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This profile was developed by the USAID/Jordan Tourism Development Project
in cooperation with Jordan Tourism Board

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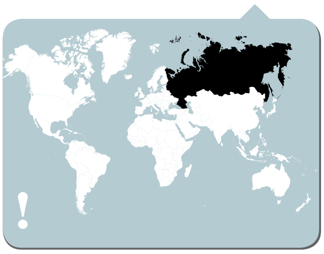
OVERVIEW



Russia has established itself as an important new market in recent years. UNWTO has ranked Russia ninth in the world in terms of leading spenders on international travel, with spending rising by 22.5% in 2007 and 12.5% in 2008 to US$24.9 billion.

However, the Russian market was particularly badly affected by the global economic downturn in 2008-09, and spending abroad fell by 14% in the first three quarters of 2009. Outbound trips are estimated to have fallen by 18% in 2009, from 36.5 million to 29.9 million trips.

A substantial recovery was expected in 2010, for the overall market and for Jordan. Trends in the first quarter of the year point to strong double-digit growth to many destinations (Egypt was up 90% in April 2010 for example), driven by the rapid economic recovery. Market demand has also been stimulated by the weak Euro and the fact that Europe has become much more affordable.

The Russian market has shown a 60% increase during the first 6 months of 2010 over the same period in 2009. The leading destinations for 2010 were Egypt (no. 1 at 65%, overtaking Turkey) and Thailand (no. 5 at 118%), both witnessing increases in both total number of visitors and increased market share. Both destinations are 'Mass' market travel destinations, attracting large numbers of tourists from regional cities in Russia using charter flights and flexible pricing policy

There are two sides to the Russian outbound travel market, the wealthy upper classes who travel abroad frequently, use luxury facilities and spend very freely; and there are a growing number of people on average incomes who can afford to travel abroad, but are much more cost-conscious.

Both segments have a strong liking for relaxed sun and beach holidays. The rich and the more affluent middle classes like to combine these with cultural, city and scenic visits. The less affluent and particularly those from the 'regions' (i.e. outside Moscow and St Petersburg) tend to be more exclusively focused on sun & beach holidays. Their growing numbers give the impression that the Russian preference for beach destinations is intensifying, but this is not the whole story. Relatively new legislation requiring tour operators and travel agencies to register – and tour operators to post insurance bonds – is transforming the industry. As a result, the total number of Tour Operators (TOs) has been reduced from 4,500 to less than 1,550 officially registered TOs.

The economic downturn has accelerated the process of consolidation even further. Moscow Operators continue to take over Russian regional cities with charter flights to key destinations. Leading Tour Operators reduced the destinations offered in 2009 but are looking to expand their offers in 2010. International acquisitions are changing the market. Thomas Cook bought part of Intourist; TUI bought VKO Travel, two leading European operators and more negotiations are taking place.

The sharp recovery in market demand, while positive overall, also has some negative implications as an increasing number of national tourism organizations (NTOs) are establishing a presence in the country, and not just in the capital. More and more countries are also becoming visa free for Russians, thus eliminating one of the main hurdles to growth.

Arrivals to Jordan from Russia have been rising steadily by winning a minute share of 0.4% of total Russian outbound market.

COUNTRY BRIEF

Currency

The Russian Ruble (RUB) fell sharply against both the Euro and the US Dollar in the last quarter of 2008 but, by the end of April 2010, had largely recovered against the Euro. From a low of RUB46 per Euro in August 2009, it rose very steadily to RUB39 per Euro in April 2010 and RUB38 in May 2010.

	2005	2006	2007	2008	2009	Apr 2010
RUB per Euro	35.17	34.11	35.01	36.58	44.14	38.84
RUB per US$	28.28	27.19	25.58	24.85	31.64	29.17

Table 1 – Russian Ruble (RUB) Exchange Rate 2005-2010
Source: International Monetary Fund (IMF); Economist Intelligence Unit (EIU)

Currency fluctuation is an important factor for consideration both in terms of pricing tourism offerings and also in terms of competitiveness in the market, as currency inflation or deflation can have significant effects.

Population

According to the UN Population Division, the population of Russia in 2010 is estimated at 140 million. It has been declining by around 0.5% a year, but the rate of decline is diminishing.

The age demographics can be broken down as follows:

0-24 years: 29.5%	25-59 years: 52.5%	Over 60 years: 18%

Table 2 - Russia Age Distribution
Source: UN Population Division

Ancestry & Migration

According to the 2002 census, the following is a summary of nationalities in Russia:

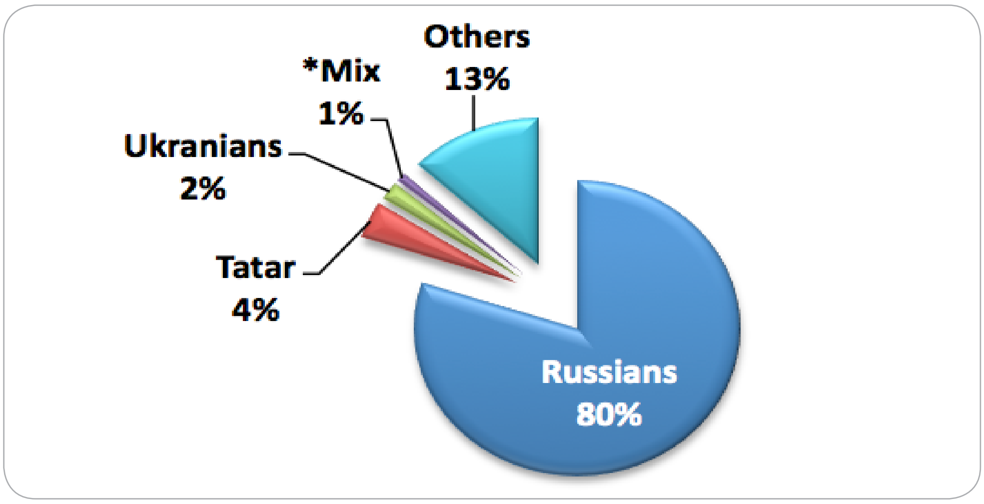


Figure 1 – Russian Population Distribution
Source: UN Population Division

** Mix includes: Bashkir, Chuvash, Chechens, Armenians, Byelorussian*

Large numbers of Russians live abroad. Official data suggests there are some 15 million Russians in the countries of the former USSR including:

Country	No. of Resident Russians
Ukraine	8,000,000
Kazakhstan	4,500,000
Latvia, Lithuania	1,500,000
Israel	1,000,000
USA	850,000
Western Europe	200,000
Brazil, Argentina	125,000
Australia, New Zealand	20,000

Table 3 - Russians Living Abroad
Source: UN Population Division

Language & Religion

Over 80% of the population speaks Russian, the official language of the country, as their mother tongue. Other languages are used in the regions, officially and as mother tongues, but almost everybody understands Russian.

Over 60% of the population (and 80% of ethnic Russians) now identify themselves with the Russian Orthodox Church. Around 10-15% are Muslim (mainly, but not exclusively, in the North Caucasus and Volga-Urals region).

Economic Trends

Russia has had one of the world's fastest growing economies in recent years, but a large section of the economy is based on energy and national resources. It received a big setback in 2009, real GDP is believed to have declined by 8%. The principal problem was the fall in international oil and gas prices, but the economy is also suffering from high inflation, corruption, poor governance and low levels of productive investment. Big companies found it difficult to roll over their heavy debts and the government was forced into providing massive fiscal and monetary support. The effects on employment and real incomes (eroded by the high rate of inflation) were severe.

	2007	2008	2009e	2010f
GDP (US$ billion)	1,300	1,667	1,232	1,477
Real GDP Growth (%)	8.1	5.6	-8.0	3.0
Inflation (%)	9.0	14.1	11.7	9.9
Unemployment (%)	6.1	6.3	8.5	8.0

Table 4 - Key Economic Indicators 2007-2010f
Source: IMF, Economic Intelligence Unit

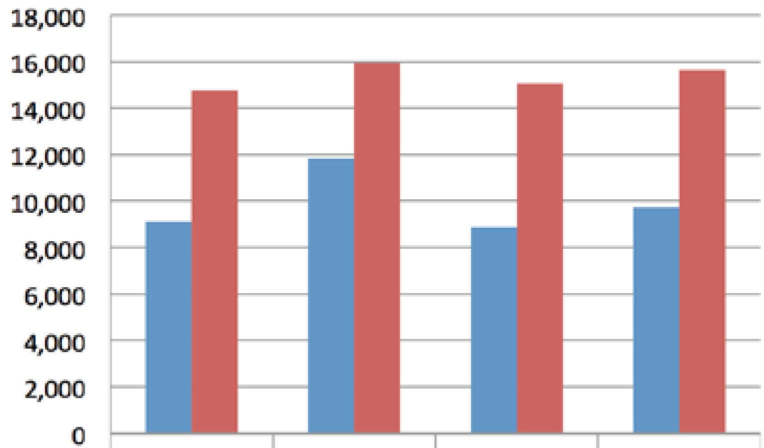
e: estimate
f: forecast

Given the increase in international oil and gas prices, forecasts for GDP growth in 2010 were raised at the beginning of the year, but there remain great uncertainties, not least over the true credit-worthiness of the government and many major companies.

Nevertheless, the latest forecasts suggest that investors will return to Russia and that the rate of inflation will stabilize at around 6%, with economic growth of around 5%. The budget deficit should also narrow to 3% of GDP in 2010 from the currently projected 6% – as long as oil prices remain above US$70 a barrel.

Consumer Confidence

The Federal Statistics Service's index of consumer confidence plunged to a ten-year low of 35 in the first quarter of 2009, but by Q4 had recovered to -20, the same level as in Q4 2008. However, this is still well short of the levels seen in mid-2006 to mid-2008 (+5 to -1).



	2007	2008	2009e	2010f
Per Capita GDP (US$)	9,103	11,807	8,874	9,717
Per Capita GDP at PPP	14,766	15,948	15,039	15,617

Figure 2 – Consumer Confidence Indicators (2007-2010f)
Source: IMF, Economic Intelligence Unit

*

PPP: Purchase Power Parity
e: estimate
f: forecast

TRAVEL TRENDS OF THE RUSSIAN MARKET

Outbound Trips

Average annual growth in total trips from 2003 to 2008 was 12%; that for holiday trips was 15%. However, both total and holiday trips are thought to have declined by 18% in 2009 according to Goskomstat (Federal State Statistics Servie). Data from Euromonitor International and other sources show a rather different trend:

	2005	2006	2007	2008	2009e
Total Departures (million)	29.1	31.5	33.8	35.5	32.6
Holiday Departures (million)	25.1	26.8	28.6	29.7	27.5

Table 5 – Russian Outbound Departures (2005-2009e)
Source: Euromonitor International

e: estimate

Holiday trips probably include some travel for business purposes, as visas are more difficult to obtain for business trips.

The economic crisis demonstrated that for the majority of the population in large Russian cities, holidays abroad are a top priority in terms of spending; tourists did not stop traveling, but reduced their expenditure on trips. Those previously choosing "all inclusive" and 5-star accommodation switched to 4-star and 3-star accommodation and less expensive destinations.

With the crisis, the regions demonstrated a slightly different trend; consumers from the regions tended to choose more domestic destinations, or even stopped traveling altogether.

Therefore, most destinations for Russian outbound travel suffered heavy declines in the first nine months of 2009, but reports suggest that for some the last few months of the year and the first quarter of 2010 showed improvement.

Destination	2010 to 2009	Market Position
Egypt	65%	1 (1,140,000)
Turkey	44%	2 (924,000)
China	40%	3 (560,000)
Finland	8.6%	4 (310,000)
Thailand	119%	5 (225,000)
Germany	10.5%	6 (439,000)
Italy	31%	7 (235,500)
Poland	28%	8 (197,000)
Spain	35%	9 (195,000)
Czech Republic	23%	10 (170,500)

Table 6 - Top 10 Destinations for Russian Outbound Travel (Arrivals 2010)
Source: JTB MBR Russia

One of Jordan's main competitors for the Russian market, Israel, is among the top 25 destinations and showed a 15% increase in 2010. Israel became a visa-free destination for Russians in 2008.

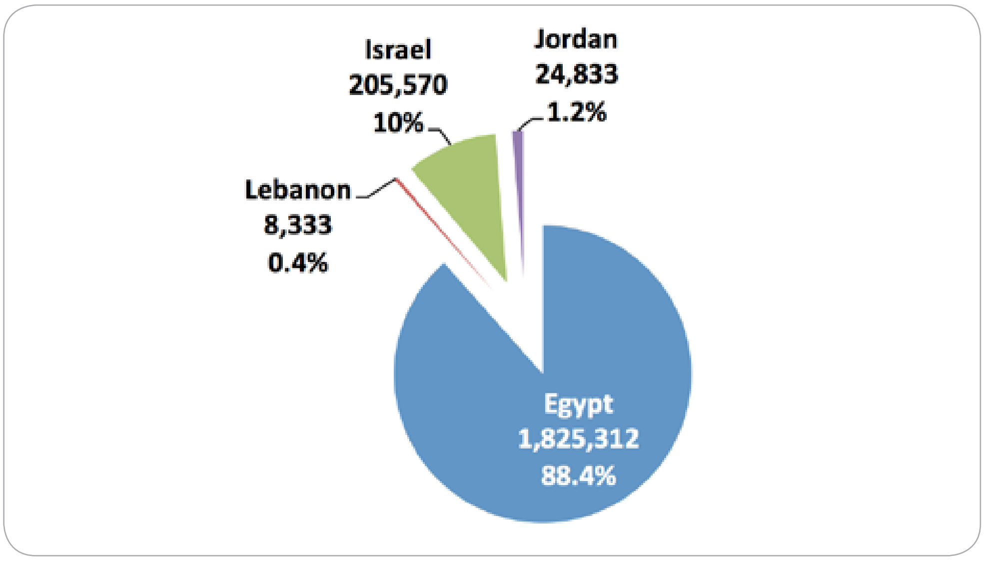


Figure 3 – Outbound Travelers from Russia to the Region in 2008
Source: UNWTO

A number of leisure destinations declined in 2009 due to the general recession. Those destinations that are popular among Russians, especially for summer holidays, are offering very attractive prices, with discounts for hotels and flights, in order to increase the number or Russian arrivals. In fact Montenegro increased Russian arrivals in 2009 by 27.8%, while Croatian resorts, which refused to cut prices, saw numbers of Russian tourists plummet by 36.8%.

The development of outbound business tourism was seriously hampered as well. Business tourism departures declined by 13% in 2009 companies reduced their budgets for MICE tourism and switched to domestic business trips.

Leading Destinations by Purpose of Trip for Russian Travelers

Shopping and Shuttle Trading

These are the leading destinations for Russian outbound travel, but a significant proportion of trips are for shopping and shuttle trading.

Holidays

The top destinations for holidaymakers are Turkey, Egypt and on a smaller scale Italy, Spain, Greece, Germany and Thailand.

New Year Holidays

The trade reports that the leading New Year holiday destinations in 2010 included Egypt, Thailand, India (mainly Goa), the Dominican Republic and European ski resorts.

According to Euromonitor data, Russian outbound travel by segment in 2009 can be summarized as follows:

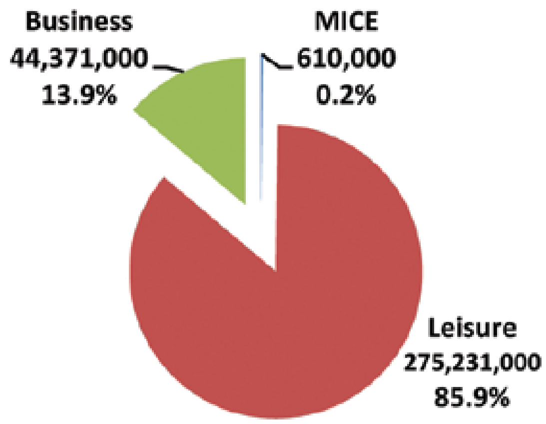


Figure 4 - Russia Outbound by Purpose of Travel
Source: Euromonitor International, Country Sector Briefing

International Travel Expenditure

Expenditure on travel abroad increased by an average of 15% in 2003-08, but is estimated (on the basis of 9 months actual results) to have fallen by 14% in 2009.

	2005	2006	2007	2008	2009e
Total (US$ million)	17.5	18.1	22.1	24.9	21.9
% Annual Change	11.5	3.2	22.1	12.7	-12.0
Spend per Trip (US$)	615	622	644	682	732

Table 7 – Travel Expenditure by Russians Abroad
Source: UNWTO

e: estimate

According to Euromonitor reports, January, May and March are months when Russian tourists spend more than other months during the year. This can be explained by the fact that European destinations are the most popular in these three months amongst Russian tourists traveling abroad mainly for shopping.

Italy, France, the US and the UK are the countries where Russians spend more on shopping per person than other tourist destinations. These countries are traditionally considered as destinations with a highly developed fashion industry. The US became popular among Russian shopaholics, related to the declining exchange rate of the US dollar in relation to the Ruble in 2009. Russians use credit and debit bank cards in these countries more than in others.

Average expenditure per trip (US$682 in 2008, calculated from the UNWTO spending figures and the Goskomstat data on outbound trip volume) appears to understate the spending power of Russian travelers who, according to most sources, rank well among the world's leading spenders on international travel, particularly on accommodation. A large share of all spending is reportedly on retail luxury and fashion goods. In recent years, Russians have tended to spend more on jewelry and watches abroad.

According to the Goskomstat, Russians spend an average of US$1,000 per head on their holiday.

Popular places for Russian traveler spending are duty free stores in the airports of European capitals. The year 2009 saw a slight increase in the popularity of car rental services among Russian tourists abroad. Russians tend to use credit cards when paying for hotels, and debit cards when shopping.

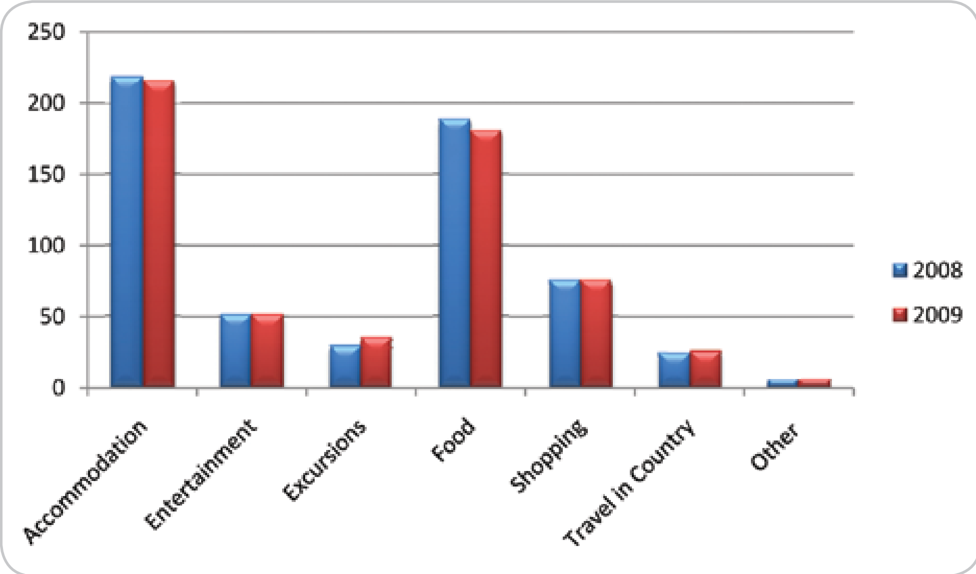


Figure 5 - Outgoing Tourist Expenditure by Sector, Value: 2008/ 2009 (Ruble billion)
Source: Euromonitor International, Country Sector Briefing

“Other “ includes travel agent services
“Entertainment” includes attractions, theatres, guided city tours, etc
“Food” includes restaurants

Seasonality & Average Length of Stay

Wealthy Russians tend to take at least 7-10 days off to travel abroad every two months. Middle-class Russians take at least two vacations per year, including one to a Sun & Beach destination during the summer months. With school holidays lasting three months (June, July and August), most families with children plan 10 days to 2 weeks on the beach.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1-7	23	8		1-3 /8-9	12					1-4	30-31

Table 8 - Russia’s Public Holidays in 2010
Source: JTB MBR Russia

The main school holidays fall between June and August and over Christmas and New Year. In addition, there are short breaks at roughly five-week intervals. In 2010, school holidays were as follows:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1-10	20-25	25-30		1-10	1 ➡	➡	➡ 31		1-10	1-9	25-30

Table 9 - School Holidays in Russia in 2010
Source: JTB MBR Russia

State employees are entitled to 28 days holidays a year, in addition to 10 public holidays. Other employees are typically entitled to 14-31 days holiday. Many also take additional days to extend weekends or national holidays (e.g. 1-10 or 1-14 January, 1-10 May and 1-7 November).

The peak months for travel abroad are January, May, June, July, August and November.

Russian Traveler Profile

Russian tourists are adventurous; they are active, sociable and looking for new experiences.

Destinations with spas, sports facilities and culinary delights are all increasingly in demand.

Russians are extremely susceptible to 'novelty' according to Eventica Communications (a marketing and communications company in Russia), if a destination is marketed and differentiated in the correct way to the correct audience as a new holiday hotspot, it will succeed in the Russian marketplace.

Russians like the reassurance of branded hotels and all-inclusive trips.

Education tourism is popular as significant numbers of Russians go abroad to learn foreign languages and other skills.

More than 40% of all Russian outbound travelers live in Moscow. St Petersburg is the second most important source and demand from other big provincial cities like Yekaterinburg and Novosibirsk had been growing faster than from the capital. However Moscow suffered most from the economic recession and collapse of the Ruble in 2008-09.

The number of Russians choosing independent travel is growing, tourists are buying tickets and choosing hotels and excursions without using travel retailers and their services. Some Russians find this type of travel less expensive, and others believe that this type of travel promises more adventure and is more exciting. Independent travel is more popular among the younger population, particularly females.

Families, friends and couples were three groups with approximately equal proportions in terms of the number of tourists traveling abroad in 2009. Families traditionally consist of three or four people, and friends also tend to travel in groups of three or four. These groups are very active in terms of spending. They traditionally choose 3-star or 4-star accommodation and spend more on entertainment than other groups.

Euromonitor reports that the trend in 2009 demonstrated that many young female friends travel together. This can be explained by the general trend of growing feminization, women are becoming more proactive in different spheres of life such as work, sport and entertainment.

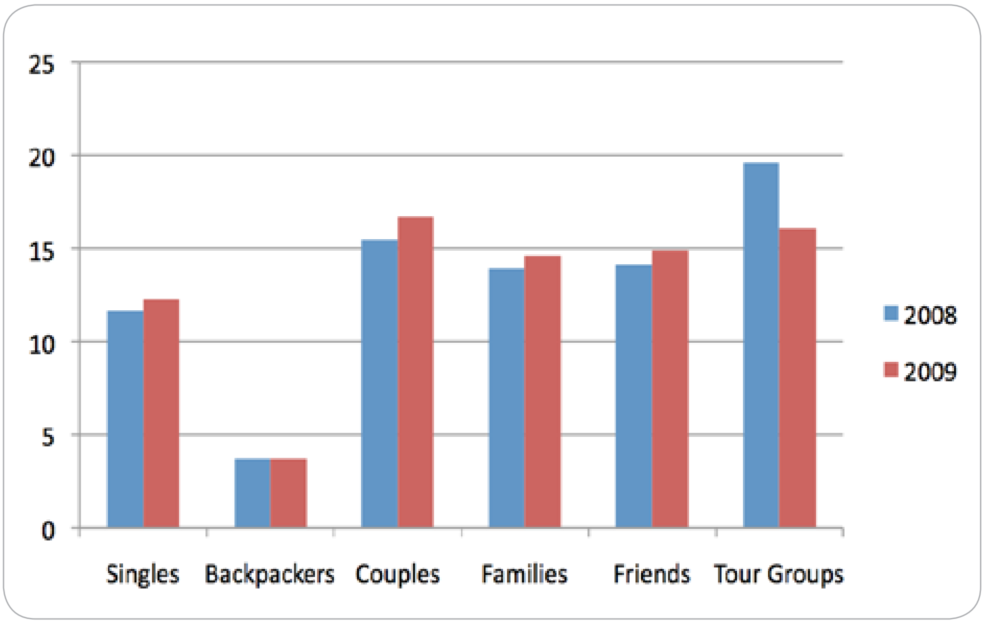


Figure 6 – Russian Leisure Departures by Type (%)
Source: Euromonitor International / Country Sector Briefing

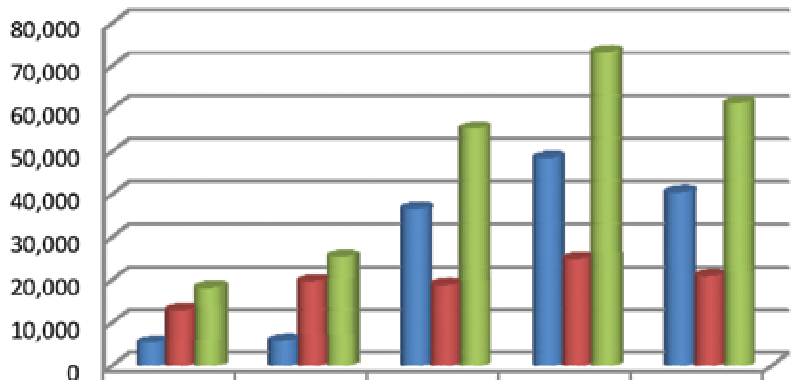
RUSSIA TRAVEL TRENDS TO JORDAN

Tourism Arrivals in Jordan from Russia

Russian visitors are predominantly same-day visitors (66% in 2008 and 2009), more than any other foreign market traveling to Jordan. They primarily visit Petra on excursions of less than 24 hours from neighboring Israel or Egypt.

In 2007 there was a surge in same-day visitors from Russia which can partially be attributed to an increased demand in cruises and excursions by Russia-based holiday makers.

The annual growth in overnight arrivals (tourists) was extremely strong until 2009, when they dropped by 16%. The good news is that double-digit growth was forecast for 2010, where numbers in the first half of the year jumped by 60% over the same period in 2009.



	2005	2006	2007	2008	2009
Same Day Visitors	5,277	5,745	36,519	48,344	40,448
Overnight Visitors	12,858	19,564	18,758	24,833	20,777
Total	18,136	25,309	55,277	73,177	61,225

Figure 7 - Russian Tourism Arrivals to Jordan (2005-2009)
Source: Ministry of Tourism and Antiquities (MOTA)

The 2006-07 National Tourism Visitor Survey (NTVS) found that 10% of Russians visiting Jordan are Jordanian citizens. Approximately 77% were first time visitors, although 11% had made the trip at least five times over the last five years.

Seasonality in Jordan

According to the 2006-07 NTVS, the average length of stay for Russian travelers in Jordan was 19.6 nights. For those coming by sea however, it was 3 nights and for those by bus 6 nights.

The favorite Russian period for travel is traditionally October through February, with a peak during the New Year's period. Figure 8 shows the trend over the past four years. It is important to note that average length of stay numbers are based on package tour arrivals.

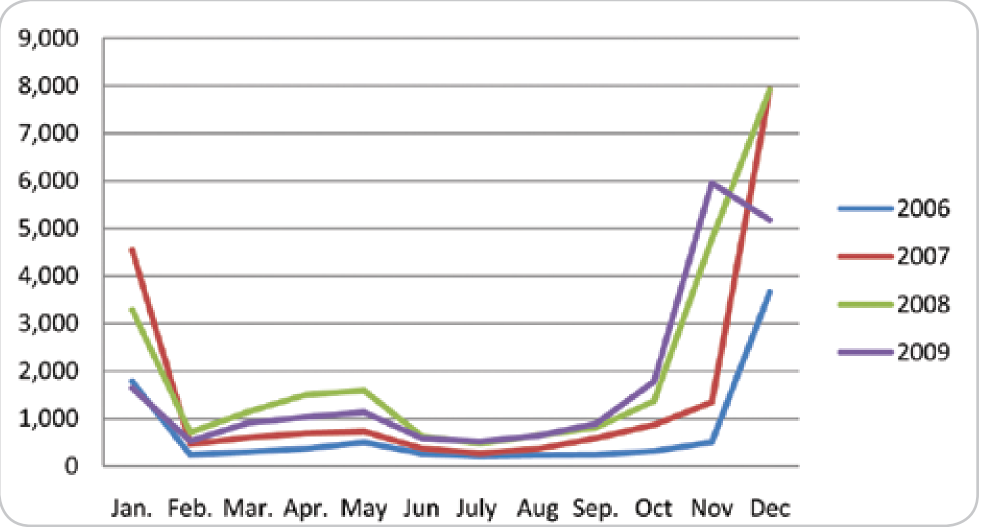


Figure 8 - Russian Arrivals to Jordan per Month (2006-2009)
Source: MOTA

Purpose of Trip & Market Penetration

Official figures on the purpose of Russian outbound trips are not considered reliable due to the number of business travelers who report they are traveling for leisure purposes in order to simplify visa and other processes. IPK International's Russia Travel Monitor and the results of the 2006-07 survey by MOTA suggest that:

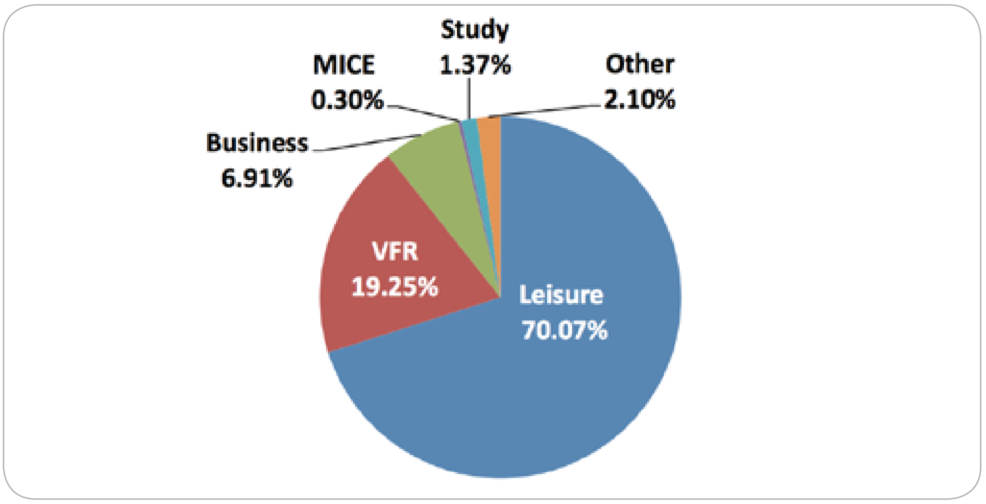


Figure 9 - Russian Arrivals to Jordan by Purpose of Travel
Source: NTVS 2006-07

Out of the total Russian visitors to Jordan, 51% came on package tours, while 73% of those on holiday were on package tours. These are very high figures compared with the global average of 17% of vacationers traveling on package tours.

It is anticipated that 35% of Russian travelers visited at least one other country on the same trip. Approximately 11% visited Israel, while 7% traveled to Syria.

	Total	Leisure	Business	MICE	Other
Russia's Outbound 2009 ('000)	32,570.2	27,523.1	4,437.1	610	N/A
Russia's Arrivals into Jordan 2009	13,184	10,071	2,110	79	924
Jordan's Market Share %	0.04%	0.04%	0.05%	0.01%	N/A

Table 10 – Jordan's Penetration of Russian Outbound Market by Purpose of Travel
Source: Compilation of Euromonitor International–Country Brief & NTVS 2006-07

Nature of Trip

Russian travelers have a strong preference for Sun & Beach destinations in warm climates. However, there is a growing tendency among the more educated middle and upper socio-economic groups to combine a beach holiday with sightseeing – particularly iconic attractions such as Petra – and/or wellness.

	Alone	With Spouse	With Children	With Business Colleagues	With Family	Other
Total %	26%	49%	8%	0	6%	11%
Average Days	7	7	6	0	9	10
Average JD/Day	127	114	90	0	107	61

Age	15 - 24	25 - 44	44 - 64
% Tourists	13%	49%	36%
Top 3 Decision Influencers	VFR - 39%	VFR - 42%	VFR - 35%
	Web - 25%	Agent - 22%	TV - 25%
	Newspaper - 11%	Web - 21%	Agent - 23%

Table 11 - Russian Traveler to Jordan Profile
Source: Compilation by JTB & USAID / JTDP based on NTVS 2006-07 Data (Based on Overnight Visitors Only)

Accommodation

Mid-market to upscale hotel accommodation is preferred by the majority of Russian tourists abroad. They expect en-suite bathrooms and prefer larger rooms.

However, an increasing share of Russians traveling abroad stay at their own properties, which more and more Russians are buying abroad, or at those of family and/or friends.

According to the 2006-07 NTVS report, approximately 33% of all Russians traveling to Jordan stay in hotels while 15% stay with friends or relatives (almost two third of Russian travelers to Jordan are one day visitors, thus do not use any accommodation).

Figure 10 shows the accommodation preferences by Russian travelers to Jordan by location:

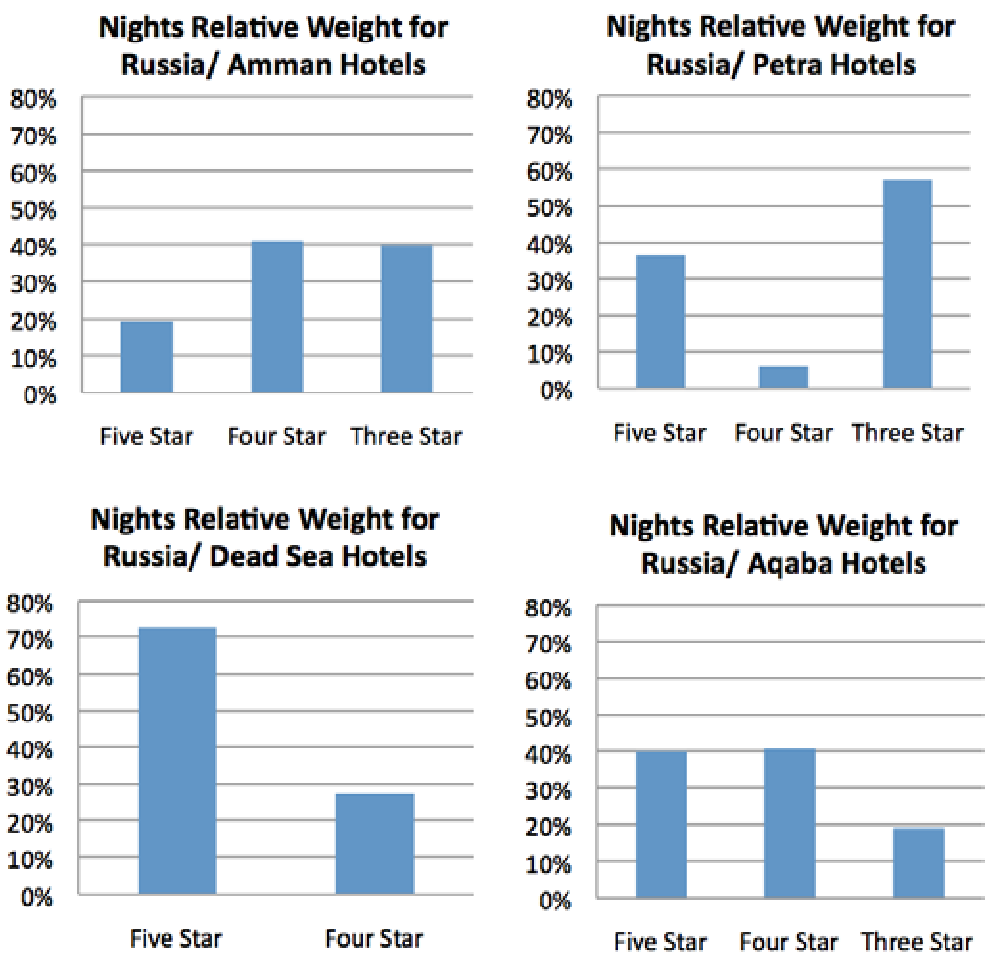


Figure 10 - Total Arrivals and Nights in Hotels for Russians Distributed by Location and Classification 2009 / Based on Packaged Tours
Source: MOTA

Spend in Jordan

Russians spend more than other travelers on their trips. According to the 2006-07 NTVS, the average expenditure of Russian visitors in Jordan is JD 88 per day, JD 106 for those on vacation.

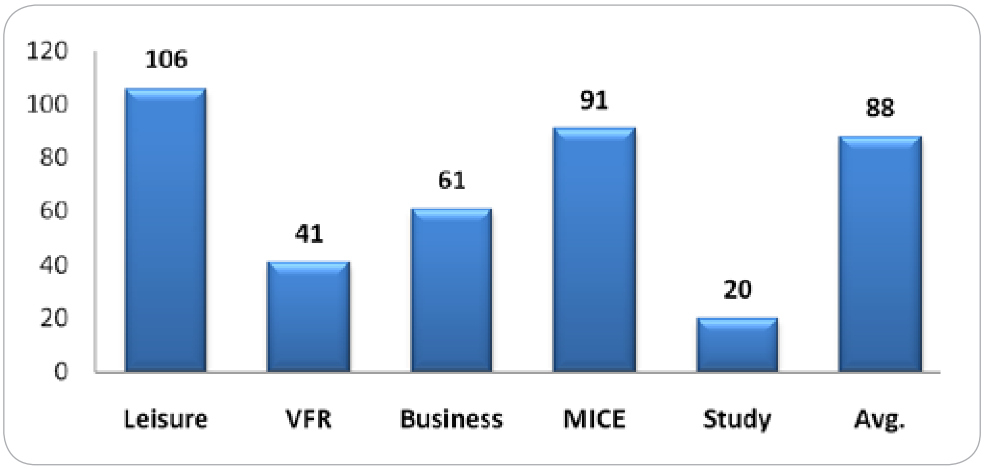


Figure 11 – Daily Expenditure by Russian Visitors in Jordan by Purpose of Visit (JD)
Source: NTVS 2006-07

Sites Visited in Jordan

According to the NTVS, 94% of Russian travelers in Jordan toured at least one important site in the country. Around 69% liked Petra best, with Aqaba and the Dead Sea very distant second and third choices at 6% and 5% respectively.

It is worth noting that Russian travelers hardly visit Madaba and the Baptism Site, which are both in close proximity to the Dead Sea and would represent a site of interest for Russians.

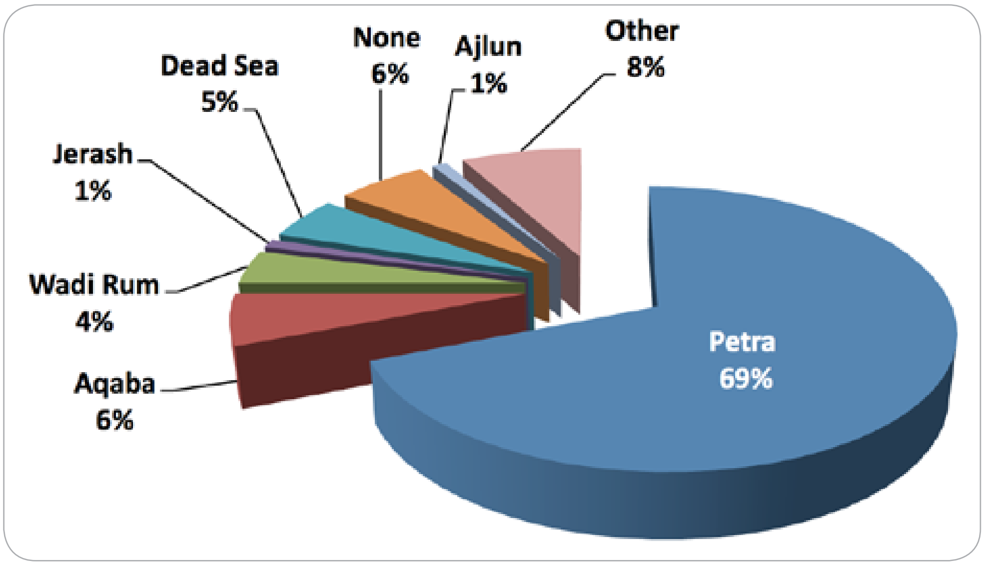


Figure 12 - Most Attractive Sites in Jordan as Rated by Russian Travelers
Source: NTVS 2006-07

ACCESS & TRANSPORT

Airports

The principal international airports in Russia are:

- *Moscow's Domodedovo*
- *Sheremetyevo*
- *St Petersburg's Pulkovo Airport.*

However, a growing number of regional airports are offering direct international flights.

Access

Low cost transportation continued to demonstrate high growth. Independent and group tourists from Russia prefer international low cost airlines, especially taking into account the increasing prices for tickets offered by national airlines. There are eight foreign low cost companies offering cheap flights from Moscow, St Petersburg, Samara, Novosibirsk and Krasnodar:

- *Air Berlin (Germany)*
- *Germanwings (Germany)*
- *Vueling Airlines (Spain)*
- *Norwegian (Norway)*
- *Niki (Austria)*
- *Wind Jet (Italia)*
- *Pegasus Airlines (Turkey)*
- *Air Arabia (UAE).*

Russian low cost airlines offer domestic flights only.

Figure 13 shows distribution of Russian arrivals to Jordan by mode of transport:

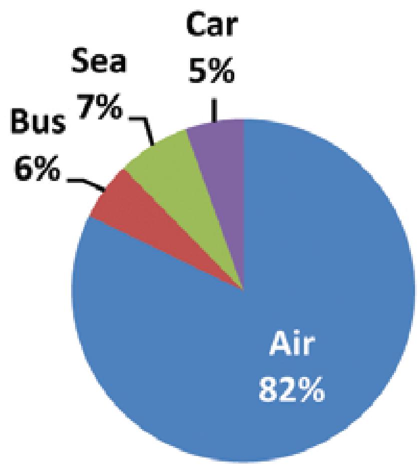


Figure 13 - Russian Visitors by Mode of Transport
Source: NTVS 2006-07

Airline Routes to Jordan

Currently, the only direct scheduled flights from Russia to Jordan are Royal Jordanian's three weekly flights from Moscow Domodedovo to Amman. Transaero has been flying one charter flight a week on the same route.

Indirect services commonly used from Moscow to Amman include those of:

- *Turkish Airlines via Istanbul*
- *Lufthansa via Frankfurt*
- *Syrian Airlines via Damascus*
- *BMI via London.*

Travelers from St Petersburg may fly to Jordan via Frankfurt or Amsterdam (by Lufthansa or KLM). Those from Kazan may fly via Moscow or via Istanbul (by Turkish Airlines); from Yekaterinburg via Istanbul (by Turkish Airlines, S7 or Ural Airlines); from Novosibirsk via Moscow (by Transaero or RJ).

Royal Jordanian has recently signed a code-share agreement with Russian airline S7 and new regional carriers are expected to start direct services to Jordan.

Additional charter flights by Kuban Airlines from Krasnodar to Amman and a charter by a Siberian tour operator Grand Bailkal are scheduled for Winter – Spring 2011 from Irkutsk or a Siberian airport.

Cruise Services to Jordan

Inflot operates a monthly cruise and Breeze Line runs four cruises a month which call at Aqaba.

The total number of sea arrivals is estimated at just over 5,000, but almost none are cruise passengers – most are visitors from Egypt using ferries and other means of sea transportation.

RUSSIA TRAVEL PLANNING & BOOKING

Travel Formalities

In 2009, Jordan relaxed its visa restrictions for many important markets, including Russia. Russian nationals traveling to Jordan on tour operated packages (in groups or as individuals) can now receive their visas upon arrival. Starting January 2011, an increase in visa fees will be applied for all nationalities as follows:

One Visit	20 JD
Two visits	30 JD
6 Months and Multiple Entries	60 JD
Tourist Groups	for Free
Foreign Currencies Exchange (Euro & USD)	JD 1 : For 1.5 Euro / 1.5 USD

Table 12 - Jordan Entry Visa Fees (Starting 1/1/2011)
Source: MOTA

A departure tax of JD8 (US$12) was reintroduced in summer 2010.

Travel Decisions & Bookings

Russians book very late - 80% of holidays are sold in the last four weeks before departure.

Russians traveling to Jordan mainly rely on the advice of travel agents. About 51% of Russians traveling to Jordan reported that their vacation was arranged through a travel agency. It is not surprising that 42% chose Jordan on the recommendation of a travel agent, while 22% visited on the recommendation of friends and relatives.

Just over half of all Russians traveling to Jordan, or 73% of those visiting the country for a holiday, arrive on a package tour. Around 10% of all Russian outbounded travelers make independent travel arrangements, although the share is even lower for Jordan.

Tour Operators & Travel Agencies

A reduced number of 1,548 outbound tour operators were officially registered in Russia by the end of 2009 under new licensing regulations involving financial guarantees based on turnover. Many of the smaller tour operators (including many specialists) amalgamated with large operators or went out of business; many others converted into (simple) travel agents to avoid the expense of being a tour operator.

There are also luxury travel agencies dealing with VIP clients, corporate travel agencies and an emerging MICE sector.

Most market leaders are large Moscow-based tour operators, which are expanding into other important and fast-growing markets, such as

St Petersburg, Yekaterinburg and Vladivostok, and into smaller regional centers such as Samara, Rostov, Novosibirsk and others.

The leading tour operators in Russia include the following:

Name	2008	2009	% Annual Change	Headquarters
Intouristc	938.5	715.5	-23.7	Moscow
OTI Russia[a]	541.9	591.6	9.2	Istanbul/Moscow
Capital Tour	650.0	507.0	-22.0	Moscow
Natalie Tours	650.0	485.0	-25.0	Moscow
TUI Russia and CIS[b]	243.2	469.2	92.9	Moscow
Neva	608.8	457.6	-25.0	St Petersburg
S7 Tour	562.7	326.1	-42.0	Moscow
Transaero Tours	200.5	170.7	-15	Moscow
Primorskoe Agency of Aviation Company (Biletour)	162.9	161.0	-1.1	Vladivostok
Academservice[c]	164.8	135.4	-18.0	Moscow
PAC Group[d]	152.3	128.7	-15.4	Moscow
Intair	123.4	127.3	3.2	Moscow
KMP Group	196.6	126.9	-35.0	Moscow
Youznhy Krest	161.4	125.8	-22.0	Moscow
Ascent Travel	182.5	122.3	-33.0	Moscow
Biblio Globus	121.4	110.2	-9.2	Moscow
Lanta-Tour Voyage	143.5	103.9	-28.0	Moscow
Sunrise Tour	106.8	86.8	-19.0	Moscow
Megapolus Tours	107.9	60.7	-44.0	Moscow
Vodohodc	63.0	54.1	-14.0	Moscow

Table 13 - Leading Tour Operators in Russia
Source: JTB MBR Russia

*

a: OTI Group of companies includes Coral Travel, Sunmar Tour, A-Clas, Blue Sky
b: TUI Russia and CIS includes TUI, VKO Travel and Mostravel
c: Academservice and Vodohod are inbound specialists, not outbound players. Intoursit gets substantial inbound business as well.
d: Updated 2010 data reveals that PAC Group has taken Academservice place among the top ten.

The leading retail travel agency networks include:

- *Kuda.ru (selling mainly low-cost packages to Turkey, Egypt and Thailand offered by Intourist, Tez Tour and Mostravel),*

- *Hot Deals Shop (with 150 retailers all over Russia),*
- *TBG (160 travel agents, mainly selling products of the top ten tour operators),*
- *VKO Travel (a network of 300 agents selling the tours of VKO Group).*

Online Travel

Surveys have shown that over half of Russians use the internet as their main source of information about a destination, while around 45% rely on their friends and relatives. Fewer than 20% rely on travel agencies or use guidebooks, and even fewer use magazines, newspapers, radio or TV.

JTB's MBR in Russia reports that 18% of all online traffic in Russia is travel related. Almost 70% of bookings are for destinations abroad. Users are predominantly under the age of 40.

According to JTB's MBR in Russia, international online companies reported a 450% increase in profits in 2009 while the overall market was down by 15-20%.

The leading tour operators and travel agents all have their own online services.

The most popular travel search engines are Yandex.Ru and Rambler.Ru. Begun and Google are also well known, but less used for travel information.

Other online travel resources include Travel.mail.ru, Turism.ru, 100dorog.ru, TopHotels.ru, Travel.ru, RBCturist.ru, Tours.ru, Etur.ru, Gooddays.ru and Votpusk.ru.

The use of the internet for bookings is lower for Jordan than most other popular destinations.

MEDIA

The most popular national daily newspapers are:

- *Komsomolskaya Pravda*
- *Moskovsky Komsomolets*
- *Argumenty i Fakty.*

Quality newspapers include:

- *Vedomosti**
- *Kommersant*
- *Izvestia.*

** Vedomosti (published by Independent Media, which also owns the Financial Times and Wall Street Journal) is considered to be the least influenced by political and business interests, making it popular among Russian executives, managers and the upper-middle class.*

Leading trade magazines include:

- *TTG*
- *Tourbusiness*
- *Tourism & Otdykh*
- *Tourinfo.*

Online trade publications include:

- *RATA News*
- *Tourprom*
- *Tourdom.*

Popular lifestyle and travel magazines include:

- *Grazia*
- *Domovoy*
- *Departures*
- *Cosmopolitan .*

Consumer magazines have been badly affected by the current recession and are losing ground to their online counterparts, including 100 Dorog and Travel Ru.

Print publications may carry three or four articles about Jordan per year while electronic publications carry one every month or two.

The main television channels are: ORT, RTR, NTV and (in Moscow) TVC.

All are state-owned or influenced, but also commercially oriented. Kultura (also state-owned) is intended to promote education and culture. Entertainment channels include STS, TNT, Ren TV, Muz TV (mostly music for youngsters) and MTV (the worldwide chain).

Radio is an important promotional medium, particularly for reaching affluent consumers. Because of heavy traffic in big cities, many receive more news and information from the radio than from TV.

IMAGE & PERCEPTIONS OF JORDAN

Strengths & Weaknesses

Jordan is well known in the Russian market and is particularly appreciated by VIP customers. Its advantages include proximity and good flight connections, as well as the lack of visa formalities. Those who have already visited the country are always impressed with the level of service and value for money ratio, as well as the positive attitude of local people. They also appreciate Jordan's climate, diversity of nature and infrastructure. They understand the sightseeing potential and high safety and living standards and do not react negatively to the fact that Jordan is a Muslim country.

The key associations with Jordan are:

- *Unique sightseeing*
- *Warm climate*
- *Sophisticated hotel services*
- *Relaxing beach holidays.*

Associations are positive, and help to define its image in the market.

Jordan may be offered in combination with Israel, Egypt or Lebanon and Syria. Competition is very strong, especially from Israel and Egypt, and a significant share of Russians entering Jordan are in fact holidaying (and spending most of their money) in these countries, only making a quick day-trip to sites in Jordan, or even just to Petra.

The principal attractions for Russians in Jordan include Petra, the Dead Sea, the Red Sea and Biblical Sites. Travelers from the Russian regions choose Jordan mainly as a beach holiday destination, but travelers from Moscow and St Petersburg often like to combine a beach stay (or a wellness stay at the Dead Sea) with sightseeing.

Diving and eco-tourism in Jordan are not yet important segments for Russians. 'Advanced divers' tend to prefer Egypt.

Competition

Jordan's closest competitors in the Russian market by niche include:

Fun & Adventure	History & Culture	Ecotourism & Nature
• Turkey • Egypt • Israel	• Israel • Syria • Lebanon	• Egypt • Morocco • UAE
Leisure & Wellness	**Religious Tourism**	**MICE**
• Israel • UAE • Morocco	• Israel • Syria • Lebanon	• UAE • Egypt • Turkey

Figure 14 - Jordan's Main Regional Competitors for Russian Market by Niche
Source: JTB MBR Russia

Jordan’s closest competitors in the Russian market by type of traveler include:

Figure 15 - Jordan’s Competitors by Type of Visitors
Source: JTB MBR Russia

PROSPECTS

Outbound travel from Russia to Jordan grew rapidly until 2009, with Jordan enjoying an increasingly good reputation in Russia. In 2009, arrivals fell by some 16% in line with the trend to other destinations. But the market appears to have recovered quite rapidly this year and short to medium-term prospects are good, if not excellent.

Visa-free destinations, or those that offer visas on arrival, will undoubtedly continue to perform best in the Russian market, especially since Russians frequently take last-minute decisions regarding their travel.

The **massive rise in middle incomes** will create growth and diversification of Russian outbound tourism creating **demand for new destinations and types of holiday.**

However, a stay on a beach seems to be an essential component of an outbound holiday trip for most Russians, and Jordan faces very strong competition from many of its neighbors in this market. In addition, there is a strong likelihood that Russian middle-class travelers may decide to take advantage of the weak Euro and visit Western Europe, which remains a preferred destination for most Russians, and which offers beaches as well as a vibrant night-life.

Based on research conducted by the JTB, the best markets and segments to target, to ensure optimum growth from Russia in the short to medium term, would seem to be the following:

Segment 1 - Health & Wellness		
Men and women aged 30-55; Adventurous, part of a family or independent household but may travel alone or with friends; Not necessarily with families or spouses if planning a short-term 'beauty' holiday or a long weekend for relaxation and beautification.	They read major A-list lifestyle publications; Very fashion oriented and follow celebrity advice on beauty; May seek entertainment in the place of holiday, but can also be content with a quiet area; Often seek advice on forums and ladies communities.	30% of Russian women aged 27-44 undergo plastic surgery and seek quiet places for recovery; Unlike Western European consumers, who choose by product effectiveness, Russian buyers read labels searching for natural ingredients; Good association with Dead Sea products.

Segment 2 - Culture & Heritage

Men and women aged 25-44, but especially singles aged 25-30;

Dual income couples, families, small groups of individual travelers;

Have a stable salary and a habit of traveling to new destinations.

Higher education and above average income, fashion and label oriented;

Prestige-conscious - live in big cities and also in all areas of Russia;

Maybe owners of business or employees; secondary and higher education.

May travel repeatedly to the same destination if any new information and news are revealed by the press or media campaigns;

Also 45-64 age group is demonstrating similar behaviour.

Segment 3 - MICE

Top and mid-level management of pharmaceutical, banking, insurance, retail and IT companies;

Typical participants men and women aged 27-40.

Often choose destinations which reflect their life aspirations rather than corresponding to the budget of the company;

Coming for MICE events, these consumers are more likely to share their appreciation of the event and location with their friends and family.

May initiate tenders for Jordan or gladly accept information and promote Jordan for business travel and incentive trips in the professional environment based on their personal experience or comments from a friend, relative or partner.

Segment 4 - Adventure

Men and women aged 20-35; Athletes and sports fans, students, young adults, couples; Sports oriented, adventurous and seeking new experiences.	A small portion of high-income travelers may travel in small groups and organize a themed adventure holiday engaging in specific sporting activity (e.g. paragliding, hiking, diving and mountaineering).	This group typically plans one adventure holiday for 2-3 sun & beach holidays; Seldom repeat travelers; May have limitations on budget.

Segment 5 - Religious

Many Russians have become interested in religion. They know about the Holy Land and pilgrims are traveling to Israel.	They are not aware yet of the Biblical sites in Jordan and especially not aware that the Baptism Site is on the Jordan site of the river.	Mainly FITs and families, upper middle classes, aged 30-50.

JTB's MBR in Moscow has identified five categories of Russian travelers as key segments for Jordan to target in its promotional activities in Russia. These are not strictly comparable with those highlighted above. They include:

The Honeymooners and MICE groups can be identified as segments with long-term potential.

Empty Nesters are usually well educated, well traveled and have already visited most neighboring countries in the region. They are not looking for mainstream destinations and are attracted to Jordan because it is a niche destination for Russians. They usually book their trips via travel agencies and do not require much entertainment. They are looking for a quiet and relaxing holiday in warm and comfortable surroundings near the sea or nature. They book 4 to 5-star hotels and are interested in Jordan due to its excellent value for money and high level of service, as well as the impressive culture and the educational experience it offers.

Families are the second most important segment, identified for residents of Moscow, St Petersburg, the Urals and Siberia. Families usually include one or two parents aged 32-45, traveling with one or two children around 8-16 years old. Families usually book their trips via a travel agency and their main destination is Aqaba (possibly with a short stay at the Dead Sea on the way to Aqaba). They appreciate Jordan for its high level of safety, clean and safe sea, its warm climate and the possibility for their children to experience a ‘cultural environment’ and combine sun and beach with sightseeing. The main barriers are the lack of family packages and special offers from hotels for younger children during the summer holidays. A lack of special entertainment for children in hotels is also mentioned as a weakness.

Experience Seekers seem to be present only in Moscow and St Petersburg and in the big cities of the central region of Russia. They are 22-30 years old or slightly older, with an above average income. They usually travel in small groups of friends (3-6 people) and book their trips via the internet. They usually book 3-star hotels as their travel requirements are more modest. They often rent a car and drive around by themselves. Experience Seekers travel widely and are interested in experiencing the real, authentic routes. They are interested in learning about Jordan’s history and lifestyle and are attracted by its safe and convenient travel options. Their trip can be a combination of sightseeing and adventure tourism, and eco-tourism can also be of interest. Sun and beach are less important as they prefer to stay only for 1-2 nights at the coast on their way to visit the main sites.

VIPs (High-Flyers): this segment was mainly identified in Moscow, St Petersburg and to a much lesser extent in the Urals where oil and gas companies are located. High-Flyers are 40-50 years old, traveling in couples and are interested in Jordan as a destination, with the opportunity to relax in exclusive, niche resorts at the Dead Sea. They book 5-star deluxe hotels and private villas and prefer to travel by regular direct flights or private jets. This segment has great potential for repeat visits, but first-timers may combine visiting Jordan with a short stay in Israel, Syria or Lebanon. The main barrier for High-Flyers is the lack of professional guides with profound knowledge of biblical sites and history of the Roman Empire.

Divers present quite a large number of travelers in the middle and upper middle class consumer segments. They travel in small groups or as couples and tend to explore new diving sites on every new trip. Repeat travelers from this segment represent a very small percentage. However, diving packages are very popular in winter season and provide for a growth in tourists in the off-peak or shoulder season. The main consumer specialized event in Russia is a consumer diving and travel fair Golden Dolphin which takes place in February.

SOURCES

The principal sources used for this market profile were:

- *Eventica Communications (a leading marketing and research company)*
- *International Monetary Fund (IMF)*
- *IPK International's World Travel Monitor*
- *Jordan's Ministry of Tourism and Antiquities (MOTA)*
- *Jordan Tourism Board (JTB)*
- *JTB's Market-based Representative in Russia (JTB MBR Russia)*
- *OandA.com*
- *Russia's State Statistics Committee (Goskomstat)*
- *The Economist*
- *United Nations Population Division*
- *USAID/Jordan Tourism Development Project (JTDP), 2009 Report "Tourism Patterns in Jordan: Analysis of the National Tourism Visitor Survey"*
- *World Tourism Organization (UNWTO)*

LIST OF ABBREVIATIONS

Avg.	Average
ALS	Average Length of Stay
CIS	Commonwealth of Independent States
EIU	Economic Intelligence Unit
GDP	Gross Domestic Product
IMF	International Monetary Fund
JTB	Jordan Tourism Board
JTDP	Jordan Tourism Development Project
MBR	Market Based Representative
MICE	Meetings, Incentives, Conferences and Exhibitions
MOTA	Ministry of Tourism and Antiquities
NTVS	National Tourism Visitors Survey
Q4	Fourth Quarter of the Year
RJ	Royal Jordanian Airlines
TOs	Tour Operators
UN	United Nations
UNWTO	United Nations World Tourism Organization
USAID	United States Agency for International Development
VFR	Visiting Friends and Relatives

LIST OF FIGURES & TABLES