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Development of Online Sales in the Russian Tourism Market: Current Trends, Prospects and Blocking Factors



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ABSTRACT

The paper considers the investigations of prospects and possible obstacles to the development of online sales in the sphere of tourism in Russia. This study is motivated by the following research question: Will online sales be able to replace offline ones in the Russian tourism market in the nearest future? Here I presented forecasts of experts in this field. Further, the author revealed the motives of consumers who prefer online and offline ways of purchasing. I used in the research following methods: identification of key trends in the development of online sales in the Russian tourism market, interviews, survey data analysis, systematization and categorization of facts and concepts. The author concludes that online sales will not replace offline ones in the coming years. In Russia, there is a demand for both of these types.

Keywords: online sales; offline purchases; Russian tourism market; e-commerce; target audience motivation

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ОРИГИНАЛЬНАЯ СТАТЬЯ

Развитие онлайн-продаж на российском туристическом рынке: актуальные тенденции, перспективы и блокирующие факторы

АННОТАЦИЯ

В статье рассматриваются перспективы и возможные блокирующие факторы для развития онлайн-продаж на российском туристическом рынке. Главный исследовательский вопрос: смогут ли

Научный руководитель: **Калугина О.А.**, доцент Департамента английского языка и профессиональной коммуникации, Финансовый университет, Москва, Россия / Scientific supervisor: **Kalugina O.A.**, Associate Professor, Department of the English Language and Professional Communication, Financial University, Moscow, Russia.

онлайн-продажи в сфере туризма полностью заменить офисные в ближайшее время? Представлены прогнозы экспертов в данной сфере. Автором были выявлены мотивы потребителей, предпочитающих онлайн- и офлайн-способы совершения покупок. В ходе исследования были использованы следующие методы: выявление ключевых тенденций развития онлайн-продаж в сфере туризма в России, интервью, анализ данных опроса, систематизация и категоризация фактов и понятий. Автор приходит к выводу, что онлайн-продажи в сфере туризма на российском рынке не заменят офисные в ближайшие годы, поскольку существует спрос на оба этих вида.

Ключевые слова: онлайн-продажи; офлайн-покупки; российский туристический рынок; электронная коммерция; целевая аудитория; мотивация

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1. Introduction

Information technologies have become an integral part of most areas of modern life. The global percentage of families who have at least one computer has increased by more than 20 per cent over the past five years.¹ As a consequence, people can make purchases online without leaving home. The overall number of people shopping online occasionally or always was \$ 1.8 billion in 2018. Global e-retail sales totalled \$ 2.8 trillion. Moreover, this indicator is projected to increase to \$ 4.8 trillion by 2021.²

Computerization and the development of electronic communication have not bypassed the tourism sector. Some consumers prefer to form tours and make purchases online: independently or with the help of online agencies. According to GlobalData forecasts, by 2023, the overall market value of online travel agencies will reach \$ 372 billion (in 2018 – \$ 258 billion).³

The purpose of the article is to reveal and analyze the main trends in the development of online sales in the Russian market of travel services; to identify the main prospects and blocking factors for further development of online sales in the sphere of tourism in Russia.

This study is motivated by the following research question: Will online sales be able to replace offline ones in the Russian tourism market in the nearest future?

Our main tasks are as follows:

To identify the key trends in the development of online sales in the Russian tourism market and assess the scope of their use

To determine the motives of Russian consumers who prefer electronic purchases in the sphere of tourism to offline ones

To reveal the prospects and possible obstacles to further development of online sales in the area of tourism in Russia.

The subject matter of the study is online sales in the tourism market as a new trend in this area, coexisting and competing with traditional offline sales.

The actuality and originality of the research lie in the fact that current computer technologies are widely implemented in the sphere of tourism and hospitality industry. Today, a new generation of consumers, who partially “live” in the virtual world and do not think of themselves without computers, mobile phones and the Internet, is growing up [1]. Moreover, in this paper, the issue of prospects and problems of further development of online sales in the Russian tourism market will be considered from the perspective of the target audience – residents of Russia. With the advent of a new economic era – the era of consumers, business survival has become directly dependent on the expectations and preferences of potential consumers [2]. It is why it is essential to have a clear understanding of their attitude to new trends and emerging offers.

¹ Statista.com (2020). Worldwide households with computer. Retrieved 22 May 2020 from Share of households with a computer at home worldwide from 2005 to 2019. URL: <https://www.statista.com/statistics/748551/worldwide-households-with-computer/>.

² Statista.com (2020). Online shopping. Retrieved 22 May 2020 from E-commerce worldwide – Statistics & Facts. URL: <https://www.statista.com/topics/871/online-shopping/>.

³ Profi.travel.ru (2020). Tourism news. Retrieved 20 May 2020 from Online travel agencies win over offline companies. URL: <https://profi.travel/news/44501/details>.

Today, a large number of people search for information about a product on the Internet before purchasing it. Therefore, a clear line should be drawn between the choice of travel services on the Internet and their purchase online. It should be mentioned that the choice does not mean buying.

Despite the existence of several analytical studies aimed to assess the scope of use of online sales in the sphere of tourism, the issue of motivating consumers to choose online or offline ways of purchasing in this sphere is not studied enough.

This research paper is a contribution to the area of tourism management, and it can be seen as a starting point for future studies of customer motivation in choosing a way to make purchases in the sphere of tourism and approaches to increase online sales.

2. Literature Review

The author noted that the business model of online sales in the sphere of tourism is based on the use of e-commerce technology [3]. According to the Cambridge dictionary, e-commerce is the business of buying and selling goods and services on the Internet. In other words, all trading and financial transactions are carried out using computer networks.⁴

Sofronov identifies three main stages in purchasing travel services online: “electronic information”, “electronic booking” and “electronic payment”. Electronic information stage includes getting up-to-date information on specialized portals and websites in the form of electronic brochures, photo albums, real-time images or video clips. Online booking is mainly used in hotels, air travel, auto and railway transportation and car rental services. At the payment stage, consumers can use credit cards, electronic checks, and digital money [4]. Thus, the process of buying a tourist product online occurs according to the standard scheme of online purchases.

Schuckert, Xianwei and Law claim that 71 per cent of independent travel-related bookings in the world are made online nowadays, while 36 per cent of all package tours are booked online. In 2019, the most significant number of online travel sales was recorded in North America, with the airline segment prevailing [5].

⁴ Cambridge Dictionary. (2020). Cambridge University Press. Retrieved 20 May 2020 from *Meaning of e-commerce*. URL: <https://dictionary.cambridge.org/dictionary/english/e-commerce>.

For Russia, the year 2018 was a turning point when the number of online requests in the sphere of tourism increased sharply. The number of requests for “air travel” in the Yandex search engine increased by almost 25 per cent in July 2018 compared to July 2017.⁵ This trend was called “Goonline” (an increase in the number of people booking and purchasing travel products online) [6].

The volume of online sales in the Russian and CIS countries tourism markets occupies a small share of the total amount of the tourism market. According to Onlinetours research, the volume of online sales in the Russian tourism market is growing much slower than in European countries, where more than half of purchases in this segment are already made online. Data Insight Study revealed that in Russia the share of online booking is 20 per cent in the airline ticket segment; 10–14 per cent in the hotel segment; and only 3–5 per cent is accounted for online sales of tours. For comparison, in the UK and Germany, these figures are 25 per cent and 50 per cent in the tour segment).⁶ In Canada, back in 2013, the overall percentage of online purchases in the sphere tourism was about 50 per cent. Since then, this indicator has been steadily growing [7, p. 137].

The cost of tour packages plays a significant role in the development of online sales in the Russian tourism market. For instance, in the segment of expensive trips (180–300 thousand rubles), only 2 per cent are sold online, while for tours which are cheaper than 40 thousand rubles, this figure is 20 per cent.

The experts predict that online sales will not be able to take up half of the Russian tourism market until at least 2024, despite the rapid expansion of this segment. In 2019, the growth of sales of tourism products in Russia was 7.2 per cent compared to the previous year, the online segment grew by 12.6 per cent, offline – by 3.4 per cent, according to the Phocuswright research.

⁵ Russia-promo.com. (2020). Russian online travel market. Retrieved 22 May 2020 from Russian online travel market: statistics and trends. URL: <https://russia-promo.com/blog/russian-online-travel-market>.

⁶ Russia-promo.com. (2020). Russian online travel market. Retrieved 22 May 2020 from Russian online travel market: statistics and trends. URL: <https://russia-promo.com/blog/russian-online-travel-market>.

On the total, in 2019, Russians booked travel services online for 1.03 trillion rubles, according to Data Insight's calculations. By 2021, the volume of online sales of tourist products in Russia is expected to grow by 12.7 per cent to \$ 20.22 billion (1.29 trillion rubles), while offline sales will grow by 6.9 per cent to \$ 27.09 billion (1.73 trillion rubles). In General, the market will increase by 9.4 per cent to \$ 45.65 billion (2.92 trillion rubles). So, the dynamics will exceed the results of 2019.⁷

At the same time, other experts predict a more significant growth of online sales in the sphere of tourism. According to research done by Aviasales, by 2023, online and offline segments of the Russian tourism market will be fully equal in terms of indicators and the online sales may surpass the offline ones in this sphere.⁸

Thus, we can conclude that online sales in the tourism sector in Russia is under development and have a smaller scale than in European countries. However, there is no consensus on the predominance of online or offline sales in this sphere in the coming years. While some researchers predict a rapid development of online sales in the tourism sector, following the example of North America and Europe, others are convinced that offline sales will not give up their leading position in the Russian market in the nearest future. In general, their opinions converge that the Russian tourism market is expected to grow.

Based on the study of the motives of Russians in choosing the way of making purchases, we are going to make our forecast for the further development of online sales in the sphere of tourism.

3. Materials and Methods

3.1. Research methods

In the research, I used the following methods: identification and assessment of key features and trends in the development of online sales in the Russian tourism market, interviews, survey data analysis, systematization and categorization of facts and concepts.

⁷ Performance360.ru. (2020). The share of online sales in the tourism market will not exceed offline until at least 2024. Retrieved 22 May 2020 from Tourism statistics. URL: <https://performance360.ru/online-tourism/>.

⁸ Tourism.interfax.ru. (2020). Experts have predicted an increase in online sales of tours and air tickets in Russia by 30% until 2023. Retrieved 22 May 2020 from Tourism. News. URL: <https://tourism.interfax.ru/ru/news/articles/66475/>.

3.2. Research Stages

The research was conducted into three stages.

During the first stage, I identified the subject, purpose and tasks of the article and formulated the main research question. Moreover, we investigated the previous researches devoted to the development of online sales in the sphere of tourism in Russia and abroad; analyzed current statistical data; determined methods which correspond to the purpose and tasks of the research.

In the second stage, I conducted the survey data analysis and interviews to get up-to-date information about consumer preferences and people's motives in choosing the way to buy a tourist product.

The third stage consists of analysis and systematization of the results received and investigation of prospects and obstacles for further development of online sales in the sphere of tourism in Russia. Finally, I draw some conclusions.

4. Results and discussion

To carry out the research, I formulated four questions:

1. What is the percentage of Russians who are ready to purchase tourist products online today? Is it the same throughout Russia?
2. What are the motives of consumers who prefer to form and buy a tourist product online and offline?
3. What are the main blocking factors that make Russians refrain from online shopping in the sphere of tourism? Is it possible to eliminate them in the near future?
4. What are the prospects for the further development of online sales in the Russian travel market? Will they be able to displace the offline ones in the near future?

As a working hypothesis, we will use our assumption that the choice between online and offline ways of purchasing is influenced by the age and place of residence of consumers.

My research paper comprised a collection of quantitative and qualitative data. The findings I presented according to the questions in the survey. A questionnaire was developed in two language versions (English and Russian) to minimize the risk of misunderstandings. It was distributed among 200 residents of Moscow (a megapolis, with a population of over 12 million people) aged from 18 to 65 и 160 residents of Taganrog (a small city in the Rostov region, with a population of no more than

Table 1

Questionnaire to identify consumers’ motives in choosing a way to make purchases in the sphere of tourism

Please help us find out about your preferences by taking a few moments to fill out this survey form
Age: ____
City of residence: _____
1. Are you ready to buy travel products online or do you prefer offline purchases in this sphere? -----
2. Which factors influence your choice? What are your reasons for choosing an online or offline way of purchasing in the sphere of tourism? -----
Thank you!

Source: Compiled by the author based on the research conducted.

300 thousand people) aged from 18 to 65. Subsequently, the participants were divided into three age groups: 18–30, 30–45, 45–65.

The questionnaire contained two items. It was recommended that the responses should be as detailed as possible.

The results will be presented in two summary tables: for Moscow and Taganrog.

In general, our assumption that in the sphere of tourism, exists the dependence between age and place of residence and preference between online and offline purchases, was confirmed.

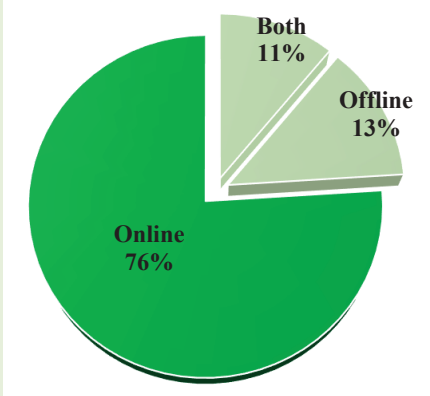
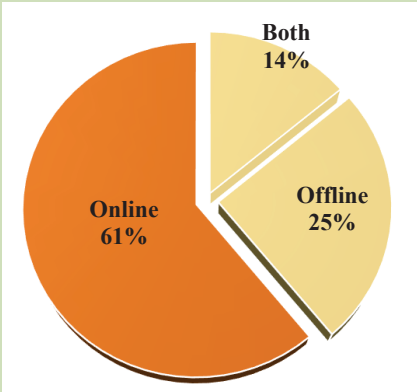
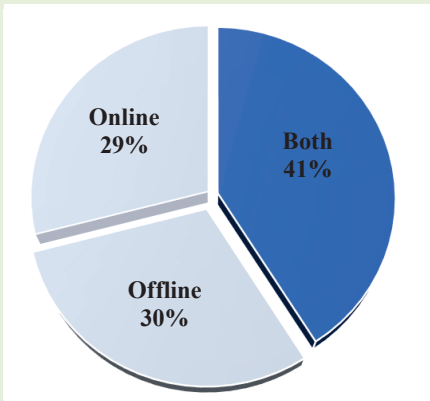
Participants who live in Moscow are more likely to make purchases online, and the interest rate is inversely related to the age of people. While the majority of young people (76 per cent) between the ages of 18 and 30 are mostly positive about online shopping, older people (30–45) are less enthusiastic about it. Here we have noticed an interesting and expected paradox which can be called “different ages – different feelings and preferences”. While the participants of the first age group singled out «saving time» as an argument for online shopping in the sphere of tourism, people of the second age group, on the contrary, consider the formation of a tourist product on the Internet time-consuming. In the third age group, the desire to make purchases online decreases sharply. Among the main blocking factors, there are a fear of encountering scammers in the network and an unwillingness to pay for large purchases online. In most cases, under a large amount of money was meant an amount exceeding 50 thousand rubles.

Residents of Taganrog of all age groups are less interested in making online purchases in the sphere of tourism than residents of Moscow. Among young people aged 18 to 30, one of the most notable motives to choose the online way is the desire to follow modern trends. The majority of people, in the ages between 30 and 45 years old, mentioned the ability to make purchases from home or office as an advantage. Residents of Taganrog, belonging to the second and third age groups, put forward such arguments “Against” as the danger of Internet fraud, the desire to contact people, not computers, and the fear of making online transfers of large sums of money. The large amount, in this case, is the amount which is more than 20 thousand rubles. Surprisingly, more than 70 per cent of respondents aged 45 to 60 do not have a personal computer or other electronic devices.

Thus, it exists the high relevance of online sales in the tourism market in Moscow. Most people in age groups 1 and 2 are already shopping online or are ready to do it. In a smaller city, more “traditional” views prevail, and people tend to make purchases offline. The main blocking factors for both Moscow and Taganrog were the cautious attitude of older people to computer technologies in general and, specifically, online payments, and the fear of fraudsters. Moreover, in Taganrog for representatives of 2 and 3 age groups, the lack of a personal computer is an obstacle to making online purchases. For the 3rd age group, another severe blocking factor is the low level of digital literacy.

Table 2

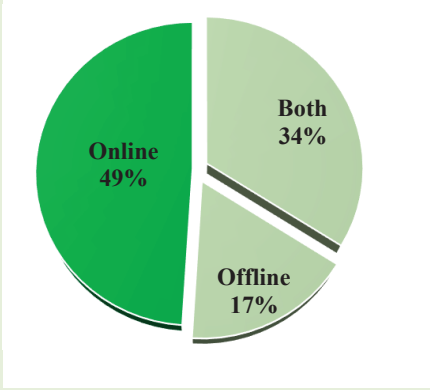
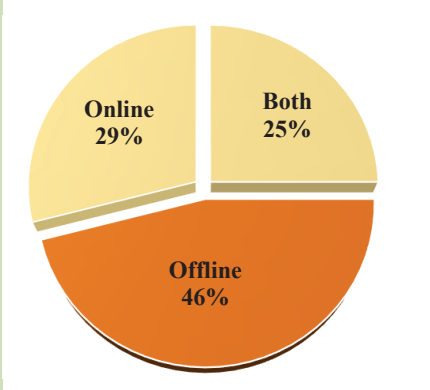
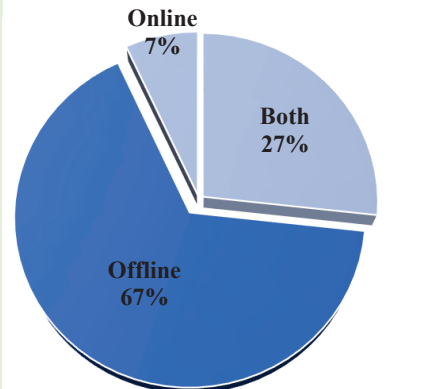
The results of the survey. Moscow

Age	The way of purchasing	Motives								
18–30	 <table border="1"> <caption>Purchasing Methods for 18–30</caption> <thead> <tr> <th>Method</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Online</td> <td>76%</td> </tr> <tr> <td>Offline</td> <td>13%</td> </tr> <tr> <td>Both</td> <td>11%</td> </tr> </tbody> </table>	Method	Percentage	Online	76%	Offline	13%	Both	11%	<p>Arguments “For”:</p> <ul style="list-style-type: none"> – saving time and money – regular discounts and cashback – an ability to plan your trips and create a unique route – a desire to avoid personal contact with the seller
Method	Percentage									
Online	76%									
Offline	13%									
Both	11%									
30–45	 <table border="1"> <caption>Purchasing Methods for 30–45</caption> <thead> <tr> <th>Method</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Online</td> <td>61%</td> </tr> <tr> <td>Offline</td> <td>25%</td> </tr> <tr> <td>Both</td> <td>14%</td> </tr> </tbody> </table>	Method	Percentage	Online	61%	Offline	25%	Both	14%	<p>Arguments “For”:</p> <ul style="list-style-type: none"> – saving money and discounts – an ability to make purchases from home or office <p>Blocking factors:</p> <ul style="list-style-type: none"> – forming products online requires more time – a reluctance to organize the trip yourself
Method	Percentage									
Online	61%									
Offline	25%									
Both	14%									
45–65	 <table border="1"> <caption>Purchasing Methods for 45–65</caption> <thead> <tr> <th>Method</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Online</td> <td>29%</td> </tr> <tr> <td>Offline</td> <td>30%</td> </tr> <tr> <td>Both</td> <td>41%</td> </tr> </tbody> </table>	Method	Percentage	Online	29%	Offline	30%	Both	41%	<p>Arguments “For”:</p> <ul style="list-style-type: none"> – an ability to make purchases from home or office <p>Blocking factors:</p> <ul style="list-style-type: none"> – Internet fraud – a reluctance to make online transfers of large amounts of money – it takes a long time to find the right option online
Method	Percentage									
Online	29%									
Offline	30%									
Both	41%									

Source: Compiled by the author based on the research conducted.

Table 3

The results of the survey. Taganrog

Age	The way of purchasing	Motives								
18–30	 <table border="1"> <caption>Purchasing Method Data for 18-30</caption> <thead> <tr> <th>Method</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Online</td> <td>49%</td> </tr> <tr> <td>Both</td> <td>34%</td> </tr> <tr> <td>Offline</td> <td>17%</td> </tr> </tbody> </table>	Method	Percentage	Online	49%	Both	34%	Offline	17%	<p>Arguments “For”:</p> <ul style="list-style-type: none"> – a desire to follow modern trends – saving time <p>Blocking factors:</p> <ul style="list-style-type: none"> – Internet fraud – a reluctance to make online transfers of large amounts of money
Method	Percentage									
Online	49%									
Both	34%									
Offline	17%									
30–45	 <table border="1"> <caption>Purchasing Method Data for 30-45</caption> <thead> <tr> <th>Method</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Online</td> <td>29%</td> </tr> <tr> <td>Both</td> <td>25%</td> </tr> <tr> <td>Offline</td> <td>46%</td> </tr> </tbody> </table>	Method	Percentage	Online	29%	Both	25%	Offline	46%	<p>Arguments “For”:</p> <ul style="list-style-type: none"> – an ability to make purchases from home or office <p>Blocking factors:</p> <ul style="list-style-type: none"> – Internet fraud – a reluctance to make online transfers of large amounts of money – lack of technical devices
Method	Percentage									
Online	29%									
Both	25%									
Offline	46%									
45–65	 <table border="1"> <caption>Purchasing Method Data for 45-65</caption> <thead> <tr> <th>Method</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Online</td> <td>7%</td> </tr> <tr> <td>Both</td> <td>27%</td> </tr> <tr> <td>Offline</td> <td>67%</td> </tr> </tbody> </table>	Method	Percentage	Online	7%	Both	27%	Offline	67%	<p>Blocking factors:</p> <ul style="list-style-type: none"> – Internet fraud – a reluctance to make online transfers of large amounts of money – lack of technical devices – “buy from a person, not a computer” – lack of digital literacy
Method	Percentage									
Online	7%									
Both	27%									
Offline	67%									

Source: Compiled by the author based on the research conducted.

Based on the findings presented, we can conclude that soon, both online and offline sales will be relevant in the Russian tourism market since they meet the needs of different categories of the population. The tourism industry cannot focus on individual categories of people. It must cover the entire target audience.

5. Conclusions

Thus, we have considered the key features of the development of online sales in the Russian tourism market. Their scale is smaller than in Europe and the United States. However, there is rapid growth. There are different opinions about the further development of online sales in our country.

Besides, we found out the motives of Russian consumers who prefer electronic purchases in the sphere of tourism to offline ones and vice versa. In Russia, there is a demand for both online and offline types of sales.

Of course, there are prospects for further development of online sales in the Russian tourism market, as young people, especially in large cities, mostly make purchases in the sphere of tourism online. However, representatives of the older generation are wary of online sales. It is especially true for small cities in Russia, where a significant problem is the low level of computer literacy and the lack of technical devices.

In our opinion, online sales in the sphere of tourism in Russia will not replace the offline ones in the coming years. They will continue to coexist

together. Even if the share of online sales exceeds office sales in the future, the offline ones will not lose their relevance.

Our investigations into this area are still ongoing. The further examination requires the issue of increasing the level of confidence of middle-aged and older people in online purchases and digital literacy in small Russian cities to develop online sales in the sphere of tourism.

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