destinations



Expansion of direct airline connections between Russian airports and Asian destinations is an important new trend. Aeroflot, Russia's national airline has doubled its flight capacity to Bangkok and Phuket during winter 2018-2019. At the same time, Aeroflot launched new direct flights or increased flight capacities to competing destinations, particularly to Colombo, Male, Denpasar.

Gulf Region is yet another strong player on the market, offering great mid-haul destinations with a high level of comfort and security. Qatar, Bahrain and Oman have all three set up their presence in Russia since one last year. Their airlines launched new flights to Moscow (with Qatar Airlines operating already for the past 16 years at least). Following their more experienced neighbor and competitor, the UAE, they introduce easier visa rules for the entry of Russian citizens. Dubai has been a pioneer in this field by completely eliminating any visa regulations for Russians.

Altogether, the whole region of the Gulf (excluding Kuwait and Saudi Arabia) is now very well prepared to host Russian tourists and M&I groups and has all the potential for this.

Last but not the least, Japan has boosted its marketing promotion in Russia since last year, presenting MICE as one of its priority segments. Taiwan introduced a visa-free entrance for Russian tourists from the end of 2018 on a trial basis and opened its representative office in Moscow, aiming at various travel niches, including to a large extent – at the MICE sector.

#### **Overnights in Switzerland**

Russia shows positive development of overnights in Switzerland since May 2019, even though the total result January – July 2019 is slightly negative (-1.7%) due to weak winter season.

Top destinations 2018: Zurich, Geneva, Zermatt, St.Moritz, Bad Ragaz.

### **1.3 Situation of the Meeting Industry & Trends.**

Since past two decades MICE related travels are in demand in Russia by industries where meetings and exchange of experience form the basis of business processes. These are pharmaceutics, consumer electronics, IT, telecommunications, Fast Moving Consumer Goods (FMCG) and Multi-Level Marketing (MLM).

According to experts, the volume of the **business travel** market amounts to \$9 billion annually, of which up to a quarter is handled through the business travel companies. Within coming 6 years, the business service market will be expanded for more than 4 times. And with it, 5 major players will remain on the market.

Unlike with business travel, there are no figures reflecting the amount of MICE or pure **M&I segment**, as this industry is shared and owned equally between business travel consortia, luxury travel companies, charter operators and other “newcomers” from close industries (PR, marketing, event organization, etc.).

Even through the recent 4 years of overall crisis and stagnation, M&I did not experience any significant reduction: in terms of numbers and revenues, MICE in Russia managed to survive through the hardships and secured its positions.

Similarly, end clients very seldom acknowledge their M&I events as incentives due to audit and taxation concerns. While travelling abroad companies try to use educational factor more to hide incentive and report it as training seminars and conferences.



However, domestic incentive trips are not subject to income tax. Before the crisis an average proportion between outbound and domestic MICE was roughly 60 to 40 (in favor of outbound MICE), currently domestic MICE projects very clearly a way ahead of international. Europe largely holds a leadership in hosting Russian conference and congress delegates (with few exceptions like Italy, Greece or Portugal), whereas long haul destinations (Asia, South America) are in the focus of incentive trips organizers.

These may have few exceptions. For instance, Spain is equally attractive for both incentive and congress organizers, though largely dependent on a region of the country. Italy is popular for theme tours and exclusive events, as well as industrial fairs and congresses in Milan.

South East Asia enjoys largely a tourist and business travel demand from mid-size Russian businesses interested to invest in this region and to combine business related travel with leisure.

Russian M&I travel is getting more price sensitive and more selective than in the early years of its existence. Gone are the times when a client would accept any budget and when the quality of an M&I trip was on the top focus of planners' attention.

#### 1.4 RFP situation in Russia.

	2018 (Jan – August)	2019 (Jan – August)
RFP's	28	30
Confirmed business	19	20

## 2 TARGETS.

### 2.1 Qualitative.

- Create value for new and existing clients as well as for our partners by empowering meeting & incentive business to Switzerland
- Fast, pro-active and professional approach towards the market
- Establish & explore new paths where possible, both KMM and KAM, to market SCIB and Switzerland as a meetings, incentives and conferences destination
- Generate new awareness and keep existing client interest in Switzerland
- Network through industry associations and other platforms
- Assure that buyers know about innovative program ideas
- Update and evaluate existing database
- Improve quality of existing marketing activities

### 2.2 Quantitative

- Number of qualified contacts in the database: 1400



- Qualified client contacts: 200
- Number of days with customers: 40
- Number of requests: 50
- Number of conferences, meetings and incentives in Switzerland: 30
- Number of directly influenced overnight: 3,000
- Web visitors on meetings/incentives: 6,000

### 3 CURRENT DATABASE SITUATION.

Kind	Companies	Contacts
MICE Agents	457	1135
Corporate Clients	441	640
MICE Media	36	62

### 4 DETAILED MARKETING ACTIVITIES.

Further details of past, present and future marketing activities can be found on [www.stnet](http://www.stnet), which can be accessed by using your personal username and password.

## RUSSIA

			<b>Comments</b>	<b>Cost CHF</b>
01/01/2020 – 31/12/2020	<b>MICE: E-Newsletter</b>	4xyear newsletter based on the partner news to ca. 1500 meeting planners communicating in Russian (Russia, Ukraine, Belarus, Azherbajan, Baltic States etc.)	Send in relevant news, best practice examples, openings and other relevant stories including pictures and links.	0
		Schedule of the eNL will be communicated early in January 2020. Picture, link and 300-400 characters texts needed per article.		
01/01/2020 – 31/12/2020	<b>MICE: www.MySwitzerland.ru/meetings</b>	Update of “Meetings” section is regularly done in Russian language. Special section with articles will be promoted with native ads (Taboola network or similar).	Organic traffic to Meeting page in Russian is ca. 200 -300 visitors monthly.	0
01/01/2020 – 31/12/2020	<b>SCIB RU Telegram channel</b>	SCIB Russia communicated weekly news in Russian on SCIB Telegram channel @SCIBnews.  Telegram is a cloud-based mobile and desktop messaging app with a focus on security and speed (analog What's up, but possibility of channel - one-way communication). Every Monday we post the news in format: text + link/photo. It is C2C communication which results in very high open rate of the news editions: 150 openings / 200 subscribers	Partners are welcome to send us news in form of short text (300-400 characters), link and photo.	0
01/02/2020 – 30/11/2020	<b>MICE KAM: Webinars “Live from Switzerland”</b>	SCIB Russia continues to conduct webinars for meeting planners. Good instrument to keep in touch and inform about destination product. SCIB Russia coordinated the invite and online registration of clients. Follo-up e-mail will be sent after webinar by SCIB including partner contacts and highlights. Partner receives full contact details of the clients.	25 min presentation in power point via GotoWebinar tool. An overview of the dates and planning details will be sent in January. Maximum 4 webinars in total.	500
01/01/2020 – 31/12/2020	<b>Sales calls in Moscow or St.Petersburg</b>	Sales visits are still very efficient instrument in product promotion. SCIB will organize sales calls for partners in Moscow and/or St.Petersburg. 4-5 visits a day to agencies and corporate clients.  Schedule of sales calls will be communicated in January.	Participation fee: 800 CHF (VAT excl.) for one day of sales calls. We recommend to plan 2 days of sales visits minimum.  SCIB sub-partners participation is possible only upon availability and destination also need to be promoted.	800
13/01/2020 – 19/12/2020	<b>Study trip for corporate planners</b>	SCIB Russia assists travel management companies with organization of site inspection for their clients. Assistance is provided in form of Swiss Travel Pass, airline ticket and program liasing with both SCIB HQ and partners.	Land arrangment by partner (hotel overnights, meals and activity program).	0

Marketing Activities SCIB – Budget SCIB – RUSSIA

			<b>Comments</b>	<b>Cost CHF</b>
20/01/2020 – 14/12/2020	<b>Business breakfast for meeting planners</b>	Morning presentation for 15-20 clients focusing on one destination. SCIB Russia invite clients, organize event and send out follow-up on all participants.  Partner will receive full contact details of participants.	Exclusive activity for the destination. Local partners (up to 3) may join this event.  1500 CHF destination participation fee 1000 CHF local partner participation fee  Event can be confirmed with minimum of 2 participants.	1'500
22/01/2020 – 22/01/2020	<b>“Swiss Trophy Tales” Moscow</b>	Networking event for Meeting Trophy participants from Russia. Celebrating 10 year-anniversary in format of moth-talk.  Swiss partners and Russian clients will share their stories of the Trophy on stage. Every speaker will get support of the coach in preparations.	Participation to evening networking event with 50 clients, ex-Trophy participants - destinations, hotel partners and DMC are welcome to join.	1'000
09/05/2020 – 12/05/2020	<b>Pre-convention IMEX study trip</b>	12 Russian IMEX hosted buyers will be discovering Swiss destinations. Combination of 2 regions is optimal.	Land arrangement by partner (hotel overnights, meals and activity program).	0
04/06/2020 – 04/06/2020	<b>Workshop MICE connection</b>	One-day workshop in Moscow with online scheduled appointments and cocktail-event in the evening. All main players of the market attended this event in 2019.  Venue for the event in 2020: Radisson Royal Moscow.	Partner with status “exhibitor” receives: - 1 branded working table - online cabinet for scheduling - 1 invitation to the cocktail	Program in the destination for the group  1'800
01/07/2020 – 31/07/2020	<b>Compass Consulting Workshop, St.Petersburg</b>	Compass Consulting* has launched this event successfully in July 2018. 50 clients (40 from Moscow, 10 from St.Pete) were invited to one day workshop (Friday) in St.Petersburg including gala-dinner and activity program on Saturday in northern capital of Russia. 11 partners from Italy, Spain, Portugal, Cyprus, Croatia, UAE, Brazil (DMCs, hotels and convention bureaus) could meet agencies and corporates at 6 hour workshop in free flow format. Social program is also a good platform to establish informal relations with the new contacts.  This event can be combined with sales calls in Moscow on Thursday or the week after the event.	SCIB will participate first time to this event in July 5-6, 2019. Decision about participation in the workshop in 2020 will be taken based on the results 2019.  Participation fee includes: - working table at the workshop and appointments during 6 hours on Friday - gala-dinner on Friday evening - activity with the buyers on Saturday	3'500

\* Compass Consulting is a marketing organization representing different MICE suppliers on the Russian and CIS market. SCIB participated to hosted buyers events of Compass Consulting at IMEX and IBTM before.

## Marketing Activities SCIB – Budget SCIB – RUSSIA

		<b>Comments</b>	<b>Cost CHF</b>
21/09/2020 – 24/10/2020	<b>MICE Geography Show in Moscow</b>  International MICE Geography Show Russia is an annual professional event of the MICE industry organized by ABT-ACTE. It is 2 day program with workshop on 1st day and educational conference on 2nd day. This is a platform where clients from the regions are also invited on hosted buyer basis. Expected number of visiting corporate buyers and travel-trade professionals: 120 + 120 (including Hosted Buyers from Russia's major cities). 2 Workshop sessions and ca. 20 individual appointments are planned for each exhibitor during working day. Social evening program is part of the IMG Show.	<b>Comments</b> Participation fee includes: - 20 appointments (pre-scheduled) at the workshop - gala-dinner - 1 day conference - news publication on img-show	<b>Cost CHF</b> 3'500
01/03/2020 – 30/04/2020	<b>MICE: Media project “Technical visits”</b>  SCIB Russia started in 2019 with annual communication theme. First topic was "Incentives in Switzerland". Content was published in MICE&More magazine.  In 2020 we communicate the topic "Technical visits, further education" because this is one of the drivers to choose Switzerland as MICE destination. Supplement or editorial content in the main issue (10-20 pages) is planned in one of MICE-media:  - "Business Travel" magazine (every 2 months; 9000 copies; A4 format; ca. 50 pages) - TTG (monthly newspaper; 12000 copies; A3 format; ca. 100 pages) - "Business Traveller" (Russian edition of British monthly magazine, 45 000 copies, ca. 100 pages) - MICE & More, 2000 ex., quarterly, A4 format - byuingbusinesstravel.com.ru - (20'000 eNL subscribers)	<b>Comments</b> SCIB Moscow takes over coordination of your story placement in the project, translate your topic and do the proof reading. 2 pages per partner foreseen.  If the media project will be placed in the print media. Created content will be promoted online: media home page and social media channels.	<b>Cost CHF</b> 1'500