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The Russians Are Coming — And They're Paying Top Dollar

By **AVERY JOHNSON**

THE HOSPITALITY industry calls them "the next Japanese." They're Russians, and now that they can afford it, they're traveling overseas often and in style.

Oleg Myshkin, a 49-year-old director at the Colliers International real-estate consultancy in Moscow, is one of the new breed of avid travelers. He describes himself as "your rank-and-file working middle-class guy," but says that in the past 12 months he has visited South Africa; Italy (Positano and Capri and three trips to Tuscany); France (Provence, St. Tropez, Paris and skiing in Mégeve); London; Dublin; Bali and Singapore. He also recently returned from Japan (Tokyo and Kyoto).

Olga Kapitonova, a 40-year-old entrepreneur who owns a bedding store in Moscow, says her friends go to Europe "the way someone in New York might go to Washington or go upstate." She predicts the Russian jet set will soon move on to more exotic destinations, like China, Vietnam, Tibet, Latin America and Africa, and take more trips that incorporate some sort of extreme activity, like skydiving.

After the fall of Soviet communism, hotels and tour companies were wary of courting Russian travelers because of stereotypes suggesting they were more interested in money-laundering and prostitution rings than old-fashioned family vacations.

But affluent Russians have more money for leisure than the average Western traveler—and



Alexander Berdysheva

Russian tourist Lyubov Berdysheva vacations in Leukerbad, Switzerland.

U.S.-Russia Business Council found that real disposable income grew 15% in 2003 and 7.8% in 2004.

It's still mostly the mega-rich and a sliver of the emerging middle class that are fueling the travel boom. Average incomes are about \$300 a month, according to government data. But that hasn't stopped many major tourism companies from going after Russian rubles aggressively, providing local sales offices, Russian-speaking staff, Russian-language Web sites and even Russian-themed hotel rooms. Travel + Leisure now has a Russian language edition, and the Rocco Forte Hotels collection—which includes the Hotel de Russie in Rome, where the movie "Ocean's Twelve" was filmed—has started offering Russian-language versions of their hotel home pages.

Some swanky resorts are already seeing double-digit growth in the number of Russian tourists. On the Caribbean island of Anguilla, Rebecca Eggleton, owner of the **Altamer Resort**, says she has seen many more Russians in the past year than ever before. She started an expedited visa process to help them get travel documents quickly, brought in a Russian pianist and made Russian-

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more time. While Russia still observes many Soviet holidays, including May Day and Victory Day, traditional religious holidays like Easter and both Western and Russian Christmas are making a comeback. A confluence of holidays in early May, for instance, means that most Russians get the first two weeks or so of that month off.

Meanwhile, the state gave many Russians their apartments after communism fell, and only 0.2% of residential property owners hold mortgages, according to Russia's Agency for Housing Mortgage Lending. Renting is a rare phenomenon, and while the personal income tax is 13%, collection can be loosely enforced. A report last month by the

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language assistance available in the high season. The hotel also has a "Russian Amethyst Villa" that's decorated with paintings and artifacts from Russia.

Leading Hotels of the World, a luxury-hotel marketing group, says Russian business at its hotels has increased to 13 million travelers in 2004 from just one million travelers in 1999. In Italy, the number of Russian visitors grew 31% in 2004 and 30% in the first half of this year from year-earlier periods, according to the Russian Union of the Travel Industry. And during Bali's high season, Russians now account for 70% of the guests at some of the five-star hotels, according to an estimate from the Conrad Bali Resort & Spa. Major hotel companies, including Marriott International Inc.'s Ritz-Carlton and Four Seasons Hotels Inc., have recently announced new hotel projects in Moscow, in part because Russian clients have been so loyal to their brands overseas.

The Russian tourists seem to be more than willing to pay top dollar. Industry insiders agree that Russians tend to take the biggest rooms, order the most room service and stay the longest, paying in cash and eating and drinking heartily in hotel restaurants.

Leading Hotels of the World says its Russian guests spend an average of five times more per night than other guests, and they stay longer than any other demographic group. The Conrad in Bali reports that Russians choose the Deluxe Lagoon rooms—at a premium of 20%—more frequently than any other group of travelers.

Richard Curtis, who leads European and Middle Eastern marketing efforts for Small Luxury Hotels of the World, says his properties started seeing a wave of Russian-speaking guests about 18 months ago, after the Russian economy started to recover in earnest following the 1998 ruble devaluation.

Russian travel is also getting a boost from the relaxation of Cold War-era visa restrictions. In July, Germany struck a bilateral agreement with Russia to ease visa restrictions, following moves by France and Italy last year. At the recent Russia-European Union Summit in London, Russia and the EU agreed to simplify rules for travel for all the countries in the union. That's expected to make it easier for students, scientists, political leaders, diplomats and businesspeople to get visas by the end of the year, says Yevgeniy Khorishko, the press secretary at the Russian Embassy in Washington. (Restrictions on entry into the U.S. remain strict, though, in part because of the war on terror.)

Airlines have also increased the number of flights from Moscow to some popular destinations, including a direct Thai Airways International flight between Moscow and Bangkok that started last month.

When he was growing up in Krasnoyarsk, Siberia, Andrei Hristoliubov's annual family pilgrimage was to the Crimea, a beach resort on the Black Sea, but now the 46-year-old computer programmer prefers Western Europe. "Italy is one big museum," he says. "It was interesting to see with my own eyes the Pisa tower, Pompeii and walk on the streets of Florence. About all of this I have often heard, read and seen in movies."

Still, some privacy-minded high-end resorts say they have had to get used to the quirks of some Russian tourists. "They're so much less price-sensitive than other travelers. They want unique experiences at ultra-luxurious properties and tend to book higher category suites so they can brag about it," says Mr. Curtis of Small Luxury Hotels of the World.

Alex Glassford, a high-school biology teacher in Toronto, says he was staying at a high-end hotel in Douz, Tunisia, two years ago when a Russian tour group arrived. "At the buffet, I'd never seen so much food consumed so quickly," he says. "There are some groups known as rowdy travelers, like Germans and Americans—and now Russians."