

# Overview of Wellness Tourism in Russia

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### **Definition. Types of tourism: medical, curative and wellness**

“**Wellness tourism** can be defined as travel associated with the pursuit of maintaining and enhancing one’s personal wellbeing, which is different from medical tourism. **Medical tourism** is corrective in nature, episodic, clinical and treatment based, while wellness tourism is preventive in nature and focuses on personal growth, mind-body harmony, and healthy living.” The study estimates the global wellness market to be \$439 billion, which supports over 12 million jobs, and has an economic impact of close to \$1.3 trillion and comprises nearly 14% of the world’s total tourism expenditure (Global Spa & Wellness Summit, 2013).

According to the Russian classification of tourism types (determined by the purpose of travel), there are the following main types:

1. recreational 2. health-improvement 3. cultural and cognitive 4. business 5. sport 6. ethnic 7. religious 8. transit 9. educational.

In 2011, the proportion of guests in collective accommodation establishments in Russia (according to purpose of visit) was as follows:

- 33% for beach tourism
- 30% for business tourism
- 20% for cultural tourism
- 14% for health-improvement tourism
- 3% other recreation

Health-improvement tourism (medical, curative, wellness) is driven by the following needs:

- the need to treat diseases and to have some rehabilitation after illness, traumas and operations;
- the need to prevent and maintain health (anti-ageing, anti-stress, beauty, etc.).

In Russia the term “**curative & wellness tourism**” (лечебно-оздоровительный туризм – in Rus.) is widely used. This implies a journey to a destination, such as a modern resort or traditional sanatorium, with a package of therapeutical treatments and wellness services based on curative natural resources, accommodation, recreational activities and entertainment. Generally, some medical services (medical and health rehabilitation treatments) are also involved, providing the resort has the necessary equipment and specialists required.

Specialists in Russia differentiate between **curative** (лечебный – in Rus.) tourism and **wellness** (оздоровительный туризм – in Rus.) tourism. In contrast to wellness tourism, curative tourism always implies medical services under medical supervision. However, the terms “curative tourism” and “wellness tourism” are often used instead of “curative & wellness tourism”.

The main motivation for curative & wellness tourists is the maintenance and improvement of their state of health and wellbeing. The key concepts are prevention, rehabilitation and supportive therapy. Wellness tourism’s clients are healthy or “relatively healthy” people.

In contrast, the client in medical tourism is ill and in urgent need of medical treatment. The purpose of medical tourism is to obtain specific medical services based on a diagnosis and are performed by medical specialists in clinics and hospitals.

The range of destinations for curative & wellness tourism in Russia is wide and includes:

- Sanatoriums, profilactoriums, health resorts, health farms, etc.
- Spa/wellness hotels, spa/wellness resorts, etc.
- Medical wellness destinations.

Detailed information on sanatoriums and resorts is presented in Annex 1. “Sanatorium & Resort Complex of Russia”. Medical tourism in Russia is described in Annex 4. “Medical Tourism in Russia”.

### **The importance of developing curative & wellness tourism in Russia**

The government of the Russian Federation has stated the importance of health-improvement tourism for every citizen and has declared the need for long-term preservation in the quality of life. The preservation and reproduction of Russia’s workforce is a task of national significance. “The formation and development of values of a healthy lifestyle is one of the strategic priorities of state policy” (from the Message of the President of the Russian Federation D.A. Medvedev to the Federal Assembly of the Russian Federation, 30 November 2010).

"The formation of a healthy lifestyle should become an important direction in the health protection sphere of state policy. The creation of conditions to develop tourism, physical exercises and sports for various population groups will make an important contribution to the formation of a healthy lifestyle” (from the Concept of Long-term Socio-economic Development of the Russian Federation for the Period up to 2020 (the Order of the Government of the Russian Federation, November 17, 2008).

"The main directions of the national policy in the health sector for the nation of the Russian Federation for the mid-term are the strengthening of preventive health care and the improvement of the institution of family, maternity, fatherhood and childhood as the basis of social life" (from the Strategy of National Security of the Russian Federation up to 2020", approved by the Decree of the President of the Russian Federation, May 12, 2009 No 537, Section 6 "Health care").

On 31 May 2014, the Russian government approved the Strategy of Development of Tourism in the Russian Federation for the Period up to 2020. The Strategy was developed in order to improve the quality and competitiveness of tourism products in the domestic and world markets. The main objective of the Strategy is the complex development of internal and incoming tourism to ensure the economic, social and cultural progress in the regions of Russia.

Among the strategic main tasks are the following:

- the formation of an affordable and comfortable tourist environment;
- an improvement in the quality and competitiveness of Russian tourism products in the domestic and world markets;
- the development of social, health-improvement, child and youth tourism;
- the strengthening of the cultural-cognitive aspect of tourism;
- ensuring economic growth and quality of life for the population of the Russian regions, through the development of tourism.

Like elsewhere in the world, the interest in disease prevention and extension of life longevity is growing in Russia. This shows the accelerating demand for travel to resorts, spas and wellness centres, including a reviving interest in alternative treatments and traditional curative methods based on waters and muds.

Wellness tourists are interested in effective programmes based on the recommendations of medical specialists. They require tours to destinations according to a doctor’s recommendation related to climate zone, the curative profile of the

resort, the availability of medical equipment and specialists, as well as one which matching their choice of sport and leisure activities.

The situation with holidays for Russians is still far from desired. In 2013, around 33 million people (23% of the 144 million of the Russian population) travelled around the country and around 18 million (or 13%) travelled abroad. Therefore, the majority of the population (64%) didn't travel for holidays for different reasons, primarily financial ones.

According to VCIOM (Russian Public Opinion Research Center), almost half of Russians will stay home during the summer holidays in 2014. The Council of the Federation Committee on Social Policy estimates that Russian tourism both internal and outgoing is growing only because of a very small group of the population actually travels.

According to the Russian Union of Travel Industry, every year the domestic tourist market is growing by 8-10%, and around 33-36 million people travel around the country. In 2013 approximately 30% of outgoing Russian tourists went to resorts in Germany, the Czech Republic, Hungary and other countries.

According to the data of the Ministry of Health, the level of satisfaction among Russians about their foreign sanatorium and resort services experiences is only 30%. The advantage of foreign resorts over domestic ones is in the better quality of tourist infrastructure, but not in the level of curative treatment. Therefore, the Russian market of curative and wellness tourism is very prospective and has great chances for successful competition in this sphere. As many Russian resorts have not yet fully realized their potential, Russian tourists prefer to spend money abroad.

According to an assessment conducted by tour operators, the domestic resort market will revive as there are still a lot of people who prefer to vacate and recuperate closer to home, including those who can not leave Russia due to their official duties, or for any other reason.

It is also believed that despite the difficult political situation in the country and in the world in 2014, Russians are not going to refuse or cancel plans to spend their holidays in a way which would benefit their health. Resorts and countries may change, but health-improvement tourism will always be a trend.

### **History of curative & wellness tourism in Russia**

Russia has experience of effective health maintenance in the population, which can be illustrated with some of the best examples. In the USSR, the annual volume of the tourist market was approximately \$5 billion and annually more than 50 million tourists traveled around the country. In 1990 in Russia there were 14 thousand sanatoriums and rest homes for 2.5 million people (Babkin A.V. "Special types of tourism").

The original sanatorium and resort complex was created in the USSR and was available for all population groups. This was facilitated by the Decree of the Council of Ministers of the USSR "On the Transfer of Self-financing Sanatoriums, Resort Clinics and Rest Homes to Trade Unions" (1960). Resort activities were completely monopolized by the state.

Originally, sanatoriums belonged to a medical type of resort establishments with a strict clinical regime. Now business activities in modern sanatoriums that are not directly related to medical treatment are developing, alongside western standards in

the resort sphere.

Most sanatoriums and resorts have retained methods of health rehabilitation as their main specialization. The main advantage of sanatoriums is the application of the methods which are not possible in an urban environment (fresh air, aerotherapy, mud therapy, balneotherapy, water treatments, etc.).

In Soviet times, tourism was truly social and regarded as an active tool for health maintenance. In the USSR the system of curative & wellness tourism was created and successfully operated. A network of sanatoriums and health resorts was developed throughout the country where every year over 40% of employees from the industrial and agricultural sectors spent their holidays absolutely free or at a discounted price of 10% of the cost.

Curative & wellness tourism was supported by several research centers (balneology, climatology, physiotherapy and rehabilitation) functioning across the country.

The methods of rehabilitation used in sanatoriums led to a reduction of morbidity and an accelerated recovery from a disability. Also, it was profitable not only for the patients but also for the state. The Research Institute of Balneology calculated the economic efficiency of sanatorium treatment in Russia. In the after-treatment period, a remarkable decrease in labour and material loss was achieved, which can be represented by the following figures:

- the number of patients who used sick leave decreased by 1.8-2.5 times
- the number of days of temporary disability decreased by 2.3-3.5 times
- the need for hospitalization of the patients decreased by 2-4 times
- the costs of treatment in inpatient and outpatient clinics decreased by 2.6-3.8 times
- benefits for sick-leave decreased by 1.8-2.5 times
- loss from underproduction due to sickness of employees decreased by 2-3 times

The conclusion was made that the annual economic benefit following resort treatment far exceeded simply the cost of treatment. After the collapse of the Soviet Union, the importance of scientific research was neglected and resort medical science in Russia was partly destroyed.

On 22 November 2011, the Federal Law № 323-FZ "On Fundamentals of the Protection of the Health of the Citizens of the Russian Federation" entered into force. In particular, the article №40 "Medical Rehabilitation and Sanatorium-resort Treatment" declares that sanatorium and resort treatment of working citizens and their families is not financed by the state.

However, it is subsidized for some categories of citizens (persons with disabilities, children and other categories) according to the state policy in social assistance.

During the Soviet period, the recommended duration of stay in a sanatorium was 24 days and now it is 12-24 days. The average length of stay is 10-14 days. This is why curative packages are gradually being redeveloped into a 2-week standard. Resorts also offer shorter wellness programmes with the stay starting from a few days.

The subsidizing of the sanatorium and resort tours from the Social Insurance Fund of the Russian Federation is dramatically decreasing. In 2005 the Fund distributed 1 million tour vouchers, in 2012 - only 154 000 and in 2013, this number was further reduced by at least 10%. According to the Ministry of Health, the number of vouchers is enough for not more than 10% of those in need.

## **Outgoing and incoming curative & wellness tourism in Russia**

The official statistics of wellness tourism don't exist in Russia. Therefore, only estimations based on data from tour operators can be taken into consideration. For instance, in the tourism data in the migration, customs and border agencies there is no record such as "left for curative and wellness purposes". According to travel agencies:

- 1) outgoing wellness tourism constitutes about 10%-30% of all Russians travelling abroad (Annex 3. "Outgoing Curative & Wellness Tourism in Russia");
- 2) incoming wellness tourism constitutes less than 1% of all foreign tourists visiting Russia (15 000 foreign clients (0.3% of all foreign tourists) stayed in Russian sanatoriums in 2010, mainly in the Caucasian Mineral Waters; this number decreased to 11 000 in 2012).

It is believed that the sanatorium and resort system of the CIS countries, with its serious medical and curative base, a two-hundred year history, and almost 0.5 million people total capacity can attract foreign tourists and can make the CIS wellness market one of the strongest players in the world.

### **Internal curative & wellness tourism in Russia**

According to RATA-news, there are approximately 2 000 curative and wellness establishments in Russia (with a total capacity for 450 000 people), where around 8 million people went for health and wellness holidays last year. With a fast growing number of hotels in Russia (7 866 hotels in 2011, 8 406 in 2012, 9 316 in 2013) the number of sanatoriums reduced by 20% from 2000 to 2012.

The demand of Russian tourists in curative and wellness tours in Russia is growing by 10% on average every year. The data of the Russian tour operator "ALEAN" shows that the sales on health tours accounted for 30% of total sales in 2013 (this figure was about 10% in 2007).

The all-season demand for wellness tours distinguishes them from beach and ski trips, distributing the number of wellness tourists relatively evenly throughout the year. Moreover, the demand for wellness tourism is more stable than for cultural/excursion trips, as Russians are ready to save on impressions rather than on health. Tourists try to combine "use with pleasure"; operators report an increased interest in combined tours, in which two to three weeks are allocated for wellness and rest and a few days are given to excursions.

The tour operators of internal tourism report that more sanatoriums started to offer at least a minimum amount of wellness and spa services in addition to traditional curative treatment. As a rule, new hotels and resorts are built with their own modern wellness and leisure centres.

The main competitive advantages of wellness tourism include low seasonality, a high profit margin and a wide age range of consumer groups.

According to the research of the tour operator "ALEAN", the popularity of a resort is influenced by three main factors:

1. The remoteness of the resort and travel expenses.

Sometimes Russians have to travel huge distances across the country to get to wellness destinations. Travel expenses may constitute up to 40-60% of the total holiday cost, while in other countries travel costs are not more than 20%.

## 2. Awareness of the resort brand.

For many Russians, historically the brand "Yalta" is better known than the brand "Crimea", and "Sochi" is more popular than the "Krasnodar region". "Kislovodsk", in turn, is better known than "Stavropol Krai".

## 3. The price policy of the resort.

There has recently been an illustrative tourist boom for health tourism to Belarus, as curative and wellness packages there are much cheaper than their equivalent in Russia.

Most visitors to Russian resorts come from the following regions:

- Moscow and the Moscow region
- The Southern Federal district (due to its proximity to the resorts of the Kuban and Stavropol regions)
- The Ural Federal district (due to the regional social programmes of subsidizing the resort holidays for the employees of large corporations)
- The Central Federal district
- The Volga Federal district

The highest demand for wellness holidays is in the period from June to September. The busiest months (July and August) contribute to over ¼ of the annual volume sale.

Despite some recession in the economy in 2014, and decreased activity on the tourist market, wellness tours are not giving up their position on the market. The opportunity not only to relax, but also to improve their health, remains a priority for many Russian tourists.

For the last few years, wellness programmes have become an integral part of many tourist trips. Curative and wellness tours compete with usual cultural and excursion holidays. Taking into account the growing number of sales in this segment of tourism, Russians are ready to invest a considerable amount of money in the maintenance of their health and beauty. They are building up a new habit of allocating time to regular visits to sanatoriums and resorts, sometimes up to 2-3 times a year.

### **Summary profile of Russian wellness tourists**

In 2013 approximately 51.3 million Russians (35% of the population) had vacations, among them almost 8 million (estimated by the Russian Union of Travel Industry) went to sanatoriums in Russia and around 3 million (estimated 10-30% of the outgoing tourists flow) went to wellness holidays abroad.

Therefore, every 5<sup>th</sup> Russian tourist went on curative & wellness holiday.

Groups of potential customers of health and wellness tourism:

- Adults and children with chronic diseases
- Parents with children
- Those who are interested in healthy living
- Those who have a wellness lifestyle

Russians prefer classic resorts, requirements of which have not been changed for years. This must be a sanatorium-resort type of holiday with an all-inclusive prepaid package consisting of a medical check-up and at least 3 or 4 daily treatments. Customers usually prepay the full course of treatments in the package when they order the package through travel agent to avoid additional charges at the resort.

According to travel agents:

- The age range for holidaymakers who prefer traditional sanatoriums practically does not change - they are people aged 40 plus. In contrast, younger tourists prefer beach holidays and spa centers.
- Before, the majority of medical and wellness tourists were aged 45-70, but today they are people aged from 30 to 50 years old.
- Most 30-40 year old tourists are not familiar with the traditional sanatorium and resort system in Russia, but they have gained experience from travelling abroad and are accustomed to western standards of resort service.
- More than 50% of health-improvement tourists are women over 45 years.
- About 42% of wellness tourists find information about resorts on the Internet, 30% from friends and 8% from the TV and radio.
- Wellness tourists like visiting the same destinations if their expectations have been met. They show a high degree of loyalty and a high proportion of repeat visits.
- Russians consider themselves "experts" in their own health problems and they are eager "advisors" to friends. They often join communities according to:
  - types of diseases (diabetes, cerebral palsy, etc.)
  - goals (weight loss, cellulite reduction, etc.)
- Russians are very keen on exchanging positive and negative travel experience on forums and social networks on the Internet. According to TripAdvisor in 2013, Russian tourists were ahead of other countries in the number of reviews that they posted on [www.tripadvisor.ru](http://www.tripadvisor.ru) regarding hotels, mini-hotels, B&Bs and other means of accommodation in Russia.
- Choice of resort is often influenced by past experience of friends and their opinion on the level of treatment and services of a resort.
- A wellness trip is usually planned in advance and is stipulated by the necessity of health improvement.
- The choice of the destination depends on the natural curative resources of the resort and its therapeutic specialization.
- 60% of wellness tourists choose a holiday destination according to the therapeutic profile of the resort matching their specific health problem.
- The main priorities behind the choice of a sanatorium are the cost of the package and therapeutic profile of the resort.
- The most important selection criteria for choosing a spa/wellness destination are:
  - natural healing factors – climate, mineral waters and curative muds
  - medical equipment and staff qualifications
  - variety and level of services:
    - 1) spa, fitness, wellness, TCM, Ayurveda
    - 2) resort infrastructure: sports, ski centre, diving, sand or shingle beach, golf
    - 3) tourist activities: sightseeing (natural, historical and cultural monuments)
    - 4) entertainment: at the resort (e.g. animation for kids), local events (concerts, festivals)



### **Problems of curative & wellness tourism in Russia**

Despite the growing demand for wellness services, stable dynamics of economic growth in the segment have not yet been achieved.

The following factors negatively influence the price/quality ratio and clients' satisfaction towards domestic sanatoriums:

- high cost of travel
- unsatisfactory accommodation, state of equipment and qualification of the staff
- unsatisfactory level of services
- lack of state control over curative resources
- lack of effective advertising (especially through the Internet)
- lack of detailed information of sanatorium services included in tour packages
- treating wellness tourists as patients and lack of customer service
- increased competition with foreign wellness resorts

One of the main problems is the lack of an effective system for selling wellness tours. Unfortunately, we lost the tradition which existed in the Soviet years of medical doctors recommending appropriate resorts to patients in accordance to their health condition. Currently, the seller of curative and wellness tours is a tourist agency where the staff has little knowledge about either diseases and diagnosis or about the treatments and curative factors which exist in the resorts. However, this information is essential for making the right choice in the destination. Often tourists rely on "word of mouth" when choosing the resort, or they get information from the Internet.

As the result, the number of premature departures (due to a mismatch between the sanatorium profile and the health condition of the client), frequent hospitalization (after treatment in sanatoriums) and even cases of fatality are growing.

### **Trends in the development of curative & wellness tourism in Russia**

The latest trends in the Russian tourist market reported by the Russian Union of Travel Industry are:

- the emergence of new programmes from the Russian regions
- the establishment of cross-boundary and integrated tourism products
- an increased demand for health-improvement tourism
- the development of cruise and excursion tours
- a reduction in tour duration
- a combination of different types of tourism
- the development of IT-technologies and online sales

Specialists in the tourist industry have observed the emergence of new trends in the curative & wellness market, such as:

- a constant growth in investment volumes in the construction of wellness centres
- the reconstruction of numerous hotels and resorts into wellness complexes
- the diversification of tourism offers by combining different types of tours such as cultural, cruise or business trips with spa offers and other health services
- an adjustment of tourist offers according to the age and nationality of customers
- a combination of medical curative elements and more relaxed spa treatments

Sanatoriums started to offer more flexible services that allow the customers to choose between more expensive and longer medical programme and cheaper and shorter wellness option.

Interest in wellness tourism in Russia is growing from the CIS countries. Their share

in the total tourism volume is small, but it is growing steadily. 10% of tourists arrive in the Caucasian Mineral Waters from Azerbaijan, and 10% go to Belokurikha from Kazakhstan. The re-emergence of tourists from the former Soviet republics is associated with nostalgic tourism as people visited these places in childhood with their parents. The annual growth of tourists from these republics is 50-60%.

There has been a decrease in the average age of curative & wellness tourists. Many socially active people from 30 to 50 years old prefer holidays in sanatoriums which have 4-5 stars as they are interested not only in comfortable accommodation but most importantly in the medical and curative facilities of the destination.

On the other hand, there has been an increase in the number of vacationers who want to improve their health while on holiday, but who don't want to stay in a sanatorium with a medical atmosphere. These customers prefer to stay in hotels that provide healthy meals, a spa and wellness treatments.

### **Popular curative & wellness destinations in Russia**

The most popular resort regions in Russia are:

- Caucasian Mineral Waters
- Krasnodar region
- Crimea
- Belokurikha

**The Caucasian Mineral Waters (Kavminvody).** A high concentration of sanatoriums and resorts traditionally remains in historic resort areas, for example in the Caucasian Mineral Waters, where there are about 200 resort establishments. The Caucasian Mineral Waters region is one of the oldest Russian health resort areas dating back to 1803. The region's scientific center is the Balneological Institute (in Pyatigorsk), which was established in 1920 and which studies the therapeutic resources of the resort, developing more effective methods for use of the mineral springs. The region has been recently redeveloped with a renovated infrastructure and modern equipment. In 2013 a decision was made to create a special economic zone in the Caucasian Mineral Waters and construct a new federal multifunctional medical center.

The region consists of five resort areas located in the towns of Pyatigorsk, Essentuki, Lermontov, Kislovodsk and Zheleznovodsk, where almost any known disease can be cured. Around 30 types of mineral water have been found in the region while in Europe only 16 different types of water are recognized. Near Piatigorsk, there is Lake Tambukan, which is rich in therapeutic mud.

Each resort has a therapeutic specialization. For instance, Kislovodsk specializes in cardiovascular problems, Pyatigorsk in locomotor apparatus, Essentuki in gastrointestinal diseases (due to its famous "stomach" waters). In terms of other segmentation, Kislovodsk is developing as a luxury place with "five-star" hotels, Pyatigorsk is more suitable for young tourists and Essentuki is a convenient holiday place for families with children.

The demand for holidays here from other Russian regions is supported by the growing number of direct flights between Kavminvody and northern and Ural cities, but the majority of tourists are from Moscow and the Moscow region.

The overall capacity of the resorts of the Caucasian Mineral Waters is 33.4 thousand people (8 million overnight stays per year) and the average annual occupancy rate is 80-90%. In comparison, in Baden-Baden there are only 4.7 thousand beds and 10.3

thousand in Karlovy Vary.

In 2012, the region welcomed about 800 000 tourists (in Baden-Baden – 334 000 tourists, in Karlovy Vary – 262 000 tourists, in Druskininkai – 236 000 tourists (RATA-News). By 2025 the region is planning to take 2.5 million people a year. Unfortunately, the region falls behind the other resort regions in the number of resort establishments (they are only 200), which is the result of the Soviet architectural gigantism tradition, where sanatoriums for 1000 beds and more were built.

**The Krasnodar region.** The region combines two of the most attractive elements of wellness holidays – curative treatments and Black Sea beach tourism. The Krasnodar region is the largest health resort and touristic complex in Russia, and includes about 2 700 hotel accommodation facilities. The share of its major resorts (in the towns of Anapa, Gelendzhik, Sochi and the Tuapse district) constitutes 1 238 sanatoriums and resorts with a capacity of about 198 000 beds. The average occupancy rate of the resort area is 86%. Last year the total capacity of sanatoriums and other types of hotel accommodation was 450 000 beds with another 22 000 beds to be built for the Winter Olympics 2014 with new hotels and apartments of the leading international chains.

The examples of newly opened or reconstructed hotels, sanatoriums and resorts in Sochi before the Olympics-2014 are “Radisson Blu Paradise Resort and Spa, Sochi”, “Radisson Hotel Rosa Khutor”, “Mercure Rosa Khutor”, “Pullman Sochi Center”, “Rixos Krasnaya Polyana Hotel”, “Marriott Krasnaya Polyana Hotel”, “Swissotel Sochi Kamelia”, “Sochi”, “Dagomys”, “Rusich”. All have modern facilities, excellent diagnostic and treatment bases and spas. In the future this ability for huge holiday capacity can make Russia a self-sufficient resource for curative & wellness tourism.

However, at present the number of hotel beds clearly exceeds the demand. The Krasnodar region expected a big inflow of tourists after the Olympics-2014, but these hopes have not yet been realized. As a consequence, the regional internal competition is growing between the Imereti valley and Krasnaya Polyana, between the “old” and already promoted destinations, and those which have been newly built. In addition, the resorts of the Krasnodar region have gained an “external” competitor - the Crimea, with its better climate and lower rates.

Unfortunately, the Black Sea coast of Russia has lost its competitiveness with other beach countries. Sochi has the image of an expensive luxury destination. It doesn’t matter how hard hotels in Sochi try to reduce the rates this year, they are still more expensive in comparison with “charter tours” to Turkey or Egypt. In order to increase the number of tourists in Sochi, it is necessary either to considerably reduce the cost of accommodation and travel, or to seriously improve the quality of service.

In any case, advertising the resort’s new opportunities is crucial. A new competitive image of Sochi needs to be delivered to both tour operators and end tourists which shows diverse and affordable accommodation, a beach and mountain vacation, and extensive sightseeing (including excursions to the infrastructure created for the Olympics-2014).

The region has all necessary facilities for vacations for families with children. A traditional resort for children is the town of Anapa where sanatoriums rehabilitate children with bronchopulmonary problems and a weak immune system. A modern amusement park called Sochi Park (a Russian variant of Disneyland) opened this year in Sochi. Many sanatoriums in Sochi offer packages entitled “Mother and Child” which include special discounts for children.

During the high season, all the best sanatoriums and resorts are fully booked and sold out by April. The off-season is preferable for older people who can't handle the summer heat. The low season is often chosen by Russians from distant regions which provide direct flights and trains to the resort. Tourists come from the Far East, Siberia and the Urals, but the majority of visitors are from the Volga region, Central Russia and Moscow.

Many resorts have introduced an “all-inclusive” system and facilities with a well-developed infrastructure (including medical base, indoor pool, etc.). These facilities previously operated only at high seasons and have changed to year-round operation. In 2013, tour operators have reported an increase in demand for off-season tours by 20-30%, which can be connected with trendy offers from sanatoriums consisting of combined treatment and wellness packages and a customised treatment menu. Leading sanatoriums in the region are developing and implementing new medical techniques for rehabilitation and health improvement based on the natural curative factors of the region.

**The Crimea.** Spring 2014 has made a fundamental change to the prospects in the development of domestic tourism in Russia. In addition to the modern Olympic infrastructure and new hotel beds in Sochi, the country has added a new resort region. The Crimea (Republic of the Crimea and City of Federal Importance Sevastopol) is known for its considerable tourist potential. Not to mention the additional 800 km of coast on the Black and Azov seas. The resort and tourist sector in the Crimea numbers 825 establishments, out of which 151 are sanatoriums and resorts, and 224 are vacation and wellness establishments. 60% of them are private properties and more than 20% belong to the state.

At the beginning of the summer in 2014, the Crimea was in even more a difficult situation than the Krasnodar region as it had lost 70% of its main tourist flow from Ukraine. According to forecasts from tour operators, the Crimea is capable of taking around 3 million tourists in 2014. However, this is significantly less than in the previous year, when 6 million people had vacations there. Russia shows a great demand for budget holidays in the Crimea but currently there is a lack of flights and other means of transportation between the Peninsula and the main Russian regions.

About 55% of tourists in the Crimea and Krasnodar region go on beach vacations and 25% for curative and wellness tourism. In the past, the Crimea provided health improving services to almost 40% of tourists. The situation will gradually return as this business model has proved more profitable. The Crimean tourism industry requires serious investment and reconstruction of the resort complex, which is estimated to take at least three years.

**Belokurikha** is a town and a balneological resort in Altai Krai in Siberia, located on the Bolshaya Belokurikha River, 250 kilometers south of Barnaul. It is one of the biggest resorts of federal significance. It is situated at a height of 240-250 meters above sea level and is famous for its highly ionized air. The number of sunny days is equal to the Crimea and the Caucasus resorts.

Belokurikha is a popular spa resort as well as a ski resort. There are thermal springs with unique nitrogen-siliceous radon mineral waters, which have been known since 1867. Balneological treatments are carried out along with healing muds taken from salty lakes of the Altai region. The ski resort is the best top-quality winter sport vacation in Siberia and is open from the beginning of December till the end of March.

Its snow depth level is about one meter, and the average winter temperature ranges from -10°C to -26°C.

In 2013 the resort had around 15 sanatoriums (including 2 for children) and 15 hotels with the overall capacity for 5 475 guests and the average occupancy rate of 80.4%. 127 000 people came here for wellness purposes and another 66 800 visited the resort as tourists in 2013.

A new resort complex Belokurikha-2 (with investments over 10 billion rubles and a payback period of 15 years) is under development. With a projected capacity for 3 000 people it will start taking its first guests in 2014. The new resort will comprise of modern hotel infrastructure with fitness and spa facilities, as well as balneotherapy and physiotherapy clinics for tourists.

### **The measures for improvement of curative & wellness tourism in Russia**

With the inclusion of the Crimea into the country's resort infrastructure, it's very important for Russia to develop a uniform resort policy:

1. To strengthen the legislation for the sanatorium and resort system and develop the regulation for the function and development of resort establishments.

The law on tourism regulates in detail the tour operator and agency's system, but almost nothing is stated about the sanatorium and resort complex. Legislative support of Russian resorts is based on two Federal laws "On Natural Therapeutical Resources, Curative and Wellness Areas and Resorts" and "On Specially Protected Natural Areas", which were introduced in 1995 and should be adapted to allow for modern conditions.

The changes to the legislation regulating curative and wellness areas and resorts should be aimed at the preservation of these areas as parts of specially protected natural territories and should ensure their strict environmental and sanitary protection. The legislation should retain state regulation over the resort areas and resort business in the country.

2. To develop curative and wellness tourism together with social tourism.

Social tourism is any kind of tourism which is subsidised from the funds allocated for social needs. Socio-economic tourism is designed to create decent conditions for leisure and travel of the low-income section of the population (youth and schoolchildren, disabled and retired people). Subsidies for this type of tourism may be allocated not only by the government, but also by various state and private funds, as well as by charitable organizations. Social tourism could become an additional consumable resource of the Russian resort services during the low season and off-season.

The Ministry of Culture and the Russian Union of Travel Industry introduced the initiative of creating a system of social tourism "Holiday", which implies cooperation between wholesale buyers of holiday vouchers (corporations and trade unions), users of the vouchers (individuals, employees) and the establishments of sanatorium and resort complexes, which will accept the vouchers as payment for the provided services.

3. To improve the transport accessibility to resorts of federal importance and special tourist zones, to cancel VAT on domestic flights, including those to major tourist destinations and to subsidise year-round transportation to the resorts from the Far East.

4. To develop measures that will increase the resorts occupancy: to work more actively with the Russian regions and CIS countries, which are traditionally interested in tours during the off-season and low season, to allow cruise ships with foreign tourists to visit the Russian resort ports without visas for a period of 72 hours.

5. To create a programme of special education in the sphere of sales of curative and resort tourism at the state and regional levels. The system of curative and wellness tourism should consist of three integrative elements:

- medical centers, where recommendation (based on the client's state of health) is given based on suitable natural curative factors (mineral water, therapeutic muds, etc.) as well as on appropriate season and the duration of the holiday at the resort

- travel companies, where there is a database of resorts and their natural curative factors, as well as resort leisure infrastructure (beaches, tennis courts, sports, excursion, entertainment, etc.)

- sanatoriums and resorts, where medical specialists have the all necessary qualifications in curative methods and therapeutic treatments (baths with mineral water, drinking cure, mud packs, massages, etc.)

6. To improve the quality of services in the sanatorium and resort system.

Currently, any means of accommodation in Russia must receive a mandatory certificate according to the requirements of national standards - GOST R 51185-98 "Tourist services. Accommodation facilities. General requirements", where the minimal requirements and standards for hotels are stated. According to the data of Rasiatourism (the Federal Agency for Tourism in the Ministry for Culture of the Russian Federation), about 80% of Russian hotels are impossible to attribute a category of even one star.

Since 2003, the system of voluntary classification of hotels (by "stars") has been operating in Russia. The new system meets international standards, and it is approved by the World Tourist Organization. Hotels are divided into 6 categories; from one to five stars, and a category of mini-hotel. According to a national classification system for 4 and 5-star rated hotels, the allocation of a swimming pool, sauna, a gym, and massage/treatment rooms is obligatory. This regulation, together with the overall wellness trend in society, motivates further development of high quality hotels and resorts with spa and wellness facilities.

However, the compulsory classification has been already applied to hotels included in the infrastructure of the Olympic games in Sochi in 2014. Moreover, all hotels located in the cities that will host matches of the World Football Championship in 2018 will have to conform to the "star" status by 2016. By 2018, the Russian Ministry of Culture intends to make a "star" classification compulsory for all hotels in Russia.

By 1 June 2014 (according RBC Group) 1 140 hotels have completed the classification process in the Krasnodar region. As the result, 185 hotels acquired one "star", 200 got two "stars", 235 got three "stars", 74 got four "stars", 30 hotels got five "stars" and 416 accommodation facilities received "mini-hotel" status.

In the Krasnodar region the Ministry of Resorts and Tourism monitors the level of services by doing regular research on customer satisfaction in the categories of treatment, accommodation, meals, ecology, excursions and entertainment. In 2011, the tour operator "ALEAN" established an annual tourism award "5 Stars" in the field of resort hospitality, with the purpose of making high quality resorts more popular and of attracting media attention to the achievements of the domestic resort industry.

## **Annex 1. Sanatorium & Resort Complex of Russia**

(Санаторно-курортный комплекс – in Rus.)

### **General info on sanatorium and resort system in Russia**

In Russia and other former Soviet Union republics, the term **sanatorium** is generally used for a resort type establishment where medical rehabilitation services are combined with recreation and leisure. It is similar to western health resorts with medical and spa services. The term “resort” is often used in Russia to describe a territory (not just one establishment) that is rich in natural curative resources with facilities for their use in therapeutic and health preventive purposes (wellness).

A resort’s natural resources can include mineral waters, therapeutic muds or can have special climatic conditions such as seashores, lakes, mountain landscapes, forest areas, grasslands, etc. The sanatorium and resort system in Russia is truly unique and has no equivalent abroad. Its uniqueness is in its so called **kurortology** (or resort medical science) which was created to use the healing properties of every natural resource to their best. The high level of Russian kurortology is recognized worldwide.

Russia has all kinds of natural curative resources. There are all types of mineral waters and climatic zones, and there are also unique resorts which have characteristics that are superior to some similar and some of the best world resorts.

The popularity of Russian resorts is growing due to an improved level of services, competitive prices and the latest technologies in kurortology. Most Russian resorts are located in beautiful landscapes and are surrounded by historical monuments, as they are deeply rooted into Russian culture and have existed for centuries.

Resort treatments were introduced to the Russian society in 1719 when the first resort called “Marcial Waters” was opened upon the order of Tsar Peter the Great in Karelia. The story says that in 1714, Ivan Ryaboyev, a factory worker, who "suffered from a heart ailment and could barely drag his feet" fully cured himself after drinking the water for three days. The sanatorium is still functional and the iron-rich mineral water spring contributes to the treatment of anaemia and other cardiovascular diseases.

An establishment can be classified as a resort, if the following requirements are met:

- the presence of natural curative resources necessary for the functioning of the resort
- facilities necessary for use of the resources (swimming pools, mud baths, beaches)
- premises for accommodation and treatments
- health care facilities that provide medical and rehabilitation services
- wellness and sports facilities and playgrounds
- café and restaurants, shops, cultural and educational establishments
- easy access to and means of communication
- landscaped grounds, electricity and a civil engineering system

The following resort areas are very popular among Russians: the Caucasian Mineral Waters, the Kaliningrad region (Zelenogradsk, Svetlogorsk), the St.Petersburg region (Sestroretsk), the Krasnodar region (Sochi, Matsesta, Anapa), the Crimea, health resorts in Belokurikha in the Altai Mountains.

Russian resorts which have been recently built boast a combination of natural curative resources, innovative medical technologies, modern wellness facilities and well-developed resort infrastructure. Every year new luxury hotel complexes with wellness centres, boutique hotels with spas, ski resorts, tennis courts, golf courses, aqua parks and concert halls appear in the resort areas across Russia.

## **Resort regions in Russia**

Taking into account the vast territory of Russia, the uniqueness and diversity of natural curative resources and the developed resort industry, the following categories of resort regions are recognised:

- the North-West and North of Russia (Svetlogorsk, the St. Petersburg region)
- Central European Russia (the Moscow and Tula regions)
- the Volga region
- the Urals (sanatoriums of the Perm region)
- Siberia (Belokurikha, resorts in Khakassia)
- the Far East

Large resort regions in the South of Russia:

- the Caucasian Mineral Waters (Essentuki, Kislovodsk, Pyatigorsk)
- the Black Sea coast of the Caucasus (the Krasnodar region: Anapa, Sochi)
- the Crimea

## **Natural curative resources**

The healing effect is achieved on human health due to the curative properties of the resort's natural resources. The climate, nature, springs of mineral water and sources of curative muds - all these contribute to rehabilitation of the body and mind.

In Russia there are all types of mineral waters, all climatic zones and there are resorts with no equivalent abroad. The most famous resort region is the Caucasian Mineral Waters. This relatively small area contains more than 300 mineral springs. One of the resort towns, Pyatigorsk is the only one of its kind on the planet and is rightly named "the museum of mineral waters".

Mineral waters are available throughout Russia from the most western region of the country (the Kaliningrad region) to the Far East. According to Japanese gerontologists, the nitrogen-siliceous thermal springs of Kamchatka have powerful anti-ageing properties and compete with similar resorts in Japan. The thermal waters exist even beyond the Arctic Circle, in the resort Talaya in the Magadan region.

The resorts located on the Black Sea coast of the Caucasus boast a variety of natural landscapes and have a rare combination of plain lands, mountain peaks with glaciers, subtropical plants, warm Azov and Black seas, curative mineral springs and muds. Very few places on Earth can be compared with Sochi where you can firstly swim in the warm sea, sunbathe under the subtropical sun, and then in an hour you can ski and throw snowballs on the mountain slopes of the famous Krasnaya Polyana.

At the mountain resorts of Dagestan and Karachaevo-Cherkessia, at the altitude of 1500 m, patients with respiratory problems are successfully treated. The desert climate of the resorts in the Astrakhan and Volgograd regions helps to restore the health in patients with diseases of the kidneys.

The resort Elton is located in the Caspian lowland steppes on the largest European salt lake, 18 m below sea level. It has been famous for its mud treatments since its opening in 1910. The microclimate formed around the lake under the hot desert sun is often defined as "Egyptian" and is compared with the microclimate of the Dead Sea. The area is also rich in mineral water springs. In the resort there used to be a museum of forgotten crutches to celebrate victory over diseases. It is possible to have treatments even under the ground. In the town of Berezniki, at a depth of 280 m, in a mine called Verkhnekamskoe potash the first sylvinitic speleotherapy clinic in the world was opened in 1977.



The demand for treatments at the resorts of Bashkiria is extremely high as this is the only place on our planet where the curative thermal properties of the "burning" mountain Yangan-Tau are used. All year round, the Yumatovo sanatorium provides unique treatments based on koumiss, which is a type of mare's milk.

New curative technologies are being developed and implemented throughout Russia. Siberian scientists from the Altai Medical University created a steam sauna, based on the natural raw material "panty" (non-ossified antlers of young Siberian stags). In Pyatigorsk in the sanatorium "Rodnik" a new phytotherapy method and a unique phytotherapy apparatus "phytoaeroionizer" have been invented. The method is based on using herbs from the Northern Caucasus. In the Kostroma region, in the sanatorium named after Ivan Susanin, elk milk is being used to treat patients with gastric ulcers.

### **Types of resorts according to natural curative factors**

#### **1. Climatic resorts**

The seaside climate is typical of the Black Sea resorts and sanatoriums in Sochi and Anapa. The climate of the Baltic Sea coast and the Gulf of Finland has relatively high humidity, cool air and water temperature. It is more suitable for older people with diseases of the cardiovascular and nervous systems. The climate of the southern coast of the Crimea (Yalta, Alushta) is similar to the Mediterranean climate. It is warm with low humidity and with a long bathing season. It is recommended to people with diseases of the cardiovascular system, musculoskeletal apparatus, and the nervous and endocrine systems. The climate of Central European Russia and the Moscow region is especially beneficial for those who suffer from a hot and humid climate.

#### **2. Balneological resorts (mineral waters)**

Balneotherapy is a curative method with the use of mineral water (natural underground water with dissolved gases and trace elements) that has a therapeutic effect on humans. Baths of carbonic mineral waters are used at resorts in Kislovodsk. Sulfur mineral baths are typical for Sochi, Matsesta and Pyatigorsk.

Drinking mineral waters is prescribed at the health resorts in Essentuki, Zheleznovodsk to patients with diseases of the digestive system. Sulfur water reduces gastric secretion as well as helps digestion and treats intestine laziness. Less mineralized water is used for treating calculus (kidney stones) and urinary tract infections. Iron contained in some waters prevents anaemia (e.g. the Marcial Waters resort in Karelia), iodine stimulates oxidation-reduction processes in the body and strengthens the function of the thyroid gland, bromine promotes the processes of inhibition of the central nervous system.

Resorts of the Caucasian Mineral Waters are especially rich in mineral waters; there is the local mineral water Narzan in Kislovodsk, the hot and radon waters of Pyatigorsk and Zheleznovodsk, and hydrocarbonate-chloride-sodium water in Essentuki.

#### **3. Balneological resorts (curative muds)**

Curative muds are mainly silt black sulfide mud, sapropelic mud, peat and volcanic mud. Muds are used in the form of mud baths, mud packs and application.

Silt mud is formed by salt water during the decomposition of microbial flora and fauna and accumulates at the bottom of natural water reservoirs, sea estuaries and lakes. Resorts in Evpatoria and Saki (the Crimea) are rich in local silt muds. The sanatoriums in the Caucasian Mineral Waters apply therapeutic muds from the Tambukan Lake. In contrast, sapropelic curative muds are formed at the bottom of

open freshwater reservoirs with stagnant water. They contain many organic substances and salts and are mainly used in sanatoriums in the Moscow area, in Central Russia and the Urals.

Peat muds are mainly used in the form of application with an anti-inflammatory effect to cure problems of the musculoskeletal system, skin diseases and nervous system (the Tomsk region, Central Russia, the Urals, Siberia and the Far East). In Russia local volcanic muds (from the hills in Taman Peninsula between the Azov Sea and Black Sea) are used as an additional curative factor in the sanatoriums of Anapa.

### **Sanatorium, resort, spa and wellness establishments in Russia**

Although the resort system has been known in Russia for almost 300 years, the spa/wellness hotel/resort trend emerged in Russia about 15-20 years ago and is actively developing. However, there is no clear definition of a spa/wellness establishment in Russia. This term is applied to a hotel with a few massage treatment rooms, as well as to a fully functioning medical sanatorium and includes everything in between. This is partly due to the Russian tradition for health holidays in sanatoriums.

There are some wellness destinations that belong to the category of medical wellness. Although they are not specialized in the treatment of patients, they have highly qualified medical specialists and a diagnostic base. They help to maintain their clients' healthy lifestyle with the use of methods of preventive and predictive medical science. Depending on the results of health tests, the specialists individually adjust the client's lifestyle (diet, physical exercises, vacation, etc.) in order to prevent possible diseases.

There is a great difference between the modern spa hotel/resort and the traditional sanatorium, whose main activity is medical rehabilitation. Although sanatoriums have highly qualified medical specialists, they lack the major features of modern spas, such as comfortable accommodation, a relaxing atmosphere and western-style customer service. Sanatoriums, with their hospital-like atmosphere and treatment of the clients as patients, have become less popular in recent years. Some of them were closed down, which has caused a decline in their number since the Soviet times.

Due to the growing demand, many sanatoriums have been recently redeveloped and have added spa facilities that made them competitive with modern spa hotels and resorts. However, there is a small percentage of medical sanatoriums with a strong clinical regime and hospital-like atmosphere, the main business of which is rehabilitation of patients after treatment in hospitals.

Advantages of including spa and wellness services in sanatoriums:

- an increase in the competitiveness of sanatoriums
- an increase in the occupancy rate, especially during the low season
- an increase in the overall therapeutic and harmonizing effect for the clients
- an increase in revenue from the sale of spa and wellness services, cosmetics and wellness related goods (e.g. shoes for swimming pools, clothes for fitness centers)
- a diversification of treatments and services (e.g. packaging of medical diagnostics with short spa programmes at weekends)

Examples of new or recently redeveloped sanatoriums with spa facilities are the following: luxury sanatorium "Rus" (Sochi), sanatorium and spa "Aquamarine" 4\* (Anapa), centre for medical rehabilitation "Bolshiye Soli" ("big salts") (Yaroslavl), sanatoriums "Dyuny" and "White Nights" (Sestroretsk, the St.Petersburg region), sanatoriums "Dolina Narzanov" 4\* and "Plaza SPA Hotel" in Kislovodsk (the

Northern Caucasus) to name a few. These sanatoriums successfully promote not only medical rehabilitation components, but also spa treatments, relaxation and leisure. Sanatorium "Clinic Kivach" in Karelia is renowned for endoecology rehabilitation.

Almost all recently built 4 and 5-star spa/wellness hotels provide wellness facilities, which include fitness studios, swimming pools, steam bath and sauna facilities as well as spa treatment rooms and beauty salons. They often provide indoor and outdoor sports and leisure activities such as skiing, hunting, and golf. Some of the modern resorts offer selected rehabilitation and health preventative treatments while the others partner with nearby sanatoriums for these purposes.

The modern spa and wellness concept is becoming trendy and therefore, the resort sector of the market is already rapidly growing, which is demonstrated by the number of new investment projects, which have either recently been proposed or are already in progress. Several projects of a high international standard have been built or redeveloped in the Krasnodar region (and particularly in Sochi), which hosted the Winter Olympic Games in 2014. Among them include "Grand Hotel & Spa "Rodina"" 5\* (Sochi), the all-inclusive "Riviera Club Hotel&SPA" 4\* (Anapa), Hotel&SPA "Dovil" 5\* (Anapa), the hotel "Imperial & Champagne SPA" 4\* (Abrau Dyrso).

In the Moscow region in this sector, there are "Imperial Park Hotel & Spa", "Arthurs Spa Hotel", "Foresta Tropicana Hotel", the sanatorium and clinic "Revital Park" and "Luxury Barvikha Hotel & Spa" (with the Espace Vitalite Chenot spa centre).

In the St. Petersburg region there are the "Igora" ski & spa resort (Leningradskaya oblast), "ForRestMix Club" (Repino), "Cronwell Park Hotel (Repino)", Spa Hotel "Aquamarine" (Zelenogorsk), "Residence Hotel & SPA" (Repino), "Grand Petergof Spa Hotel" (Petergof), and the Country Club "Scandinavia" (Sestroretsk).

Examples of spa hotels and resorts around Russia are "Cronwell Resort Ugorskaya Dolina" (the Khanty-Mansiysk region), "Royal Falke Resort and Spa" 4\* (Svetlogorsk, the Kalinigrad region), "Malinki Club Hotel" 3\* (Ivanovo), health resort "Chistye Prudy" (the Penza region), health resort "Sunny Beach" (the river Volga region), Eco Resort and Spa "Fox Lodge" (the Yaroslavl region).

### **Business categories of Russian resorts**

(data from <http://7-valleys.com>)

- 38% of health resorts are subsidized and regulated by the Russian government and are not involved in any commercial activities. They are strict medical sanatoriums focused only on the provision of medical services to patients after hospitals.
- 5% of health resorts belong to large Russian financial-industrial groups such as Gazprom, or to the state. This group consists of traditional sanatoriums and modern health resorts with less of an emphasis on the medical field and more on general rehabilitation, prevention and wellness. These establishments are allowed to sell some additional treatments and services to the clients in order to diversify their standard resort packages.
- 57% of health resorts of the country are private business entities. Under the economic situation, most of these health resorts have dramatically reduced their health preventive and therapeutic facilities, focusing only on commercially profitable treatments and services. Only a small percentage of this segment continues to develop a wide range of medical components in the resorts, in the hope that it will bring profitable and permanent contracts with large business enterprises.

## **Resort services**

Both traditional sanatoriums and modern resorts include medical-diagnostic centers and equipment with the latest technologies in medical science and kurortology. The clients are offered detailed health tests and their treatment programme is individually adjusted according to the tests results.

The choice of treatments is specific to each resort but is usually wide and diverse. It is based on the resort's natural curative factors: climatic treatments, mud therapy, balneological treatments, speleotherapy, herbal medicine, etc. Many of the treatments such as massage, baths, and therapeutical physical exercises bring pleasure and fun.

In addition to treatments, resorts offer tourist and leisure programmes including excursions, sports and entertainment events. The guests enjoy Russia's natural environment, such as beautiful landscapes, woods, seas and mountains, all of which are unique for each resort location.

Apart from medical rehabilitation that traditionally requires on average a 3-week stay, the resorts and sanatoriums offer spa and wellness programmes starting at 3 days. Among the examples are the following therapeutical packages:

- "Anti-Stress", "Burn-Out" - for the treatment of nervous diseases
- "Woman's Health", "Beauty&Health", "Beauty Week" - programmes for women
- "Men's Health", "Urological Check-up" – programmes for men
- "Detox", "Slimming", "Beautiful body", "Get In Shape" – weight loss programmes.

## **Facts and figures**

According to RATA-news, there are approximately 2 000 sanatoriums and resort establishments in Russia with a total capacity for 450 000 people, to where around 8 million people went for health and wellness holidays last year.

In 2000 the number of tourists in Russian health resorts amounted to 4 million 919 thousand, and in 2012 this number increased to 6 million 174 thousand (data from "Intourmarket-2014"). Although the number of hotels in the country is growing rapidly, the total number of resort health establishments has decreased by 20% since 2000.

According to Rosstat (Federal State Statistics Service), in Russia in 2013 there were 1 250 sanatoriums with 342 000 beds (including 565 sanatoriums for children) and 637 profilactoriums (for comparison, in 2012 there were 1 282 sanatoriums and 655 profilactoriums). Profilactorium is a sanatorium-type establishment where people stay and have treatments while still continuing work (not being on holiday).

The number of children's sanatoriums increased from 528 to 565. However, the number of profilactoriums was reduced almost twice from 1 200 in 2000 to 637 in 2013. This means that many workers in industrial enterprises are unable to rebuild their strength and health (data from "Intourmarket-2014").

In 2013 the sales volume of the sanatorium and resort services grew by 4,4% and made 101.7 billion rubles. This figure has grown (despite the decrease in sanatorium guest-nights by 0.9% in 2013) due to the increase in the average price of the services provided. For the last 5 years the average price of sanatorium and resort services has grown by 28.6% and reached 1 736.8 rubles per person per day in 2013. The main factors influencing the growth of the prices are inflation, raises in cost for accommodation, the development of the premium segment of the sanatorium market and the emergence of more expensive modern spa services.

## Annex 2. Statistics for Tourism in Russia

### General data on incoming, outgoing and internal tourism in Russia

In Russia the direct contribution of Travel & Tourism (T&T) to GDP in 2013 was RUB953.1bn (1.4% of GDP). According to The Travel & Tourism Competitiveness Report 2013 (World Economic Forum), Russia is ranked 63rd overall out of 140 countries, losing four positions since the last assessment in 2011. Switzerland, Germany, Austria, Spain and the United Kingdom are the leaders in the rating. On average (on a scale from 1 to 7 points), Russia receives 4.16 points. For comparison, Switzerland has 5.66 points and the Republic of Haiti, which is the last of the list, has 2.59 points.

The country receives a good assessment for its cultural resources (ranked 39<sup>th</sup> in this pillar), the result particularly of its many World Heritage sites and its well-developed air transport infrastructure (ranked 33rd). Safety and security issues are of serious concern with a high level of crime and violence, a lack of trust in the police in providing protection from crime, and many deaths caused by road traffic accidents (113th). Poor accessibility to tourist sites and the low efficiency of the state policy in the sphere of tourism added to the negatives. Among other important indicators:

- Insufficient attention to environmental sustainability – rated 134
- Quality of the natural environment – rated 120
- Government prioritization of the T&T industry – rated 124
- T&T government expenditure, % government budget – rated 89
- No. of World Heritage cultural sites (17) – rated 16
- No. of World Heritage natural sites (10) – rated 4
- Health and hygiene – rated 14

According to PhoCusWright (2012), the share of the Russian tourism market is 2.6% of the global tourism market. Only 7% of the population can afford to travel abroad. This figure is low due to a number of restraining factors, among which are:

- salaries and technologies below EU standards
- state monopoly and conservatism in the transportation sphere
- visa restrictions
- no confidence of Russian people in the use of credit cards;
- low income of the population in the regions (the largest proportion of the potential travelers is concentrated in big Russian cities)
- a large percentage of the population is of pre-retirement and retirement age.

According to the Russian Search Marketing agency, Russians spent US\$ 43 billion on travel abroad in 2012. The majority of this travel was booked offline with a recent report showing that just 14% of Russians book their holidays online.

According to Rosstat (The Russian Federal State Statistics Service), the totals outgoing and incoming flows in Russia are as follows:

The total number of Russians traveled abroad (in million people)	The total number of foreigners visited Russia (in million people)
in 2011 – 43.707	in 2011 – 24.920
in 2012 – 47.806	in 2012 – 28.168
in 2013 – 54.064	in 2013 – 30.791

According to the data of the Russian Union of Travel Industry ("Intourmarket-2014"), in 2013 the figures on tourist flows are the following:

- 18.3 million of Russian tourists went abroad (in 2012 – 15.3)
- 2.7 million of foreign tourists visited Russia (in 2012 – 2.6)
- 33.0 million of internal tourists travelled in Russia (in 2012 – 35.0)

### **Incoming tourism in Russia**

According to Rosstat, 2 million 664.8 thousand trips were undertaken by foreign tourists to Russia in 2013, which is by 3.7% more than in 2012.

In 2012, the increase was by 10% compared to 2011, and it was the best result in the last five years. In 2011, the number of foreign tourists increased by 9%, in 2010 - by 2%, in 2009 the dynamics actually turned negative (-8%), in 2008 it did not exceed 4%. These galloping figures speak of the extreme instability of incoming tourist flow, subject to political and economic factors.

However, the four most important markets for Russia have not seriously changed and show some growth: Germany (+1.3%), China (+8.4%), the USA (+9.7%), the UK (+16%). More than 40% of the total tourist inflow to Russia is accounted for by the main donors, among whom the leaders are Germany (380.3 thousand trips) and China (372.3 thousand trips). The other leading (first ten) countries in the number of their tourists in Russia are Turkey (+22%), Italy (-0.6%), France (-2.7%), Finland (- 22%), Israel (+7.5%) and Spain (-0.1%) (the change in the growth is shown in parentheses).

### **Where Russians spend their holidays** (internal and outgoing tourism)

From publications taken from RATA-news, only a small group of Russian population had a vacation in the country or abroad in 2013. Most of the population spent holidays in their summer houses ("dacha") (18%) or at home (56%). The main reason was the lack of funds.

According to VCIOM (The Russian Public Opinion Research Center), during the summer vacation period in 2013:

- 23% of Russians (5% more than the previous year) had holidays. Out of them: 9% preferred the Krasnodar region, 7% preferred expensive cities in Russia and only 4% travelled abroad
- 46% of respondents admitted that they did not take a vacation that summer
- average expenses per holiday per person were 30.8 thousand rubles (¼ more than in the previous year);
- holiday expenses of Russians were 11% higher than originally planned (60% of those who went on holiday paid from their savings and 11% spent their everyday funds)
- 86% of holiday makers who went on tours were satisfied with the time spent
- 66% of those who spent their holiday leave at home were satisfied with the time spent (dissatisfaction with a summer holiday was often dictated by the inability to go to a desired tourist destination (53%)).

According to VCIOM (assessment), during the summer of 2014:

- 46% of Russians plan to spend their holidays at home, and 22% at their summer houses ("dacha")
- 6% of Russians plan to go abroad and only 20% plan to spend their holidays in Russia (on the Black sea, including the Crimea, as well as in other areas of Russia; the popularity of the Crimea has increased from 2% in 2013 to 9% in 2014).

According to the research of ATOR (The Association of Tour Operators of Russia), in 2014:

- 10% of citizens of the Russian Federation plan their vacation abroad
- only 10-20% of Russians want to travel in Russia
- all others will spend their vacation at home or at their summer houses (“dacha”) (the main reason is the lack of financial possibilities, and if they were not constricted by finance, more than 50% of citizens would go on vacation abroad).

According to a survey of FOM (The Public Opinion Foundation, Russia),

- 52% of respondents expressed a desire to spend a holiday abroad if they had the financial ability (France, Italy, Turkey, Egypt, and Thailand are the most desired destinations)
- 36% would definitely choose a holiday abroad
- only 19% of Russians would choose to travel in Russia even if the cost of travel in Russia and abroad were the same;
- 35% of respondents wouldn't go on a holiday abroad, even if they had enough funds (part of them do not like to travel at all, part refer to poor health, age, lack of time or any other variety of fears)
- only 9% of respondents prefer to relax only in Russia and give it as the main reason.

According to FOM, 82% of Russians have not been abroad for the last 2-3 years.

The survey conducted the Levada Center in March 2014, showed that only 28% of the Russian population have a foreign passport (the document required to travel abroad). Foreign passport holders are:

- 66% of entrepreneurs, 49% of managers, 48% of specialists
- 39% of school pupils and students
- 39% of the population aged between 25-40 years old
- 33% of the population younger than 25 years old
- 46% with higher education
- people with high consumer status: 75% of those who are able to buy a car, and 43% of those who are able to buy durable goods
- 59% of Muscovites.

The lowest number of foreign passport holders is among retired people (8%), the unemployed (9%), blue-collar workers (20%) and Russians over 55 years (13%).

According to the survey:

- 4% of respondents go on holiday abroad once a year
- 1% go on holiday abroad two to three times per year, 8% go once in every two or three years
- 6% go even less frequently and 13% used to go but now do not
- 60% of respondents have never been outside the former USSR countries (unemployed (77%), blue-collar workers (74%), the retired (69%), housewives (65%) and Russians over 55 years and younger than 25 years old (67%)).

### **Research on Russians as foreign tourists**

One of the largest international Internet resources Hotels.com presented its first research (2013) on the foreign trips undertaken by Russian citizens. It is based on the experience of owners of hotels of all price categories around the world - from Argentina to Uzbekistan and it was intended to help hotels to work with the promising Russian market. As it was found, Russians feel more and more confident abroad and

actively explore even the most distant countries. Almost 50% of the hotels that took part in the survey reported an increase in the number of visitors from Russia. 32% of them reported an increase of 11-25% and 14% of a spectacular 26-50%.

Almost 1/3 of the hotels reported increased confidence in Russians about traveling abroad and 24% of hotels noticed progress in the ability to communicate in foreign languages, especially in English. Despite the problems such as visa barriers, more than 90% of hotels expect a further increase in the number of Russian tourists in the next three years.

According to the hotels data, 62% of visitors from Russia go abroad on vacation, 18% on business and 20% of them combine work and rest. A significant proportion of travelers like sightseeing which results in a relatively short period of stay. 50% of Russians stay in hotels for 2-3 nights, 34% for 4-9 nights, and 7% for 10 nights and more. Russians travel abroad in the company of spouses or partners (32%), 19% with friends and only 7% travel alone.

Despite the relatively weak penetration of the Internet in Russia (47.7%), the number of Russian Internet users is almost 68 million. The hotels report that now more than half of Russian visitors (61%) are booking their trips online, and 53% use special booking services through websites or mobile applications. Another indicator of the growing confidence of Russians is the fact that only 31% of them use the services of traditional travel agencies.

According to the statistics of Hotels.com, Russian citizens prefer to book hotels at the last moment: 3% of reservations are made on the date of arrival, 22% of orders are made during the week before the arrival date, and 12% in the period from 8 to 14 days. Overall, 62% of bookings are made 35 days or fewer prior to arrival. Only 11% of Russians book hotels 90 days or more in advance.

Among the main activities of the Russian guests are sightseeing and shopping, next in order of popularity are the local cuisine and resting on the beach. Russians actively use the hotel services, giving preference to the purchase of food and beverages. Free Wi-Fi is in high demand (79%). Russian guests are not very interested in fitness facilities in hotels or a multimedia entertainment system in the rooms. For Russians the availability of smoking rooms in the hotel (44%) and Russian TV channels (50%) are important, while demand for newspapers and magazines in Russian is very weak (17%). It is also important to have Russian speaking hotel staff (39%), hotel brochures in Russian (35%) and a Russian language option on the hotel website (34%).

According to PhoCusWright, the Russian online market is the largest and most active in the Eastern European region. Russia's share of the online travel market in Eastern Europe reaches 38%. It is forecasted that by 2016 the bookings made on the Internet will account for 33% of total bookings. For comparison, the same indicator was equal to 19% in 2013.

Booking.com is the most popular international resource for booking tourist services in Eastern Europe, Expedia is second and AnyWayAnyDay.com is third. Among the largest Russian companies in this segment are Ozon.Travel and Agent.Ru.

The most popular Russian search engine is Yandex, accounting for more than 60% of the total market. Google is used in the travel segment, mainly for search of the hotels. Internet portals Scyscanner and Momondo are also very popular in Russia.



## **Annex 3. Outgoing Curative & Wellness Tourism in Russia**

### **General info on outgoing curative and wellness tourism in Russia**

It is estimated that in 2013 more than 2 million Russians spent their holidays in foreign resorts, and in spa and wellness centres (at least 10% of all foreign tourist trips). About 300 resorts from 35 countries in the world exist on the Russian market of outgoing tourism.

This year the average cost of curative and wellness foreign tours remained at the level seen in 2013. Only the prices for some resorts have grown inside the inflation range of 5-7%, and some have even decreased by 10%.

Until the economic recession during the first part of 2014, there was a stable growth in the demand for health tourism in foreign countries. Tour operators saw enthusiasm in Russian potential holidaymakers who were searching for new resorts and wellness programmes. However, the tour companies operating on the European market have noticed a slight decline or even stagnation: the sales dropped for expensive resorts in Germany, Switzerland, Austria and France. However, there was an increased interest in visa-free areas, for example, health resorts located on the Dead Sea in Israel. This year the number of “curative” tourists from Russia to Israel increased by 10%.

Foreign resorts have gradually replaced Russian health resorts from the rating of preferences of Russians. The information portal TripAdvisor® ([www.ratanews.ru](http://www.ratanews.ru), 11/2013) performed a survey of more than 600 respondents and revealed that the desire to relax and improve health outside of Russia was shown by 51% of respondents, and only 9% remained loyal to the Russian health resorts.

The survey also showed that the number of Russians who actually went on foreign wellness resorts slightly exceeds the number of tourists who visited similar facilities inside the country: 33% vs. 30%. The respondents explained their choice in favour of overseas resorts by describing the insufficient level of service and quality of resorts in Russia. Only 13% of respondents were completely satisfied with the Russian level of service.

Russian travelers used to prefer to spend their holidays lying on the beach or on tour buses. Now it's more interesting for them to take care of their health and restore their peace of mind. Russian people choose hotels with spas that offer popular services such as Thai massages, beauty programmes, relaxation, and Ayurveda. European resorts, in addition to the treatment of serious diseases, offer a wide range of wellness and spa programmes.

Operators have seen an increase in requests for holidays including programmes of express-diagnostics of health check-up. Often Russians go to Germany and Israel for this type of wellness trip, but lately Lithuania has been actively promoting similar programmes. At clinics in Israel, the average cost of a check-up programme for men is \$1 275 and for women it is \$1 315.

### **Popular foreign resort regions for Russian wellness tourists**

TripAdvisor defined the leaders in the preferences of Russian tourists for foreign health resorts, among which are the countries of Central and Eastern Europe including Belarus and Ukraine. In practice, **Belarus and Ukraine** are considered by Russian tourists as domestic tourist areas (Russians do not perceive them as "abroad"), as these close neighbors welcome Russians without visa and foreign passports.

Sanatoriums in Belarus and Ukraine have medical facilities and techniques which were formed and tested over a long period of time. This gives them a competitive advantage based on an optimal combination of affordable pricing and a high quality of curative and medical services. Last year, the resorts in Belarus showed a sales increase 1.5 times that of previous years. However, the comfort and level of accommodation at the resorts there is quite moderate. The first priority of Belarusian investment is made on a medical-diagnostic base and on the latest equipment and techniques, and only after the renovation of the hotel rooms.

**Eastern Europe.** The first foreign wellness destination for Russians in the Post-Soviet period was Karlovy Vary in the Czech Republic. With time, the geography of travel expanded and Russian citizens began to travel for resort treatment in Hungary, Bulgaria, and the Baltic States, amongst others.

Stable demand exists for the Czech Republic (Karlovy Vary and Mariánské Lázně), Hungary (Lakes Hévíz and Balaton) and Bulgaria (Varna, Golden Sands and Sunny Beach) offering affordable wellness treatment programmes. The advantages of these countries are a loyal visa policy, affordable transportation costs, a rich excursion programme and the availability of the Russian-speaking staff at the resorts.

According to the tour operator “TravelSystem”, up to 80% of the tourists interested in the Czech Republic choose the world-famous Karlovy Vary. The second most popular is Mariánské Lázně, where problems of musculoskeletal apparatus, bronchopulmonary and urogenital systems, gynecological diseases, and diseases of the metabolism are successfully treated. The Czech Republic offers cost-effective wellness holidays from as low as EUR900 per person for two weeks in a double room including flights, meals and treatment.

Recently, Slovenia has been increasingly focused on the Russian market. Its growing popularity in Russia was achieved by the advertising activity of the national office of tourism and resorts of Terme Krka, Rogaska Slatina and Terme Catez. The demand for these resorts is stable, with an average stay of 2 weeks. In comparison, the prices in sanatoriums of Kislovodsk (the Caucasian Mineral Waters in Russia) are the same or even slightly higher than in the resorts of Slovenia. Rates in Slovenia are more affordable compared to Czech resorts. An average 2-week package for two people in Rogaska Slatina, including air tickets from Moscow to Ljubljana, accommodation in a 3-star hotel with breakfast, insurance and transfers, costs from EUR2500. The treatments, as a rule, are recommended at the resort and are paid separately. In summer the combination of a sea vacation and curative treatments is in high demand.

Resorts in Bulgaria attract tourists because of their highly mineralized salt (brine) of in the Pomorie Lake, mineral waters, and the linguistic similarity of Bulgarian and Russian languages. Among the most popular programmes are anti-stress, anti-nicotine, and strengthening the musculoskeletal and bronchopulmonary system, all at affordable prices. Hungary is widely known for Lakes Balaton and Hévíz, and the thermal springs and mainly attract people with problems of the locomotive apparatus. Local karst caves are suitable for patients with respiratory diseases. Among the new products launched this season, there are dental tours to Hungary, which can be combined with other health programmes or relaxation packages.

**Baltic countries** offer quality sanatorium and resort treatment based on the fundamental basis of the Soviet balneology. However, there are a lot of newly built modern hotels with spas and wellness complexes. The prices for services at the resorts

are significantly below their European and Russian counterparts. According to the number of holidaymakers, Russia is the leader at all the resorts in the Baltic States. In comparison with Europe and Russia, Baltic resorts are cheaper with the quality of food and medical treatment being as good as in those countries.

Russians are very interested in health recreational tours in Lithuania and Estonia. For example, during the summer the resorts in Parnu (Estonia) are visited by families with children, for whom the vacation is usually based on the principle of age preference; children go to the water parks, parents to spas and the grandparents go for curative and medical treatment. The establishments offering diverse products always win.

In the Lithuanian resort Druskininkai, the climate, mineral waters and mud are used for treatment and rehabilitation of the whole family. There are 67 accommodation facilities, including 30 hotels and 8 sanatoriums (for 15 000 people in total). Latvia is a bit behind their neighbors in the amount of spa hotels, but in Jurmala, Russians are the leaders in the number of tourists visiting. The demand for summer recreation and health tours is high and for some resorts it has grown on average by 30%. In addition, the off-season became increasingly popular too last year.

According to the Baltic tour operator "A-B Club", the demand for health resorts in the Baltic States from Russian clients has grown by 40% in the past 1.5 years, tours are available all year-round, with tourists ranging from 30 to 80 years old. The most popular programmes in health resorts are in the treatment of locomotor apparatus, the cardiovascular and the nervous system. In addition to sanatorium treatment, Russians are interested in spa hotels with spa and wellness services bought on the spot. The packages for relaxation, detox, juice therapy and phytotherapy, and anti-age treatments are also in demand.

**Greece.** Greek spa resorts, talassotherapy centers and wellness hotels are of the same quality as other famous European resorts, but with lower prices. According to "Mouzenidis Travel", the leading Greek tour operator, the volume of wellness tourism in Greece doubled in 2012, in comparison with 2011. Russians book spa packages for recreation and relaxation with a stay of two to three weeks, which is longer than just a vacation on the sea.

**East and South Asia.** The Russian Far East benefits from its close proximity to China and South Korea. Medicine in these countries harmoniously combines traditional methods with the newest technologies. The majority of Russian clients in Chinese and South Korean resorts can be put into 3 categories: those whom the doctors are not able to make a diagnosis; those with serious diagnosis; and people over the age of 45 who are interested in detailed programmes of health check-up. South Korean and Chinese sanatoriums and clinics treat infertility, impotence, spinal disease, diabetes and oncology at early stages.

In China many sanatoriums use natural curative factors: mud, salt, radon springs and thermal water. There are modern resorts, such as Dalian, where you can combine a sea vacation with curative and wellness treatment. Every year in China the volume of medical and cosmetology services is growing. Sanatoriums are opening aesthetic medicine centers which are very popular among Russian women. Among the clients are residents of the Far East, Siberia, Moscow and St. Petersburg. Health resorts in China which are located in close proximity to Blagoveshchensk maintain a stable demand among Russian citizens. In Chinese sanatoriums near the Russian border, treatment cost is low, for example, a massage costs 200 rubles.

According to the tour operator "Far Eastern Phoenix" (Blagoveshchensk), only 700 metres are between the Russian town Blagoveshchensk and the Chinese town Heihe. Therefore, recreational tours to China, in particular, to the balneological town-resort Wudalianchi are extremely popular. This health resort is famous for the mineral water and mud, herbal infusions and methods of traditional Chinese medicine. The sanatoriums specialize in treating problems of the spine, arthritis and arthrosis, rehabilitation after injuries, heart attacks and strokes. The cost for two-week packages starts from 12 500 rubles, including transfers across the border, insurance, comfortable accommodation in a two or three bed room, and meals.

After the cancellation of a visa regime between Russia and South Korea, health tours in this country are in great demand. South Korea is known for its high level of cosmetology and plastic surgery. Health diagnostics is also well developed in the country with big hospitals opening medical centers for foreign patients. For the last few years, the cost of detailed diagnostics has decreased. Before, the assistance of Russian speaking coordinators was paid for as an additional service, but now Russian-speaking interpreters are in the clinic staff, and for Russians, this service is free of charge.

According to the tour company "Atlantis" (Khabarovsk), Russians go for treatment in sanatoriums in China, and they go to South Korea, Singapore and Japan for diagnostics and surgery. The demand for health resorts grows annually on average by 15%. Sanatoriums and medical centers have specializations in various diseases. For example, in Korea a complete health examination takes three to four hours with all tests results ready in two days. Assistance and accommodation for five days cost from \$590 per person, diagnostics and treatment start at \$450 but can be as high as \$3500 for a full medical examination. In China a ten-day course of treatment for osteochondrosis is very popular among Russians, and its cost is on average 25 000 rubles (transportation and accommodation are not included). Treatment tours to Chinese resorts near the Russian boarder start from 8 000 rubles (to Dalian) or from 25 000 rubles (to Harbin) per person, including airfare.

**India.** Ayurvedic resorts of different levels, from 3-star to luxury, in the Indian state of Kerala are in great demand among Russians. Ayurvedic treatments of cleansing and healing are the most popular. A 2-week treatment package in the elite "Palace Ayurvedic Kalari Kovilakom" costs about \$10 000. A similar programme of detoxification for two guests at the resort of a 4-star level costs €3 000 including accommodation, meals, treatments and transfers. The demand for luxury establishments is considerably higher than for the cheaper ones. The most popular Ayurvedic resorts among Russians are the 5-star "Kalari Kovilakom" and "Ananda SPA" in the Himalayas.

In the high season, from November to April, the Indian clinics are mostly filled with Europeans, including Russians, who are the second leader (after German people) in the number of tourists in Kerala and are first at some other resorts. There is Russian-speaking staff in some Ayurvedic centres, who are mostly Indians graduated from Russian medical schools. July and August is the season of summer monsoon rains in India and is a traditional holiday period in Russia. During this period, local hotels provide special rates and airlines offer attractive tariffs.

According to the tour operator "India-tour", for the last five years its sales of Ayurvedic wellness tours to Kerala is growing annually by almost 100%.

## **Annex 4. Medical Tourism in Russia**

### **Outgoing and incoming medical tourism**

It is believed that around 1% of all trips abroad are made by Russian tourists who are in search of medical services in foreign clinics and specialized medical establishments (in contrast to vacations at curative and wellness resorts). According to RBC (Russian multimedia holding), outgoing medical tourism constituted 0.7% in 2010 and 0.9% in 2012 of all trips abroad.

However, the prospects of Russian outgoing medical tourism are very high. As a rule, a medical trip is dictated by the treatment of rare and serious diseases. Russians usually go abroad for treatment of oncological and cardiological diseases, fertility treatment and orthopedical problems.

Clinics in Germany and Israel are most popular among Russians. The global trend is in the growth in arrivals in clinics of Asian countries, where medical services are of good quality and are relatively cheaper. This also started to attract Russian patients.

The choice of the place of treatment is the most difficult for Russians (in addition to the issue of finance), only 7-8% of citizens are guided by their doctor's recommendations, the majority (37%) choose the place of treatment on their own, spending a lot of time in search of information, many (about 17%) ask their friends and acquaintances. The issue of informing potential clients about the medical services in different countries is one of the most important issues of the medical tourism market in Russia.

According to a survey by the agency "Energo", in which 10 thousand Muscovites, 5 thousand Petersburgers and 10 thousand residents of other Russian regions participated, 0.7% of Russians with money and in need of a complex medical treatment went on treatment abroad.

The main advantages of western medical system are the high level of technologies, health care efficiency and the equality of medical treatment for all groups of patients. For instance, in the west the medical procedure of a surgery and after surgery treatment are of the same standards for every patient. Only the cost for different types of accommodation or other additional services may vary.

According to the estimation of specialists from private medical clinics in Russia, up to half a million Russians travel abroad for medical treatment every year. They agree that the level of medical services in Russia is lower than in western clinics, with the following main problems:

- a tremendous gap in the quality of medical education in Russia
- low standards of medical care
- weak diagnostics
- an absence of after-treatment rehabilitation systems

There are a lot of good medical specialists in Russia and many medical clinics (especially in the private sector) are well equipped. However, medical treatment in Russia is not "technological" as it's unstable in standards of quality and is not consistent in all stages of the treatment process. As some people say, the surgery is always a "lottery". Surgery can be of high quality but results of histological laboratory tests may not be readable. After-surgery rehabilitation is another problem. Therefore, wealthy Russians do not trust their national medical practices and prefer to spend their money on effective and reliable treatment abroad.

Incoming medical tourism to Russia is in decline. Very few tourists from Europe and the USA are coming to Russia in search of surrogate mothers, and this is almost all Russia is seen as a medical tourism destination for. However, during the Soviet period foreigners visited the country for medical treatment with great desire in leading medical clinics such as:

- Meshalkin Cardiology Clinic in Novosibirsk, Russia
- Amosov National Institute of Cardiovascular Surgery in Kyiv, Ukraine
- Filatov Institute of Eye Diseases & Tissue Therapy in Odessa, Ukraine

There was a clinic in the structure of Intourist (the travel agency for foreign tourists in the USSR), which directed foreign patients to medical centers around the country.

Unfortunately, Russian medical tourism has become less incoming and more outgoing. In Israel, almost 48% of medical services per year are consumed by tourists from the CIS countries.

However, in recent years Russian medical services have shown great achievement. Our medical specialists perform complex surgeries such as heart transplantation; obstetrics and gynecology are among the most advanced in Europe; there is a wide network of organ donor banks; patients from all over the world come to Russia for treatment for drug addiction and alcoholism. The main medical clinics in Russia have already started taking patients from CIS countries, Eastern Europe and even from western countries.

### **Medicine of tourism**

According to The Travel & Tourism (T&T) Competitiveness Report 2013 (World Economic Forum) Russia is ranked 14 out of 140 countries in the Health and hygiene pillar, which is comprised of the following indicators:

- Physician density/1,000 population – ranked 4
- Access to improved sanitation, % population – ranked 95
- Access to improved drinking water, % population - ranked 59
- Hospital beds/10,000 population - ranked 3

In order to be in good health while on a journey, tourists need to be aware of the epidemiological situation and the level of medical aid in the region where the tour is intended. Western foreign tourists check information on the epidemiological situation, vaccination and health care before travelling abroad, using widely available Internet resources. Unfortunately, Russia has no unified Internet resource with such information for incoming guests. Russian websites (e.g. [www.welcometorussia.com](http://www.welcometorussia.com), [www.russiatourism.ru](http://www.russiatourism.ru)) promoting tourism in Russia in English, do not provide information about medical centres or emergency medical care in Russia. This fact negatively influences incoming tourism.

In contrast, international organizations regularly publish reports on medical care in Russia with necessary recommendations for tourists. As an illustration, the below abstract is taken from the official site for the Bureau of Consular Affairs, US, JUNE 12, 2014 (<http://travel.state.gov>) on medical care in Russia: "...Medical care in most localities is below Western standards due to shortages of medical supplies, differing practice standards and the lack of comprehensive primary care. Those facilities in Moscow and St. Petersburg with higher standards do not necessarily accept all cases. Access to these facilities usually requires cash or credit card payment at Western rates at the time of service..."

## **Annex 5. General Information about Russia**

### **Political and economic situation in Russia in 2014**

Russia is the world's largest country in terms of territory, spanning nine time zones, with a population of over 143 million people, vast natural resources and a growing middle-class.

**Total area:** 17 million km<sup>2</sup>

**Number of regions:** 85

**Population (1.01.2014):** 143.6669 million

**Labour force:** 75.5 million (quarter I, 2013)

**Capital:** Moscow

**Cities with more than 1 million inhabitants (2013):** 15

**Time zones in Russia:** 9 (will be 11 from 24.10.2014)

**Major language:** Russian

**Currency:** Ruble (RUB)

**Climate:** Humid continental climate, in all parts of the country except for the tundra and the extreme southeast

#### **Demography**

In January 2013, Russia's population was estimated at 143.7 million people, amounting to 42 million households (July 2012). That made Russia the 9th most populated country in the world. About 74% of the population lives in urban areas, and some 88 million people (62% of the population) were part of the workforce in 2010. According to the 2010 census, 99.5% of the population above 10 years old is literate. There are more than 180 different recognised ethnic groups in Russia, but Russians (about 80%) represent the vast majority of the population. Ethnic minorities include the Tatars (3.9%) and the Ukrainians (1.4%).

#### **Political system**

**President:** Vladimir Putin

**Prime-minister:** Dmitry Medvedev

According to its constitution, the Russian Federation is structured as a multi-party representative democracy. On the 4th of March 2012, Vladimir Putin won the 2012 Russian presidential elections in the first round. He was elected for a six-year term. The President is primarily responsible for domestic and foreign policy. The President is also granted the authority to directly appoint Russia's regional leaders, subject to confirmation by the regional legislature. The Prime Minister, Dmitry Medvedev, oversees the activities of the government.

Legislative power is exercised by a bicameral Federal Assembly, which consists of the Federation Council (upper house) and the State Duma (lower house).

#### **Economy**

Russia is a high-income country located in the former Soviet Republic. Russia has a market economy with enormous natural resources, particularly oil and natural gas, and is perceived as a major emerging market economy.

**The Gross Domestic Product (GDP)** in Russia represents 3.25 percent of the world economy and in 2013 it was worth USD 2,118.01 billion (per capita USD 14 949.25).

In 2013 GDP grew by 1.28% of 2012's GDP, and in 2012 GDP grew by 3.4% of 2011's GDP.

Since 2013, the economy of Russia has been the 8th-largest in the world. The Russian economy is currently labeled as a high-income economy and by extension, as a developed country by the World Bank. Despite being considered as a developing country according to some sources, Russia has one of the highest per-capita incomes in Eastern Europe.

The World Bank predicts growth rates of 1.1 and 1.2% of GDP in 2014 and 2015, respectively.

These weak figures are a consequence of continued depressed domestic demand and low investment activities. The World Bank's analysis did not take into account any assumed scenario relating to the ongoing Russia-Ukraine crisis. However, the related events are considered to have led to political risks that may entail further negative economic consequences.

**Average gross salary:** 32 115 Rubles (April 2014) (1 USD = app. 34 RUB)

**Middle Class** – more than 15 million households (27% of population) with an annual income of more than \$20 000 (PhoCusWright, 2012).

**Inflation in Russia**, as measured by the change in consumer price index:  
5.77% (of June 2014), annual: 6.77 % in 2013, 5.07% in 2012, 8.44% in 2011

**Russia's unemployment rate:** 5.4% (June 2013), 5.36% (March 2014)

**Population below poverty line:** 11.2% (March 2013)

**Ease-of-doing-business rank:** 92nd (2013)

Russia's economy is predominantly service-based. Services account for 60.13% of the GDP and employ 62.30% of the population. Manufacturing and industry accounts for 37% of GDP and employ 27.90% of the population. Agriculture accounts for 3.87% of GDP and employ 9.70% of the population.

The country has an abundance of natural resources, including timber, precious metals, and particularly fossil fuels (oil, natural gas, and coal) that can be developed without the constraint of OPEC production quotas and other rules (Russia is not an OPEC member). In recent years, Russia's oil and gas production and pipeline projects have been not only a primary source of Russia's economic growth but also a geostrategic lever in the country's relationship with Europe and Asia.

**Main exports:** Oil and gas, wood and wood products, metals, chemicals, weapons and military equipment.

**Main export partners** (2011): Netherlands 12.2%, China 6.4%, Italy 5.6%, Germany 4.6%, Poland 4.2%.

**Main imports:** Machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruits and nuts, optical and medical instruments, iron and steel.

**Main import partners** (2011): China 15.5%, Germany 10.0%, Ukraine 6.6%, Italy 4.3%.

**Sources:** World Bank (WB), Rosstat (The Federal State Statistics Service), Economist Intelligence Unit (EIU), CIA Factbook, Russian census, RiaNovosti (the largest news agencies in Russia).



## **Geography of Russia**

The geography of Russia describes the geographic features of Russia, a country extending over much of northern Eurasia. Comprising much of Eastern Europe and northern Asia, it is the world's largest country in total area. From north to south the East European Plain is clad sequentially in tundra, coniferous forest (taiga), mixed and broad-leaf forests, grassland (steppe), and semi-desert (fringing the Caspian Sea) as the changes in vegetation reflect the changes in climate. Most of Siberia is taiga.

Located in the northern and middle latitudes of the Northern Hemisphere, most of Russia is much closer to the North Pole than to the equator. Individual country comparisons are of little value in gauging Russia's enormous size and diversity. The country's 17.1 million square kilometers include one-eighth of the Earth's inhabited land area. Its European portion, which occupies a substantial part of continental Europe, is home to most of Russia's industrial and agricultural activity.

From west to east, the country stretches from Kaliningrad to Ratmanov Island in the Bering Strait. From north to south, the country ranges from the northern tip of the Russian Arctic islands at Franz Josef Land to the southern tip of the Republic of Dagestan on the Caspian Sea, spanning about 4 500 kilometers of extremely varied, often inhospitable terrain.

Russia has boundaries with 14 countries: Norway, Finland, Estonia, Latvia, Lithuania, Poland (via the Kaliningrad Oblast), Belarus, Ukraine, Georgia, Azerbaijan, Kazakhstan, Mongolia, the People's Republic of China and North Korea. Russia shares a maritime boundary with the United States and Japan.

Approximately two-thirds of the frontier is bounded by water. Virtually the entire lengthy northern coast is well above the Arctic Circle, except for the port of Murmansk. Thirteen seas and parts of three oceans, the Arctic, Atlantic and Pacific, wash Russian shores.

### **Administrative and territorial divisions of the Russian Federation**

As of 2014, there are 85 administrative territorial divisions (called federal subjects): 22 republics, 9 krais (territories), 46 oblasts (provinces), 1 autonomous oblast, 4 autonomous okrugs, and 3 cities with federal status, namely the cities of Moscow, St. Petersburg and Sevastopol.

### **Russian climate**

The enormous size of the country and the remoteness of many areas from the sea result in the dominance of the continental climate, which is prevalent in European and Asian Russia except for the tundra and the extreme southeast. Mountains in the south obstructing the flow of warm air masses from the Indian Ocean and the plain of the west and north makes the country open to Arctic and Atlantic influences.

The climate is humid continental (summers are warm to hot and winters are cold) in the most populous areas in European Russia, south of West Siberia and in the south of the Russian Far East. The climate is subarctic (very cold winters and short, cool to mild summers) in Northern European Russia and Siberia. Winters are extremely severe in the inner regions of Northeast Siberia. Humid subtropical climate (hot, humid summers and mild to cool winters) is typical for the Black Sea coast, most notably Sochi, and south cost of the Crimea.

## World Heritage Sites in Russia

(listed by Federal District)

Currently, there are 26 World Heritage Sites in Russia. 16 properties are cultural and 10 are natural. These places are listed by the UNESCO as of special cultural or physical significance and have “outstanding universal value.”

<b>Central</b>	<b>Moscow and surrounding area:</b> <ul style="list-style-type: none"><li>- Church of the Ascension in Kolomenskoye</li><li>- Moscow Kremlin and Red Square</li><li>- Novodevichy Convent</li></ul> <b>Golden Ring:</b> <ul style="list-style-type: none"><li>- Trinity Sergius Lavra</li><li>- White Monuments of Vladimir and Suzdal</li><li>- Historic Centre of Yaroslavl</li></ul>
<b>Southern</b>	Western Caucasus
<b>Northwestern</b>	Curonian Spit <sup>1</sup> Ferafontov Monastery Kizhi Pogost Virgin Komi Forests Historic Monuments of Novgorod and Surroundings Historic Centre of St. Petersburg and Surroundings Solovetsky Islands Struve Geodetic Arc <sup>2</sup>
<b>Far Eastern</b>	Lena Pillars Volcanoes of Kamchatka Central Sikhote-Alin Wrangel Island
<b>Siberian</b>	Golden Mountains of Altai Lake Baikal Putorana Plateau Uvs Nuur Basin <sup>3</sup>
<b>Volga</b>	Bolghar Kazan Kremlin
<b>North Caucasian</b>	Citadel, Ancient City and Fortress Buildings of Derbent

<sup>1</sup> Shared with Lithuania <sup>2</sup> Shared with nine other countries <sup>3</sup> Shared with Mongolia

Source: Wikipedia

## **Annex 6. Informational Resources on Health and Wellness Tourism in Russia**

### **Internet portals**

**<http://ratanews.ru>** - daily electronic paper of the Russian Union of Travel Industry

**<http://sankurtur.ru>** - informational portal about resort complex in Russia

**<http://www.russiatourism.ru>** - official website of the Federal Agency for Tourism in the Ministry for Culture of the Russian Federation

**[www.welcometorussia.com](http://www.welcometorussia.com)** - information about tours around Russia

### **Exhibitions and conferences on health and wellness tourism in Russia**

1. International conference on health tourism “**Medical Tourism, SPA & Health**” (16-19 September 2014, International Exhibition Centre “Crocus Expo”, Moscow)
2. **Moscow Medical & Health Tourism Congress (MHTC)**  
Moscow International Exhibition TRAVEL & TOURISM (MITT)  
(18-21 March 2015, “Expocentre”, Moscow)
3. Congress “**All Russian Forum Zdravnitsa 2014**”  
(21-24 May 2014, Altai, the town-resort Belokurikha)
4. International exhibition on curative and wellness tourism “**Healthcare Tourism**”  
(15-17 October 2014, Congress and Exhibition Centre “Expoforum”, St.Petersburg)
5. International travel exhibition “**INWETEX – CIS TRAVEL MARKET**”  
(9-11 October 2014, Exhibition Complex “Lenexpo”, St.Petersburg)
6. International travel fair “**Intourmarket (ITM) 2015**”  
(14-17 March 2015, International Exhibition Centre “Crocus Expo”, Moscow)