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Russian Retailers, Hotels Emerge as World Cup Winners

By Reuters

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Kai Pfaffenbach / Reuters

The World Cup has captivated host Russia for a month, proving a boon for the brewing and hotel industries while dampening spending on some expensive items and curbing trading on financial markets.

As well as the usual staples of the football fan — beer and snacks — the tournament also spurred domestic demand for loans for electronic appliances, primarily TV sets and smartphones.

Meanwhile, Russian car dealers will probably welcome the end of the party on Sunday after sales slowed last month.

Economists have played down the direct economic impact from the World Cup, predicting it would be marginal and unevenly spread.

That tends to fit the pattern of other countries that have hosted major sports events — a brief bounce but not enough to make a lasting impact on an economy.

The tournament, which kicked off on June 14 and ends when France play Croatia in Sunday's final, attracted more than 700,000 foreign fans to Russia, who packed the streets of the 11 host cities together with locals.

Moscow saw a 60-percent increase in foreign tourists, bringing the overall number of visitors to the Russian capital during the World Cup to 3 million people, said Nikolai Gulyaev, head of Moscow's sport and tourism department, said.

Related article: Russian Hotels Hike Prices by up to 5,000% for World Cup

All those fans needed to be housed and kept refreshed.

Booking.com warned 74 percent of properties in St. Petersburg and Moscow have been booked for the World Cup final weekend. Booking.com's website gave no such warning on availability for next weekend.

In the stadiums, Russian fans were the main spenders, having laid out $12 million over the first four weeks of the tournament, Visa said on Friday.

"Sales of beer, non-alcoholic beverages and snacks have visibly increased in the first two weeks of the World Cup," said the Perekrestok supermarket chain, part of Russia's largest retailer X5 Retail Group.

In host cities, some of which have never seen so many tourists, fans swarmed to cafes and bars, draining beer supplies to alarmingly low levels.

Planes and Screens

Kviku, an online retail lending company, said the number of its customers rose more than a quarter over the past month as people took out loans to buy flights to World Cup host cities.

It also saw increased demand for loans for devices on which to watch matches, Kviku added.

Sales of TV sets and smartphones had already posted a 20 percent increase in May-June compared with a year ago, Russia's leading electrical goods retailer M.Video-Eldorado said.

"Football is such a desire for most active fans that it prompts them to go for extra borrowing," said Nikita Lomakin, the CEO of Kviku.

Purchases of World Cup-related merchandise also picked up after Russia's surprising progress to the last eight of the tournament, according to Russia's leading classified ads platform Avito.

Some Russians appear to have opted to stay at home to watch the matches on television rather than take a holiday.

The number of Russians who had no summer travel plans this year rose to 23 percent from 7

percent seen in 2016, a survey by Russia's research centre Romir showed.

Competing for Attention

Other businesses in Russia were less excited about the tournament. New car sales growth slowed in June to 11 percent from 18 percent a month earlier, with analysts blaming the World Cup as the factor that distracted buyers.

Indeed, some measures announced while Russians were caught up in the World Cup excitement, such as increases in sales tax and the retirement age could have a more enduring effect on the economy.

While retailers and hoteliers tot up the takings from the month, it will take time to study the overall World Cup effect after it filters into official data.

"This is the question of no less than one year or maybe more," said Shlomo Weber, rector of the prominent New Economic School.

On the financial markets, activity fell on all sections of the Moscow Exchange apart from the bond platform as traders turned their focus to live action.

And even though its economic benefits are debateable, the World Cup certainly lifted spirits.

"The World Cup is a good thing but not always for trade, more for the mood," the exchange's CEO Alexander Afanasyev said.

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