



HOSPITALITY CONSULTING

Phuket

Russian Tourism Market

March 2017

Russian tourism market to the island valued at THB30 billion in 2016

51% of Russian travelers to Thailand visited Phuket last year

“Phuket experienced a strong recovery in its Russian tourism market in 2016, with total passengers arriving via international flights to the island up by 51% year-on-year. This is substantially higher than the growth of the total market of travelers from Russia to Thailand, which rose by 23% in the same period. A major attribute to the uplift was the crash of Metrojet flight from Sharm El Sheikh to St. Petersburg in October 2015. The event resulted in tour operators suspending flights to Egypt and diverting to alternative holiday destinations such as Phuket.

Another factor that helped increase the overall number of outbound Russian tourists on a global basis is the strengthening of the Ruble, which began appreciating early last year due to rising oil prices. This leading indicator is expected to continue as Russia’s political and economic relationships improve with their key trading partners.



Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research

We foresee the momentum continuing throughout this year, as the demand pressure in 2016 allowed the island to tap into the Russian tourism market. This will broaden demand for Phuket and will help to diversify the source market profile of international visitors.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Brick-and-mortar travel agencies are currently the most influential distribution channel for airlines and hotels, accounting for approximately 80% of total Russian tourists.
- Families make up 65% of total visitors followed by couples, friends and solo travelers. These segments favor four-star hotels and increasingly use non-traditional accommodation.
- Russian tourists typically spend THB5,520 per person per day, with an average length of stay (ALOS) of 10.5 days.

Forward Outlook

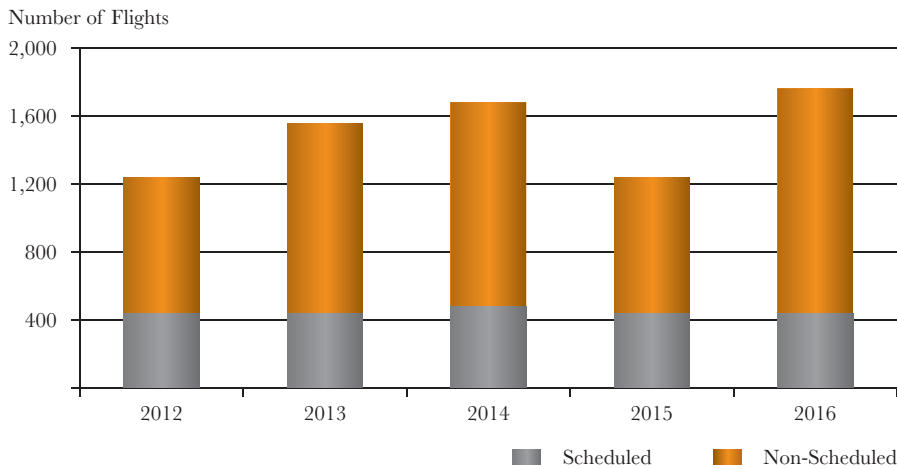
- Frequent Individual Travelers (FITs) are a growing segment amongst Russia’s outbound tourism, as younger tourists are more focused on value for money and personalized trips.
- Despite tour operators resuming flights to Egypt in January 2017, Phuket will continue to attract Russian tourists as it is an affordable holiday destination with favorable brand sentiment.
- Wholesale agents report a trend towards basic packaged tours, which only consist of flight and accommodation components.

TOURISM OVERVIEW

Airline Indicators

- In 2016, Phuket International Airport hosted a total of 524,073 passengers flying directly from Russia on international flights. This is a 53% year-on-year increase, with non-scheduled routes accounting for approximately 75% of total inbound flights.

Scheduled & Non-Scheduled Flight Arrivals from Russia



Source: Airports of Thailand and C9 Hotelworks Market Research

Inbound flights from Russia rose 42% in 2016 versus the previous year due to strong uplift in charter traffic

- Last year, inbound direct flights to Phuket from Russia totaled 1,767 flights, with approximately 49% of passenger arrivals coming from Sheremetyevo and Domodedovo (Greater Moscow).

Key Russian Feeder Airports to Phuket



Data refers to inbound flights for FY2016

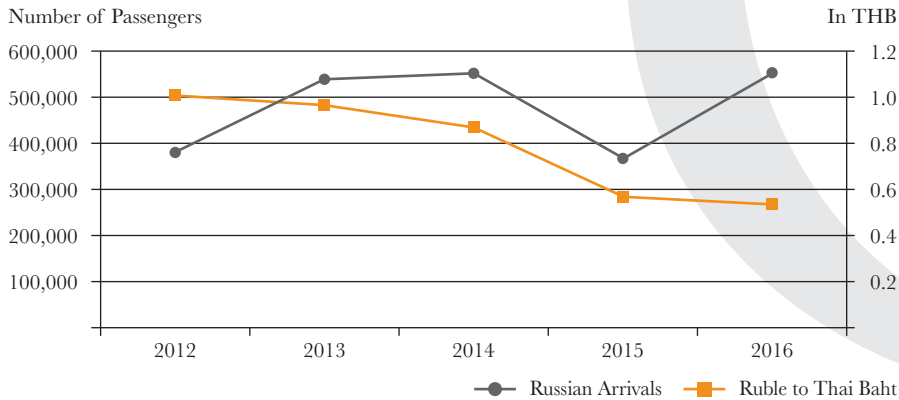
Source: Airports of Thailand and C9 Hotelworks Market Research

TRENDS & CHARACTERISTICS

Economic Indicators

- After hitting a record low in February 2016, the Ruble rebounded by 35% throughout the year. This helped drive tourism demand in the second half of last year, punctuated by high season which kicks off in October.

Russian Airport Arrivals vs. Ruble Exchange Rate

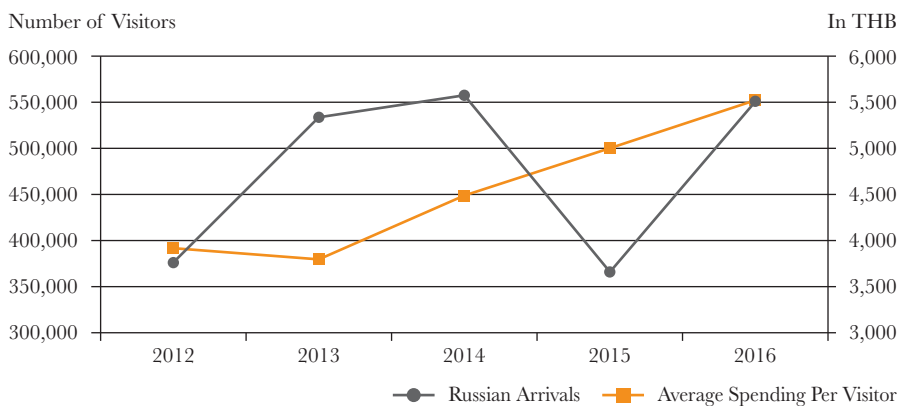


Source: Airports of Thailand and C9 Hotelworks Market Research

Russian inbound tourism recovery to Phuket has been aided by a redirect from Egypt, which has been a popular destination

Demand Characteristics

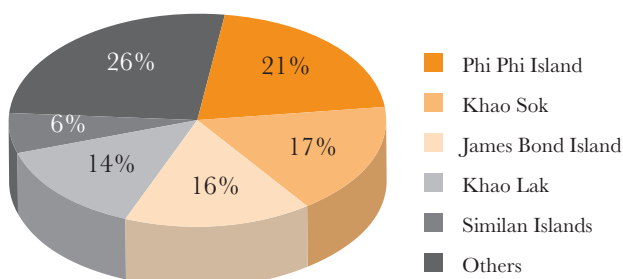
Average Spend Per Person Per Day



Source: Airports of Thailand and C9 Hotelworks Market Research

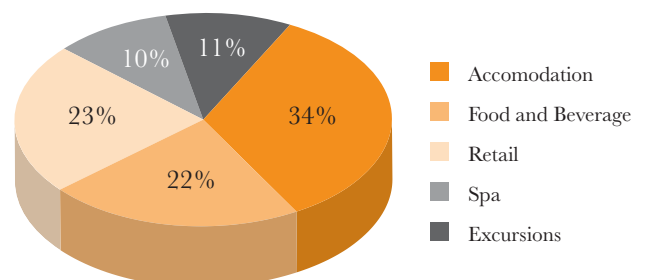
Average spend for Russian tourists in Phuket is higher than the Thailand-wide average by 11%

Key Excursions for Russian Tourism Market



Source: C9 Hotelworks Market Research

Distribution of Average Spend



Source: C9 Hotelworks Market Research

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- Ⓞ **Hotel and Resort Development**
- Ⓞ **Asset Management / Ownership Representation**
- Ⓞ **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



HOSPITALITY CONSULTING

C9 Hotelworks Company Limited
9 Lagoon Road, Cherngtalay,
Thalang, Phuket, 83110, Thailand

(Office located at the entrance of Laguna Phuket)
T: +66 (0)76 271 535
F: +66 (0)76 271 536

www.c9hotelworks.com
info@c9hotelworks.com