“The Russians Are Coming!” – But Maybe Not

By Dr. Richard Kelley

The first part of the headline above was also the title of a 1966 American comedy film in which the crew of a fictional lost Soviet submarine ran aground at a small New England coastal town during the Cold War. But the headline also aptly describes what has recently been going on in the world of Travel & Tourism as travelers from Russia have been suddenly and surprisingly filling hotels, tour buses and visitor attractions around the globe. Now, just as we are waking up to this unexpected Russian wave, it may abruptly recede.

Not surprisingly, the Russians, for over seven decades virtual prisoners in their own country, were hungry for the ability to see the rest of the world. As the moribund Soviet economy began a difficult transition to a freer semi-market economy (it still has a long way to go) and the price of Russia’s huge oil and natural gas reserves surged, Russia’s economy gained strength and people began enjoying a better standard of living. As a result, outbound travel from Russia has been growing extremely fast, often exceeding 15 percent annually. In 2012, it grew an amazing 32 percent, making Russia the world’s second-fastest-growing outbound travel market today. Only in China has outbound travel been growing faster.

I personally saw evidence of this during a recent visit to Outrigger’s beautiful property on the beach near Phuket, Thailand. Walking along the beach with my son, Dr. Chuck, I noticed many signs promoting nearby businesses in multiple languages. Most were written in a combination of English, German and Swedish, but they also had offers in Russia’s Cyrillic alphabet. Passing groups of sunbathers, we often heard Russian being spoken.
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The Russians who are traveling today are from the upper-middle classes of the population. Several reports validate our own company’s experience that Russians enjoy lengthy vacations and are among the biggest spenders in the leisure travel segment of the industry. They have also become skilled and sophisticated travelers. In the past, Russians almost universally booked package tours, but today they are confident and independent, with a high proportion, up to 25 percent in some surveys, comfortable with booking hotel reservations directly online.

So far, we have seen few Russian visitors in Hawai‘i and Fiji. To stimulate travel to Fiji, a year ago, that country eliminated the need for a visa to travel there. Fiji’s Prime Minister, Rear Admiral Voreqe Bainimarama, flew to Moscow to tell the Russians, effective immediately, that all they had to do was grab their passports and go! No fees, no hassles, no waiting.

Now, in mid-2014, with Russian insurgents causing border problems and Russian military personnel in or massed near the border of Ukraine and with a significant fall in the value of the ruble, many destinations frequented by Russians are seeing fewer visitors.

That will have a big effect on many, including hotel workers, shopkeepers, waithelp in restaurants, and many, many others who make their living directly or indirectly through the exciting world of Travel & Tourism.

Let’s hope the issues that have brought such danger and turmoil to Russia’s neighborhood are resolved soon so we can once again shout, “The Russians are coming!” And “Добро пожаловать!” (Dobro pozhalovat!) – Welcome!