

COMMERCE

## Luxury travelers may hold off on trips to Russia

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By JOE MCCARTHY

As Russia prepares to annex Crimea, global tensions will escalate and tourism may shrivel in the region.

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Admonishments from Western countries led by the United States and Russia's continued defiance may impinge upon leisure plans of luxury consumers. With so much solemnity marking diplomatic rhetoric and media coverage, luxury consumers may feel impelled to reconsider travel until the atmosphere cools.

"It's a difficult issue to face for hotels, tourism bureaus and many other businesses directly affected in these situations," said Damon M. Banks, director of [DMB Public Relations](#), New York.

"We've seen Egypt try to recover from their ongoing conflict, and Russia and Ukraine are now facing the same issue," he said.

"Media is everywhere, so affluent travelers are going to determine their comfort level based on the facts, and make their travel plans accordingly. It's often easier to simply push travel plans to a later date in hopes that the situation is better at that time, so the faster a resolution is seen, the better."

## Trickle-down discussions

Ironically, Russia just hosted the Winter Olympics, an event that normally has a huge influence on a country's tourism. It also hosted the Winter Paralympics.



Go behind the scenes with two-time Olympic Gold Medalist and Ralph Lauren brand ambassador, Shani Davis <http://bit.ly/J7cySn>



### *Ralph Lauren Olympics Facebook post*

Although Sochi is a more attractive destination now than it was before the Olympics, the Crimean crisis has likely subdued the honeyed glow that cradles most former Olympic cities.

Furthermore, the strident media coverage of the conflict between Ukraine and Russia has darkened international moods. References to the Cold War are being made and, with that, increasing isolation for Russia.

As the world waits to see how swiftly the West will retaliate, tourism will likely flag throughout Russia. Luxury consumers may view the fraught atmosphere as simply not worth the potential hassle.

The U.S. and European Union have already levied travel bans and sanctions and frozen the assets of figures closely tied to President Vladimir Putin. Businesses with heavy investments in Russia may be pushed to attenuate their role in the country.

Plus, travel among Russians within the country may also drop.

**According to Bloomberg**, even before the Crimean dilemma, "Russia's economy was facing the weakest growth since a 2009 recession as consumer demand failed to make up for sagging investment."

Annexing Crimea poses issues independent of harming international accord.

**The New York Times reports** that "fully absorbing Crimea is a potentially Herculean undertaking, which would require issuing new passports, changing the currency to rubles from Ukrainian hryvnias and integrating completely distinct systems for property records,

taxes, legal disputes and more."

The article goes on to explain that flights to Crimea, a place dependent on tourism, could be halted for years if the international community does not recognize the annexation.

### Unexpected scrambling

The growing uncertainty puts luxury hospitality brands in a tight spot.

Consumers are going to wonder how their visit will be affected by the unrest. How much should brands seek to placate concerns?

Most brands will simply steer clear of the conflict and operate as if nothing abnormal is occurring. After all, weighing in with a perspective can politicize a property, which can end up doing more damage by drawing criticism and giving credence to the notion that the turmoil has spread far beyond Crimea.

Since luxury travel often occurs in a bubble, this approach may work. At the same time, brands must carefully override qualms by making their property extra appealing.



*Four Seasons St. Petersburg Facebook post promoting new sleep program*

Other regions throughout the world face similar obstacles. The volatile political climate in the Middle East has haunted tourism, forcing luxury hotels to distance themselves from what is happening all around.

The crisis occurring in Syria has burdened neighboring nations with displaced citizens and Egypt's hostile situation has wounded a tourism sector that had played an integral role in its economy. As the ongoing events cast a dark shadow over the luxury travel industry in the area, hotels need to find a way to safely increase foot traffic ([see story](#)).

Maintaining an active presence on social media, sending out friendly emails and assembling enticing offers may hearten travelers.

However, the most effective antidote to the situation is a return to some sort of homeostasis.

"Hotels can attempt to comfort guests and entice them to keep their travel plans, but cannot always be successful if guests have any fear of the situation," Mr. Banks said.

"For everyone associated with the travel and hospitality industries in Russia and Ukraine, there is a hope for a quick resolution and speedy recovery," he said.

### Final Take

*Joe McCarthy, editorial assistant on Luxury Daily, New York*

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