



Passport

CITY TRAVEL BRIEFING: MOSCOW

January 2014

Macro view

GDP and demography

- Moscow accounts for 26% of Russia's total GDP, RUB14,299 billion in 2011. Commerce is particularly important to the city, contributing over 44% to the city's GDP in total.
- The population of the Moscow oblast or region is over 17.3 million. An estimated 15% of Moscow's citizens are foreigners, with the most important foreign groups made up of Ukrainians, Armenians and Tatars.

Income and expenditure

- In 2012, average monthly net income per capita in Moscow was RUB45,000, almost double that of the second city St. Petersburg.
- Household spending in Moscow is twice as much as elsewhere in Russia and increased by 26% between 2006 and 2011.
- Moscow is also reputed to have the highest concentration of billionaires globally.

Business focus

- Moscow is a globally important business centre and annually attracts over two million business travellers. The city is home to some world-renowned exhibition centres, including Manezh and VDNH, which are suitable for any type of international business events.
- In 2000, the Moscow city business district was established and the location for many representative offices of international companies.

Tourism credentials

- Moscow is one of the oldest cities in Russia, and its rich history attracts millions of international and domestic tourists annually. Moscow's historic places and ancient buildings are known around the world, and interest in visiting them is growing rapidly among international tourists. The Kremlin is the most popular tourist attraction in Moscow among both international and domestic tourists.

Inbound arrivals

Moscow Arrivals by Country 2011-2012

'000 trips	2011	2012	% growth 2011-2012
Ukraine	2,103.0	2,276.5	8
Kazakhstan	535.0	577.0	8
Uzbekistan	411.0	441.5	7
Germany	306.0	330.0	8
China	182.0	260.0	43
US	132.0	149.0	13
France	135.0	150.0	11
Armenia	124.0	140.0	13
Others	505.0	711.6	41
TOTAL	4,433.0	5,035.6	14

Source: Euromonitor International data and estimates, Moscow Tourism Committee

- Arrivals to Moscow grew to reach over five million trips in 2012, illustrating recovery from the recession in 2009 where arrivals had dropped to 3.7 million.
- The majority of visitors to Moscow come from the former Soviet states, with Ukraine, Kazakhstan and Uzbekistan making up the largest groups.
- Germany remains the most popular source country outside the CIS, with 330,000 arrivals in 2012. There are numerous direct flight links between Moscow and a number of German cities.
- Now recognised as one of the most important source markets for Russia, 2013 was declared the Year of Chinese Tourism in Russia, with over 200 special events taking place in Moscow and across the country. Additionally, Moscow's City Tourism and Hotels Committee has created a tourism portal in Chinese (<http://zh.travel2moscow.com>) and a tourism call centre with Chinese-speaking service.
- Moscow Tourism Committee estimates that for 2013 Chinese visitors will make up the top source country, and that non-CIS visitors will finally outnumber visitors from the CIS.

Domestic tourism

- Domestic trips to Moscow grew by 10% in 2012, with domestic tourism as a whole in Russia also growing by 2.8%.
- This growth in domestic trips is largely a result of the Domestic and Inbound Tourism Development plan 2011-2018, which was launched by the Russian president in August 2011. An ambitious 150% rise in domestic trips is targeted by 2018, with investments by regional and municipal governments, alongside private investors. The majority of these funds will be spent improving and developing travel and tourism infrastructure across Russia.
- During 2012, some RUB10 billion was spent on domestic tourism development and promotion, RUB1.6 billion more than the previous year.
- The most popular domestic tourism destination is the Krasnodar region, home to a number of resorts on the Black Sea coast. Moscow is the second most popular domestic location. Visits from St. Petersburg residents are popular due to the fast Sapsan train service between the two cities, as well as higher incomes encouraging travel.

Moscow Leading Domestic Tourism Trips 2012-2017

'000 trips	2012	2017	% CAGR 2012-2017
Krasnodar	5,205.2	8,138.7	9.4
Moscow	4,907.8	7,852.2	9.9
Stavropol	3,541.1	5,276.9	8.2
St. Petersburg	3,268.6	4,392.1	6.1
Nizhni Novgorod	1,103.8	2,938.3	21.6
Perm	1,081.3	1,298.7	3.7
Ryazan	996.7	1,901.3	13.8
Primorye	875.4	1,153.6	5.7
Kaliningrad	825.7	986.2	3.6
Kostromo	807.6	2,305.2	23.3
TOTAL	98,972.1	122,957.9	4.4

Future outlook for tourism flows

Opportunities

- The federal tourism development programme will be the driving force behind growing tourism flow to Moscow leading up to 2018. The improvements to tourism infrastructure in the city, combined with a growing number of flights, including low cost options, are likely to increase arrivals.
- In common with many other cities, Moscow is targeting the growing number of visitors from China keen to travel overseas. While the traditional source destinations of former Soviet countries will remain high, Chinese visitors are predicted to become the largest source market after former Soviet countries by 2014.
- Moscow will benefit from the forthcoming high-profile sporting events to be held in Russia, with the Winter Olympics in 2014 and FIFA World Cup in 2018. While the focus of these events is not totally on Moscow, the promotion of Russia and all its attractions should boost arrivals to its capital.

Challenges

- Moscow continues to suffer a somewhat negative image globally for tourists, with safety concerns, poor tourism infrastructure, high costs and visa barriers all combining to curtail potentially higher tourist arrivals. However, it is hoped that the recent government work in rebranding, which started in 2011, should help in changing these perceptions. Activities in the rebranding included increased promotion in foreign media in Europe and the US, English language facilities across the city and improving city tours.
- Domestic tourism also faces the large threat of foreign holidays costing the same as a domestic trip. On the whole if Russian travellers have sufficient money for a holiday, they tend to opt for an overseas vacation, where service quality is also thought to be higher than at domestic resorts.