The Moscow Times
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Agency Plans 56 Business-Travel Facilities

By Lena Smirnova

September 20, 2012



Moscow-based conference centers might be seeing regional competition.

Russia will get 56 new business-travel-oriented hotels within three years, Vladimir Sharov, adviser to the head of the Federal Tourism Agency, said Thursday at the MIBEXPO 2012 business tourism conference.

The government has enticed private investors to build business, congress and park hotels with spacious grounds to help corporate travel flourish in Russia. But the obstacle that may stand in the way of realizing these plans could be as small as a candy bar.

"Where will I buy a Snickers?" Anatoly Kuryumov, general director of IBC Corporate Travel asked, noting the isolation of the properties where the conference centers will be built. "Is there such a place there? This is an important question."

The World Travel and Tourism Council puts the country's business travel market value at $7

billion and growing. Experts predict that it will become one of the largest service segments in the economy within 10 years.

Despite this potential, experts said Russia still lacks adequate facilities for hosting business events, particularly in the regions.

Regional governments have made efforts to become business destinations. Kazan, Irkutsk, Yekaterinburg, Vladivostok and Yaroslavl are just some of the cities that have venues suited for corporate events, but the prices can be so high that it is cheaper for clients to buy similar packages in Europe. About 40 percent of Russian corporate travel is currently outbound, said Sergei Shangin, general director of Russian Corporate Services.

Staff from the Avantel Club hotel, located in the Moscow region, said that one of the frequent cases in which clients turn to them is when the business event is only a few days long so it is inconvenient to host it abroad.

Shangin said that he is also not a fan of the mediocre service and food at domestic facilities, and even less so of their high price.

"The prices that are offered are not adequate given the conditions in which these events take place," he said.

Shangin gave an example in which a client was told the day before a conference that it would cost 9,000 rubles ($287) to put a plasma screen in the meeting hall.

If plans come to fruition, the Central, Volga and Northwestern federal districts will get 56 park hotels with such features as large-capacity conference halls.

Five congress centers, with hotels and meeting and exhibition space, are slated to be built, including a five-star complex in Suzdal.

Corporate travel agencies remain cautious about the plans.

The facilities must be built in places that are tourism destinations and offer a variety of entertainment options within walking distance, said Pat Durocher, general director of the Arizona-based Global Cynergies hotel and venue sourcing company.

And this is also where Suzdal falters.

"I won't go there, and my corporate client won't go there," Kuryumov said. "Imagine you have built this wonderful castle, but around you are people who earn 6,000 rubles. It's unlikely that foreigners will want to be in the company of these people."

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